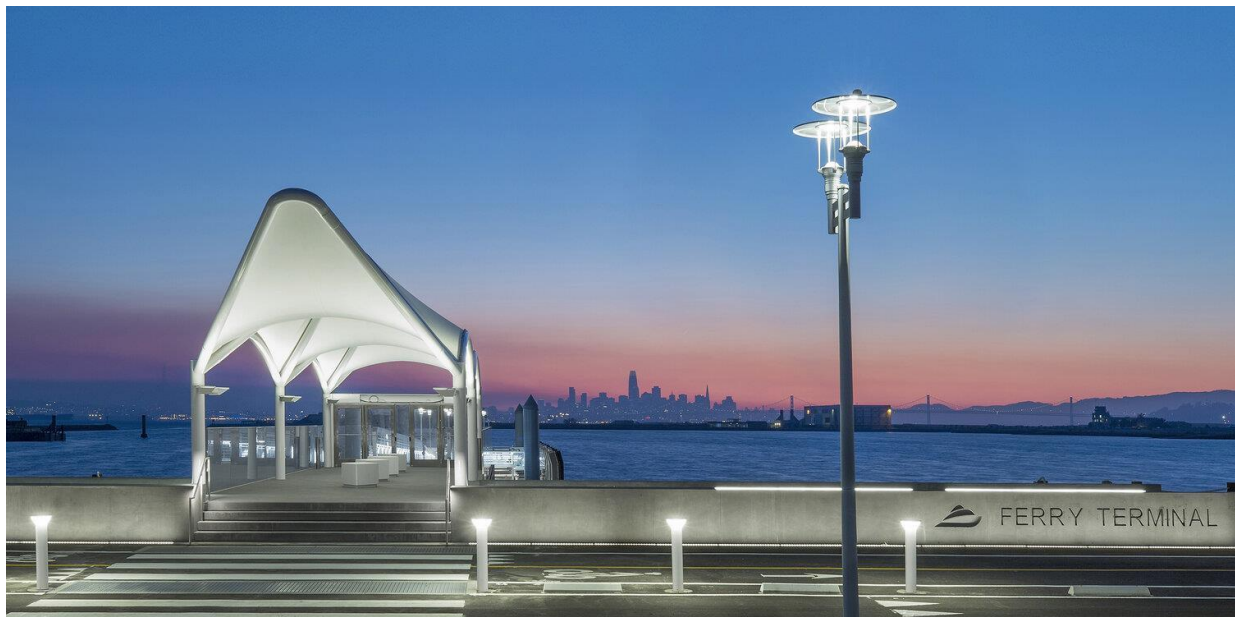


Draft

City of Alameda General Plan and Housing Element Annual Report 2021



This Annual Report is prepared for the review and consideration by:

The Alameda City Council:

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Vice Mayor Malia Vella
Council Member Tony Daysog
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The residents and businesses of the City of Alameda, California.

This Annual Report was prepared by the City of Alameda Planning, Building and Transportation Department

Introduction

Pursuant to Government Code § 65300 et seq., every city and county in California is required to adopt and maintain an up-to-date General Plan, which establishes the local development and conservation policies necessary to guide physical development and protect the general health, safety and welfare of the community.

The Government Code also requires that the City Council annually review the adequacy of the General Plan and progress made to implement the city's regional housing need allocation (the "RHNA") by April 1 of each year.

This annual report on the status of the General Plan provides an opportunity for the Planning Board and City Council to consider the adequacy of the Alameda General Plan to ensure an integrated, internally consistent, and up-to-date General Plan. The City of Alameda General Plan is available for review on the City website.

This annual report is organized as follows:

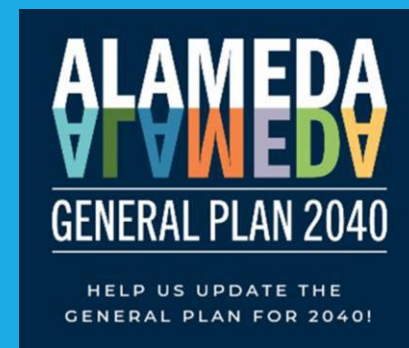
- Status of General Plan and Implementing Zoning Code,
- Priority General Plan and Zoning Code Work Program for 2022,
- Progress toward meeting the City of Alameda's Regional Housing Need, and
- Annual Housing Program Evaluation

Government Code section 65300.5 requires that the General Plan provide an "integrated, internally consistent and compatible statement of policies for the adopting agency."

DID YOU KNOW?

In January, the City Council adopted the first comprehensive update of the General Plan in 30 years.

In December 2022, the Council will consider the update to the Housing Element.



Status of the General Plan and Implementing Zoning Code

On January 18, 2022, the Alameda City Council adopted a comprehensive update of the General Plan. The update was the result of a three year effort by the Planning Board and the Alameda community to revise and update the four overarching themes of the General Plan, the Land Use Element, Conservation and Climate Change Element, the Mobility Element, the Open Space and Parks Element, and the Health and Safety Element. The update includes policies to address environmental justice, tribal resources, and equity and inclusion.

In 2022, the Planning Board, City Council and community also continued work on the 6th Cycle update to the Housing Element. The Housing Element update and associated zoning code amendments will be ready for City Council consideration in December 2022.



In 2021, work continued on the Alameda Landing Waterfront Park and adjacent residential neighborhood.

General Plan and Zoning Code

Work Program 2022

Government Code section 65400(a) requires that the planning agency (Planning, Building, and Transportation Department) annually make recommendations to the legislative body (the City Council) regarding “reasonable and practical means for implementing the general plan or element of the general plan, so that it will serve as an effective guide for the orderly growth and development, preservation and conservation of open-space land and natural resources”.

General Plan Amendments: In addition to the Housing Element update, the City of Alameda is anticipating four other amendments to the General Plan in 2022:

- **Disaster Preparedness:** Concurrent with the adoption of an updated Disaster Preparedness Plan (last updated in 2017), staff is preparing related amendments for the Health and Safety Element and Conservation and Climate Change Element.
- **Tribal Partnerships:** Staff continues to work with local partner Tribes to develop improved procedures for the coordination, consultation, monitoring and mitigation of impacts to tribal resources that may be discovered during trenching activities for buildings, streets, infrastructure, and other facilities. The work will result in a recommended set of amendments to the General Plan.
- **Street Classifications.** Staff is working with the Transportation Commission on an update to the Street Classification System. The updated system will be adopted as an appendix to the Mobility Element.

Zoning Amendments: In addition to the General Plan amendments, the Planning Board and City Council will be holding public hearings on a number of Alameda Municipal Code amendments to bring the Alameda Zoning Ordinance into conformance with State Housing Law, affirmatively further fair housing, and accommodate the 6th Cycle Regional Housing Needs Allocation (RHNA). The amendments include:

- **Shopping Center Overlay Zoning District:** This new zoning district is designed to be applied on Alameda's four major shopping center sites, which comprise approximately 100 acres currently occupied by low density, single story commercial and service buildings and large surface parking lots. Currently, the district regulations prohibit buildings with more than two units and prohibit residential densities over 21 units per acre in Alameda's shopping centers. The draft zoning district, which was discussed at a Planning Board workshop on January 10, 2022, permits multifamily residential development and residential densities of 100 units per acre, with the ability to transfer density between adjacent parcels.
- **Park Street and Webster Street Zoning Amendments:** Currently, the district regulations prohibit buildings with more than two units and prohibit residential densities over 21 units per acre in Alameda's shopping centers. As a result, no new housing has been constructed on these transit rich, commercial mixed use corridors since 1973. The draft Zoning Amendments for Park Street, Webster Street and the neighborhood commercial “Stations” (AMC 30-4.9A, AMC 30-4.8, and AMC 30-4.25) eliminate residential density

limits and multifamily prohibition and govern the built form through building heights and setback requirements.

- **Residential Zoning Districts.** This program requires the City to amend the R-2 (AMC 30-4.2), R-3 (AMC 30-4.3), R-4 (AMC 30-4.4), R-5 (AMC 30-4.25), and R-6 (AMC 30-4.6) residential districts to remove barriers to housing construction in these districts and address fair housing law. Currently, the district regulations prohibit buildings with more than two units and prohibit residential densities over 21 units per acre. The zoning amendments are designed to:
- Remove the multifamily prohibition and permit multifamily housing by right in the R-3 through R-6 District.
 - Permit shared housing, transitional housing, supportive housing, and senior assisted living residential districts. .
 - Increase the permitted residential density from 21 units per acre to 30 units per acre in R-3, 40 units per acre in R-4, 50 units per acre in R-5, and 60 units per acre in the R-6 District.
 - Exempt rehabilitation and adaptation of existing buildings with no increase in floor area from all multifamily residential density limitations

In 2021, work continued on the residential adaptive reuse of the former Del Monte Warehouse and construction of the Clement Avenue Extension and Cross Alameda Trail.



Housing Element Annual Report: Progress toward Meeting the Regional Housing Need for 2015-2022.

Government Code Section 65400 requires the City to annually consider the prior year's progress meeting the City of Alameda's regional housing needs allocations (RHNA).



In 2021, work continued on the new housing at the former Naval Air Station at Alameda Point.

Progress Report: Alameda's RHNA for housing construction during the current eight year cycle (2015 to 2022) is 1,723 housing units. Of the 1,723 units, the City's RHNA includes the need for 444 very low income units, 248 low income units, 283 moderate income units, and 748 above moderate income units. (Approximately 50% of the housing need is for lower income households.)

In 2021, Alameda continued to make progress toward meeting its Regional Housing Needs Allocation (RHNA) for the period, but more work is still needed to achieve local and state affordable housing objectives. In 2021, the City issued Building Permits for approximately 527 residential units located at Alameda Point, Alameda Landing Waterfront, and Alameda Marina. In addition, the City issued building permits for 78 accessory dwelling units citywide. In 2021, the City did not deny any land use or development applications for new residential units.

For the 5th Cycle (2015 through 2022), Alameda will achieve its goal of constructing at least 1,723 units. In fact, Alameda will exceed its goal and will construct over 2,200 unit for the period. However, due to high land and construction costs in the Bay Area, the 2,200 units do not adequately address the need for 444 very low income units and 248 low income units. Given land and construction costs, it may be assumed that a new unit must be deed restricted to be affordable to very low and low income households. Of the 2,200 units constructed, only 429 of those units were deed restricted for very low and low income households.



In 2021, significant work was accomplished on the building first building at Alameda Marina. The project also reconstructed the city owned shoreline sea walls providing sea level rise protections for the adjacent city owned tidelands trust properties. The project also constructed the protected bicycle facilities for the Cross Alameda Trail along Clement Avenue.



Housing Program Analysis

Inclusionary Housing Program

The City's Inclusionary Housing Program is the program that results in deed restricted affordable housing units. Housing Element Program 2.1 establishes the need to continue to implement the City of Alameda inclusionary housing program. Although not required by State law, the City of Alameda adopted an Inclusionary Housing Ordinance in 2003, which requires that 15% of all units in projects of 10 or more units must be deed-restricted for very low- (4%), low- (4%) and moderate- (7%) income households. Projects with between five and nine units can pay an in-lieu fee instead of providing affordable units. Projects with less than five units are exempt from the Ordinance.



In 2021, the Shell Company completed their work to prepare the residentially zoned property at Grand Street for residential development in the upcoming years. The 4.7 acre site is zoned for approximately 100 attached housing units. The project will be subject to the City's Inclusionary Housing Ordinance.

Increasing the inclusionary requirement is not needed to remain in compliance with Housing Element Law. In fact, the State of California considers inclusionary housing ordinances to be a constraint on the production of housing in California. For that reason, the State mandates that the City annually evaluate its inclusionary housing ordinance to determine if it is constraining housing development.

The City's current 15% inclusionary requirement is comprised of requirements for 4% very low-, 4% low- and 7% moderate-income units, which ensures that each project does not automatically qualify for an affordable housing density bonus. When a project triggers a density bonus, the result is that the number of units in the project increases and the actual percentage of affordable units in the project goes down, not up. However, the City could consider changing the distribution of units within the 15% requirement such that applicants would be required to increase the percentages more significantly to justify a density bonus.

In 2021, housing construction costs continued to be a major financial burden for housing production in Alameda and the Bay Area. In Alameda, recently approved residential projects, including major planned residential projects such as the Site A and Del Monte projects, are struggling to absorb

rapidly increasing construction costs. Given California's land and construction costs, the 15% deed-restricted units in each residential project must be financially subsidized by the 85% of the units that are not deed-restricted. (This financial relationship between market-rate housing and deed-restricted affordable housing is the foundation of the State Density Bonus law, which grants market-rate bonus units in return for deed-restricted affordable units.) The deed-restricted unit subsidies must be covered by either the cost to the buyer or renter of the 85% market-rate units, the developer's return on investment, or the price received by the seller of the land. If the subsidies grow to the point where the costs cannot be passed onto the buyer or renter, cannot be absorbed by the developer, or cannot be taken out of the land price, the housing project will become financially infeasible. If the projects become infeasible, then the inclusionary requirement becomes a constraint on housing production. If increasing the inclusionary requirement results in residential projects becoming financially infeasible, then the decision to increase the inclusionary requirement will not increase the construction of affordable housing; it will decrease the production of affordable housing. If increasing the inclusionary requirement can be absorbed by increasing the cost of the market-rate units, then the change to the inclusionary ordinance will decrease the ability of each project to provide lower cost, market-rate "middle income" units, because the market-rate units may need to be designed as larger, more expensive units to help off-set the financial subsidies required to cover the additional deed-restricted units.



In 2021, new residents moved into the Aero apartments at Alameda Point. The City requires that 25% all units constructed at Alameda Point are deed restricted for low, very low, and moderate income households.

A brief survey of other cities reveals three general findings:

- Alameda's requirement for 15% inclusionary units that includes very low-, low-, and moderate- income housing exceeds the requirements of most neighboring cities and the few neighboring cities that require more than 15% either do not require low- and very low-income units or allow developers to pay in-lieu fees instead of providing the units.
- Alameda's inclusionary requirement applies equally to ownership and rental projects. Most other cities surveyed have different requirements based on whether or not the housing being built is ownership or rental. Staff believes these differences were the result of changes those cities made to address the court case *Palmer/Sixth Street Properties, L.P. v. City of Los Angeles*

(2009) 175 Cal.App.4th 1396 (Palmer), which prevented cities from imposing deed restrictions on rental units. Because Alameda historically, since 1972 and the passage of Measure A, has had very few rental projects, the Council never revised the Inclusionary Ordinance to address rental housing. In 2017, the State Legislature passed AB 1505, which effectively overrode the limitations imposed by the Palmer case.

- Alameda is the most restrictive city regarding the option to pay in-lieu fees. In Alameda, only projects with nine or fewer units may pay in-lieu fees. Most other cities allow residential projects to pay fees in lieu of building the units. Oakland only collects fees. It also appears that in cities where in-lieu fees are allowed: 1) many developers choose to pay the fee rather than build the units, and 2) those cities tend to receive less density bonus applications because paying a fee does not qualify a project for a density bonus.

Recommendations Regarding Inclusionary Housing Ordinance: The Inclusionary Housing Ordinance is producing much needed deed-restricted housing. Although deed-restricted housing requirements do pose additional financial obligations on housing projects in Alameda, staff believes that the 15-year record of housing projects being constructed with the 15% requirement proves that the requirement is not posing a constraint on housing development. State law imposes requirements on any City that wishes to amend an existing Inclusionary Housing Ordinance. Pursuant to AB 1505 any ordinance amended or adopted after September 2017 is subject to a higher level of review by the State of California to ensure that the ordinance is not imposing an undue financial constraint on housing production. Staff does not recommend any changes to the Inclusionary Housing Ordinance at this time.

Density Bonus Program

In 1979, the State legislature enacted the Density Bonus Law (Government Code Sections 65915-65918) to address the shortage of affordable housing in California. The statute imposes a mandatory density bonus program that requires cities to permit the construction of additional residential units and, if requested by applicants, provide reduced parking standards, regulatory incentives/concessions and waivers to developers who construct a certain percentage of affordable housing that meets the statutory criteria. Specifically, a developer who includes specified amounts of low-, very low-, or in some cases, moderate-income housing, is entitled to:

- A density bonus to help cover the costs of the affordable units. State law specifies exactly what percentage of additional units (up to a 35 percent increase) must be provided.
- Reduced parking requirements.
- Up to three regulatory incentives and/or concessions from city development standards or regulations that result in “identifiable and actual cost reductions” to provide affordable housing.
- An unlimited number of waivers from city development standards, such as in Alameda's case, the Alameda Municipal Code (AMC) Section 30-53 Multiple Dwelling Units Prohibited, that would “physically preclude” the project from developing at the density allowed under the Density Bonus Law.

The provisions of the City's Density Bonus Ordinance are largely dictated by State law; therefore, the City is not able to fundamentally change any of the basic requirements.

In 2010, in compliance with State law, the City adopted AMC Section 30-17, Density Bonus Ordinance. Since its adoption in 2010, every major housing development in Alameda has taken advantage of the Density Bonus Ordinance to override the City Charter prohibition on multifamily housing and waive any other zoning standards that physically preclude the project from realizing the total number of units provided by the zoning district and the State Density Bonus Law.

Since 2010, every residential project of more than five units has taken advantage of the density bonus waivers and bonuses and every single one of those projects has been designed with at least 15% of the units including deed restrictions to ensure affordability for very low-, low- and moderate-income households.

City Charter Article 26 (“Measure A”)

In 1973, and then again in 1991, the voters of Alameda approved citizen initiatives to amend the City Charter. Collectively referred to as “Measure A,” the initiatives amended the City Charter to include the following three sections:

Section 26-1. There shall be no multiple dwelling units built in the City of Alameda.

Section 26-2. Exception being the Alameda Housing Authority replacement of existing low-cost housing units and the proposed senior citizens low-cost housing complex, pursuant to Article XXV of the Charter of the City of Alameda.

Sec. 26-3. The maximum density for any residential development within the City of Alameda shall be one housing unit per 2,000 square feet of land. This limitation shall not apply to the repair or replacement of existing residential units, whether single family or multiple unit, which are damaged or destroyed by fire or other disaster; provided that the total number of residential units on any lot may not be increased. This limitation also shall not apply to replacement units under Section 26-2.

Article 26 is a significant constraint on housing capacity in Alameda, that it is inconsistent with State Housing Law, and that it excludes access to housing for those segments of the community that can only afford higher density, multifamily housing which is more affordable than low-density single-family housing. The City has taken a number of actions over the last 21 years to mitigate or remove the constraints imposed by Article 26. Those major actions include:

- Adoption of the Density Bonus Ordinance in 2010 to provide a means for housing developers to waive the multifamily prohibition and increase densities above the limits set by Article 26.
- Adoption of the Multifamily Combining District in 2012 to designate a number of major sites in Alameda with the right to build multifamily housing at densities of 30 units per acre.
- Adoption of Accessory Dwelling Unit Ordinance amendments in 2017 that exempt the calculation of ADUs from residential density limitations of Article 26.

These actions have mitigated the constraints Article 26 and ensure that market rate and nonprofit housing developers have been able to provide a variety of housing types (including multifamily housing) for a variety of household incomes (including housing for very low-, low-, and moderate-income households). The City will continue to annually monitor Measure A to ensure it does not constrain housing development. Finally, it is important to note that the last residential project approved in Alameda that included more than a single unit and that did not require a waiver from Measure A was approved in 2006. Since 2006, every major housing project (over 3,000 residential units over the last 15 years) has been granted a waiver from Measure A.

Universal Design Program

Housing Element Program 4.2 establishes the need for a Universal Design Ordinance to better serve the City’s senior population, residents that wish to “age in place”, and the 16% of Alameda families that report living with a family member with a disability.

On October 17, 2017, the City Council approved a citywide Universal Design Ordinance that is designed to ensure that 100% of Alameda’s new homes are “visit-able” by any visitor with mobility issues or a physical disability and that 30% of the new homes in all large-scale developments (over 10 units) are designed to be “live-able” by a person with mobility issues or a physical disability.

In 2021, it became apparent that the 100% visit ability requirement is becoming a difficult to achieve for some housing projects. Rising construction and land costs are forcing more and more

market rate developers to focus on the townhome housing type, which is relatively inexpensive to build and retains a relatively high return on investment. Unfortunately, a typical townhome housing type does not provide enough ground floor space to meet the city's 100% visitability requirement, which requires at least a bedroom and accessible bathroom on the ground floor to be accessible. Installing elevators in townhomes is not a financially viable means to achieving visitability. The only alternative is to make the ground floor of the unit larger, which means the attached townhome units requires more land and a bigger overall amount of floor area, which both increase construction costs and reduce affordability.

As a result, developers are using the Density Bonus waivers to request waivers from the 100% visitability requirements for the project. Recent examples include the Boatworks project and the Santa Clara project. The Alameda Marina townhomes also required waivers from the 100% visitability requirements.

Accessory Dwelling Unit (ADU) Program

Housing Element Program 4.1 establishes the need to support accessory dwelling units, which are small one-bedroom or studio units built on properties that are already occupied by a single-family home in an existing neighborhood. These units provide an excellent way for a community to add small, affordable units that are attractive to small households, seniors, and/or residents with a disability.

On July 5, 2017, the City Council adopted a series of amendments to the Accessory Dwelling Unit Ordinance to bring the City's ordinance into conformance with state law. Under the former ordinance, the City approved only two ADUs in the last eight years.

In 2021, Alameda issued 78 building permits for ADUs. The ADUs are predominantly located in existing basements or garages in the backyard. The ADU applications are evenly divided, with a near 50-50 split, between backyard cottages and units within the walls of existing homes. The ADUs are quite small. The average size of the ADUs is between 500 and 600 square feet. The ADUs are evenly distributed across Alameda. There is not a concentration of ADUs in any particular neighborhood.

In 2021, construction costs appeared to be the most significant constraint on ADU construction in Alameda. A number of ADUs have been approved over the last two years, but never constructed, which indicates that the approval process is not a major constraint. (ADU permits are not subject to a discretionary public review process.)

Senior Housing, Assisted Living, and Homeless Shelters

Housing Element Policy HE-4 states: "Encourage and support new residential opportunities for senior citizens, including senior housing projects, multifamily housing projects with accessible and small housing units, assisted living projects, and in-law units." The AMC does not currently include a definition of "assisted living" or adequate guidance on where in the City senior assisted living or senior restricted housing may be permitted. These deficiencies need to be addressed in an upcoming zoning amendment.

Homelessness is a growing housing problem, and the zoning code needs to be updated to better address the needs for "emergency shelter" and "warming centers" in Alameda.

Design Review Program and Streamlining

The Housing Element includes programs and policies (Program 1.3 and 3.1) that emphasize the need to expedite the development review process for projects that include affordable housing and special needs housing. Prioritizing and expediting the design review process for projects with affordable housing and special needs housing should continue.

In 2017, the State Legislature made a number of changes to state law to limit the use of

“subjective” design review standards by local agencies in the review of housing development proposals. As a result, it is important that the City of Alameda review its design review standards to clearly articulate “objective design standards” for residential design in Alameda.

In 2021, the Planning Board approved objective design review standards for residential design.

Conclusions and Priorities for 2022

Although the City is making progress to address its housing needs, the City's regulatory framework governing housing development can continue to be improved to facilitate high quality, diverse housing for the Alameda community and especially the need for affordable housing.

The implementation priorities for 2022 are:

- Continue to expedite the review of projects that include affordable and special needs housing.
- Complete the Housing Element update in 2022.
- Complete Zoning Code amendments to address special needs and affordable housing and increase the ability to construct low cost housing that is affordable to middle income and lower income households without the need for deed restrictions, given that the need for affordable housing is approximately 50% of the total housing need and that local and State requirements limit the City's ability to impose deed restrictions on more than 15 to 25% of all housing built in Alameda.