



Planning Commission

Item #3

RTC 21-1211

**Study Session
Housing Element**

September 22, 2021



Housing Element

Study Session Goals

- Overview of State Requirements for Housing Element Update
- Share information on RHNA allocation process
- Provide input on potential strategies including an update to the Affordable Housing Ordinance
- Review next steps

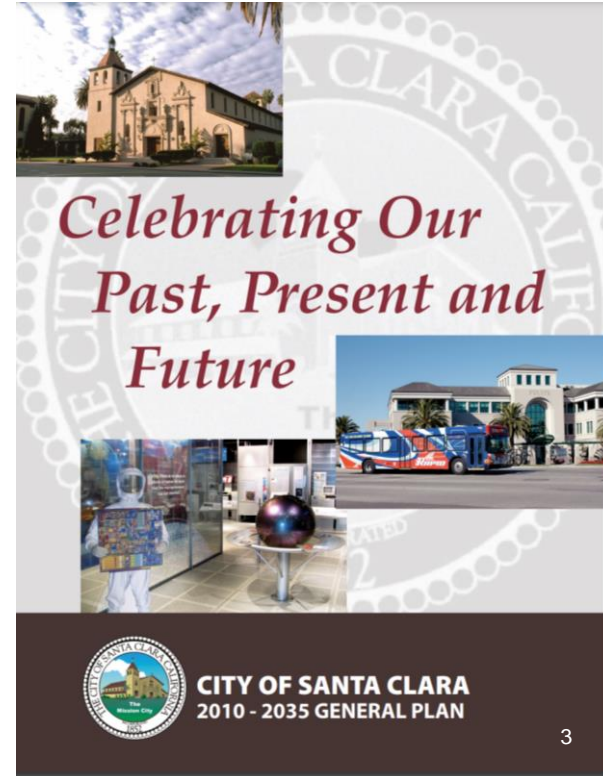




Housing Element

State Requirements

- General Plan – Required Elements: 7 (+ 1 or 2*)
- Housing Element must be reviewed / approved by California State Housing and Community Development (HCD)
- Jurisdictions must update their housing elements every eight (8) years:
 - Cycle 5 Housing Element certified 2/13/2015
 - Cycle 6 Housing Element due 1/31/2023





Housing Element

Status of Required General Plan Amendments

Amendments to be made during the next Housing Element Update, or by 2022, as required by State Law:

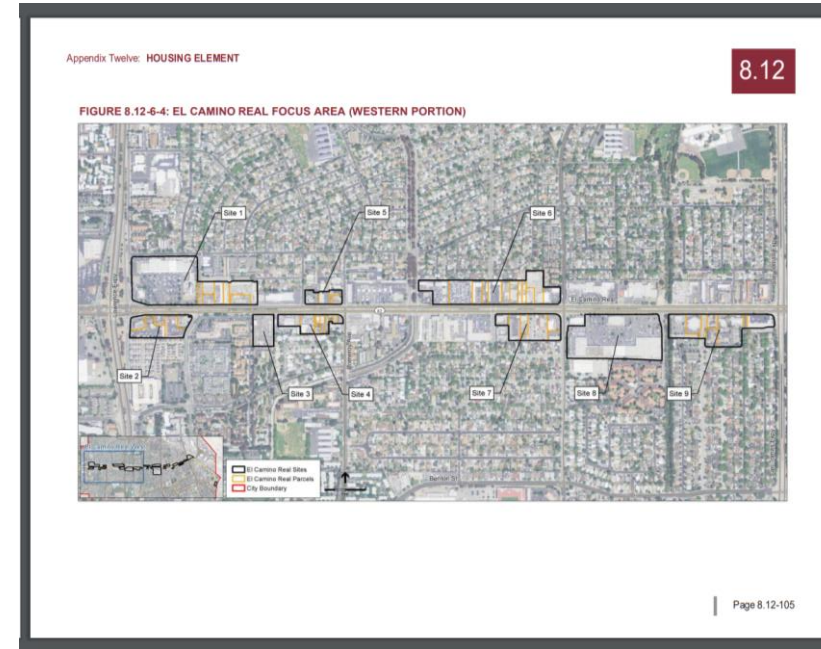
- An Environmental Justice element, to identify objectives and policies to reduce the unique or compounded health risks in disadvantaged communities
- Climate Adaptation and Resilience Policies, to be included as a part of the 2021 Climate Action Plan Update
- An update of the Safety Element for Fire Hazards and Climate Change



Housing Element

Components

- Review of previous Housing Element
- Goals, Programs, and Policies
- Housing Needs
- Governmental and Non-Governmental Constraints
- Sites Inventory and Analysis
 - Availability per State criteria
 - RHNA capacity per State criteria





Housing Element

Regional Housing Needs Allocation (RHNA)

- State Department of Housing and Community Development (HCD) determines regional housing needs by affordability levels for 8-year planning cycles
- Association of Bay Area Governments (ABAG) allocates share of region's housing needs by affordability level to every jurisdiction
- Local jurisdictions update their housing elements every 8 years to demonstrate available capacity to accommodate their allocation



Housing Element

Regional Housing Needs Allocation (RHNA)

- Housing Element must demonstrate capacity for full development of RHNA within the 8-year time period & provide annual progress reports
- RHNA Allocation is divided up by income level
 - Very Low Income (0-60% AMI)
 - Low Income (60-80% AMI)
 - Moderate Income (80-120% AMI)
 - Above Moderate / Market Rate (>120% AMI)



Housing Element

Housing Production 2015-2022 (Building Permits)

| Income Level | RHNA Target | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------|--------------|------------|------------|--------------|--------------|------------|------------|--------------|
| Very Low | 1,050 | | 1 | | | 130 | 37 | 168 |
| Low | 695 | | 1 | | | 15 | 158 | 174 |
| Moderate | 755 | 19 | 16 | 6 | 5 | 8 | 3 | 57 |
| Above | 1,593 | 212 | 399 | 1,609 | 1,162 | 626 | 415 | 4,423 |
| Total | 4,093 | 231 | 417 | 1,615 | 1,167 | 779 | 613 | 4,822 |



Housing Element

Cycle 6 (2023 – 2031) RHNA Allocation Process

- State allocation to Bay Area (ABAG) Region
- ABAG Board adopted Draft RHNA Methodology (1/21/2021)
- HCD reviews Draft RHNA Methodology
- ABAG Final RHNA Methodology/DRAFT RHNA (spring 2021)
- Appeal Period (summer 2021)
- Final RHNA (end 2021)
- (Adopted Housing Element due January 2023)



Housing Element

Cycle 6 (2023 – 2031) RHNA (Illustrative Allocations)

- Bay Area: 441,176 units (~2.5 x Cycle 5)
- Santa Clara County: 129,579 units (29.4% of Bay Area)

City of Santa Clara (Illustrative Allocations)

| | |
|--|--------------------------------------|
| Very Low Income (0-60% AMI) | 2,872 units |
| Low Income (60-80% AMI) | 1,653 units |
| Income (80-120% AMI) | 1,981 units |
| Above Moderate/Market Rate (>120% AMI) | 5,126 units |
| Total | 11,632 units (9.0% of County) |



Housing Element

City of Santa Clara Cycle 5 and 6 Comparison

| Income Category | Cycle 5 (2015-2023) | Cycle 6 (2023-2031) |
|-----------------|---------------------|---------------------|
| Very Low | 1,050 | 2,872 |
| Low | 695 | 1,653 |
| Moderate | 755 | 1,981 |
| Above Moderate | 1,593 | 5,126 |
| Total | 4,093 | 11,632 |



Housing Element

Cycle 6 (2023 – 2031) Strategies

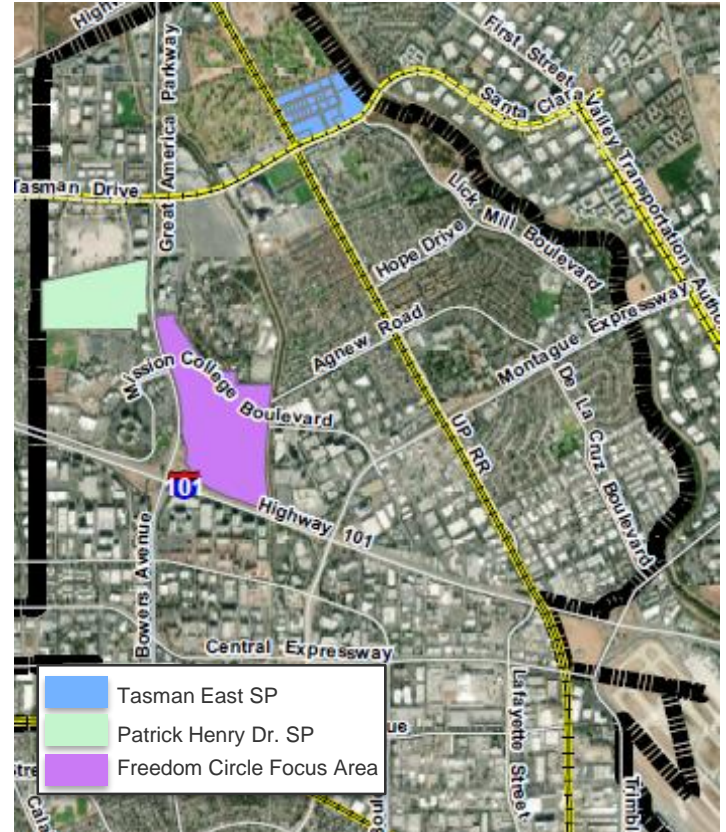
- General Plan Growth Capacity
- Long Range Plans (Specific Plans, Precise Plans, Focus Areas)
- Accessory Dwelling Units (ADUs)
- Zoning Code Update
- Affordable Housing Ordinance



Housing Element

Strategies – Long Range Plans

Planned Capacity: ~16,000 Units





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Accessory Dwelling Units

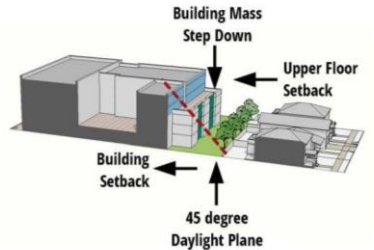
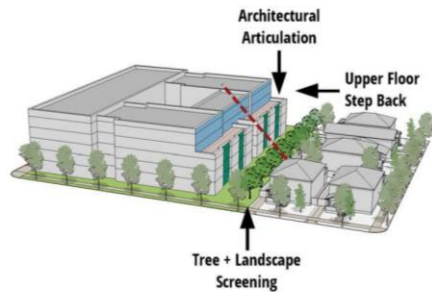
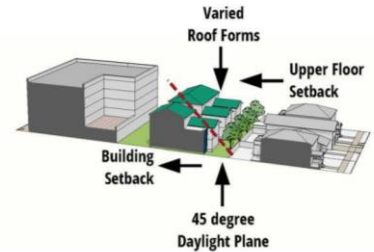
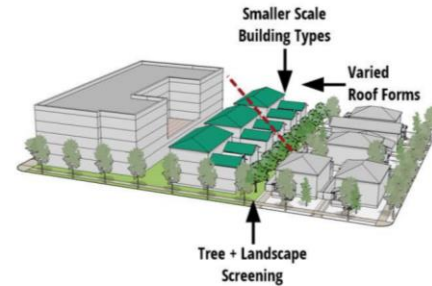
- 71 Building Permits Issued (2020)
- Zoning Code Update
- Inherently affordable
- Housing Collaborative providing support



Housing Element

Zoning Code Update

- Codify objective design standards
- Create development standards that reflect modern development (reduce need for PD Zonings)
- Rezone sites to be consistent with General Plan





Housing Element

Affordable Housing Ordinance

- Tasman East Specific Plan (10% Phase 1, 15% Phase 2)
- Citywide Affordable Housing Requirements (adopted January 2018)
 - Projects of 10+ units provide at least 15% of units affordable at average income \leq 100% AMI
 - Projects <10 units can pay In-Lieu Fee or provide 1 inclusionary unit
 - Option for alternative fulfillment that benefits the City
 - Commercial linkage fees
- Feasibility Study (2021)



Housing Element

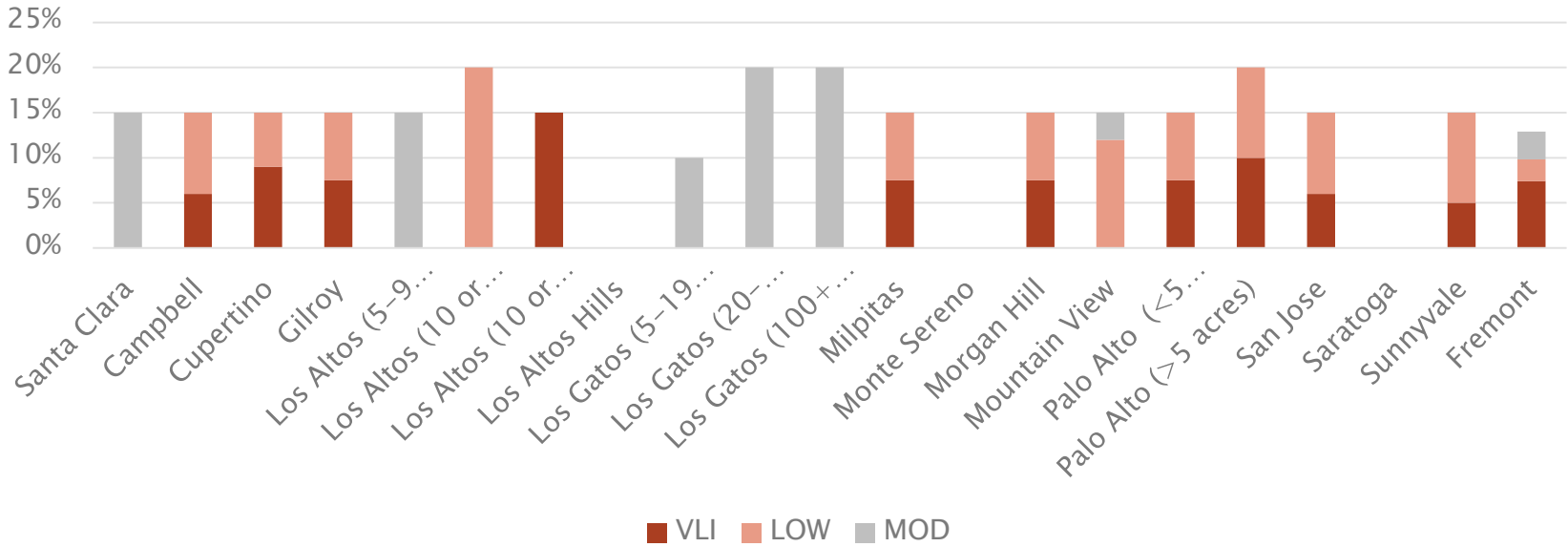
Affordable Housing Ordinance – Feasibility Study

- Initiated to provide information
- No specific proposal
- Independent verification of market feasibility



Housing Element

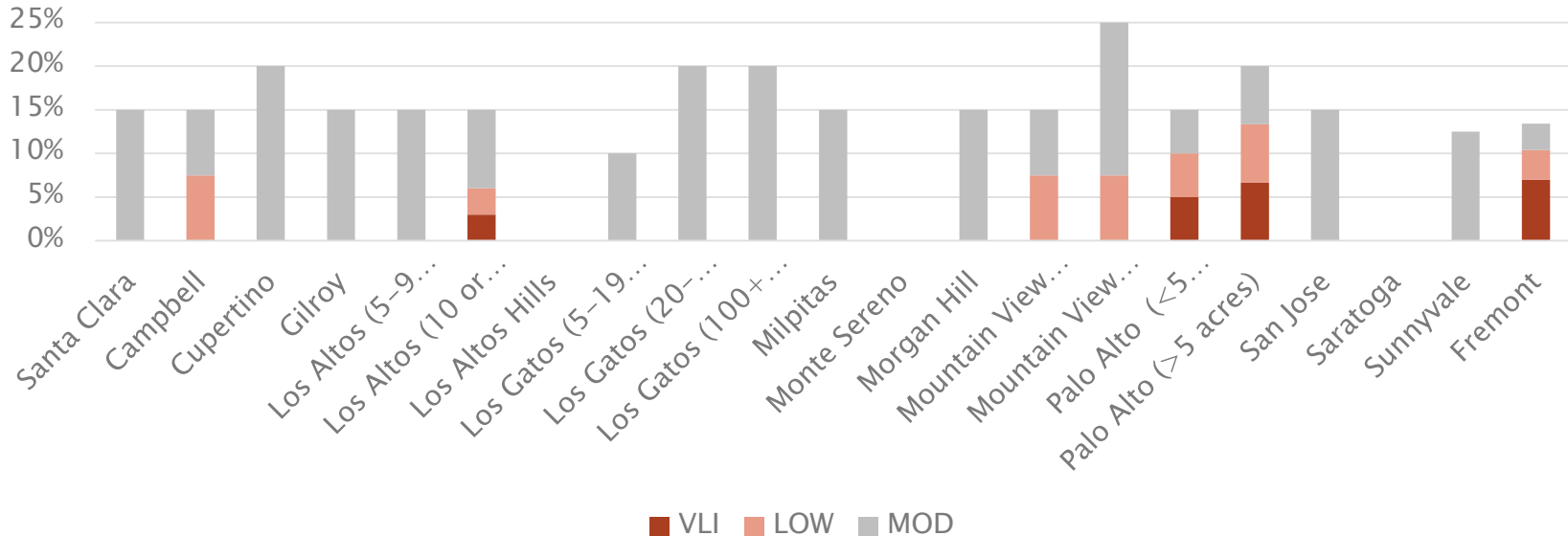
Neighboring Cities Affordable Housing, Citywide Rental





Housing Element

Neighboring Cities Affordable Housing, Citywide For-Sale





Housing Element

Affordable Housing Feasibility Prototypes

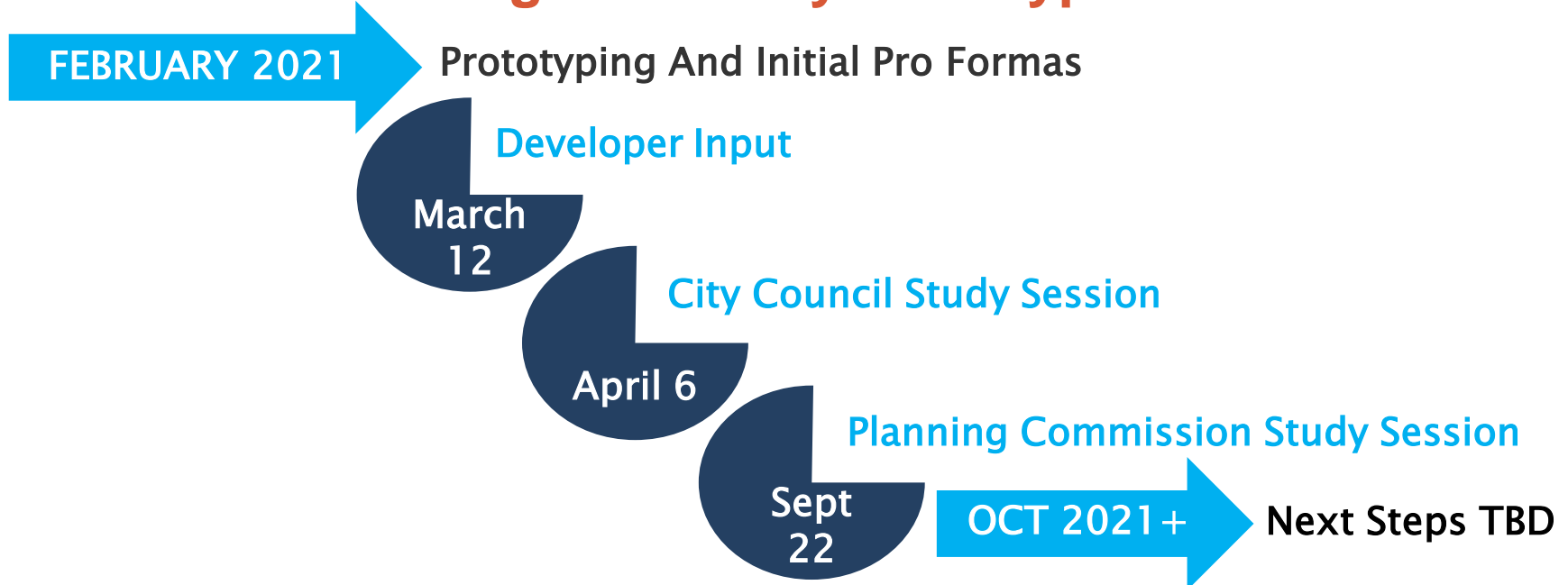
| Product | Density & Construction Type |
|--------------------------|-----------------------------|
| Mid rise Condo | 50 DU/Ac, Type V |
| Mid rise Rental | 65 DU/Ac, Type V |
| Intermediate Rise Rental | 100 DU/Ac, Type III |
| High Rise Rental | 200 DU/Ac, Type I |
| Townhome | 20 DU/Ac, Type V |





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Affordable Housing Feasibility Prototypes





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Affordable Housing Ordinance Considerations

- Other cities have similar or greater requirements
- Some Prototypes (e.g., Type I) already face feasibility challenges
- Some Prototypes (e.g., Type III) currently at feasibility limit
- Townhouse development most able to bear increased requirements
- Some projects become feasible if they can use a density bonus
- Increased inclusionary requirement could cause project to qualify for density bonuses, resulting in more units that offset increased costs
- Density bonus not helpful if it requires a change in construction type



Housing Element

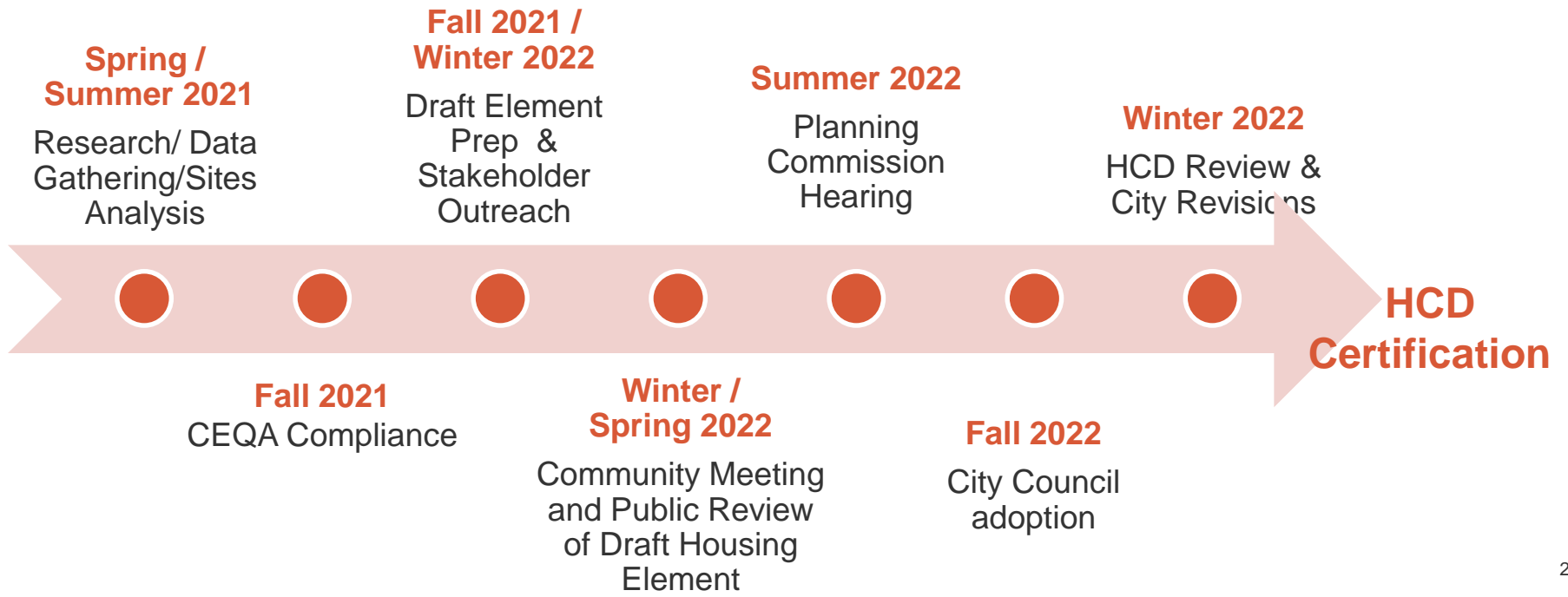
Possible Options

- Maintain Status Quo
- Proceed with focused changes based on feasibility study
- Re-evaluate commercial linkage fees
- Explore incentives or changes to other requirements that can offset financial impact of added affordability requirements



Housing Element

Process





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