

HOUSING COMMISSION
AGENDA - REVISED ITEM #4

Thursday, March 21, 2024
7:00 P.M.

City Council Chamber, 200 Old Bernal Avenue

The meeting will be held in-person and streamed live at
<https://www.youtube.com/user/TheCityofPleasanton>.

Public participation: It is requested that members of the public wishing to address the Housing Commission submit a speaker card in person at the meeting. When public comment is opened on an agenda item, individuals may speak once per agenda item. You may submit a physical speaker card to the clerk at the meeting.

CALL TO ORDER

- Pledge of Allegiance
- Roll Call

AGENDA AMENDMENTS

MINUTES

1. Approve Meeting Minutes of February 15, 2024

CONSENT CALENDAR

Items included on the Consent Calendar are routine and discussion by the Commission is not anticipated. Anyone wishing to speak on a Consent Calendar item should step to the rostrum and ask the Chairperson to remove that item from the Consent Calendar.

MEETING OPEN TO THE PUBLIC

2. Introductions / Awards / Recognitions
3. Public Comment from the audience regarding items not listed on the agenda
Speakers are encouraged to limit comments to 3 minutes.

MATTERS BEFORE THE COMMISSION

Members of the audience wishing to address the Commission are requested to step to the rostrum or submit a speaker card to the Chair after the agenda report on a particular item. If necessary to assure completion of the following items, the Chairperson may establish time limits for the presentations by individual speakers.

4. Review and Provide Recommendation to City Council for Allocation of Federal HOME Funds and City Lower Income Housing Funds Related to the Housing and Human Services Grant (HHS) Program for Fiscal Year 2024/25
5. Review and Provide Recommendation to City Council for Alternative Affordable Housing Agreements with Catalyst Development Partners, LLC for a Condominium Housing Project at 3200 Hopyard Road
6. Discussion – Funding Pleasanton’s Future

MATTERS INITIATED BY MEMBERS OF THE COMMISSION

COMMISSION REPORTS: Brief reports on any meetings, conferences, and/or seminars attended by the Commission members.

FUTURE AGENDA ITEMS

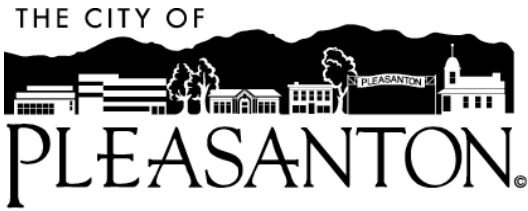
ADJOURNMENT

Notice

Under Government Code §54957.5, any writings/documents regarding an open session item on this agenda provided to a majority of the Commission after distribution of the agenda packet are available for public inspection by contacting the Housing Division at housing@cityofpleasantonca.gov.

Accessible Public Meetings

The City of Pleasanton can provide special assistance for persons with disabilities to participate in public meetings. To make a request for a disability-related modification or accommodation (e.g., an assistive listening device), please contact the Housing Division, housing@cityofpleasantonca.gov or (925) 931-5007 at the earliest possible time. If you need sign language assistance, please provide at least two working days' notice prior to the meeting date.



Housing Commission Meeting Minutes [SUBJECT TO APPROVAL]

February 15, 2024 – 7 p.m.

CALL TO ORDER

Chair Fischer called to order the regular meeting of the Housing Commission at 7:04 p.m. from the City Council Chambers located at 200 Old Bernal Avenue and streamed live via YouTube.

Chair Fischer led the Pledge of Allegiance and provided opening remarks.

Roll Call

Present: Commissioners Chillinsky, Renton, Schempp, and Chair Fischer.

Absent: None.

AGENDA AMENDMENTS

None.

MINUTES

1. Approve Regular Meeting Minutes of August 17, 2023

Motion: It was m/s by Renton/Schempp to approve the regular meeting minutes of January 18, 2024.
Motion passed by the following vote:

Ayes: Commissioners Chillinsky, Renton, Schempp, and Chair Fischer.

Noes: None.

Absent: None.

CONSENT CALENDAR

No items.

MEETING OPEN TO THE PUBLIC

2. Introductions / Awards / Recognitions

There were none.

3. Public Comment from the audience regarding items not listed on the agenda.

None.

MATTERS BEFORE THE COMMISSION

4. Review of Semi-Annual Reports for FY 2023/24 Housing and Human Services Grant (HHSG) Subrecipients

Recommendation: Review Semi-Annual Reports for FY 2023/2024 Housing and Human Services Grant (HHSG) Subrecipients.

Abode Services, Centro Legal, CityServe of the Tri-Valley, Community Resources for Independent Living, ECHO Housing, Goodness Village and Tri-Valley REACH presented their semi-annual reports for FY 2023/2024.

5. Update Regarding the Housing and Human Services Grant (HHSG) Review Process for FY 2024-25

Recommendation: Receive Update Regarding the Housing and Human Services Grant (HHSG) Review Process for FY 2024-25.

Housing Manager Steve Hernandez presented the item and answered questions from the commissioners.

MATTERS INITIATED BY MEMBERS OF THE COMMISSION

There were none.

COMMISSION REPORTS

There were none.

FUTURE AGENDA ITEMS

Housing Manager Steve Hernandez advised commissioners there will be a review of the Housing and Human Services Grant (HHSG) applications for FY 2024-25 and an affordable housing agreement for the next regular meeting in March.

ADJOURNMENT

Chair Fischer adjourned the meeting at 8:11 p.m.

March 21, 2024
Item 4

TITLE: REVIEW AND PROVIDE RECOMMENDATION TO CITY COUNCIL FOR ALLOCATION OF FEDERAL HOME FUNDS AND CITY LOWER INCOME HOUSING FUNDS RELATED TO THE HOUSING AND HUMAN SERVICES GRANT (HHSO) PROGRAM FOR FISCAL YEAR 2024/25

SUMMARY

This report summarizes applications received that request funding for housing-related activities under the City of Pleasanton Housing and Human Services Grant (HHSO) program. The report provides an analysis of the applications proposed to be funded with federal HOME Investment Partnership Program (HOME) and City Lower Income Housing Funds (LIHF) funds. The Housing Commission recommendation is tentatively scheduled to be reviewed by the City Council in April, along with the recommendation from the Human Services Commission regarding federal Community Development Block Grant (CDBG) funds and City General Funds. The City's final appropriations of CDBG and HOME funds will be submitted to the U.S. Department of Housing and Urban Development (HUD) by the required May 15, 2024 deadline. FY 2024/25 HHSO funds will be made available to successful grantees on or after July 1, 2024.

RECOMMENDATION

Review and recommend to City Council the allocation of HOME and LIHF funds for FY 2024/25 HHSO for housing-related projects described in this report which includes:

1. \$80,000 in HOME funds and \$40,000 in LIHF funds to Abode Services' tenant-based rental assistance through the Tri-Valley Rapid Re-Housing Program.
2. \$46,500 in LIHF funds to Centro Legal de la Raza to provide quality eviction defense and prevention legal services to Pleasanton residents.
3. \$80,000 in LIHF funds to CityServe's Homeless Intervention/Crisis Stabilization Program.
4. A total of \$56,000 in LIHF funds to Community Resources for Independent Living (CRIL) (\$16,000) and ECHO Housing (\$40,000) for housing services.
5. A total of \$45,000 in LIHF funds to Tri-Valley REACH to address home repairs, improvements, and maintenance at six (6) affordable home properties for sixteen (16) extremely low-income adults with developmental disabilities.
6. \$55,000 in HOME funds and \$40,000 in LIHF funds to Habitat for Humanity for administering the City's Housing Rehabilitation Program.
7. \$58,874 in LIHF funds to Goodness Village Tiny Home Community (Livermore) assisting chronically homeless individuals to transition into permanent housing.

BACKGROUND

The City implemented its Housing and Human Services Grant (HHSG) program in 2010. The HHSG program combined funding from the Community Development Block Grant (CDBG) and the HOME Investment Partnership Program (HOME) federal grants and two City funding sources, the Lower Income Housing Fund (LIHF) and General Funds allocated for human services, into a single streamlined grant program.

HHSG applications for FY 2024/25 funding were solicited from December 1, 2023 through January 19, 2024. This year, applications were again submitted electronically via the ZoomGrants system, a process that was introduced in 2011. Twenty-seven (27) applications were received by the January 19 deadline, with a total funding request of \$1,261,561 (or \$1,285,364 including the required Section 108 loan payment for 2024/25). This report addresses the Housing Commission's review of projects that are proposed to be funded with federal HOME funds and/or City Lower Income Housing Funds (LIHF).

DISCUSSION

As described in the attached Human Services Commission (HSC) agenda report included as Attachment 2, the majority of the 27 grant applications were eligible for funding through the main HHSG sources: Community Development Block Grant (CDBG) and City General Funds (the human services category of the former City Grant program).

Among the 27 total grant applications, there were eight (8) applications for housing programs and services (with a total requested amount of \$501,374) that were identified to be eligible for funding through the other two HHSG funding sources: HOME and LIHF. Table 1, below, outlines the eight applications, proposed program and grant amounts requested by each. As described below, each of the eight applications is recommended to be fully funded.

Copies of the HHSG applications have been distributed.

It is the Housing Commission's role to make funding recommendations regarding the use of HOME and LIHF funds. This report provides background and a recommendation for the Commission's consideration.

Separately, the Human Services Commission will consider and make a recommendation on grant awards for Human Services grants funded by CDBG and City General Funds. The collective recommendations from both the Human Services Commission and the Housing Commission will be forwarded for review and action by the City Council in April 2024.

Summary of Available Funding

The City receives an annual allocation of federal HOME funds through its membership in the Alameda County HOME Consortium. The City's HOME allocation for projects for FY 2024/25 is projected to be \$126,134. In addition to HOME funds, in past years, the City has supplemented the CDBG (now HHSG) program funds with Lower Income Housing Fund (LIHF) to enable funding of several important housing-related programs and services that would otherwise be difficult to fund using the limited CDBG "public services" dollars. The use of LIHF funds for the housing services activities is consistent with the policy for use of LIHF that was adopted by the City Council in 1994.

Activities Recommended for LIHF & HOME Funding

As outlined above, the City received eight (8) applications for eligible programs to be funded by HOME or LIHF funds. As in prior years, staff is recommending the funding of “housing services” programs at a level that is generally comparable to past funding levels. For each application, staff considered many factors in developing the funding recommendation, including whether the program addresses a core safety net service identified in the City’s updated Human Services Strategic Plan; whether the program meets the City’s HUD Consolidated Plan strategic goals; and a program’s past year performance and funding level. Staff also have discussions with Dublin and Livermore human services staff to assess adequate funding levels for the programs.

These projects are summarized below, along with current cycle requested amounts, prior year funding amounts and recommended funding for FY2024/25.

Table 1: Summary of HOME and LIHF-Eligible Applications and Staff Funding Recommendations

| Agency Name | Project Name | FY23/24 Allocation | FY24/25 Request | FY24/25 Staff Recommendation | % of Request |
|-------------------------|--|--------------------|----------------------|--|--------------|
| Abode Services - | Rapid Rehousing Program | \$80,000 | \$80,000 | \$80,000 (HOME) | 100% |
| | Tenant-Based Rental Assistance Case Management / Admin | \$40,000 | \$40,000 | \$40,000 (LIHF) | 100% |
| Centro Legal de la Raza | Fair and Secure Housing Project | \$46,628 | \$46,500 | \$46,500 (LIHF) | 100% |
| CityServe | Homeless Intervention and Crisis Stabilization Program | \$80,000 | \$80,000 | \$80,000 (LIHF) | 100% |
| CRIL | Housing & Independent Living Services | \$15,000 | \$16,000 | \$16,000 (LIHF) | 100% |
| ECHO Housing | Housing Counseling Services | \$40,000 | \$40,000 | \$40,000 (LIHF) | 100% |
| Goodness Village | Tiny Home Community | \$57,720 | \$58,874 | \$58,874 (LIHF) | 100% |
| Habitat for Humanity | Housing Rehabilitation Program | \$80,000 | \$55,000 \$40,000 | \$55,000 (HOME) \$40,000 (LIHF) | 100% |
| Tri-Valley REACH | Housing Preventative Maintenance/Repair | \$40,000 | \$45,000 | \$45,000 (LIHF) | 100% |
| | HOME Subtotal | | | \$135,000 | |
| | LIHF Subtotal | | | \$366,374 | |
| | TOTAL | \$479,348 | \$501,374 | \$501,374 | 100% |

A description of the funding requests and recommendations, which would result in the allocation of \$501,374 (\$366,374 in LIHF funds and \$135,000¹ in HOME funds) for FY 2024/25, are as follows:

¹ The City currently has an available HOME funding balance of \$307,627 that may be committed to HOME-eligible activities.
Page 3 of 8

Abode Services / Tri-Valley Rapid Rehousing Program

Abode Services' Tri-Valley Housing Rapid Re-housing Program provides housing support services and temporary subsidies to households who are homeless or at risk of homelessness in Pleasanton. Staff recommends a financial support of \$120,000 (\$80,000 HOME funds for rental subsidies and \$40,000 LIHF for case management) to this program in FY 2024/25. In the current FY2023/24, the program assisted two households to exit into permanent housing. The program is currently subsidizing four households and has eight households enrolled in the program.

Centro Legal de la Raza / Tri-Valley Fair and Secure Housing Project

Centro Legal de la Raza (Centro Legal) is a legal services agency protecting and advancing the rights of low-income renters through bilingual legal representation, education, and advocacy. Centro Legal is requesting \$46,500 in funding to provide legal consultations, representation, outreach, and tenant education services to low-income Pleasanton tenants facing housing instability, eviction, and potential displacement. Staff recommends continued financial support of \$46,500 LIHF funds to this program in FY 2024/25, particularly since eviction filings have increased significantly since the Alameda County eviction moratorium expired on April 29, 2023. In the first half of FY2023/24, Centro Legal provided legal consultations to three clients and legal representation to three other clients from Pleasanton.

CityServe of the Tri-Valley / Homeless Intervention and Crisis Stabilization Program

CityServe has applied for \$80,000 to provide vital non-clinical assistance to Pleasanton individuals and families facing homelessness or housing crises. CityServe care coordinators work with participants by utilizing subsidy funding for security deposits for new housing, rental assistance, utilities, hotel shelters, and car repair for those living in cars. CityServe also refers participants to programs for mental health services, addiction services, employment navigation, and medical needs. The CityServe team has been working and will continue to work closely with Pleasanton Police, City staff, and other service providers to identify Pleasanton residents who are homeless and on the street. Staff recommends continued financial support of \$80,000 LIHF funds for this program in FY 2024/25.

CRIL / Housing & Independent Living Services

CRIL has applied for \$16,000 in City LIHF funds to continue to provide independent living and housing services to low- and very low-income Pleasanton residents with disabilities improve their level of independence. CRIL provides virtual and in-person workshops and phone and e-mail consultations to assist clients with housing navigation and travel training. CRIL also provides assistive technology programs to assist their clients with accessing laptops and tablets. Staff plans to recommend continued financial support for CRIL's services. Staff recommends continued financial support for CRIL's services in the amount of \$16,000 for FY 2024/25.

ECHO Housing / Housing Counseling Services

ECHO Housing has applied for \$40,000 in City LIHF funds to continue to provide federally required fair housing counseling and investigation, tenant/landlord counseling and dispute resolution, rental assistance program, and home-seeking program for Pleasanton residents. Staff recommends continued financial support for this program.

Goodness Village / Tiny Home Community

Goodness Village has requested \$58,874 for its Tiny Home Community in Livermore that currently provides supportive and permanent housing options that assist 28 chronically homeless individuals, nine (9) of which are Pleasanton residents, to transition into permanent housing. Staff recommends continued financial support of \$58,784 for FY 2024/25 for this program operating in its third year.

Habitat for Humanity / Housing Rehabilitation Program

Habitat for Humanity (Habitat), the City's Housing Rehabilitation Program administrator, has requested \$95,000 to provide critical home repairs paid for by grants or loans from the City to income-eligible Pleasanton homeowners who are cost-burdened and economically vulnerable. Currently in FY 2023/24, Habitat has completed one project, and two other projects are nearing completion. Two other projects are being processed for approval while four other applications are being assessed for eligibility. \$55,000 will be funded with federal HOME funds that will be provided to the actual construction costs for eligible homeowners while \$40,000 will be funded with LIHF for Habitat's administrative costs, which include outreach, coordination and verification of eligibility for homeowners interested in pursuing a rehabilitation project

Tri-Valley REACH / Home Improvement, Maintenance, & Rehabilitation Projects

Tri-Valley REACH owns/leases and maintains 11 single-family homes located in Livermore and Pleasanton that provide affordable housing to 34 low-income adults with developmental disabilities. Of these 11 properties, the six (6) homes located in Pleasanton serve sixteen (16) extremely low-income adults with developmental disabilities. Tri-Valley REACH has applied for \$45,000 address home repairs, improvements, and maintenance at the Pleasanton homes. Staff recommends continued financial support for Tri-Valley REACH in the amount \$45,000 for FY 2024/25.

Human Services Commission Action

The Human Services Commission reviewed the majority of HHSG applications at its meeting on March 6, 2024. The agenda report and attachments from the HSC meeting are included as Attachment 2. Minutes from the meeting were not yet available; however, the HSC's recommendation is summarized in Attachment 1. The HSC's recommendation will be forwarded to the City Council for review and final action (along with the HC's recommendations) on April 16, 2024.

March 21st Housing Commission Meeting Process

The Commission may request any or all of the agencies listed in Table 1 of this report to make a presentation or answer any questions relating to their housing-related projects. After hearing from the agencies and any other interested parties, the Commission will close the hearing, discuss the applications, and formulate a funding recommendation for consideration by the City Council.

The Commission's recommendation is tentatively scheduled to be reviewed by the City Council (along with the recommendation from the Human Services Commission regarding CDBG and City General Funds) on April 16, 2024. At that time, it is expected the Council will adopt a resolution approving the funding plan for the City's HHSG program (as well as Youth and Civic Arts funding through the Community Grant program) for FY 2024/25. A finalized statement of

federal funding will be submitted to HUD by the required May 15, 2024 deadline. FY 2024/25 HHSF funds will be made available July 1, 2024.

EQUITY AND SUSTAINABILITY

The HHSF program provides grant funds to nonprofit agencies to provide direct programs and services to benefit low-income Pleasanton residents, those who are homeless or at risk of become unhoused, and those who have special needs. Providing these grant funds helps these most vulnerable populations to remain a part of the Pleasanton community and provides them with much needed support and assistance.

OUTREACH

Applicant agencies were notified of this meeting, invited to attend, and encouraged to speak regarding their financial requests. All eight (8) agencies are available for a brief presentation and to respond to questions regarding their application. The HHSF grants process was widely publicized to area non-profits, and a virtual Zoom application workshop held on December 6, 2023, in collaboration with staff from the cities of Dublin and Livermore. HHSF applications for FY2024/25 funding were solicited from December 1, 2023 through January 19, 2024.

STRATEGIC PLAN ALIGNMENT

This action advances the following Citywide goals and strategies: ONE Pleasanton Citywide Strategic Plan (Attachment 3):

- *Building a Community Where Everyone Belongs*, Strategy 6 – Implement the Housing Element and develop a plan to end homelessness to meet state requirements and provide opportunities for additional housing and shelter in the community.
- *Building a Community Where Everyone Belongs*, Strategy 12 – Implement the results of the Human Services Needs Assessment and streamline housing, human services, and community grant programs to increase program participation and access.

FINANCIAL IMPACT

The FY 2024/25 HHSF funding recommendation, which the Housing Commission is reviewing, will provide approximately \$501,374 from July 1, 2024 to June 30, 2025 for housing-related programs and services that primarily offer a direct benefit to low-income Pleasanton residents. \$366,374 is provided by LIHF funds through account 12230700 and \$135,000 in HOME funds through account 12430702. As noted, the City receives a formula-based allocation of HOME funds, anticipated to be \$126,134 for FY 2024/25. The current LIHF fund balance is approximately \$14.3 million, meaning there is an adequate fund balance to support the various grant requests.

Submitted by:



Steve Hernandez
Housing Manager

Attachments:

1. Staff Recommended Funding Allocation (Human Services & Housing Commissions)
2. Human Services Commission Agenda Report (3/6/2024)
3. [ONE Pleasanton Citywide Strategic Plan \(online\)](#)

ATTACHMENT 1:

**Staff Recommended Funding Allocation
(Human Services Commission / Housing Commission)**

FY 2024/25 HHS REVIEW - ATTACHMENT 1

Staff Recommended Funding Allocation (Human Services Commission / Housing Commission)

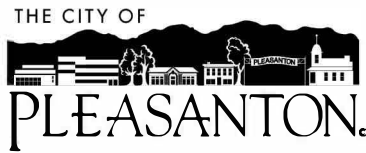
| Alpha Order | Review | Agency Name | Project Title | Agency Priority | Funds Requested | Funds Alloc Last Year | Estd. Pls Resid. | Cost Per Resid. | Total | % of Req | CDBG Public Services | CDBG CIP | CDBG Admin | City Gen Fund | HOME | LIHF | |
|---|--------|--|---|-----------------|-----------------|-----------------------|------------------|-----------------|------------|-----------------------|-------------------------------------|------------|------------|---------------|------------|------|------|
| HUMAN SERVICE PROJECTS: (for review by Human Services Commission, March 6, 2024) | | | | | | | | | | | | | | | | | |
| 1) CAPITAL / REHAB | | | | | | | | | | | | | | | | | |
| | HSC | City of Pleasanton | Annual Section 108 Loan Payment (Axis Clinic) | | \$ 23,804 | \$ 24,282 | | | \$ 23,804 | 100.00% | | \$ 23,804 | | | | | |
| 25 | HSC | Tri-Valley Haven | Shelter Rebuild | TVH1 | \$ 250,000 | \$ - | 80 | \$ 3,125.00 | \$ 250,000 | 100.00% | | \$ 250,000 | | | | | |
| | | | | | | | | | \$ 273,804 | | \$ - | \$ 273,804 | \$ - | \$ - | \$ - | \$ - | |
| 2) SERVICES - FOOD | | | | | | | | | | | | | | | | | |
| 17 | HSC | One Nation Dream Makers | Last Mile Delivery & Food Recovery Program | | \$ 25,000 | \$ - | 7,000 | \$ 4 | \$ 5,000 | 0.00% | | | | \$ 5,000 | | | |
| 18 | HSC | Open Heart Kitchen | Senior Meal Program | | \$ 50,000 | \$ 44,000 | 350 | \$ 143 | \$ 44,000 | 88.00% | \$ 25,000 | | | \$ 19,000 | | | |
| 20 | HSC | Spectrum Community Services | Meals on Wheels, More than a Meal | | \$ 55,000 | \$ 51,552 | 135 | \$ 407 | \$ 51,636 | 93.88% | \$ 51,636 | | | \$ - | | | |
| 27 | HSC | Wishing Well Inc. | No One Should Sleep Hungry | | \$ 5,000 | \$ - | 3,000 | \$ 2 | \$ - | 0.00% | | | | \$ - | | | |
| | | | | | | | | | \$ 135,000 | | \$ 76,636 | \$ - | \$ - | \$ 24,000 | \$ - | \$ - | |
| 3) SERVICES - HOMELESS | | | | | | | | | | | | | | | | | |
| 8 | HSC | CityServe of the Tri-Valley | At-Risk Family Stabilization and Homeless Prevention Progra | | \$ 80,000 | \$ 60,000 | 550 | \$ 145 | \$ 65,000 | 81.25% | | | | \$ 65,000 | | | |
| 23 | HSC | Tri-Valley Haven | Domestic Violence Services (Shiloh) | TVH3 | \$ 60,000 | \$ 7,000 | 40 | \$ 1,500 | \$ 26,364 | 43.94% | | | | \$ 26,364 | | | |
| 24 | HSC | Tri-Valley Haven | Homeless and Family Support Services (Sojourner + Food Pantry) | TVH2 | \$ 60,000 | \$ 36,107 | 565 | \$ 106 | \$ 30,500 | 50.83% | | | | \$ 30,500 | | | |
| | | | | | | | | | \$ 200,000 | | \$ - | \$ - | \$ - | \$ 121,864 | \$ - | \$ - | |
| 4) SERVICES - FINANCIAL / LEGAL | | | | | | | | | | | | | | | | | |
| 4 | HSC | CALICO Center | Pleasanton Child Abuse Intervention Program | | \$ 11,000 | \$ 5,000 | 22 | \$ 500 | \$ 6,000 | 54.55% | | | | \$ 6,000 | | | |
| 15 | HSC | Legal Assistance for Seniors | Legal and Supportive Services, Medicare Counseling & Education for Pleasanton Seniors | | \$ 10,000 | \$ 5,000 | 10 | \$ 1,000 | \$ 5,000 | 50.00% | | | | \$ 5,000 | | | |
| | | | | | | | | | \$ 21,000 | | \$ - | \$ - | \$ - | \$ 11,000 | \$ - | \$ - | |
| 5) SERVICES - DISABLED / SPECIAL NEEDS | | | | | | | | | | | | | | | | | |
| 21 | HSC | Sunflower Hill | Sunflower Hill Program Support at Irby Ranch | SH2 | \$ 16,250 | \$ 5,000 | 65 | \$ 250 | \$ 6,000 | 36.92% | | | | \$ 6,000 | | | |
| 22 | HSC | Sunflower Hill | Sunflower Hill Program Support for Adults with Developmental Disabilities | SH1 | \$ 16,250 | \$ 5,000 | 50 | \$ 325 | \$ 7,000 | 43.08% | | | | \$ 7,000 | | | |
| | | | | | | | | | \$ 32,500 | | \$ 5,000 | \$ - | \$ - | \$ 13,000 | \$ - | \$ - | |
| 6) SERVICES - OTHER | | | | | | | | | | | | | | | | | |
| 2 | HSC | Assistance League of Amador Valley | Operation School Bell | | \$ 5,000 | \$ 2,500 | 100 | \$ 50 | \$ 5,000 | 100.00% | | | | \$ 5,000 | | | |
| 3 | HSC | Axis Community Health | Enrollment Specialist | | \$ 9,637 | - | 90 | \$ 107 | \$ 6,000 | 62.26% | | | | \$ 6,000 | | | |
| 6 | HSC | Chabot-LP CCD / Tri-Valley Career Ctr | Pleasanton Pathways to Employment | CLP2 | \$ 31,635 | \$ 8,000 | 165 | \$ 192 | \$ 14,000 | 44.25% | | | | \$ 14,000 | | | |
| 7 | HSC | Chabot-LP CCD / Tri-Valley Career Ctr | Pleasanton VITA Services | CLP1 | \$ 16,914 | \$ 6,000 | 165 | \$ 103 | \$ 7,000 | 41.39% | | | | \$ 7,000 | | | |
| 14 | HSC | Hively | Hively Family Resource Center & Navigation Center | | \$ 36,000 | \$ 6,000 | 830 | \$ 43 | \$ 16,000 | 44.44% | | | | \$ 16,000 | | | |
| 16 | HSC | Lions Center for the Visually Impaired | Pleasanton Seniors Vision Health | | \$ 7,500 | \$ - | 15 | \$ 500 | \$ - | 0.00% | | | | \$ - | | | |
| 19 | HSC | Partners for Change Tri-Valley | Education and Mentorship Program for Poverty Alleviation | | \$ 15,000 | \$ 3,000 | 15 | \$ 1,000 | \$ 5,000 | 33.33% | | | | \$ 5,000 | | | |
| | | | | | | | | | \$ 121,686 | | \$ - | \$ - | \$ - | \$ 53,000 | \$ - | \$ - | |
| 7) ADMINISTRATION | | | | | | | | | | | | | | | | | |
| | | City of Pleasanton | Administration of CDBG / HHS Program | | \$ 76,069 | \$ 76,069 | | | \$ 76,069 | 100.00% | | | \$ 76,069 | | | | |
| | | | | | | | | | \$ 76,069 | | \$ - | \$ - | \$ - | \$ 76,069 | \$ - | \$ - | |
| | | | | | | | | | \$ 760,186 | SUBTOTAL (HSC) | \$ 649,373 | \$ 76,636 | \$ 273,804 | \$ 76,069 | \$ 222,864 | \$ - | \$ - |
| | | | | | | | | | | | Funding Available: | \$ 76,636 | \$ 332,093 | \$ 76,069 | \$ 222,864 | | |
| | | | | | | | | | | | Remaining for HC Allocation: | \$ - | \$ 58,289 | \$ - | \$ - | | |

| HOUSING-RELATED PROJECTS: (for review by Housing Commission, March 21, 2024) | | | | | | | | | | | | | | | | | |
|---|--------|-----------------------------|--|-----------------|-----------------|-----------------------|------------------|-----------------|--------------|----------------------|----------------------|-----------|------------|---------------|------------|------------|------------|
| Alpha Order | Review | Agency Name | Project Title | Agency Priority | Funds Requested | Funds Alloc Last Year | Estd. Pls Resid. | Cost Per Resid. | Total | % of Req | CDBG Public Services | CDBG CIP | CDBG Admin | City Gen Fund | HOME | LIHF | |
| 1 | HC | Abode Services | Tri-Valley Rapid Rehousing Program (Rent Subsidies) | | \$ 80,000 | \$ 80,000 | 6 | \$ 20,000 | \$ 80,000 | 100.00% | | | | | \$ 80,000 | | |
| | | | Tri-Valley Rapid Rehousing Program (Case Mgmt) | | \$ 40,000 | \$ 40,000 | | | \$ 40,000 | 100.00% | | | | | | \$ 40,000 | |
| 5 | HC | Centro Legal de la Raza | Tri-Valley Fair and Secure Housing Project | | \$ 46,500 | \$ 46,628 | 30 | \$ 1,550 | \$ 46,500 | 100.00% | | | | | | \$ 46,500 | |
| 9 | HC | CityServe of the Tri-Valley | Homeless Intervention and Crisis Stabilization Program | CSTV1 | \$ 80,000 | \$ 80,000 | 92 | \$ 870 | \$ 80,000 | 100.00% | | | | | | \$ 80,000 | |
| 10 | HC | CRIL | Housing and Independent Living Skills | | \$ 16,000 | \$ 15,000 | 30 | \$ 533 | \$ 16,000 | 100.00% | | | | | | \$ 16,000 | |
| 11 | HC | ECHO Housing | Housing Counseling Services | | \$ 40,000 | \$ 40,000 | 844 | \$ 47 | \$ 40,000 | 100.00% | | | | | | \$ 40,000 | |
| 12 | HC | Goodness Village | Goodness Village | | \$ 58,874 | \$ 57,720 | 9 | \$ 6,542 | \$ 58,874 | 100.00% | | | | | | \$ 58,874 | |
| 13 | HC | Habitat for Humanity | Housing Rehabilitation Program | | \$ 95,000 | \$ 80,000 | 4 | \$ 23,750 | \$ 95,000 | 100.00% | | | | | \$ 55,000 | \$ 40,000 | |
| 26 | HC | Tri-Valley REACH | Home Improvement Projects, Repair, and Maintenance | | \$ 45,000 | \$ 40,000 | 16 | \$ 2,813 | \$ 45,000 | 100.00% | | | | | | \$ 45,000 | |
| | | | | | | | | | \$ 501,374 | SUBTOTAL (HC) | \$ 501,374 | \$ - | \$ - | \$ - | \$ 135,000 | \$ 366,374 | |
| | | | | | | | | | \$ 1,261,560 | TOTAL | \$ 1,150,747 | \$ 76,636 | \$ 273,804 | \$ 76,069 | \$ 222,864 | \$ 135,000 | \$ 366,374 |

NOTES: (1) New project or agency did not apply or was not funded last year; highlighted in red.

ATTACHMENT 2:

**Human Services Commission Agenda Report with No Attachments
(Meeting March 6, 2024)**



**HUMAN SERVICES COMMISSION
AGENDA REPORT**

March 6, 2024
Item 5

TITLE: REVIEW AND ALLOCATE HOUSING AND HUMAN SERVICES GRANT FUNDS FOR FISCAL YEAR 2024/25 AND RECOMMEND CITY COUNCIL APPROVAL

SUMMARY

This report summarizes applications received for funding under the City of Pleasanton Housing and Human Services Grant (HHSG) program. The report provides an analysis of applications and a recommended funding allocation. The Human Services Commission recommendation is tentatively scheduled to be reviewed by the City Council in May, along with the recommendation from the Housing Commission regarding HOME Investment Partnership Program (HOME) and Low-Income Housing Funds (LIHF) funds. The City's final appropriations of federal funding, Community Development Block Grant (CDBG), and HOME funds will be submitted to the U.S. Department of Housing and Urban Development (HUD) by the required May 15, 2024 deadline. FY 2024/25 HHSG funds will be made available July 1, 2024.

RECOMMENDATION

Review and allocate Housing and Human Services Grant Funds for Fiscal Year 2024/25 and recommend City Council approval.

BACKGROUND

The City implemented its HHSG program in 2010. The program combined funding from federal CDBG and HOME funds as well as two local sources (LIHF and City General Funds) allocated for human services. These funding sources make up a single, streamlined grant program.

HHSG applications for FY 2024/25 funding were solicited from December 1, 2023 through January 19, 2024. Twenty-seven applications were received by the January 19, 2024 deadline, with a total funding request of \$1,261,561.

Applications were submitted electronically via the ZoomGrants system, and members of the Human Services Commission were able to review/rate the applications online. Consequently, no printed materials were distributed. Commissioners are requested to print their copies and have them available at the March 6, 2024 meeting as well as any project-specific materials that are desired for review during the meeting.

The following table summarizes the composite level of CDBG and General Fund funding for the HHSG program for the coming FY:

| Source | FY 2024/25 Funding | Notes |
|--------------------------------------|--------------------------------------|---|
| <u>CDBG:</u> Capital Pub. Svc. | \$332,093 \$ 76,636 | These amounts do not include an estimated \$76,069 for program administration (20% of the grant plus program income) as well as the Section 108 Loan repayment amount of \$23,804. |
| City Gen. Fund | \$222,864 | City Grant funds reserved for human services (increased from last year based on a 2.08% increase in the City's General Fund per policy adopted in 2009). The amount allocated is \$257,864 less \$35,000 for previously approved behavioral health RFQ. |
| Subtotal: | \$631,593 | Funding available for allocation by the Human Services Commission |

The total pool of HHSG funding for FY 2024/25, specifically CDBG and General Fund(s), has remained relatively stable. Commission recommendations will focus on the allocation of CDBG and City General Funds for human services and non-housing capital projects. The City Council's review is tentatively scheduled for May 7, 2024. The final action taken by the City Council will be included when the City submits its HUD Annual Action Plan for Pleasanton's federal CDBG funds for FY 2024/25.

Staff's recommendation (Attachment 1) includes the funding of eight housing-related projects or services through HOME and/or LIHF funds, both of which will be reviewed by the Housing Commission at its March 21, 2024 meeting. Both Housing and Human Services Commission grant recommendations will be forwarded directly to the City Council and presented with Community Grants Program allocation recommendations.

Summary of Agenda Report Attachments

Attachment 1: Staff Recommended Funding Allocation - This is intended as a starting point for the commission to provide funding recommendations to the City Council.

Attachment 2: ZoomGrants Scoring Report - This shows the composite rankings from the commission's review. Commissioners individually evaluated the 19 applications assigned to the Human Services Commission.

Attachment 3: Human Services Commission Evaluation Criteria – This is reviewed and approved annually by the commission, with the purpose of assisting their evaluation process.

Attachment 4: Human Services Commission Statement of Priorities – This is reviewed and approved annually by the commission, with the purpose of keeping the commission focused on Pleasanton-specific priority needs and service delivery.

Summary of HHSG Applications

Applications received are of high quality, target a wide range of needs, and demonstrate the broad scope of services provided to the community. Summary observations:

- 27 applications received
- \$1,261,561 total funding requested
- Three (3) new human services programs/projects, highlighted in red on Attachment 1, were submitted this year:
 - Assistance League of Amador Valley / Operation School Bell
 - Axis Community Health / Enrollment Specialist
 - One National Dream Makers / Last Mile Delivery and Food Recovery Program

A few agencies submitted multiple applications. Agencies submitting multiple applications were asked to rank requests in order of agency priority for funding, and when appropriate, staff considered the preferred prioritization in developing its recommendations.

Staff funding recommendations are provided in Attachment 1. As in prior years, staff will adjust the recommendations at the meeting to assist the commission in developing its funding recommendation. The commission recommendation is scaled to the funds available in each of the funding source categories: CDBG and City General Funds.

Projects are separated into those that are identified for review and recommended by each commission (Human Services and Housing). Attachment 1 includes columns of information for comparative purposes: funding requested; funding allocated last year; estimated Pleasanton residents to be served; and estimated cost per resident. Regarding the “cost per resident” column, this statistic is not meant to provide a direct comparison across projects as data across projects may not be comparable. Nevertheless, it does serve as an indicator of the cost of providing services.

The following general comments apply to the staff’s funding recommendations:

- Eight applications are for housing services and programs that are eligible to be funded through a combination of federal HOME and City LIHF funds (shown at the bottom of Attachment 1). These applications will be reviewed by the Housing Commission.
- The remaining 19 applications are non-housing, public services projects and approximately \$332,000 in CDBG funds and \$222,800 in City General are available to fund these applications:
 - Most of the public services projects have applied for and received HHSG funding in the past and provide useful, important ongoing services in the community

- One Nation Dream Makers represents a program that has not applied for funding and is requesting \$25,000
- Tri-Valley Haven is requesting additional CDBG Capital funds for the Shiloh Rebuild Project
- Assistance League of Amador Valley and Axis Community Health applied previously but are requesting funds for new/different programs
- Since FY 2021/22 the annual, multi-year \$35,000 youth behavioral health grant for Axis Community Health (Axis) has been factored into the General Fund allocation. \$257,864 was allocated for FY 2024/25 but after subtracting \$35,000 for the Axis grant, the General Fund amount available for allocation is \$222,864. The Axis grant goes until June 30, 2025.

Staff's Funding Recommendation

Staff has provided an overall funding recommendation that incorporates commission priorities and rankings. Staff's recommendation, Attachment 1, focuses on service gaps, particularly around critical safety net services. Staff also attempted to address a variety of activity categories (food, financial, mental health, legal, unhoused, prevention, etc.) to provide some level of funding to most, with the goal of achieving a balanced distribution that will maximize the efficiency of City funding to address gaps in safety net services.

Staff considered many factors in developing a recommendation, including an evaluation of applications against the commission's criteria; composite commission application scores; past year program performance and funding levels; whether the program/project addresses a core safety net service or an identified service gap; whether duplicative services were requested; discussions with Dublin and Livermore human services staff; and distribution of funding across a variety of community needs.

While the recommendation provides an emphasis on the commission priorities and other factors addressed, it is important to note that other criteria also influence recommendations. In general, the most common factors are funding source restrictions and the demand versus the availability of funds. For example, it may be possible to fund a project that does not necessarily score highly under the commission criteria simply because funds are more available in the funding source for that type of activity.

Capital/Rehab Funding Recommendations

The City is required to set aside funding for its annual payment on the Section 108 loan that was used to assist the Axis Community Health Clinic rehab project in 2015. This amount is \$23,804 and is included in Attachment 1. There is one capital improvement project application to consider – Tri-Valley Haven is requesting additional funding for its Shiloh Rebuild project.

Applications Not Recommended for Funding

As a starting point for the commission, staff is recommending to fund all but three applications this year: Lions Center for the Visually Impaired, One Nation Dream Makers, and Wishing Well Inc. Each of these agencies received low total score rankings from the commission review process. In addition, Lions Center for the Visually Impaired

shows a fair amount of awarded funds already and One Nation Dream Makers and Wishing Well Inc. can be considered duplication of services with other Tri-Valley service providers – specifically food.

DISCUSSION

Human Services Commission Meeting Process

The March 6, 2024 commission meeting will begin at 6 p.m. The commission decided to require mandatory presentations from the six agencies listed in the table below. All agencies can attend the public meeting and will have an opportunity to speak, if desired, and to answer questions by the commission if applicable.

| Time (estimate) | Agency | Program |
|------------------------|--------------------------------|--|
| 6:40 p.m. | Axis Community Health | Enrollment Specialist |
| 6:45 p.m. | Hively | Hively Family Resource Center & Navigation Center |
| 6:50 p.m. | One Nation Dream Makers | Last Mile Delivery & Food Recovery Program |
| 6:55 p.m. | Open Heart Kitchen | Pleasanton Senior Meal Program |
| 7:00 p.m. | Partners for Change Tri-Valley | Alleviating Poverty & Homelessness in the Tri-Valley |
| 7:05 p.m. | Tri-Valley Haven | Shelter Rebuild Project |

As in prior years, the commission is faced with limited funds relative to the total amount requested. The City has dedicated General Funds to supplement federal funds to ensure that local critical human service needs are provided to the community.

The task before the commission is to review the 19 applications and consider funding recommendations for City Council approval. Staff recommends that the commission develop a funding recommendation for the City Council based on staff’s proposed funding allocations which include the following considerations:

- Individual commissioner evaluation of projects (e.g. based on the scoring tools used in ZoomGrants, incorporating the established HHSG project review criteria)
- Testimony and discussion at the March 6, 2024, commission meeting
- Other information as applicable.

Staff will have an electronically displayed spreadsheet available at the meeting to facilitate adjustments to the funding allocation during discussions.

The commission's recommendation for HHSFG funding is tentatively scheduled to be reviewed by the City Council, along with the recommendation from the Housing Commission regarding HOME and LIHF funds on May 7, 2024. At that time, the City Council will be provided a resolution requesting approval of the funding plan for the City's HHSFG program (as well as civic arts and youth funding through the Community Grants program) for FY 2024/25. A finalized statement of federal funding will be submitted to HUD by the required May deadline. Awarded funds for FY 2024/25 HHSFG projects will be made available July 1, 2024.

EQUITY AND SUSTAINABILITY

The HHSFG program provides grant funds to nonprofit agencies to provide direct programs and services to benefit low-income Pleasanton residents.

OUTREACH

Applicant agencies were notified of this meeting, invited to attend, and encouraged to speak regarding their financial requests. The commission requested six agencies be available for a brief presentation and questions regarding their application.

STRATEGIC PLAN ALIGNMENT

This action advances the following Citywide goals and strategies:

ONE Pleasanton Citywide Strategic Plan(Attachment 5):

- *Building a Community Where Everyone Belongs*, Strategy 12 – streamline housing, human services, and community grant programs to increase program participation and access.
- *Building A Community Where Everyone Belongs*, Strategy 3 - Implement high-priority items from the Library and Recreation Strategic Plan to continue to deliver activities and programs that meet the needs and interests of the community.
 - Library and Recreation Department Strategic Plan 2019-2024 (Attachment 6)
 - *Goal A. Programs, Plans, and Services* – deliver exceptional programs and services that meet the needs and interests of the community.

FINANCIAL IMPACT

Approval of the FY 2024/25 HHSFG funding recommendation by the Human Services Commission will provide approximately \$631,593 from July 1, 2024 to June 30, 2025 for projects and services that primarily offer a direct benefit to low-income Pleasanton residents. Approximately \$257,800 is provided by General Funds through account 00199200. This amount is based on a 2.08% increase in City General Fund revenues from the preceding FY. The approximate \$510,900 CDBG funds estimated includes a projected \$380,000 allocation for FY 2024/25 and \$130,564 in program income funds derived from CDBG-funded housing rehabilitation loan funds that have been repaid.

Of the projected \$510,900 provided by federal CDBG funds, approximately \$76,600 (or 15%) could be allocated to public services while approximately \$332,000 (or 65%) could be allocated to capital improvements. Project funding will be included in the City's Operating Budget for FY 2024/25.

Submitted by:

A handwritten signature in blue ink that reads "Jay Ingram". The signature is written in a cursive style.

Jay Ingram
Recreation Manager

Attachments:

1. FY 2024/25 HHSB Review – Staff Recommended Funding Allocation
2. ZoomGrants FY 2024/25 HHSB Program Scoring Report
3. Human Services Commission Evaluation Criteria for Review of HHSB Applications for FY 2024/25
4. Human Services Commission Statement of Priorities 2024/25 HHSB Program
5. [ONE Pleasanton Citywide Strategic Plan \(online\)](#)
6. [Library and Recreation Department Strategic Plan \(online\)](#)

March 21, 2024
Item 5

TITLE: REVIEW AND PROVIDE A RECOMMENDATION TO THE CITY COUNCIL FOR ALTERNATIVE AFFORDABLE HOUSING AGREEMENTS WITH CATALYST DEVELOPMENT PARTNERS, LLC FOR A CONDOMINIUM HOUSING PROJECT AT 3200 HOPYARD ROAD

SUMMARY

This report summarizes two alternative Affordable Housing Agreements (AHA) arising from the Pleasanton Inclusionary Zoning Ordinance (IZO) for a condominium housing project located at 3200 Hopyard Road in Pleasanton. Catalyst Development Partners, LLC (Catalyst) is proposing to demolish an existing church and daycare facility on the project site and construct a condominium project with two variations:

Alternative 1, which was the original application submitted by Catalyst, involves 57 attached condominium units, comprised of 48 townhome-style condo units across nine three-story buildings and nine (9) one-bedroom apartments, internal streets, and common open space. The AHA for Alternative 1 would meet the IZO by deed-restricting the nine apartment units to low-income households making 80 percent or less of the Area Median Income (AMI). Nine units is 15.7% of the project, where 15% very low or low income units is required. The AHA also provides that the rental units may be sold to qualified non-profit affordable housing operators at a price affordable to a low-income household.

Alternative 2, which is a revised project more recently submitted by the applicant, involves 55 attached condominium units, comprised of two two-story duet units, eight three-story townhome-style condo buildings, eight (8) one-bedroom units attached to the three-story buildings, internal streets, and common area. The AHA for Alternative 2 proposes to meet the IZO by: (i) deed-restricting the eight one-bedroom units for sale to moderate income households making 120 percent or less of AMI; and (ii) paying \$77,228 in additional fees. Eight units is 14.54% of the project, where the 55-unit project requires 15% very-low or low affordable units, which equals 8.25 units. Because it is not possible to build a fraction of a unit, the additional fees represent the cost of the fractional 0.25 unit to total to the 15% requirement. With the units deed-restricted at the moderate income level plus the payment, Alternative 2 currently does not conform to the IZO that requires the units to be restricted at the very low and/or low income levels, and the Alternative 2 AHA is therefore proposed as an alternate method of compliance.

RECOMMENDATION

Review the Affordable Housing Agreements for Alternative 1, the 57-unit project, and Alternative 2, the 55-unit project. Staff suggests that the Commission recommend approval of the AHA for Alternative 1 to the City Council as meeting the IZO; and also review and recommend approval of the AHA for Alternative 2 to the City Council with the stipulation

that further revision and refinement of the proposal is needed to more closely conform with the IZO.

BACKGROUND

In October 2022, Catalyst Development Partners, LLC (the “Developer”) submitted an application for Design Review (P23-0177), Vesting Tentative Tract Map (VTM) 8672, and a preliminary review application (P22-0886).

The Planning Commission considered approval of Alternative 1, the 57-unit project, at public hearings on February 28 and March 13, 2024.

During the course of the February 28th public hearing, numerous residents and neighbors spoke in opposition to Alternative 1, expressing concerns about neighborhood compatibility, traffic, parking and other impacts. At the close of the February 28th public hearing, the Planning Commission requested that the project be continued to March 13th, to allow more time for information to be provided regarding the traffic study and other topics.

At the March 13th meeting, both Alternative 1 and the new Alternative 2, the 55-unit project, were presented to the Planning Commission. Alternative 2 replaces the six-unit three-story townhome-style condo building located closest to the adjacent single-family residences with two, two-unit duet buildings, thereby reducing the size and massing of these building relative to neighboring properties.

Project Location

The 2.99-acre project site is currently occupied by the Harvest Valley Christian Church, which includes an affiliated day care facility at 3200 Hopyard Road.

Figure 1: Aerial Photograph



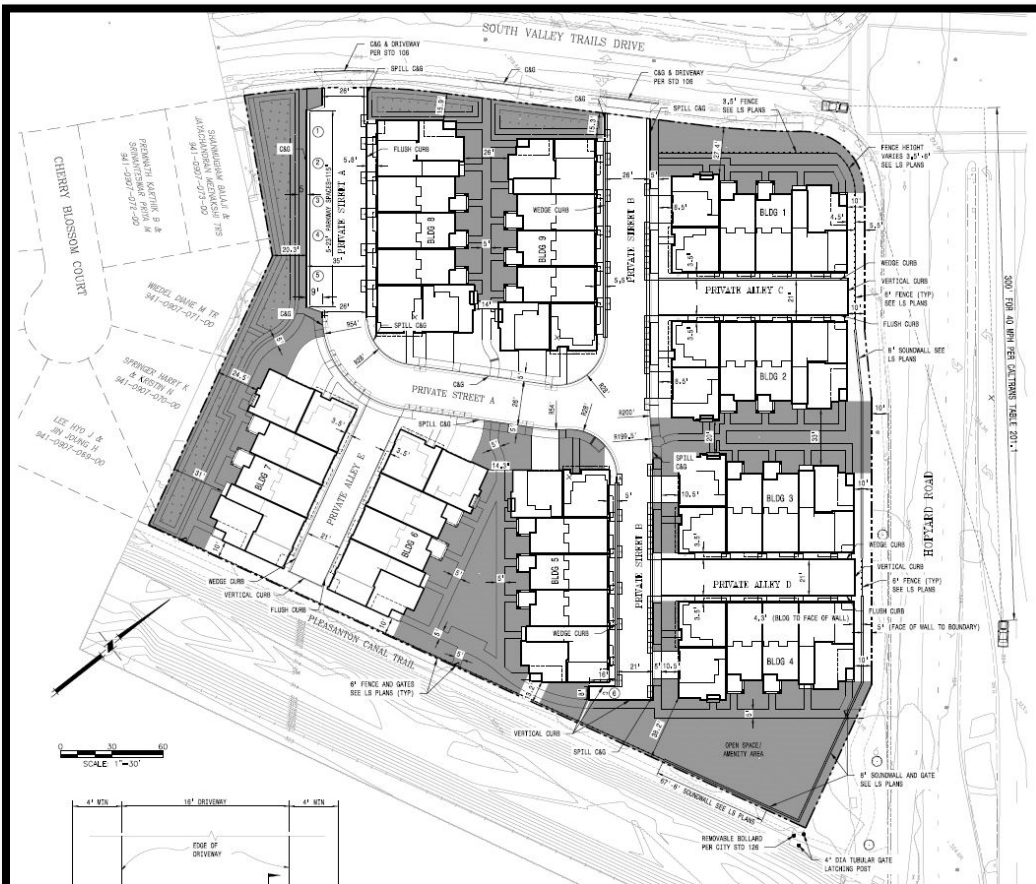
Figure 2: 3200 Hopyard Road, Street View



Project Description

The original proposal (Alternative 1) proposes nine, three-story buildings, with a total of 57 condominium units. This includes 48 three- and four-bedroom townhome-style condo units that would be provided in clusters of six or seven side-by-side units, each with an attached two-car garage, with units ranging from 1,691 to 2,378-square-feet. Nine of the units would have a second attached, 565-square foot one-bedroom condominium apartment unit in a duplex configuration, with a one-car garage. The nine one-bedroom units are proposed to be deed-restricted to lower-income households, to meet the City's inclusionary zoning requirements. The project would also include common open space, private streets and guest parking spaces.

Site Plan for Alternative 1

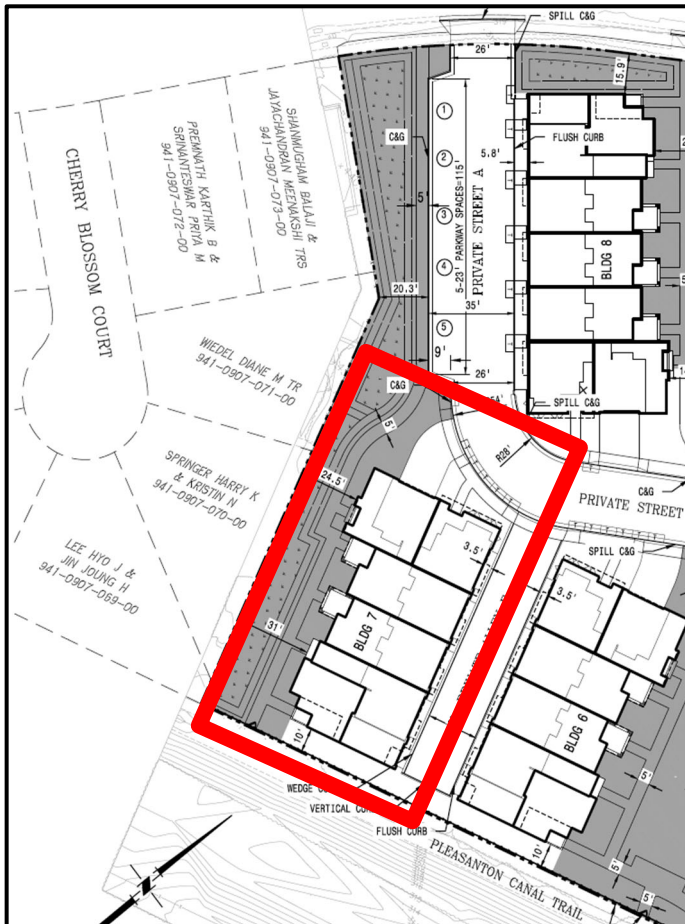


Sample Elevation

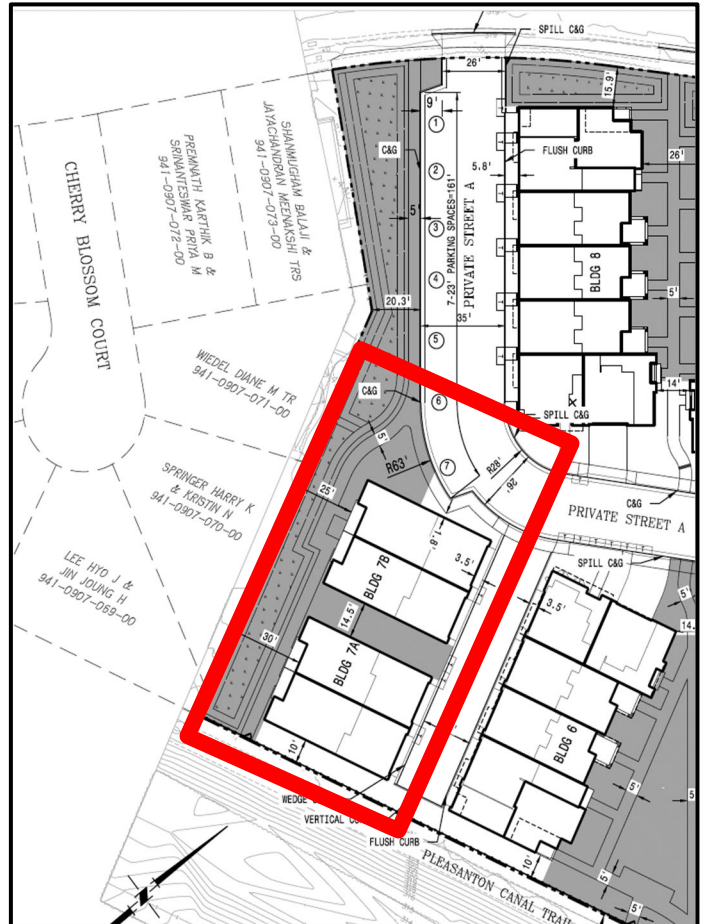


The applicant-revised proposal (Alternative 2) would include 55 units, comprised of 47 townhome-style condo units, and 8 deed-restricted one-bedroom units. The one-bedroom units would be attached to each of the three-story buildings and have a garage with one parking space. The one-bedroom units would be for-sale and deed-restricted to moderate-income households.

Original (Alternative 1)



Developer-Revised (Alternative 2)



Planning Commission Recommendation

At the March 13, 2024, meeting, the Planning Commission voted 4-1 to approve both Alternative 1, the 57-unit project proposal, as well as to approve Alternative 2, the 55 unit project, both subject to approval of an Affordable Housing Agreement in conformance with the IZO.

The Planning Commission further recommended that for Alternative 2, the City Council consider using Lower Income Housing Funds (LIHF) to support improving the affordability of the proposed for-sale units to be affordable to lower-income, rather than to moderate-income households.

Since approval of the related AHAs was not in the purview of the Planning Commission, the dual recommendation would allow for either project alternative to proceed, contingent upon the City Council’s ultimate approval of the AHA that may reflect either of the alternatives (or a modification thereof).

DISCUSSION

Affordable Housing Requirements

Alternative 1 includes 57 condominium units, which are considered a “multi-family development” pursuant to the definitions included in the Inclusionary Zoning Ordinance (IZO).¹ PMC Section 17.44.040(A) provides that for all new multiple-family residential projects of 15 units or more, at least 15 percent of the project’s dwelling units shall be affordable to very low, and/or low-income households with such units provided on-site. To meet the requirements of the 57-unit project, the developer is proposing to provide nine (9) one-bedroom units on-site as “rental affordable units” to conform to the IZO. The units would be required to be rented to income-eligible lower-income households.

Similar to other multi-family developments, Alternative 1 will enter into an Affordable Housing Agreement memorializing basic affordability elements including the levels of affordability and unit counts for the rental affordable units, which is recommended to be as follows:

| Unit Type | Low Income (60 to 80% of AMI) |
|------------------|--|
| 1 Bedroom | 9 |
| Total: | 9 |

The rent charged for the rental affordable units shall not exceed one-twelfth of 60% of the Area Median Income (AMI) multiplied by 30%; however, actual household income can be between 60% and 80% AMI, adjusted for household size.

“For-Sale” Compliance Options

The City has held discussions with the applicant about options that would allow some of the rental units to be separately conveyed or sold, also to eligible low-income households at 60% to 80% AMI. This flexibility would permit the units to be purchased either by a qualified

¹ See Municipal Code §17.44.030.

individual, or a non-profit organization which would then lease the units to income-qualified tenants. As is the case with deed-restricted for-sale units, the purchase price is established based on a variety of factors including the equivalent household income limits established by Alameda County and total housing costs as a proportion of that income.²

The for-sale option is encompassed in the AHA, Section 5 and Attachment 4.

Staff proposes that the Commission find that the AHA for Alternative 1, the 57-unit project, would meet the requirements of the IZO and recommend approval to the City Council.

Alternative 2, as described above, is an alternative version of the project with changes made in an effort to voluntarily address some of the concerns raised by neighbors with respect to Alternative 1, the 57-unit project.

In conjunction with Alternative 2, because the project would yield fewer units, the applicant has modified the proposed inclusionary units to include 8 for-sale one-bedroom units, and for those units to be deed-restricted to moderate income (120% AMI) households. 55 units would require the provision of 8.25 inclusionary units, and the applicant is also proposing to pay \$77,228, which is an approximation of the construction cost of the fractional 0.25 unit.

Analysis of AHA for Proposed 55-Unit Project Alternative 2

As noted, the IZO requires multi-family projects with 15 or more units to provide 15% on-site inclusionary units affordable to very low or low income (50% to 80% AMI) households. While the unit count would meet the 15% requirement, the units are proposed as moderate income (120% AMI) units, and thus do not fit the income categories specified by the IZO.

The IZO does have provisions for creative ways to meet the purpose of the IZO. The developer has cited Section 17.44.080 of IZO – Alternatives to Constructing Inclusionary Units On-Site, which states, as follows: *“The primary emphasis of this inclusionary zoning ordinance is to achieve the inclusion of affordable housing units to be constructed in conjunction with market rate units within the same project in all new residential projects. However, the city acknowledges that it may not always be practical to require that every project satisfy its affordable housing requirement through the construction of affordable units within the project itself. Therefore, the requirements of this chapter may be satisfied by various methods other than the construction of inclusionary units on the project site. Some examples of alternate methods of compliance appear below [off-site projects, land dedication, credit transfers, alternative methods of compliance, and lower income housing fee option]. As housing market conditions change, the city may need to allow alternatives to provide options to applicants to further the intent of providing affordable housing with new development projects.”*

Pursuant this section, the applicant has indicated their proposal would be allowable under subsection D, of Section 17.44.080, which states that *“Alternate Methods of Compliance. Applicants may propose creative concepts for meeting the requirements of this chapter, in order to bring down the cost of providing inclusionary units, whether on-site or off-site. The*

² The estimated initial sales price for-sale cost is approximately \$243,000 for a low income unit and \$433,000 for a moderate income unit, although the exact figure would vary based on income limits and other factors, to be determined at the time of sale or re-sale.

city council may approve alternative methods of compliance with this chapter if the applicant demonstrates that such alternate method meets the purpose of this chapter (as set forth in Section 17.44.020 of this chapter³)

In considering the applicant's proposal, and the wording of Subsection D, the City Council may have an interest in considering the provision of eight (8) for-sale units and payment for the fractional unit, as an "alternative method of compliance" if it finds that the purpose of the IZO would be met. However, given that the requirement for a multi-family projects to provide 15% very low income and/or low income units is not met by Alternative 2, and the project is also not providing other compensating measures, such as payment of additional LIHF for the market-rate units, providing additional deed-restricted units above the minimum required, or other measures to promote additional affordability, it is difficult in staff's view to support the AHA for Alternative 2 as currently formulated.

Nonetheless, as staff recognizes that there may be an interest by the Council in supporting the Alternative 2 project proposal, staff recommends that the Housing Commission:

1. Review and provide recommendation to City Council to review and approve the Affordable Housing Agreement for Alternative 1, the 57-unit project, as proposed and reflected in Attachment 1; and
2. Provide recommendation to City Council to also review and approve the Affordable Housing Agreement for Alternative 2, the 55-unit project, with the stipulation that staff continue to work with the applicant to refine the alternative to better meet the purpose of the IZO and allow for the requisite findings of compliance to be made by the City Council.

A copy of the Inclusionary Zoning Ordinance (IZO) is included for reference as Attachment 3.

6th Cycle Housing Element and RHNA Compliance

The project site is listed in the 6th Cycle Housing Element sites inventory (listed as APN 941 090706200 in Housing Element Table B-14) with the project to provide 44 moderate income units. Alternative 1 proposes 48 units for above moderate income households and 9 units for lower-income residents. As proposed, the Alternative 1 project exceeds the inventory's estimates by offering 9 more units for lower-income residents and 48 more units for above moderate income households. Simultaneously, the proposal falls short by 44 units for moderate-income households per the Housing Element projections. For

³Section 17.44.020 states: "*The purpose of this chapter is to enhance the public welfare and assure that further housing development attains the city's affordable housing goals by increasing the production of residential units affordable to households of very low, low, and moderate income, and by providing funds for the development of very low, low, and moderate income ownership and/or rental housing. In order to assure that the remaining developable land is utilized in a manner consistent with the city's housing policies and needs, 15 percent of the total number of units of all new multiple-family residential projects containing 15 or more units, constructed within the city as it now exists and as may be altered by annexation, shall be affordable to very low and low income households. For all new single-family residential projects of 15 units or more, at least 20 percent of the project's dwelling units shall be affordable to very low, low, and/or moderate income households. These requirements shall apply to both ownership and rental projects.*"

Alternative 2, the project proposes 8 moderate income units, and 47 above moderate income units, exceeding the sites inventory in the above-moderate income category. Whether Alternative 1 or 2 proceeds, the site inventory allows for a surplus of 56 units beyond the City's designated 894-unit allocation for moderate income housing under the regional housing needs assessment (RHNA). Recommending either AHA Alternative 1 or 2 would not require rezoning additional sites to meet the moderate income RHNA. The units which are finally constructed on this site under either Alternative 1 or 2 would be reported in Annual Planning Reports as satisfying a portion of the City's RHNA units in the 2023-2031 Housing Element Cycle.

EQUITY AND SUSTAINABILITY

The action directly implements the Housing Element that serves as the City's strategy for addressing its housing needs for all residents at all income levels. In conformance with the Inclusionary Zoning Ordinance, the Affordable Housing Agreement for both Alternative 1 and 2 will require the Developer to provide 15% of the total units to be restricted. The site is identified as a housing opportunity site in the 6th Cycle Housing Element Update.

OUTREACH

Email notice of this meeting was sent March 18th to persons who had previously emailed the City when the project was being considered by the Planning Commission.

STRATEGIC PLAN ALIGNMENT

Recommendation for approval of the AHAs for Alternatives 1 and 2 advances the strategic goal of Building a Community Where Everyone Belongs from the approved ONE Pleasanton Strategic Plan. It directly supports Strategy 6 under this goal, to implement the Housing Element, by implementing the Inclusionary Zoning Ordinance and building affordable housing units and/or collecting fees to support a wide range of affordable housing programs and activities for all sectors of the community.

FINANCIAL IMPACT

The construction of either alternative will increase the property tax base, and units will be required to pay applicable development impact fees and utility connection fees.

Submitted by:



Steve Hernandez
Housing Manager

Attachments:

1. Draft Affordable Housing Agreement for Alternative 1
2. Draft Affordable Housing Agreement for Alternative 2
3. Inclusionary Zoning Ordinance – Pleasanton Municipal Code (PMC) Ch. 17.44

ALTERNATIVE I – 57 TOTAL UNITS

Recorded at the request of
and when recorded return to:

City of Pleasanton Office
of the City Clerk
P. O. Box 520 Pleasanton,
CA 94566

[This document is exempt from recording fees
Pursuant to Government Code § 27383 and
Exempt from Documentary Transfer Tax pursuant
To Revenue and Taxation Code § 11922]

AFFORDABLE HOUSING AGREEMENT

This **AFFORDABLE HOUSING AGREEMENT** ("Agreement") is made this _____ day of _____, 2024, by the **CITY OF PLEASANTON**, a Municipal Corporation ("City"), and **CDP HOPYARD LLC**, a Delaware limited liability company ("Owner").

RECITALS

A. Owner currently owns a legal or equitable interest in land consisting of approximately three (3.0) acres in Pleasanton, California, more particularly described in Attachment 1 attached hereto and incorporated herein by reference (the "Property").

B. For the Property, Owner has obtained City approval (Design Review P23-0177 and Vesting Tentative Tract Map P23-0178) to develop a 57-unit multi-family residential project (collectively the "Project").

C. Owner and the City wish to make a certain number of the units within the Project available to households with incomes generally at or below eighty percent (80%) (low income) of the Area Median Income, as further described in Attachment 3 attached hereto and incorporated herein by reference ("Affordable Units").

D. The City is also seeking Owner consideration of for-sale alternatives to meet the inclusionary zoning requirements for this Project, with the City's understanding that Owner has discretion to consider such for-sale alternatives, and the parties do not want consideration of for-sale alternatives to delay the project.

E. Area Median Income (AMI) shall mean the area median income for the San Francisco-Oakland-Fremont Metropolitan Statistical Area adjusted for household size in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development (HUD) pursuant to Section 8 of the United State Housing Act of 1937 or any successor statute.

F. Execution of this Agreement meets the requirements of the City’s Inclusionary Zoning Ordinance for the Project and shall be in lieu of paying the City’s Affordable Housing Fee for the Project.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and conditions contained herein, City and Owner agree as follows:

1. Of the 57 multi-family units, nine (9) shall be Affordable Units. These Affordable Units shall be maintained as affordable through one of the following methods: (i) rented by Owner, or Owner’s successor in interest; or (ii) sold to a non-profit affordable housing operator or to an income-qualified household in compliance with the City’s purchase price limits, based on down payment and number of occupants. If rented, the Affordable Units are “Rental Affordable Units.” If sold, the Affordable Units are “For-Sale Affordable Units.” Whether to agree to either for-sale alternative shall be in the discretion of the Owner, and the parties understand that consideration of for-sale alternatives shall not delay the Project.
2. The Affordable Units shall be available: for rent to households at or below eighty percent (80%) of the Area Median Income; or if sold at or below eighty percent (80%) of the Area Median Income, at the price levels provided in California Government Code section 65915 (California Density Bonus Law) and the City’s Inclusionary Housing Ordinance.
3. The Affordable units shall be consistent with the following:

A. The Affordable unit mix shall be as follows:

| Unit Type | Low Income (At or below 80% of AMI) |
|------------------|--|
| 1 Bedroom | 9 |
| Total: | 9 |

B. Affordable unit rents or sales price shall be based on the following household sizes:

| Unit Type | Household Size |
|------------------|--------------------------|
| 1 Bedroom Unit | Two (2) person household |

- C. The Affordable Units shall be dispersed throughout the Project unless otherwise approved by the City.
- D. The Affordable Units shall have comparable interior standards of quality as the market rate units but may have fewer amenities. For purposes of this Agreement, “Amenities” shall mean any interior features which are not essential to the health and safety of the resident, but provide visual or aesthetic appeal, or are provided as conveniences rather than as necessities. Amenities include things such as “fireplaces, garbage disposals, dishwashers, cabinet and storage space, and bathrooms in excess of one” but does not include items required by city building codes or other ordinances that are necessary to ensure the safety of the building and its residents.

E. All Affordable Units shall remain affordable in perpetuity.

4. Rental Affordable Units Requirements

A. Rent charged for Rental Affordable Units shall be based on the Area Median Income (AMI) at the time the City issues Certificate of Occupancy and shall adjust consistent with HUD's adjustment in the AMI. If HUD fails to issue revised Area Median Income/household income statistics for the San Francisco-Oakland-Fremont Metropolitan Statistical Area within 15 months of the previous revision, rents for the Rental Affordable Units may be adjusted based on the annual percentage change in the San Francisco-Oakland Consumer Price Index for urban wage earners and clerical workers.

B. The rents described herein shall exclude utilities in the broadest sense, including, but not limited to gas, electricity, water, garbage, television cable, telephone, and internet service; provided, however, that if any or all of such utilities are offered at no cost to market rate units they shall also be offered at no cost to the Rental Affordable Units.

C. Once each year on January 15th, the Owner (or the Owner's successor in interest if Owner has sold the Affordable Rental Unit(s)) shall provide the City a report detailing the average annual income of tenants occupying the Rental Affordable Units for the income category listed in Section 3(A) above, the number of persons each household occupying the Rental Affordable Units, the number of vacancies, and new rentals during the year for the Rental Affordable Units. This report may also be compiled by the Project's homeowners' association (HOA) or a third-party management company.

D. All Rental Affordable Units shall be rented to qualified applicants in accordance with the City's adopted Preference System, as may be amended, with the most current version set forth in Attachment 2, to the extent consistent with state and federal law, and unless otherwise amended by federal or state law governing fair housing upon which the City and Owner shall mutually agree to a different process as permitted by such laws. The City's Preference System shall not be adjusted based on household income.

E. The HOA can assume all responsibility to market and manage the Rental Affordable Units. If the HOA assumes responsibility, the HOA shall engage a third-party property management company (which possesses experience in management of similar, low-income inclusionary units in California) to perform day to day management responsibilities, assure compliance with this Agreement, and prepare and deliver requisite reporting to the City (see item 1. C. above) and any related regulatory agencies. If the HOA does not market, manage, or provide reports for the Rental Affordable Units as required by this Agreement, Owner, or Owner's successor in interest if Owner has sold the Affordable Rental Unit(s), shall be individually responsible for compliance with these requirements and conditions. Upon Owner selling the Rental Affordable Unit(s), then Owner shall have no marketing or management responsibility.

F. Owner shall accept Section 8 vouchers as a means of assisting qualified applicants / residents.

5. For-Sale Affordable Unit Requirements

- A. If the parties agree to have some or all of the nine (9) Affordable Units sold, then such For-Sale Affordable Units shall be subdivided into independent units
- B. Prior to the formation of a HOA or sale to a resident, whichever occurs later, the Owner shall maintain the Project and the Property in good repair and working order, reasonable wear and tear excepted, and in a safe and sanitary condition, and from time to time shall make all necessary and proper repairs, renewals, and replacements to keep the Project and the Property in a good, clean, safe, and sanitary condition.
- C. Until the first sale, Owner shall comply with all applicable recordkeeping and monitoring requirements set by the City for the For-Sale Affordable Units. Owner agrees to maintain records in businesslike manner, and for a period of five (5) years after the first sale.
 - i. Upon the sale by the owner of a For-Sale Affordable Unit to a third party, Owner is required to provide City with all transaction records for such sale, but then Owner shall have no further recordkeeping or monitoring requirements for such For-Sale Affordable Unit, except to maintain such sale records for a period of five (5) years.
- D. Owner covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall any occupant of any Affordable Unit or any person claiming under or through such occupant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or vendees in the Property. Owner shall include such provision in all deeds and other instruments executed by Owner, and shall enforce the same diligently and in good faith.
- E. The Sales Price for the For-Sale Affordable Units shall be agreed upon by Owner and City following the definition in Municipal Code section 17.44.030 and the criteria set forth in Attachment 4 to the extent consistent with State Density Bonus Law.
- F. Presale. If there is a standard pre-sale requirement by the For-Sale Affordable Unit applicant's lender for a certain percentage of units in the Project to be sold before the For-Sale Affordable Unit applicant's lender will close escrow on the loan, then the time for the City's purchase or the buyer's purchase will be extended until that requisite number of units has closed.
- G. Third Party Purchasers. The execution and delivery of this Agreement shall not be deemed to be for the benefit of the third-party purchasers of any For-Sale Affordable Unit or any other third party and any and all obligations and responsibilities of Owner under this Agreement are to the City for whose benefit

this Agreement has been entered into. No third-party purchaser of a For-Sale Affordable Unit or market rate unit, homeowners' association or any other third party shall obtain any rights or standing to complain that the For-Sale Affordable Unit was not constructed, designed, sold or conveyed in accordance with this Agreement or any other applicable City requirements as a result of this Agreement.

6. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, administrators and assigns, to the extent consistent with the foregoing provisions if this Agreement.
7. Owner shall have the right to transfer and assign all of its rights, duties and obligations under this Agreement to any person or entity acquiring fee simple title to any portion of the Property. Owner shall be immediately released from its obligations under this Agreement upon such assignment so long as: (i) Owner was not in default of this Agreement at the time of conveyance, (ii) Owner provided to City prior written notice of such transfer, and (iii) the transferee executes and delivers to City a written assumption agreement in which: (1) the name and address of the transferee is set forth, and (2) the transferee expressly assumes the obligations of Owner under this Agreement. Failure to deliver a written assumption agreement hereunder shall not negate, modify or otherwise affect the liability of any transferee pursuant to the provisions of this Agreement.
8. The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate either of the parties hereto to, any person or entity not a party to this Agreement.
9. If Owner fails to perform an obligation hereunder, and such failure continues for thirty (30) days after receipt of written notice of such failure by the City (or such longer period of time as may be reasonably necessary to cure such failure) then Owner shall be in default hereunder and the City's sole remedy hereunder shall be to pursue an action for specific performance against Owner.
10. Any notice, consent or other communication required or permitted under this Agreement shall be in writing and shall be delivered by hand, sent by air courier, or sent by prepaid registered or certified mail with return receipt requested, and shall be deemed to have been given on the earliest of (1) receipt or refusal of receipt; (b) one business day after delivery to an air courier for overnight expedited delivery service; (c) five (5) business days after the date deposited in the United States mail, registered or certified, with postage prepaid and return receipt requested (provided that such return receipt must indicate receipt at the address specified); or (d) on the day of its transmission by facsimile if transmitted during the business hours of the place of receipt, otherwise on the next business day, provided that a copy of such notice, consent or other communication is also delivered pursuant to clause (b) or (c) above. All references to "business days" herein shall exclude weekends and State or Federal holidays. All notices shall be addressed as follows (or to such other or further addresses as the parties may designate by notice given in accordance with this section):

If to the City, at:

City of Pleasanton Attention: City Manager
P.O. Box 520
Pleasanton, CA 94566

If to the Owner, at:

CDP Hopyard LLC
Attention: Todd Deutscher
675 Hartz Avenue, Suite 301
Danville, CA 94526

With a Copy to:

Cox, Castle & Nicholson, LLP
Attention: Linda Klein
50 California Street, Suite 3200
San Francisco, CA 94111

Notice to Owner's successor in interest for each market rate unit which shares ownership with an Affordable unit shall be to the owner listed in the Alameda County Assessor's Office records if Owner has not provided City with transferee information as provided in Section 5, above.

11. Notwithstanding anything to the contrary in this Agreement, the restrictions set forth in this Agreement shall be enforceable solely by the City and not by, or on behalf of, any tenant or Third Party Purchaser of the Project.
12. Counterparts. This Agreement may be executed in counterparts, and when all counterpart documents are executed, the counterparts shall constitute a single binding agreement.
13. This Agreement shall be recorded in Alameda County and shall run with the land.

THIS AGREEMENT is executed as of the date and year first above written.

CITY:

CITY OF PLEASANTON, a Municipal Corporation

By:

Gerry Beaudin, City Manager

ATTEST:

Jocelyn Kwong, City Clerk

APPROVED AS TO FORM:

Daniel Sodergren, City Attorney

Owner:

CDP Hopyard, a Delaware limited liability company

By: CDP MM LLC, a CA limited liability company,
its Managing Member

By: _____

Title: _____

Attachments:

1. Legal Description
2. City of Pleasanton's Preference System
3. Identification of Affordable Units
4. Criteria for For-Sale Affordable Units Sales Price Setting

ATTACHMENT 4

Criteria for For-Sale Affordable Units Sales Price Setting

- A. The Affordable Sales Price for the For-Sale Affordable Units shall meet the definition in Municipal Code section 17.44.030, and California Density Bonus Law, as reasonably determined by the City and its consultant Bay Area Affordable Homeownership Alliance, Inc. (BAAHA), and criteria for such calculation will include the definitions and standards set forth below: the “Sales Price” shall be calculated by adding the cash down payment, to the Maximum Mortgage Amount, less lender and escrow fees and costs incurred by the buyer. The Sales Price shall be set before the commencement of the sale process for the For-Sale Affordable Units.
- i. The “Smallest Household Size” means the household with the smallest number of persons eligible for the For-Sale Affordable Units, as stated in Section 3.B of the Agreement.
 - ii. The current “Maximum Eligible Income” shall be the most current State Income Limit for Alameda County, Low Income (60% to 80% of AMI) category, as published by the State of California Department of Housing and Community Development, for the Smallest Household Size.
 - iii. The “Maximum Allowable Monthly Housing Expenses” is calculated by multiplying the Maximum Eligible Income by 33 percent and dividing by 12.
 - iv. The “Actual Monthly Housing Expenses” are calculated by adding the following costs associated with a particular For-Sale Affordable Unit and dividing by 12: (i) any loan fees, escrow fees and other closing costs (amortized over 360 months) and/or private mortgage insurance associated therewith; (ii) property taxes and assessments; (iii) fire, casualty insurance and flood insurance, if required; (iv) a reasonable allowance for utilities as set forth in the Guidelines, not including telephones, and (v) homeowners association fees, but less the amount of such homeowners association fees allocated for any costs attributable to (iii) or (iv) above.
 - v. The “Maximum Monthly Mortgage Payment Amount” is calculated by subtracting the Actual Monthly Housing Expenses from the Maximum Allowable Monthly Housing Expenses.
 - vi. The “Maximum Mortgage Amount” is established by determining the amount of mortgage that a lender would loan, based upon the Maximum Monthly Mortgage Payment Amount and based upon the down payment found to be the lowest that lenders are willing to accept in a survey of lenders as described below, provided that the down payment is a commercially reasonable minimum amount. BAAHA may use commercially reasonable data or survey and take the average of at least three local lenders who regularly make home loans at a typical

housing expense ratio to first-time buyers in the price range of the For-Sale Affordable Unit on the day that the price is set. The mortgage amount shall be for a 30-year fixed rate mortgage with standard fees, closing costs and no points, and shall be less than or equal to the Maximum Monthly Mortgage Amount. Notwithstanding the foregoing, the average down payment calculation shall not include a zero down payment option.

B. Additional Sales Price Factors. The calculation of the Sales Price shall be based upon the factors defined below. These definitions conform to the eligibility and underwriting standards established by the major secondary mortgage market investors, such as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

- i. Mortgage Interest Rate. The mean average of contract interest rates on the date that the Sales Price is set, for fixed rate, 30-year "Conforming" mortgages (presently \$1,149,825 or less in Alameda County, as such amount may be adjusted from time to time as the maximum amount of FHA Conforming mortgages), or for jumbo mortgages if applicable; as quoted by three local retail lenders. The three local retail lenders shall be selected at random by BAAHA from the list of lenders certified by Alameda County to make first mortgage loans with Mortgage Credit Certificates, as defined by the California Debt Limit Allocation Committee (CDLAC), or from a list of commercially reasonable data.
- ii. Points. The mean average of points quoted by three local lenders that make mortgage loans to first time home buyers in the City on the date that the Sales Price is set for fixed rate, 30-year mortgages of \$822,375 or less, or for jumbo mortgages if applicable, which lenders are selected on a random basis by BAAHA or from commercially reasonable data. Points are a one-time fee paid to a lender for making a loan. One point is equal to one percent of the loan amount.
- iii. Lender/Escrow Fees. The mean average of fees charged by three local lenders that make mortgage loans to homebuyers, which lenders are selected on a random basis by BAAHA or from commercially reasonable data, plus escrow company fees, for such items as title insurance, appraisal, escrow fees, document preparation and recording fees.
- iv. Loan to Value Ratio. The maximum ratio of the dollar amount of a conforming mortgage to the sales price of a home which a lender is willing to approve at a given point in time. For purposes of this Agreement, the loan to value ratio shall be calculated as the mean average of the maximum loan to value ratios as quoted by three local lenders selected on a random basis by BAAHA or from commercially reasonable data or from a list of lenders who actively make loans to homebuyers and who participate in the Mortgage Credit Certificate program.
- v. Housing Expense Ratio. The mean average of the housing expense ratio as reported on the date that the sales price is set, for fixed rate, 30-year mortgages of \$1,149,825 or less, or for jumbo mortgages if applicable, by three local lenders that make mortgage loans to homebuyers in the City,

which lenders are selected on a random basis by BAAHA or from commercially reasonable data. Housing expense is defined as the sum of the annual mortgage payment (including principal and interest), and annual payments for taxes, homeowners association dues, insurance, property maintenance and repairs, a reasonable allowance for utilities according to the Alameda County Housing Authority Utility Financial Allowance Chart which is periodically updated and amended, and any secondary financing (but excluding any portion of the aforementioned expenses covered by homeowners association dues). To determine the ratio, this sum is divided by gross annual income.

- vi. Homeowners Insurance. Calculated as the mean average of the annual cost of insurance quoted by two or three local brokers, or BAAHA may use commercially reasonable data, based on their experience, for a housing unit of the price, room configuration, location, construction material and structure type of the subject For-Sale Affordable Unit. Flood insurance costs, if required, shall be calculated by this same method.
- vii. Private Mortgage Insurance. The mean average of the annual cost of private mortgage insurance quoted by two or three local lenders, or BAAHA may use commercially reasonable data, based on their experience, for a housing unit of the price, location, and structure type of the subject For-Sale Affordable Unit.
- viii. Taxes. The tax rate as reported by the Alameda County Assessor's Office.
- ix. Homeowner's Dues. Reported by the Owner and as set forth in the Public Report issued by the California Department of Real Estate for the Project.
- x. Down Payment. Cash portion paid by a buyer from buyer's own funds, as opposed to that portion of the purchase price which is financed. For the purpose of calculating the Sales Price, the down payment will be defined as the mean average of the smallest down payment required by the two or three local lenders surveyed, or BAAHA may use commercially reasonable data. The down payment shall be at least a commercially reasonable minimum.

ALTERNATIVE II – 55 TOTAL UNITS

Recorded at the request of
and when recorded return to:

City of Pleasanton Office
of the City Clerk
P. O. Box 520
Pleasanton, CA 94566

[This document is exempt from recording fees
Pursuant to Government Code § 27383 and
Exempt from Documentary Transfer Tax pursuant
To Revenue and Taxation Code § 11922]

AFFORDABLE HOUSING AGREEMENT

This **AFFORDABLE HOUSING AGREEMENT** ("Agreement") is made this _____ day of _____, 2024, by the **CITY OF PLEASANTON**, a Municipal Corporation ("City"), and **CDP HOPYARD LLC**, a Delaware limited liability company ("Owner").

RECITALS

A. Owner currently owns a legal or equitable interest in land consisting of approximately three (3.0) acres in Pleasanton, California, more particularly described in Attachment 1 attached hereto and incorporated herein by reference (the "Property").

B. For the Property, Owner has obtained City approval (Design Review P23-0177 and Vesting Tentative Tract Map P23-0178) to develop a 55-unit multi-family residential project (collectively the "Project").

C. Owner and the City wish to make a certain number of the units within the Project available for sale to moderate income households, as further described in Attachment 3 attached hereto and incorporated herein by reference ("Affordable Units").

D. Area Median Income (AMI) shall mean the area median income for the San Francisco-Oakland-Fremont Metropolitan Statistical Area adjusted for household size in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development (HUD) pursuant to Section 8 of the United State Housing Act of 1937 or any successor statute.

E. Execution of this Agreement meets the requirements of the City's Inclusionary Zoning Ordinance for the Project.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and conditions contained herein, City and Owner agree as follows:

1. Of the 55 multi-family units, eight (8) shall be Affordable Units. These Affordable Units shall be sold to a moderate income-qualified household in compliance with the City’s affordable sales price as defined in Municipal Code 17.44.030, and California Density Bonus Law.
2. The Affordable Units shall be available for sale for moderate-income households; affordable housing cost shall not be less than 28 percent of the gross income of the household, nor exceed the product of 35 percent times 110 percent of area median income adjusted for family size appropriate for the unit. In addition, for any moderate-income household that has a gross income that exceeds 110 percent of the area median income adjusted for family size, it shall be optional to require that affordable housing cost not exceed 35 percent of the gross income of the household. Sales price for Affordable Units shall be at the price levels provided in California Density Bonus Law.
3. The Affordable Units shall be consistent with the following:

A. The Affordable Unit mix shall be as follows:

| Unit Type | Moderate Income |
|------------------|------------------------|
| 1 Bedroom | 8 |
| Total: | 8 |

B. Affordable Unit sales price shall be based on the following household sizes:

| Unit Type | Household Size |
|------------------|--------------------------|
| 1 Bedroom Unit | Two (2) person household |

- C. The Affordable Units shall be dispersed throughout the Project unless otherwise approved by the City.
 - D. The Affordable Units shall have comparable interior standards of quality as the market rate units but may have fewer amenities. For purposes of this Agreement, “Amenities” shall mean any interior features which are not essential to the health and safety of the resident, but provide visual or aesthetic appeal, or are provided as conveniences rather than as necessities. Amenities include things such as “fireplaces, garbage disposals, dishwashers, cabinet and storage space, and bathrooms in excess of one” but does not include items required by city building codes or other ordinances that are necessary to ensure the safety of the building and its residents.
 - E. All Affordable Units shall remain affordable in perpetuity.
4. Affordable Unit Requirements
 - A. Affordable Units shall be subdivided into independent units.
 - B. Prior to the formation of a homeowners’ association or sale to a resident, whichever occurs later, the Owner shall maintain the Project and the Property in good repair and working order, reasonable wear and tear excepted, and in a safe and sanitary condition, and from time to time shall make all necessary and proper

repairs, renewals, and replacements to keep the Project and the Property in a good, clean, safe, and sanitary condition.

- C. Until the first sale, Owner shall comply with all applicable recordkeeping and monitoring requirements set by the City for the Affordable Units. Owner agrees to maintain records in businesslike manner, and for a period of five (5) years after the first sale.
 - i. Upon the sale by the Owner of an Affordable Unit to a third party, Owner is required to provide City with all transaction records for such sale, but then Owner shall have no further recordkeeping or monitoring requirements, except to maintain such original sale records for a period of five (5) years.
 - D. Owner covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall any occupant of any Affordable Unit or any person claiming under or through such occupant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or vendees in the Property. Owner shall include such provision in all deeds and other instruments executed by Owner, and shall enforce the same diligently and in good faith.
 - E. The Sales Price for the Affordable Units shall be agreed upon by Owner and City generally following the definition in Municipal Code section 17.44.030 and will include the criteria set forth in Attachment 4 to the extent consistent with State Density Bonus Law.
 - F. Presale. If there is a standard pre-sale requirement by the Affordable Unit applicant's lender for a certain percentage of units in the Project to be sold before the Affordable Unit applicant's lender will close escrow on the loan, then the time for the City's purchase or the buyer's purchase will be extended until that requisite number of units has closed.
 - G. Third Party Purchasers. The execution and delivery of this Agreement shall not be deemed to be for the benefit of the third-party purchasers of any Affordable Unit or any other third party and any and all obligations and responsibilities of Owner under this Agreement are to the City for whose benefit this Agreement has been entered into. No third-party purchaser of an Affordable Unit or market rate unit, homeowners' association or any other third party shall obtain any rights or standing to complain that the Affordable Unit was not constructed, designed, sold or conveyed in accordance with this Agreement or any other applicable City requirements as a result of this Agreement.
5. As provided in Pleasanton Municipal Code section 17.44.080.D., the provision of the eight (8) moderate-income Affordable Units on the Property represents an alternate method of compliance with the inclusionary requirement to otherwise provide very-low or low-income units in a multi-family condominium project. To meet the purpose of Pleasanton Municipal Code Chapter 19.44, the Owner shall also:

- A. Pay the amount of \$77,228.08, which represents 25% of the estimated cost to construct a one-bedroom unit with podium parking. As the 55 unit project under Pleasanton Municipal Code section 17.44.040.A. must provide 15% affordable units, which equals 8.25 units, the Owner is paying the value of the fractional 0.25 unit by payment of this sum with the first building permit for a market rate unit for the Project.

Alternative contract provision for further consideration by Owner / Developer

- B. As the Affordable Units being provided on-site are for moderate-income households, rather than very-low or low-income households, Owner also agrees to pay a pro-rata portion of the Affordable Housing Fees otherwise payable for the market-rate units in the amount of \$_____ per market-rate unit, payable at the time of building permit issuance for each market rate unit.
6. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, administrators and assigns, to the extent consistent with the foregoing provisions if this Agreement.
7. Owner shall have the right to transfer and assign all of its rights, duties and obligations under this Agreement to any person or entity acquiring fee simple title to any portion of the Property. Owner shall be immediately released from its obligations under this Agreement upon such assignment so long as: (i) Owner was not in default of this Agreement at the time of conveyance, (ii) Owner provided to City prior written notice of such transfer, and (iii) the transferee executes and delivers to City a written assumption agreement in which: (1) the name and address of the transferee is set forth, and (2) the transferee expressly assumes the obligations of Owner under this Agreement. Failure to deliver a written assumption agreement hereunder shall not negate, modify or otherwise affect the liability of any transferee pursuant to the provisions of this Agreement.
8. The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate either of the parties hereto to, any person or entity not a party to this Agreement.
9. If Owner fails to perform an obligation hereunder, and such failure continues for thirty (30) days after receipt of written notice of such failure by the City (or such longer period of time as may be reasonably necessary to cure such failure) then Owner shall be in default hereunder and the City's sole remedy hereunder shall be to pursue an action for specific performance against Owner.
10. Any notice, consent or other communication required or permitted under this Agreement shall be in writing and shall be delivered by hand, sent by air courier, or sent by prepaid registered or certified mail with return receipt requested, and shall be deemed to have been given on the earliest of (1) receipt or refusal of receipt; (b) one business day after delivery to an air courier for overnight expedited delivery service; (c) five (5) business days after the date deposited in the United States mail, registered or certified, with postage prepaid and return receipt requested (provided that such return receipt must

indicate receipt at the address specified); or (d) on the day of its transmission by facsimile if transmitted during the business hours of the place of receipt, otherwise on the next business day, provided that a copy of such notice, consent or other communication is also delivered pursuant to clause (b) or (c) above. All references to “business days” herein shall exclude weekends and State or Federal holidays. All notices shall be addressed as follows (or to such other or further addresses as the parties may designate by notice given in accordance with this section):

If to the City, at:

City of Pleasanton Attention: City Manager
P.O. Box 520
Pleasanton, CA 94566

If to the Owner, at:

CDP Hopyard LLC
Attention: Todd Deutscher
675 Hartz Avenue, Suite 301
Danville, CA 94526

With a Copy to:

Cox, Castle & Nicholson, LLP
Attention: Linda Klein
50 California Street, Suite 3200
San Francisco, CA 94111

11. Notwithstanding anything to the contrary in this Agreement, the restrictions set forth in this Agreement shall be enforceable solely by the City and not by, or on behalf of, any tenant or Third-Party Purchaser of the Project.
12. Counterparts. This Agreement may be executed in counterparts, and when all counterpart documents are executed, the counterparts shall constitute a single binding agreement.
13. This Agreement shall be recorded in Alameda County and shall run with the land.

----- Signatures follow on next page. -----

THIS AGREEMENT is executed as of the date and year first above written.

CITY:

CITY OF PLEASANTON, a Municipal Corporation

By:

Gerry Beaudin, City Manager

ATTEST:

Jocelyn Kwong, City Clerk

APPROVED AS TO FORM:

Daniel Sodergren, City Attorney

Owner:

CDP Hopyard, a Delaware limited liability company

By: CDP MM LLC, a CA limited liability company,
its Managing Member

By: _____

Title: _____

Attachments:

1. Legal Description
2. City of Pleasanton's Preference System
3. Identification of Affordable Units
4. Criteria for Affordable Units Sales Price Setting

ATTACHMENT 4

Criteria for Affordable Units Sales Price Setting

- A. The Affordable Sales Price for the Affordable Units shall meet the definition in Municipal Code section 17.44.030 as reasonably determined by the City and its consultant Bay Area Affordable Homeownership Alliance, Inc. (BAAHA), California Density Bonus Law, and criteria for such calculation will include the definitions and standards set forth below: the “Sales Price” shall be calculated by adding the cash down payment, to the Maximum Mortgage Amount, less lender and escrow fees and costs incurred by the buyer. The Sales Price shall be set before the commencement of the sale process for the Affordable Units.
- i. The “Smallest Household Size” means the household with the smallest number of persons eligible for the Affordable Units, as stated in Section 3.B of the Agreement.
 - ii. The current “Maximum Eligible Income” shall be the most current State Income Limit for Alameda County, Moderate Income (80% to 120% of AMI) category, as published by the State of California Department of Housing and Community Development, for the Smallest Household Size.
 - iii. The “Maximum Allowable Monthly Housing Expenses” is calculated by multiplying the Maximum Eligible Income by 35 percent and dividing by 12.
 - iv. The “Actual Monthly Housing Expenses” are calculated by adding the following costs associated with a particular Affordable Unit and dividing by 12: (i) any loan fees, escrow fees and other closing costs (amortized over 360 months) and/or private mortgage insurance associated therewith; (ii) property taxes and assessments; (iii) fire, casualty insurance and flood insurance, if required; (iv) a reasonable allowance for utilities as set forth in the Guidelines, not including telephones, and (v) homeowners association fees, but less the amount of such homeowners association fees allocated for any costs attributable to (iii) or (iv) above.
 - v. The “Maximum Monthly Mortgage Payment Amount” is calculated by subtracting the Actual Monthly Housing Expenses from the Maximum Allowable Monthly Housing Expenses.
 - vi. The “Maximum Mortgage Amount” is established by determining the amount of mortgage that a lender would loan, based upon the Maximum Monthly Mortgage Payment Amount and based upon the down payment found to be the lowest that lenders are willing to accept in a survey of lenders as described below, provided that the down payment is a commercially reasonable minimum amount. BAAHA may use commercially reasonable data or survey and take the average of at least three local lenders who regularly make home loans at a typical housing expense ratio to first-time buyers in the price range of the Affordable

Unit on the day that the price is set. The mortgage amount shall be for a 30-year fixed rate mortgage with standard fees, closing costs and no points, and shall be less than or equal to the Maximum Monthly Mortgage Amount. Notwithstanding the foregoing, the average down payment calculation shall not include a zero down payment option.

- B. Additional Sales Price Factors. The calculation of the Sales Price shall be based upon the factors defined below. These definitions conform to the eligibility and underwriting standards established by the major secondary mortgage market investors, such as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.
- i. Mortgage Interest Rate. The mean average of contract interest rates on the date that the Sales Price is set, for fixed rate, 30-year “Conforming” mortgages (presently \$1,149,825 or less in Alameda County, as such amount may be adjusted from time to time as the maximum amount of FHA Conforming mortgages), or for jumbo mortgages if applicable; as quoted by three local retail lenders, or the published Freddie Mac six-month moving average. The three local retail lenders shall be selected at random by BAAHA from the list of lenders certified by Alameda County to make first mortgage loans with Mortgage Credit Certificates, as defined by the California Debt Limit Allocation Committee (CDLAC), or from a list of commercially reasonable data.
 - ii. Points. The mean average of points quoted by three local lenders that make mortgage loans to first time home buyers in the City on the date that the Sales Price is set for fixed rate, 30-year mortgages of \$822,375 or less, or for jumbo mortgages if applicable, which lenders are selected on a random basis by BAAHA or from commercially reasonable data. Points are a one-time fee paid to a lender for making a loan. One point is equal to one percent of the loan amount.
 - iii. Lender/Escrow Fees. The mean average of fees charged by three local lenders that make mortgage loans to homebuyers, which lenders are selected on a random basis by BAAHA or from commercially reasonable data, plus escrow company fees, for such items as title insurance, appraisal, escrow fees, document preparation and recording fees.
 - iv. Loan to Value Ratio. The maximum ratio of the dollar amount of a conforming mortgage to the sales price of a home which a lender is willing to approve at a given point in time. For purposes of this Agreement, the loan to value ratio shall be calculated as the mean average of the maximum loan to value ratios as quoted by three local lenders selected on a random basis by BAAHA or from commercially reasonable data or from a list of lenders who actively make loans to homebuyers and who participate in the Mortgage Credit Certificate program.
 - v. Housing Expense Ratio. The mean average of the housing expense ratio as reported on the date that the sales price is set, for fixed rate, 30-year mortgages of \$1,149,825 or less, or for jumbo mortgages if applicable, by three local lenders that make mortgage loans to homebuyers in the City, which lenders are selected on a random basis by BAAHA or from

commercially reasonable data. Housing expense is defined as the sum of the annual mortgage payment (including principal and interest), and annual payments for taxes, homeowners association dues, insurance, property maintenance and repairs, a reasonable allowance for utilities according to the Alameda County Housing Authority Utility Financial Allowance Chart which is periodically updated and amended, and any secondary financing (but excluding any portion of the aforementioned expenses covered by homeowners association dues). To determine the ratio, this sum is divided by gross annual income.

- vi. Homeowners Insurance. Calculated as the mean average of the annual cost of insurance quoted by two or three local brokers, or BAAHA may use commercially reasonable data, based on their experience, for a housing unit of the price, room configuration, location, construction material and structure type of the subject Affordable Unit. Flood insurance costs, if required, shall be calculated by this same method.
- vii. Private Mortgage Insurance. The mean average of the annual cost of private mortgage insurance quoted by two or three local lenders, or BAAHA may use commercially reasonable data, based on their experience, for a housing unit of the price, location, and structure type of the subject Affordable Unit.
- viii. Taxes. The tax rate as reported by the Alameda County Assessor's Office.
- ix. Homeowner's Dues. Reported by the Owner and as set forth in the Public Report issued by the California Department of Real Estate for the Project.
- x. Down Payment. Cash portion paid by a buyer from buyer's own funds, as opposed to that portion of the purchase price which is financed. For the purpose of calculating the Sales Price, the down payment will be defined as the mean average of the smallest down payment required by the two or three local lenders surveyed, or BAAHA may use commercially reasonable data. The down payment shall be at least a commercially reasonable minimum.

Chapter 17.44 INCLUSIONARY ZONING

Article I. General Provisions

17.44.010 Title:

This chapter shall be called the *INCLUSIONARY ZONING ORDINANCE OF THE CITY OF PLEASANTON*. (Ord. 1818 § 1, 2000)

17.44.020 Purpose:

The purpose of this chapter is to enhance the public welfare and assure that further housing development attains the city's affordable housing goals by increasing the production of residential units affordable to households of very low, low, and moderate income, and by providing funds for the development of very low, low, and moderate income ownership and/or rental housing. In order to assure that the remaining developable land is utilized in a manner consistent with the city's housing policies and needs, fifteen percent (15%) of the total number of units of all new multiple-family residential projects containing fifteen (15) or more units, constructed within the city as it now exists and as may be altered by annexation, shall be affordable to very low and low income households. For all new single-family residential projects of fifteen (15) units or more, at least twenty percent (20%) of the project's dwelling units shall be affordable to very low, low, and/or moderate income households. These requirements shall apply to both ownership and rental projects. (Ord. 1818 § 1, 2000)

17.44.030 Definitions:

For the purposes of this chapter, certain words and phrases shall be interpreted as set forth in this section unless it is apparent from the context that a different meaning is intended.

"Affordable housing proposal": A proposal submitted by the project owner as part of the city development application (e.g., design review, planned unit development, etc.) stating the method by which the requirements of this chapter are proposed to be met.

"Affordable rent": A monthly rent (including utilities as determined by a schedule prepared by the city) which does not exceed one-twelfth (1/12) of thirty percent (30%) of the maximum annual income for a household of the applicable income level.

"Affordable sales price": A sales price which results in a monthly mortgage payment (including principal and interest) which does not exceed one-twelfth (1/12) of thirty five percent (35%) of the maximum annual income for a household of the applicable income level.

"Amenities": Interior features which are not essential to the health and safety of the resident, but provide visual or aesthetic appeal, or are provided as conveniences rather than as necessities. Interior amenities may include, but are not limited to, fireplaces, garbage disposals, dishwashers, cabinet and storage space and bathrooms in excess of one. Amenities shall in no way include items required by city building codes or other ordinances that are necessary to ensure the safety of the building and its residents.

"Applicant": Any person, firm, partnership, association, joint venture, corporation, or any entity or combination of entities which seeks city permits and approvals for a project.

"City": The city of Pleasanton or its designee or any entity with which the city contracts to administer this chapter.

"Commercial, office, and industrial project": For the purposes of this chapter, any new nonresidential (commercial, office, or industrial) development or redevelopment greater than ten (10) gross acres or two hundred fifty thousand (250,000) square feet of gross building area, whichever is less.

"Dwelling unit": A dwelling designed for occupancy by one household.

"HUD": The United States department of housing and urban development or its successor.

"Household": One person living alone; or two (2) or more persons sharing residency whose income is considered for housing payments.

"Household, low income": A household whose annual income is more than fifty percent (50%) but does not exceed eighty percent (80%) of the annual median income for Alameda County, based upon the annual income figures provided by the U.S. department of housing and urban development (HUD), as adjusted for household size.

"Household, moderate income": A household whose annual income is more than eighty percent (80%) but does not exceed one hundred twenty percent (120%) of the annual median income for Alameda County, based upon the annual income figures provided by HUD, as adjusted for household size.

"Household, very low income": A household whose annual income does not exceed fifty percent (50%) of the annual median income for Alameda County, based upon the annual income figures provided by HUD, as adjusted for household size.

"Inclusionary unit": A dwelling unit as required by this chapter which is rented or sold at affordable rents and/or affordable sales prices (as defined by this chapter) to very low, low, or moderate income households.

"Inclusionary unit credits": Credits approved by the city council in the event a project exceeds the total number of inclusionary units required in this chapter. Inclusionary unit credits may be used by the project owner to meet the affordable housing requirements of another project subject to approval by the city council.

"Income": The gross annual household income as defined by HUD.

"Life of the inclusionary unit": The term during which the affordability provisions for inclusionary units shall remain applicable. The affordability provisions for inclusionary units shall apply in perpetuity from the date of occupancy, which shall be the date the city of Pleasanton performs final inspection for the building permit.

"Lower income housing fee": A fee paid to the city by an applicant for a project in the city, in lieu of providing the inclusionary units required by this chapter.

"Median income for Alameda County": The median gross annual income in Alameda County as determined by HUD, adjusted for household size.

"Off-site inclusionary units": Inclusionary units constructed within the city of Pleasanton on a site other than the site where the applicant intends to construct market rate units.

"Ownership units": Inclusionary units developed as part of a residential development which the applicant intends will be sold, or which are customarily offered for individual sale.

"Project": A residential housing development at one location or site including all dwelling units for which permits have been applied for or approved.

"Project owner": Any person, firm, partnership, association, joint venture, corporation, or any entity or combination of entities which holds fee title to the land on which the project is located.

"Property owner": The owner of an inclusionary unit, excepting a "Project Owner".

"Recapture mechanisms": Legal programs and restrictions by which subsidies provided to inclusionary units will be controlled and repaid to the city and/or other entity upon resale, to ensure the ongoing preservation of affordability of inclusionary units or to ensure funds for inclusionary units remain within the city's affordable housing program.

"Rental units": Inclusionary units which the applicant intends will be rented or leased, or which are customarily offered for lease or rent.

"Resale restrictions": Legal restrictions which restrict the price of inclusionary units to ensure that they remain affordable to very low, low, and moderate income households on resale.

"Residential project, multiple-family": A residential project consisting of condominiums, apartments, and similar dwellings attached in groups of four (4) or more units per structure and including multiple units located on a single parcel of land under common ownership.

"Residential project, single-family": A residential project consisting of detached and attached single-family homes, including paired single-family, duets, duplexes, townhomes, and similar unit types where each unit is located on a separate parcel of land.

"Unit type": Various dwelling units within a project which are distinguished by number of bedrooms and/or the type of construction (e.g., detached single-family, duets, townhomes, condominiums). (Ord. 1818 § 1, 2000)

Article II. Zoning Requirements

17.44.040 General Requirements/Applicability:

- A. Residential Development: For all new multiple-family residential projects of fifteen (15) units or more, at least fifteen percent (15%) of the project's dwelling units shall be affordable to very low, and/or low income households. For all new single-family residential projects of fifteen (15) units or more, at least twenty percent (20%) of the project's dwelling units shall be affordable to very low, low, and/or moderate income households. These dwelling units shall be referred to as "Inclusionary Units". Special consideration will be given to projects in which a significant percentage of the inclusionary units are for very low and low income households. The specific mix of units within the three (3) affordability categories shall be subject to approval by the city.

The inclusionary units shall be reserved for rent or purchase by eligible very low, low, and moderate income households, as applicable. Projects subject to these requirements include, but are not limited to, single-family detached dwellings, townhomes, apartments, condominiums, or cooperatives provided through new construction projects, and/or through conversion of rentals to ownership units. The percentage of inclusionary units required for a particular project shall be determined only once on a given project, at the time of tentative map approval, or, for projects not processing a map, prior to issuance of building permit. If the subdivision design changes, which results in a change in the number of unit types required, the number of inclusionary units required shall be recalculated to coincide with the final approved project. In applying and calculating the fifteen percent (15%) requirement, any decimal fraction less than or equal to 0.50 may be disregarded, and any decimal fraction greater than 0.50 shall be construed as one unit.

- B. Commercial, Office, And Industrial (COI) Development: In lieu of paying the lower income fee as set forth in city ordinance 1488, COI development may provide affordable housing consistent with this chapter. As a result, new COI developments are strongly encouraged to submit an affordable housing proposal as set forth in section 17.44.090 of this chapter. Upon submittal of the affordable housing proposal, city staff will meet with the developer to discuss the potential for providing incentives to encourage on-site construction of affordable housing units and alternatives to constructing affordable units as set forth in this chapter. In the event a developer requests incentives or alternatives as a means of providing affordable housing in connection with a COI development, the affordable housing proposal will be reviewed as set forth in section 17.44.090 of this chapter. COI development not pursuing the inclusion of affordable housing shall be subject to the lower income fees as set forth in city ordinance 1488. (Ord. 1818 § 1, 2000)

17.44.050 Inclusionary Unit Provisions And Specifications:

- A. Inclusionary units shall be dispersed throughout the project unless otherwise approved by the city.
- B. Inclusionary units shall be constructed with identical exterior materials and an

exterior architectural design that is consistent with the market rate units in the project.

- C. Inclusionary units may be of smaller size than the market units in the project. In addition, inclusionary units may have fewer interior amenities than the market rate units in the project. However, the city may require that the inclusionary units meet certain minimum standards. These standards shall be set forth in the affordable housing agreement for the project.
- D. Inclusionary units shall remain affordable in perpetuity through recordation of an affordable housing agreement as described in section 17.44.060 of this chapter.
- E. All inclusionary units in a project shall be constructed concurrently within or prior to the construction of the project's market rate units.
- F. For purposes of calculating the affordable rent or affordable sales price of an inclusionary unit, the following household size assumptions shall be used for each applicable dwelling unit type:

HUD Income Category

| <u>Unit Size</u> | <u>By Household Size</u> |
|------------------------|--------------------------|
| Studio unit | 1 person |
| 1 bedroom unit | 2 persons |
| 2 bedroom unit | 3 persons |
| 3 bedroom unit | 4 persons |
| 4 or more bedroom unit | 5 or more persons |

- G. The city's adopted preference and priority system shall be used for determining eligibility among prospective beneficiaries for affordable housing units created through this inclusionary zoning ordinance. (Ord. 1818 § 1, 2000)

17.44.060 Affordable Housing Agreement:

An affordable housing agreement shall be entered into by the city and the project owner. The agreement shall record the method and terms by which a project owner shall comply with the requirements of this chapter. The approval and/or recordation of this agreement shall take place prior to final map approval or, where a map is not being processed, prior to the issuance of building permits for such lots or units.

The affordable housing agreement shall state the methodology for determining a unit's initial and ongoing rent or sales and resale price(s), any resale restrictions, occupancy requirements, eligibility requirements, city incentives including second mortgages, recapture mechanisms, the administrative process for monitoring unit management to assure ongoing affordability and other matters related to the development and retention of the inclusionary units.

In addition to the above, the affordable housing agreement shall set forth any waiver of the lower income housing fee. For projects which meet the affordability threshold with

very low and/or low income units, all units in the project shall be eligible for a waiver of the lower income housing fee. For single-family residential projects which meet the affordability threshold with moderate income units, or multiple-family residential projects which do not meet the affordability threshold, only the inclusionary units shall be eligible for a waiver of the lower income housing fee except as otherwise approved by the city council.

To assure affordability over the life of the unit, the affordable housing agreement shall be recorded with the property deed or other method approved by the city attorney. In the event an inclusionary unit is affordable by design the affordable housing agreement shall stipulate the method for assuring that the units retain their affordability as the housing market changes.

The director of planning and community development may waive the requirement for an affordable housing agreement for projects approved prior to the effective hereof and/or for projects that have their affordable housing requirements included in a development agreement or other city document. (Ord. 1818 § 1, 2000)

17.44.070 Incentives To Encourage On-Site Construction Of Inclusionary Units:

The city shall consider making available to the applicant incentives to increase the feasibility of residential projects to provide inclusionary units. Incentives or financial assistance will be offered only to the extent resources for this purpose are available and approved for such use by the city council or city manager, as defined below, and to the extent that the project, with the use of incentives or financial assistance, assists in achieving the city's housing goals. However, nothing in this chapter establishes, directly or through implication, a right of an applicant to receive any assistance or incentive from the city.

Any incentives provided by the city shall be set out in the affordable housing agreement pursuant to section 17.44.060 of this chapter. The granting of the additional incentives shall require demonstration of exceptional circumstances that necessitate assistance from the city, as well as documentation of how such incentives increase the feasibility of providing affordable housing.

The following incentives may be approved for applicants who construct inclusionary units on-site:

- A. **Fee Waiver Or Deferral:** The city council, by resolution, may waive or defer payment of city development impact fees and/or building permit fees applicable to the inclusionary units or the project of which they are a part. Fee waivers shall meet the criteria included in the city's adopted policy for evaluating waivers of city fees for affordable housing projects. The affordable housing agreement shall include the terms of the fee waiver.
- B. **Design Modifications:** The granting of design modifications relative to the inclusionary requirement shall require the approval of the city council and shall meet all applicable zoning requirements of the city of Pleasanton. Modifications to typical

design standards may include the following:

Reduced setbacks

Reduction in infrastructure requirements

Reduced open space requirements

Reduced landscaping requirements

Reduced interior or exterior amenities

Reduction in parking requirements

Height restriction waivers

- C. **Second Mortgages:** The city may utilize available lower income housing funds for the purpose of providing second mortgages to prospective unit owners or to subsidize the cost of a unit to establish an affordable rent or an affordable sales price. Terms of the second mortgage or subsidy shall be stated in the affordable housing agreement. The utilization of these incentives shall not be the sole source of providing the inclusionary units and they are intended to augment the developer's proposal.
- D. **Priority Processing:** After receiving its discretionary approvals, a project that provides inclusionary units may be entitled to priority processing of building and engineering approvals subject to the approval of the city manager. A project eligible for priority processing shall be assigned to city engineering and/or building staff and processed in advance of all nonpriority items. (Ord. 1818 § 1, 2000)

17.44.080 Alternatives To Constructing Inclusionary Units On-Site:

The primary emphasis of this inclusionary zoning ordinance is to achieve the inclusion of affordable housing units to be constructed in conjunction with market rate units within the same project in all new residential projects. However, the city acknowledges that it may not always be practical to require that every project satisfy its affordable housing requirement through the construction of affordable units within the project itself. Therefore, the requirements of this chapter may be satisfied by various methods other than the construction of inclusionary units on the project site. Some examples of alternate methods of compliance appear below. As housing market conditions change, the city may need to allow alternatives to provide options to applicants to further the intent of providing affordable housing with new development projects.

- A. **Off-Site Projects:** Inclusionary units required pursuant to this chapter may be permitted to be constructed at a location within the city other than the project site. Any off-site inclusionary units must meet the following criteria:
 - 1. The off-site inclusionary units must be determined to be consistent with the city's goal of creating, preserving, maintaining, and protecting housing for very low, low, and moderate income households.
 - 2. The off-site inclusionary units must not result in a significant concentration of inclusionary units in any one particular neighborhood.
 - 3. The off-site inclusionary units shall conform to the requirements of all applicable

city ordinances and the provisions of this chapter.

4. The occupancy and rents of the off- site inclusionary units shall be governed by the terms of a deed restriction, and if applicable, a declaration of covenants, conditions and restrictions similar to that used for the on-site inclusionary units. The affordable housing agreement shall stipulate the terms of the off-site inclusionary units. If the construction does not take place at the same time as project development, the agreement shall require the units to be produced within a specified time frame, but in no event longer than five (5) years. A cash deposit or bond may be required by the city, refundable upon construction, as assurance that the units will be built.

- B. Land Dedication: An applicant may dedicate land to the city or a local nonprofit housing developer in place of actual construction of inclusionary units upon approval of the city council. The intent of allowing a land dedication option is to provide the city or a local nonprofit housing developer the free land needed to make an inclusionary unit development feasible, thus furthering the intent of this chapter. The dedicated land must be appropriately zoned, buildable, free of toxic substances and contaminated soils, and large enough to accommodate the number of inclusionary units required for the project. The city's acceptance of land dedication shall require that the lots be fully improved, with infrastructure, adjacent utilities, grading, and fees paid.
- C. Credit Transfers: In the event a project exceeds the total number of inclusionary units required in this chapter, the project owner may request inclusionary unit credits which may be used to meet the affordable housing requirements of another project. Inclusionary unit credits are issued to and become the possession of the project owner and may not be transferred to another project owner without approval by the city council. The number of inclusionary unit credits awarded for any project is subject to approval by the city council.
- D. Alternate Methods Of Compliance: Applicants may propose creative concepts for meeting the requirements of this chapter, in order to bring down the cost of providing inclusionary units, whether on- or off-site. The city council may approve alternate methods of compliance with this chapter if the applicant demonstrates that such alternate method meets the purpose of this chapter (as set forth in section 17.44.020 of this chapter).
- E. Lower Income Housing Fee Option: In lieu of providing inclusionary units in a project, an applicant may pay the city's lower income housing fee as set forth in chapter 17.40 of this title. (Ord. 1818 § 1, 2000)

Article III. Miscellaneous

17.44.090 Administration:

An applicant of a project subject to this chapter shall submit an affordable housing proposal stating the method by which it will meet the requirements of this chapter. The affordable housing proposal shall be submitted as part of the applicant's city development application (e.g., design review, planned unit development, etc.) to the planning

department in a form approved by the city manager. The director of planning and community development may waive the requirement for submittal of an affordable housing proposal for projects approved prior to the effective date hereof and/or for projects that have undergone considerable public review during which affordable housing issues were addressed.

The affordable housing proposal shall be reviewed by the city's housing commission at a properly noticed meeting open to the public. The housing commission shall make recommendations to the city council either accepting, rejecting or modifying the developer's proposal and the utilization of any incentives as outlined in this chapter. The housing commission may also make recommendations to the planning commission regarding the project as necessary to assure conformance with this chapter.

Acceptance of the applicant's affordable housing proposal is subject to approval by the city council, which may direct the city manager to execute an affordable housing agreement in a form approved by the city attorney. The city manager or his/her designee shall be responsible for monitoring the sale, occupancy and resale of inclusionary units. (Ord. 1818 § 1, 2000)

17.44.100 Conflict Of Interest:

The following individuals are ineligible to purchase or rent an inclusionary unit: a) city employees and officials (and their immediate family members) who have policymaking authority or influence regarding city housing programs; b) the project applicant and its officers and employees (and their immediate family members); and c) the project owner and its officers and employees (and their immediate family members). (Ord. 1818 § 1, 2000)

17.44.110 Enforcement:

The city manager is designated as the enforcing authority. The city manager may suspend or revoke any building permit or approval upon finding a violation of any provision of this chapter. The provisions of this chapter shall apply to all agents, successors and assigns of an applicant. No building permit or final inspection shall be issued, nor any development approval be granted which does not meet the requirements of this chapter. In the event that it is determined that rents in excess of those allowed by operation of this chapter have been charged to a tenant residing in an inclusionary unit, the city may take appropriate legal action to recover, and the project owner shall be obligated to pay to the tenant, or to the city in the event the tenant cannot be located, any excess rents charged. (Ord. 1818 § 1, 2000)

17.44.120 Appeals:

Any person aggrieved by any action or determination of the city manager under this chapter, may appeal such action or determination to the city council in the manner provided in chapter 18.144 of this code. (Ord. 1818 § 1, 2000)

March 21, 2024
Item 6

TITLE: DISCUSSION – FUNDING PLEASANTON’S FUTURE

SUMMARY

Since early 2023, staff has been analyzing options for new revenue sources to address fiscal deficits and support ongoing City services and programs. Staff is now engaging in conversations with various stakeholders and community groups to inform that process. The goal is to provide broad community input to the City Council toward assessing revenue measure feasibility, working together to build a secure financial future for Pleasanton, and maintaining a high quality of life for all residents.

BACKGROUND

At its March 21, 2023, meeting, the City Council directed staff to place an item on a future agenda to discuss revenue options, including but not limited to a potential ballot measure for upcoming elections. In August 2023, the City Council directed staff to assess revenue measure feasibility, including developing a communication plan to share information and receive feedback from the community regarding Pleasanton's needs.

DISCUSSION

The City has a longstanding history of prudent, responsible fiscal performance, and Pleasanton’s current two-year budget is balanced. Since the COVID-19 pandemic, revenue sources have been limited and fixed - property tax has seen modest growth, sales tax is flat, and hotel tax has not rebounded. At the same time, expenses continue to grow, with cost drivers that include inflation, increased pension liability and insurance costs, new police and fire agreements, expansion into new service areas over time, infrastructure maintenance and replacement, and unfunded requirements to meet State regulations.

The recent community survey and citywide strategic plan indicate that residents' top priorities include fiscal sustainability, public safety and fire protection, infrastructure and water quality, emergency response, keeping city buildings in good condition, and programs for youth and seniors.

NEXT STEPS

Staff is engaging in community conversations to understand community needs and evaluate possible solutions, including potential revenue measures, to maintain a balanced budget and continue to deliver the same level of services that Pleasanton residents expect.

Submitted by:

A handwritten signature in black ink, appearing to read "Ellen Clark". The signature is fluid and cursive, with the first name "Ellen" written in a larger, more prominent script than the last name "Clark".

Ellen Clark
Director of Community Development