

City of Piedmont
COUNCIL AGENDA REPORT

DATE: May 20, 2024

TO: Mayor and Council

FROM: Rosanna Bayon Moore, City Administrator

SUBJECT: Receipt of the 2023 Annual Progress Report to the California Department of Housing and Community Development Regarding the Implementation of the 6th Cycle (2023-2031) Housing Element

RECOMMENDATION

Receive the attached 2023 Annual Progress Report (APR) for the implementation of the Piedmont General Plan 6th Cycle (2023-2031) Housing Element programs.

EXECUTIVE SUMMARY

Section 65400 of the California Government Code describes the legal requirements for cities to prepare an annual progress report on the effectiveness of the City's housing programs. Piedmont's 6th Cycle Housing Element is for the term 2023-2031. The State-mandated allocation of new units by the end of 2031 is 587 housing units in the following affordability categories: 238 above moderate income; 92 moderate income; 94 low income; and 163 very low income.

Piedmont's 6th Cycle Housing Element provides strategies to increase housing production and encourage new housing types for the 2023-2031 planning period. This APR (Attachment 1) describes that in 2023 the City grew by 13 new homes that completed construction. In addition, the City issued 24 building permits to construct new accessory dwelling units (ADUs), and the Planning Division approved 26 permits for new homes (24 permits for ADUs, plus one SB 9 duplex). In 2023, the City made significant progress implementing the 77 housing programs outlined in the Housing Element. However, in 2023, a total of four building permits for ADUs affordable to residents with very-low incomes were issued which is 17 less than the goal of 21 units affordable to very low income households, annually. This annual goal is calculated by dividing the 6th Cycle RHNA goal of 163 very low income units by each year of the planning period. To construct 587 housing units by the end of the planning period, the City must issue 80 building permits, on average annually, in a range of housing affordability levels. This report describes the actions that decision-makers and staff are taking to increase housing production.

BACKGROUND

This APR (Attachment 1) is the first annual progress report for the 6th Cycle planning period. Goals for new housing production are set by the State of California and then allocated to jurisdictions in

the San Francisco Bay Area region by the Association of Bay Area Governments (ABAG). The 6th Cycle planning period for the Bay Area is January 31, 2023 – January 31, 2031. On December 16, 2021, the ABAG Executive Board adopted the 6th Cycle RHNA. The RHNA assigned to the City of Piedmont requires the construction of units affordable in the following categories: 238 above moderate income; 92 moderate income; 94 low income; and 163 very low income. Information about Housing Element law is available on the HCD website at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements>.

The City of Piedmont and the cities of Albany, Emeryville, Dublin and Newark, along with the unincorporated portion of Alameda County, constitute the Alameda Urban County for purposes of many housing programs, including receiving funding from the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program. Through Alameda County Housing and Community Development, Piedmont participates in regional programs to provide services and housing to homeless individuals and families, provide tenant-landlord counseling, administer fair housing programs, and analyze impediments to fair housing.

Looking back to 2022, the City of Piedmont completed the last year of the Housing Element 5th Cycle and surpassed the production of anticipated new housing units. At the conclusion of the 5th Cycle, Piedmont had issued 123 building permits since 2015, far surpassing the former State mandated RHNA of 60 units.

ANNUAL PROGRESS REPORT

Pursuant to Government Code section 65400, the Annual Progress Report for 2023 must be in the form prescribed by HCD and include:

1. The status of the plan and progress in its implementation.
2. The progress in meeting its share of regional housing needs determined pursuant to Section 65584 and local efforts to remove governmental constraints to the maintenance, improvement, and development of housing pursuant to paragraph (3) of subdivision (c) of Section 65583, and including a section identifying actions taken by the City towards completion of the programs and status of the City's compliance with the deadlines in its housing element.
3. The number of housing development applications received in the prior year.
4. The number of units included in all development applications in the prior year.
5. The number of units approved and disapproved in the prior year.
6. The degree to which the approved General Plan complies with the guidelines developed and adopted pursuant to Section 65040.2 and the date of the last revision to the General Plan.
7. A listing of sites rezoned to accommodate that portion of the City's or County's share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory required by paragraph (1) of subdivision (c) of Sections 65583 and 65584.09. The listing of sites shall also include any additional sites that may have been required to be identified by Section 65863.
8. The number of net new units of housing, including both rental housing and for-sale housing, that have been issued a completed entitlement, a building permit, or a certificate

of occupancy, thus far in the Housing Element cycle, and the income category, by area median income category, that each unit of housing satisfies. That production report shall, for each income category described in this subparagraph, distinguish between the number of rental housing units and the number of for-sale units that satisfy each income category. The production report shall include, for each entitlement, building permit, or certificate of occupancy, a unique site identifier which must include the assessor's parcel number, but may include street address, or other identifiers.

9. The number of applications submitted, the location and the total number of developments approved, the total number of building permits issued, and the total number of units by area median income category constructed, pursuant to Section 65913.4 (the streamlined project review process required for certain development projects under SB 35).

Piedmont's Annual Progress Report is attached (Attachment 1).

Housing Element Programs

In 2023, the City made significant progress implementing the 77 housing programs outlined in the Housing Element, and the Zoning Code amendments outlined in the housing programs were subsequently approved by City Council in early 2024. Table D of Attachment 1 provides each of the Housing Element housing programs and the steps that the City has taken to implement the program. As shown in Table D, Piedmont decision-makers and staff are already implementing new programs to increase production beyond the construction activity seen in 2022 and 2023. New programs include increasing the allowed residential density along portions of Grand Avenue and Highland Avenue, increasing permitted building heights along Grand Avenue, planning for development in Moraga Canyon, streamlining CEQA review, and allowing taller, two-story ADUs in Piedmont.

Housing Unit Production

The City issued building permits for 25 housing units in 2022, 23 units in 2021, and 24 units in 2020. In 2023, the City issued building permits for 24 new housing units, all of which were ADUs and Junior ADUs (JADUs).

Three of the building permits were issued in 2023 for small ADUs and JADUs that were designed to share spaces with the primary residences. Due to their small sizes, number of bedrooms, and findings of a survey of rental units in the Piedmont-Oakland housing market, these units are listed in the Annual Progress Report as affordable to very low-income households (VL). In addition, one ADU was issued with a deed restriction limiting the rent and occupancy to a very low-income household. City staff characterizes these four units as affordable to households earning less than 50% of the area median income for Alameda County (income of approximately \$66,600 a year in 2023 for a household of three people).

Fourteen accessory dwelling units that were issued building permits in Piedmont in 2023 would likely have rents affordable to residents earning low-income wages (L) based on the findings of a survey of rental units in the Piedmont-Oakland housing market. Households earning low-income wages earn between 50% to less than 80% of the area median income for Alameda County. City

staff characterizes these units as low income. In 2023, this income was approximately \$100,950 a year for a three-person household.

Five new ADUs that were issued building permits in 2023 are characterized as moderate-income housing (M) due to their sizes and number of bedrooms. Moderate incomes are 80% to 120% of the area median income for Alameda County. In 2023, this income was a maximum of approximately \$159,750 a year for a household of three people (and more for larger households). The remaining one ADU is estimated to rent at a rate affordable to above-moderate-income (AM) households (greater than 120% of the area median income).

In addition to the building permits issued, the City issued final approval of construction completed under building permits for 12 new housing units in 2023, compared to the 14 buildings that completed construction in 2022 and 16 building that completed construction in 2021. All of the new housing units completed in 2023 were ADUs.

Lastly, in 2023, the City approved planning entitlements for 26 new housing units, compared to 28 planning entitlements in 2022, 33 planning entitlements in 2021, and 25 entitled in 2020. Twenty-four of the planning entitlements for new housing units in 2023 were ADU permits, plus a duplex permitted under California Senate Bill 9 (SB 9). In 2023, no application for a design review permit or other planning permit for a new house or ADU was denied.

To meet the State mandate to construct 587 housing units by the end of the planning period in 2031, the City must issue 80 building permits annually, on average, in a range of housing affordability levels. The 6th Cycle Housing Element relies on a strategy that will: increase the production of ADUs to 20 building permits issued per year; create incentives for private developers and property owners to build multi-family housing in Zone C and Zone D; and plan for development of City land in Moraga Canyon.

Rental Survey

City staff has prepared a survey of local rents based on similar floor areas and amenities which substantiate the expected rents for the moderate, low, and very low ADUs in the 2023 annual progress report. HCD has accepted the City's rental surveys, using this methodology, since 2018. The rental survey is included as Attachment 2.

CONCLUSION

The 2023 Annual Progress Report shows that the City of Piedmont has begun a good faith effort to implement the programs in the 6th Cycle Housing Element and to meet the State-mandated RHNA. The recently adopted 6th Cycle Housing Element builds on the successful programs and approaches of the 5th Cycle Housing Element to increase the production of housing in all income categories. City staff will bring forward new Zoning Code amendments and programs to increase housing production in the coming years and will continue to monitor the effectiveness of existing programs.

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ATTACHMENTS

Attachment 1	Linked	<u>2023 Housing Element Annual Progress Report</u>
Attachment 2	Linked	<u>Rental Survey</u>