



CITY OF SAN RAMON
OFFICE OF THE CITY MANAGER

7000 BOLLINGER CANYON ROAD
SAN RAMON, CALIFORNIA 94583
PHONE: (925) 973-2530
WWW.SANRAMON.CA.GOV

BY CERTIFIED U.S. MAIL
AND EMAIL: ctadmin@contracosta.courts.ca.gov

September 13, 2023

Superior Court of California
County of Contra Costa
Civil Grand Jury Office
725 Court Street, 4th Floor
Martinez, CA 94553

RE: Grand Jury Report No. 2306, Affordable Housing: “A Plan Without a Home”

Dear Grand Jury:

The City Council for the City of San Ramon considered the above-referenced Grand Jury Report and its findings and recommendations at its September 12, 2023 meeting. The following is the Council's response to each finding and recommendation:

Findings:

F1. Within existing city or County infrastructure there is no clear owner who is responsible for achieving RHNA permitting targets.

The City partially disagrees with the finding. The City sees the responsibility of achieving RHNA permitting targets as being shared between the city or county and the development community.

The State (HCD) and Regional Governing Agency (ABAG) set RHNA targets, and Housing Element law requires cities to identify and appropriately zone adequate housing sites to satisfy our RHNA. One part of the ownership is the city or County's responsibility to prepare, adopt, and gain certification of a Housing Element that provides the opportunities for home builders to build housing. The local jurisdiction is responsible for reviewing/approving/permitting projects that are in-line with the Housing Element to achieve RHNA permitting targets. Annually, the City Council adopts an Annual Housing Element Progress Report, documenting San Ramon's progress in fulfilling our RHNA obligation.

The second part of achieving RHNA permitting targets relies on the home-building community to finance/propose/develop residential projects. Only in limited situations do cities construct housing. There is no legal authority for local jurisdictions to compel a developer to propose projects in a city or to take advantage of the opportunity sites provided in certified Housing Elements, and there is no legal authority to force a developer to construct projects once they have been permitted in order to meet RHNA targets.

City Council 973-2530
City Manager: 973-2530
City Attorney: 973-2549

City Clerk: 973-2539
Human Resources: 973-2523
Finance Department: 973-2609

Parks & Community Services: 973-3200
Police Services: 973-2700
Engineering Services: 973-2670

Planning: 973-2560
Public Services: 973-2800

F2. City and County officials see no direct path to meet state-mandated regional housing (RHNA) targets.

San Ramon agrees with this finding given that meeting this target depends in part on private actors. The City sees no direct path to meet RHNA targets strictly through its own actions.

F3. There are currently no measurable penalties if a city or a County does not achieve RHNA targets in an approved housing element plan.

San Ramon partially agrees with this finding in that there are no penalties for not meeting RHNA targets. Cities approve but do not typically construct housing; therefore, achieving RHNA targets is out of cities' control. The City sees no direct path by the City alone, without the participation of private actors, to achieve RHNA targets once the City has approved its housing element. It would not be appropriate to penalize cities that do everything within their control to meet RHNA targets, regardless of the outcome.

F4. Data published by ABAG shows that Contra Costa County and most of its cities have missed their current RHNA targets for very low- and low-income housing allocations. The allocation requirements continue to increase (16x for very low-income and 4x for low-income residents).

San Ramon partially agrees with this finding. While cities such as San Ramon have updated General Plans, Specific Plans, and zoning to facilitate housing opportunity sites, and adopted an Inclusionary Housing Ordinance and Commercial Linkage Fee Ordinance for the development of Affordable Housing (AH), numerous factors contribute cities falling short of current RHNA targets. There is typically significant lag time in constructing projects once they have been approved. Once entitled, market conditions can change and impact the ability for cities to achieve the RHNA target.

The City also agrees that many cities and the County as a whole missed their RHNA targets for very low and low-income housing, and that RHNA Allocation for very low- and low-income housing has continued to increase. However, the increase in RHNA allocation is not to the extent mentioned in this report. RHNA numbers from the past 3 cycles indicate that the current (6th) cycle has had the largest increase of 2.5x from the previous cycle in very low- and low-income housing requirements.

F5. Many obstacles hinder the development of AH at the local level, specifically for very low- and low-income housing, including:

- a. Limited availability of land;*
- b. Restrictive zoning policies specific to AH development;*
- c. Limited developer interest to bring projects forward;*
- d. Limited available funding;*
- e. Lack of community support;*
- f. NIMBY opposition & city council response to NIMBY opposition.*

San Ramon agrees with this finding as applied to the State in general but partially disagrees as it applies to San Ramon. Changing market conditions should also be listed as an obstacle toward development of AH. Market conditions would include fluctuation in interest rates, land values, nearby employment opportunity, and inflation impacts on labor and materials costs.

F6. Zoning changes are generally addressed only when a project is presented for development. Zoning obstacles include:

- a. Housing element plans that offer poor land choices for AH development;*
- b. Restrictive height and high-density zoning policies;*
- c. Lack of inclusionary housing ordinance(s) in many cities.*

San Ramon disagrees with this finding as it applies to San Ramon. Cities such as San Ramon regularly review and address land use and zoning needs through General Plan, Housing Element, and Specific Plan updates. The City prepares General Plan updates in response to goals and priorities in the community and make zoning changes accordingly. On an annual basis, the City prepares an Annual General Plan Progress Report to review and demonstrate progress towards implementation of General Plan goals and policies. By regularly reviewing and updating the General Plan, the City proactively responds to community needs rather than waiting until a project proposes zoning changes. The City has also adopted an Affordable Housing Commercial Linkage Fee Ordinance and an Inclusionary Housing Ordinance to require developers to provide inclusionary housing units or to collect money from developers for the construction of inclusionary housing units. (See response F9 for further detail.)

Additionally, to streamline the production of affordable housing, State law *Gov. Code § 65583* requires cities to rezone land designated for housing within one or three years of Housing Element adoption if existing zoning is not sufficient to accommodate their RHNA. Rezoning is only required if housing is proposed on a site that is not designated for housing.

F7. Penalties directed at cities and the County (finance, loss of control over local planning) are tied to not meeting state deadlines for Housing Element plan approval.

While the meaning of "tied to" in this finding is unclear, San Ramon disagrees with the assertion that loss of control over local planning is tied in any way to not meeting State deadlines for HE plan approval.

F8. Builder's Remedy and SB35 projects do not address ingrained local obstacles identified in this report that prevent the completion of approved AH projects.

As "ingrained local obstacles" are not defined in the report, San Ramon agrees with this finding, assuming that "ingrained local obstacles" are those listed in F5. Through the certification of the City's Housing Element, the City has reviewed existing processes and identified changes to resolve specific obstacles to achieving affordable housing.

F9. When local Redevelopment Agencies (RDA's) were discontinued by the state in 2012, the County and cities did not address the loss of funding for affordable housing or find alternative funding to support affordable housing projects until voters passed Measure X in November 2020. Projects that target very low- and low-income residents were particularly impacted.

San Ramon partially disagrees with this finding. The State discontinued 452 RDAs, while limiting by State Law local jurisdictions' ability to create new funding sources. Under State Law, voters must approve virtually all new funding or financing mechanisms to generate the revenues or funds needed to preserve existing affordable housing or construct or finance new affordable housing. The Board of Supervisors and City Council cannot, for example, float bonds any longer without voter approval.

San Ramon has adopted an Affordable Housing Commercial Linkage Fee Ordinance and an Inclusionary Housing Ordinance with a 15% must-build requirement for multifamily development and a 10% must-

build or an in-lieu fee payment requirement for single-family development. Monies received through these two Ordinances fund AH projects and programs. In addition, the City has adopted an Impact Fee Waiver Program for all affordable projects to assist with project funding. While these City Ordinances support AH projects and programs, local AH funds are limited in comparison to the scale of RDA funding taken by the State and are only generated when new construction occurs.

F10. Measure X housing funds are not fully dedicated to building AH for very low- and low-income residents.

San Ramon agrees with this finding. Contra Costa County controls the disbursement of funds, and according to the Grand Jury report, funds will be available in 2023. One San Ramon all-affordable project is a recipient of \$2 million in funding.

F11. Local funding provided by bonds like Measure X Housing Fund is a critical component of a developer's overall ability to raise funds for an AH development.

San Ramon agrees with this finding. A combination of various funding sources and partnerships is required to fill the funding gap between market rate and affordable housing feasibility. The critical aspect lies in the ability of developers to strategically leverage and combine these funding options to meet the financial requirements of the project and ensure its feasibility.

F12. Cities that proactively engage citizens, address zoning obstacles, make reasonable zoning concessions, work collaboratively with developers, provide local funding support, and are united in addressing NIMBY opposition, have been successful in attracting AH projects.

San Ramon agrees with this finding.

F13. The latest RHNA targets for cities and unincorporated Contra Costa County show a significant increase in the number of units that are expected to be permitted for very low- and low-income housing.

San Ramon agrees with this finding.

Recommendations:

R1. Each city and the county should consider assigning a staff position with clear leadership, ownership and accountability to achieve allocated RHNA targets. The individual in this position would be responsible for establishing and promoting an operational plan to achieve the RHNA goals set forth in the housing element plan.

To the extent that this recommendation is reasonable, the recommendation has been implemented. The Certified Housing Element includes policies and programs to promote affordable housing. Under the Community Development Department, specific staff members are responsible for the implementation of the Housing Element and work with developers to produce housing to achieve our RHNA and report annually to the City Council on our overall progress. The certified Housing Element includes housing programs that serve as the operational plan to achieve RHNA goals. Staff will provide a recommendation on a housing project and its alignment with the City's RHNA goals; however, through their approval authority, City Council and Planning Commission are ultimately responsible for approving projects that achieve RHNA targets. San Ramon coordinates with developers in obtaining housing grants, and, when housing in-lieu funds become available, contributes to the construction of affordable housing.

R2. Each city and the County should consider report AH progress and lack of progress using data across all four measured income groups. Special attention should be paid to tracking the housing needs of residents categorized as very low- and low-income. Cities and the county should communicate their progress, biannually, against RHNA targets at council and supervisor meetings.

This recommendation has been partially implemented. Currently, staff presents progress reports annually at Planning Commission and City Council public meetings for consideration. These will now be presented biannually.

R3. Each city and the County should consider creating a dedicated AH commission comprised of a multi-disciplinary team of diverse citizens and led by a current, nonelected, city expert in planning. Each commission would be charged with providing a community voice in the process of helping to identify and address obstacles that hinder the development of affordable housing projects in their community.

This recommendation will not be implemented. Currently, the City has a Housing Advisory Committee that provides recommendations to the Planning Commission and City Council on housing policy implementation and projects, including affordability consistent with Certified Housing Element and adopted ordinances. Through the certification of the City's Housing Element, we have reviewed existing processes and identified changes to resolve specific obstacles to achieving affordable housing. When clear policy direction is provided through our Certified Housing Element, a Housing Commission would add an extra layer of bureaucracy causing delays in approving much needed affordable housing. The creation of this additional hearing body would also be antithetical to the intent of SB330 and other housing laws to limit the number of hearings required for approval of affordable housing projects.

R4. Each city and the County should consider reviewing existing processes and identifying changes that would address or resolve the specific obstacles identified in this report that hinder achieving RHNA allocation targets for very low- and low-income housing their community.

This recommendation has been implemented. Through the certification of the City's Housing Element, City staff has reviewed existing processes and identified changes to resolve specific obstacles to achieving affordable housing.

R5. Each city and the County should consider developing a public dashboard to report progress against RHNA targets.

This recommendation been implemented, and the public dashboard is posted on our City Webpage with associated Agenda packet. The City also maintains a Pending Housing Project webpage of current residential development applications that are under review.

<https://www.sanramon.ca.gov/our-city/departments-and-divisions/community-development/planning-services/pending-housing-projects>

R6. Each city and the County should consider, in their individual Housing Element plans, putting forth land zoned "suitable for residential use," without development obstacles, and located strategically close to existing services, for AH purposes.

This recommendation has been implemented. There are privately-owned lands within the City under the General Plan and Zoning Code that could allow development of AH by right. San Ramon's certified Housing Element identifies housing in the city core within a 15-minute walk to jobs, transit, services, and retail shopping. For example, the CityWalk Master Plan was approved in 2020 for 4,500 new residential units in the city core.

R7. Each city and the County should consider reviewing their zoning policies to identify restrictive zoning policies unique to their jurisdiction that impede AH projects and consider making zoning changes in light of that review that will support AH in their community.

This recommendation has been implemented. Through the certification of the City's Housing Element, we have reviewed existing processes and identified changes to resolve specific obstacles to achieving affordable housing. In accordance with Program 19: Zoning Code Amendments from the City's Certified Housing Element, the City will amend the Zoning Code by the end of 2023 to facilitate the development of affordable housing and a variety of housing types and will continue to consider additional zoning policies to support AH.

R8. Cities should consider adopting an inclusionary housing ordinance as part of their standard development policy by the end of 2023 (if not already in place).

This recommendation has been implemented. On March 12, 2019, the City adopted an Inclusionary Housing Ordinance.

R9. Each City and the County should consider how to prioritize the implementation of housing projects that promote development of very low- and low-income housing.

This recommendation has been implemented. Once a project is deemed complete, San Ramon typically processes a housing application within 3-4 months. Additionally, by the end of 2023, Program 22 from the City's Certified Housing Element requires the City to revisit the CityWalk Master Plan to determine what streamlining approval process can be implemented for the already-approved 4,500 units in the Master Plan area. The adopted Zoning Ordinance provides the Zoning Administrator with the authority to approve some housing projects.

In addition, the City has adopted an Impact Fee Waiver Program for all affordable projects to assist with project funding and prioritize the production of very-low and low income housing.

R10. Each city and the County should consider prioritizing Measure X funding requests that support projects that address RHNA targets for very low- and low-income residents. Each city and County should consider reporting regularly to their residents on the use of Measure X funds for such purposes.

This recommendation will be implemented by Contra Costa County, not the City of San Ramon. The use of Measure X funds for housing are reported by the County here:

<https://www.contracosta.ca.gov/8530/Measure-X>

Sincerely,



Steven Spedowski
City Manager
City of San Ramon

cc: Debbie Chamberlain, Community Development Director