

# 5. POTENTIAL CONSTRAINTS TO HOUSING PRODUCTION

## introduction

This chapter of the Housing Element analyzes potential constraints to housing production in San Leandro. The State Government Code defines two categories of constraints: governmental and non-governmental. The former category includes local ordinances, policies, and procedures that may make it more difficult or expensive to build housing in the city. The latter category includes factors such as the availability of infrastructure, the dynamics of the local real estate market, the cost of land and construction, the difficulty of obtaining financing, and even local opinions and attitudes about development.

The Government Code requires that such factors be analyzed as part of the Housing Element. If constraints are identified, the city is required to take action to remove or address them.

## governmental constraints

Although local ordinances and policies are typically adopted to protect the health, safety, and welfare of residents, they may also create a barrier to the development of housing. This may be intentional, as is the case with growth control ordinances and urban growth boundaries—or it may be unintentional, as is the case with certain fees and building requirements. By definition, planning and zoning regulations limit the amount of developable land in the city and establish rules for how that land may be used. Such regulations sometimes have a disproportionate impact on lower-income households, either by limiting the density of new housing or adding to construction and permitting costs. These increased costs may be passed on to consumers in the form of higher home prices or rents, making housing less affordable. They may also be a disincentive to developers, slowing down construction and creating a tighter and more expensive housing market.

Potential governmental constraints in San Leandro are discussed below. These include the General Plan, other land use and policy plans, the Zoning Code, design review procedures, other local ordinances and standards, site improvement and building requirements, fees, and permit processing procedures. A concluding statement is provided after each subheading.

### *San Leandro General Plan*

The General Plan is the City's principal policy document guiding decisions on land use, transportation, natural resources, parks, environmental hazards, urban design, historic preservation, community services, and housing. San Leandro adopted its General Plan in 2002, following an intensive two-year update process involving hundreds of local residents and more than 100 public meetings. This Housing Element

is one element of that Plan. The City reviews the Plan annually, and recommends amendments when necessary to respond to changing conditions and issues. For example, the Plan was amended in 2011 to incorporate the recommendations of the Downtown TOD Strategy.

One of the major premises of the General Plan is that San Leandro's BART station area, Downtown, and major commercial corridor (East 14<sup>th</sup> Street) should be transformed into vibrant pedestrian-oriented areas with thousands of units of new housing. The Plan designated most of central San Leandro and all of the East 14<sup>th</sup> Street corridor for mixed use development, with an emphasis on ground floor retail and upper story housing. The Plan is very supportive of affordable housing development in these areas. Its policies specifically promote a mix of price ranges, housing construction by non-profit developers, housing for people with special needs, and supportive services within new affordable housing development.

The General Plan identifies 333 acres in San Leandro as High Density Residential and 421 acres as Mixed Use. Three types of Mixed Use areas are identified:

- Downtown Mixed Use (63 acres), which applies to San Leandro's Central Business District. This category envisions a mix of residential, retail, office, and civic uses and allows residential densities up to 75 units per acre.
- Transit-Oriented Mixed Use (152 acres), which applies to the area around the San Leandro BART station. Future land uses in this area are guided by the Downtown TOD Strategy. Densities of up to 120 units per acre are permitted, and minimum densities of 60 to 80 units per acre apply to key parcels near the BART station.
- Corridor Mixed Use (206 acres), which applies to East 14<sup>th</sup> Street (outside of Downtown) and portions of MacArthur Boulevard, Washington Avenue, and San Leandro Boulevard. Density limits in these areas generally range from 24 to 40 units per acre. This designation allows projects that are entirely residential, projects that are entirely commercial, and projects with a mix of residential and commercial uses.

The General Plan also speaks to the need to conserve and invest in the city's housing stock. A major section of the Land Use Element addresses "Residential Neighborhoods" with policies strongly supporting housing maintenance and discouraging residential "teardowns." The Historic Preservation and Community Design Element likewise addresses the conservation of the city's older housing stock, much of which is relatively affordable.

Some General Plan policies have the potential to become housing constraints if they are interpreted too narrowly. For instance, Policy 2.05 recommends that alterations, additions, and infill development be compatible with existing homes and Policy 1.04 requires the attractive treatment of front yard areas. Deciding what is "attractive" or "compatible" is subjective and could lead to restrictive or inconsistent standards for the review of future projects. To avoid such an outcome, the City has been incorporating design guidelines in plans for key future development areas, including Downtown, the San Leandro BART Station area, and the southern portion of East 14<sup>th</sup> Street. An action program in this Element calls for development of multi-family design guidelines for additional areas in the next eight years. The

guidelines would provide a means of clearly laying out the City's expectations for residential design and would reduce uncertainty.

In March 2014, the City launched an update of its General Plan, to be completed in 2016. The Update will move the Plan's horizon year from 2015 to 2035 and incorporate current data about the city and updated forecasts. The basic vision for San Leandro expressed by the 2002 Plan will be carried forward, but policies and actions will be modified to reflect higher growth forecasts and emerging issues such as climate change and the growth of the technology sector. The housing opportunities identified by the 2002 General Plan will be retained in the updated plan, and additional housing opportunities may be identified through the Update.

*Conclusions.* Although it was adopted more than a decade ago, the San Leandro General Plan reflects contemporary thinking on smart growth and sustainability. The Plan laid the groundwork for much of the transit-oriented development planning that has occurred in the city since 2002. It is not a governmental constraint, and strongly supports the goal of increasing the city's affordable and higher density housing supply. It also strongly supports conservation of the existing housing stock. In the event that significant changes to land use policies or the Land Use Map occur as a result of the 2035 General Plan Update, the Housing Element may need to be amended for internal consistency. Given the higher forecasts being used by the new Plan, such amendments would expand, rather than reduce, the range of housing opportunities in the City.

### *Other Local Plans*

The General Plan recommended that "area plans" be prepared for the Downtown BART Station area and the southern part of the East 14<sup>th</sup> Street corridor. Both of these actions have been completed, providing a strong policy framework for high-density housing construction in the city.

The Downtown San Leandro Transit-Oriented Development Strategy (e.g., the TOD Strategy) established a 30-year development plan for the area extending one-half mile in all directions from the San Leandro BART Station. The Plan, which was adopted in 2007, provides a framework for accommodating over 3,400 housing units and 840,000 square feet of office and retail space. The primary goals of the strategy are to increase transit ridership and enhance Downtown San Leandro. Development will occur on infill sites and underutilized properties in a way that strengthens the fabric of Downtown San Leandro as an urban neighborhood, business district, shopping district, civic center, and gathering place. The TOD Strategy is strongly supportive of affordable and market-rate housing production.

The South Area Development Strategy was adopted in 2004. The Strategy included tools and incentives to create a more pedestrian and transit-friendly street environment along East 14<sup>th</sup> Street between Maud Street and 150<sup>th</sup> Street. The corridor is currently dominated by strip commercial development, auto repair and car sales lots, and scattered site multi-family residential uses. The Plan envisions a significant quantity of infill housing, and the gradual transition of the corridor to a less auto-dominated and more residential setting. Urban design guidelines and streetscape standards were included in the Plan to

facilitate this transition. Following Plan adoption, the South Area was rezoned and new incentives were created for mixed use and housing development.

Other area plans include the East 14<sup>th</sup> Street-North Area Specific Plan (1991) and the Downtown Plan and Urban Design Guidelines (2001). These are older documents that were primarily used to guide zoning changes and streetscape improvements. Many of their recommendations have already been implemented. Both plans are supportive of infill housing development at higher densities.

The City is also nearing completion of a Shoreline Development Plan (SDP) which will provide new development opportunities on approximately 52 acres of the 950 acres of publicly owned land along the San Leandro shoreline. A Shoreline Citizens Advisory Committee (CAC) met for three years and presented a series of recommendations for the area in Spring 2011. The CAC was succeeded by a Shoreline Advisory Group in 2012. Concurrently, the City selected Cal Coast Development as a master developer to carry out a comprehensive master plan for the area which includes new housing, a conference center and hotel, new restaurants, and recreational improvements. An Environmental Impact Report for the project is currently nearing completion. The SDP is expected to be presented to the Planning Commission and City Council in late 2014/ early 2015. As a result of the SDP, a net gain of 354 housing units is anticipated, including 61 condos, 159 market-rate apartments, 92 townhomes, and 42 single family detached homes.

### Conclusions

Area plans adopted since the 2002 General Plan have strengthened the City's commitment and capacity to build affordable and higher density housing. Both the TOD Strategy and the South Area Strategy are oriented toward facilitating multi-family housing production. As policy documents, they provide a strong foundation for development standards and guidelines that enable higher densities on key sites in San Leandro. The pending Shoreline Development Plan will also increase residential capacity.

### ***Development Standards in Residential Districts***

Basic standards for development in San Leandro's residential zoning districts are summarized in Table 5-1. The table indicates the minimum lot size requirements, site area per unit, setbacks, height restrictions, and open space requirements that apply in each of the City's residential zoning districts.

San Leandro has four residential base districts: Residential - Outer (RO), Residential - Single Family (RS), Residential - Duplex (RD), and Residential - Multi-family (RM). The RS and RM districts each include subdistricts with similar use standards but different setback or density requirements.

The RO district applies only in the Mulford Gardens neighborhood of West San Leandro. RO recognizes the unique development pattern in that neighborhood, which was originally platted in unincorporated Alameda County and subsequently developed with two detached homes per lot on many parcels. For instance, animal husbandry (e.g., raising horses, cows, goats, etc.) is still permitted in this zone. The

**Table 5-1: Development Standards in Residential Zones**

District	RO	RS	RS-40	RD	RM-3000	RM-2500	RM-2000	RM-1800
Minimum Site Area per unit (SqFt)	8,000	5,000	5,000	2,500	3,000	2,500	2,000	1,800
Minimum Site Area per unit for corner lot (SqFt)	8,000	6,000	6,000	3,000	3,000	2,500	2,000	1,800
Minimum Lot Area (SqFt)	8,000	5,000	5,000	5,000	6,000	7,500	10,000	10,000
Minimum Lot Area for corner lot (SqFt)	8,000	6,000	6,000	6,000	7,000	8,500	12,000	12,000
Minimum Lot Width (ft.)	60	50	50	50	60	75	100	100
Minimum Lot Width for corner lot (ft.)	60	60	60	60	70	85	120	120
Minimum Front Yard (ft)	20	20	40	20	20	15	15	15
Minimum Side Yard (ft.)	6-12	5	5	5	6 min; 10 avg	6 min; 10 avg	6 min; 10 avg	6 min; 10 avg
Minimum Corner Side Yard (ft.)	10	10	10	10	20	15	15	15
Minimum Rear Yard (ft.)	10-25	15	15	15	15	15	15	15
Maximum Height of Structures (ft.) (*)	30	30	30	30	40	45	50	50
Minimum Open Space Per Unit (SqFt) (**)	n.a.	n.a.	n.a.	n.a.	200	200	200	200
Floor Area Ratio	See Note A	See Note B			n.a.	n.a.	n.a.	n.a.
Maximum lot coverage	33.3%	50%	50%	50%	50%	60%	60%	70%

Source: Barry Miller Consulting 2009, 2014

- Notes: (\*) Additional height restrictions apply in the View Preservation (VP) overlay areas and in the RO zone.  
(\*\*) Buildings of 3 units or more. Dimensional standards also apply.  
(A) Lots<8,000 SF: 0.5 FAR + 500 SF garage, NTE 4000 SF. Lots>8,000 SF: 0.5 for first 5,000 SF, then 0.3 for next 5,000 SF, then 0.1 for area over 10,000 SF, plus 500 SF for garage  
(B) Lots<5,000 SF: 0.5 FAR + garage, NTE 2500 SF. Lots 5-8,000 SF: 0.5 FAR + garage, NTE 4,000 SF. Lots 8,000+SF: 0.5 for first 5,000 SF, 0.3 for next 5,000 SF, then 0.1 for area above 10K + garage

district has an 8,000 square foot minimum lot requirement. However, owners of 12,000 square foot parcels (the base parcel size when the land was initially subdivided) are permitted to construct two independent single family houses on the lot. Approximately half of the parcels in Mulford Gardens meet this standard. The two-house-per-lot zoning provision provides a good opportunity for the construction of single family rental homes or starter houses on conforming parcels.

The RS District includes most of the single family neighborhoods in San Leandro. The District was specifically created to retain the low density character of these areas. Its development standards are structured accordingly. Minimum lot sizes are 5,000 square feet mid-block and 6,000 square feet on corner lots. Setbacks are 20 feet in the front yard, 5 feet in the side yards, and 15 feet in the rear yards. Slightly larger setback requirements apply for corner lots. A 30 foot height limit applies.

A subset of the RS District, RS-40, applies in the Broadmoor neighborhood. The designation recognizes that Broadmoor was initially developed with very deep parcels, and applies a 40 foot front yard setback. Another subdistrict—the RS(VP) or View Protection district—includes special provisions for homes on steep slopes and hillsides.

During the past two few decades, much of the development that took place in the RS zone incorporated Planned Development (PD) overlay designations. The RS(PD) designation allows land to be developed with more flexibility, achieving the same overall densities allowed by the base zone but with smaller lots and in some cases new parks and open spaces. Zero lot line and patio home developments have been approved in RS(PD) areas in the past. Residential Planned Development (PD) applications may be made for any parcel that is 10,000 square feet or greater.

The RD (duplex) district has been applied to scattered sites in San Leandro, almost all of which are already developed with medium density housing. The district has a minimum lot size requirement of 5,000 square feet but requires only 2,500 square feet of site area per dwelling. This enables the owners of conforming lots to develop duplexes, which are a permitted use in the RD zone. Multi-family housing (e.g., structures of three units or more) is not permitted in the RD zone. Setbacks and height limits in the zone are the same as those in the RS.

The RM district (multi-family) includes four sub-districts, corresponding to the following density ranges:

	<u>Site Area Per Dwelling</u>
RM-3000	3,000 square feet
RM-2500	2,500 square feet
RM-2000	2,000 square feet
RM-1800	1,800 square feet

The latter two zones require minimum lot sizes of 10,000 square feet and minimum lot widths of 100 feet. Required setbacks are 15 feet in the front and rear yards and must average 10 feet in the side yards (although a 6 foot minimum is permitted). Height limits in the RM zones vary from 40 to 50 feet.

The RM zones also include minimum open space requirements. At least 200 square feet of useable open space must be provided for each dwelling unit in a project of three or more units. This is typically achieved through patios and balconies, although common open space (courtyards, etc.) also may be used to meet the requirement.

The San Leandro Zoning Code also includes Floor Area Ratio (FAR) standards for low-density residential zoning districts. The standards cap the total square feet of floor space that may be built on a single family or duplex lot, using a sliding scale based on lot size. The standards were added in response to concerns about residential “teardowns” and are intended to protect the supply of smaller and more affordable single family homes. Single family FAR limits in San Leandro are not a development constraint, and in fact, provide a means of conserving an important affordable housing resource in the city. Similarly, the City recently included daylight plane provisions for low-density zones as a way of limiting view obstruction and preserving solar access. These provisions do not pose a constraint to housing construction and address one of the major concerns raised about higher density development along corridors that abut low density neighborhoods.

Large multi-family housing projects in the RM zones no longer require a CUP but continue to be subject to site plan review. One and two family homes are also permitted by right in the RM zone.

Lot coverage requirements apply in all of the residential zoning districts. These requirements state that no more than 50 percent of an RS, RD or RM-3000 lot may be covered by structures. The percentage rises to 60 percent for RM-2500 and RM-2000 lots and 70 percent for RM-1800 lots. These requirements are not a development constraint and variances to exceed these limits are rarely requested. However, lot coverage limits could become a constraint if underground parking was used, or if parking reductions were granted.

*Conclusions.* San Leandro’s residential development standards have not constrained housing development, nor have they been an obstacle to the development of affordable units. The densities generally match the General Plan land use categories. The setback and height requirements relate well to the densities permitted. Lot size requirements are consistent with actual lot patterns in the city. Although some existing multi-family lots are substandard (less than 10,000 square feet or 100 feet in width), their development is still permitted. Section 4-1650 of the Code officially permits development on lots not meeting minimum width standards.

During the 2015-2023 Housing Element Update, divergent views were expressed on the issue of increasing density in established single family neighborhoods. Some members of the public felt that maintaining existing development standards was essential to maintaining neighborhood character, and that more stringent enforcement was needed to prevent homes from being subdivided into multiple units or being rented to large groups of unrelated individuals. Others felt that the City’s regulations should recognize the growth of multi-generational households and be more conducive to allowing additional detached dwellings on single family parcels. Interest was also expressed in permitting smaller lots,

potentially by allowing 5,000 square foot corner lots or providing an exception process for lot splits. An action program in this Housing Element calls for future study of possible changes to zoning regulations to address these issues.

In multi-family districts, zoning densities generally reflect existing development and there is very limited development potential. The maximum density permitted in San Leandro's multi-family districts is relatively low, at 24 units per acre. For the past decade, the City has been directing higher density development (i.e., more than 24 units per acre) to commercially-zoned sites, where the impacts on transportation and neighborhood character are less problematic. The current RM zones help maintain and enhance the existing multi-family districts, rather than encouraging demolition and replacement of the older housing stock.

One possible change to ensure that the limited supply of RM land is efficiently used would be to consider a minimum density standard of 12 units per acre. Such a provision would effectively prohibit the development of vacant multi-family sites with low-density single family detached homes and would ensure that any remaining sites are used for multi-family housing or townhomes. This recommendation was also made in the 2003 Housing Element but has not yet been implemented—in part because there are so few vacant sites remaining.

The minimum lot size for a Planned Development is 10,000 square feet. Consideration should be given to lowering this threshold on lots in the RM zone. This would provide some relief from zoning standards and could facilitate the reuse of small, underutilized sites with 3-5 unit buildings.

### ***Development Standards in Commercial and Mixed Use Districts***

As noted in Chapter 4, most of San Leandro's future housing development is projected to occur on sites that are zoned for commercial or mixed use development. The commercial and mixed use districts are also the only places in the city where densities above 24 units per acre are permitted and are thus the most likely locations for affordable housing. Table 5-2 provides a summary of residential development provisions in the commercial and mixed use zones.

Multi-family housing is conditionally permitted in most of San Leandro's commercial districts, permitted by right in most of the mixed use districts and *required* in two of the six Downtown Mixed Use districts. Multi-family housing is *not* permitted in the three industrial zones, the Commercial Recreation zone, the Commercial Service zone, the Public zone, or the Office zone.

San Leandro currently has 11 mixed use zones. Two of these zones apply to the East 14<sup>th</sup> Street North Area (NA- zones), three apply to the East 14<sup>th</sup> Street South Area (SA- zones), and six apply to Downtown San Leandro (DA- zones). In each case, the lists of permitted and conditionally permitted uses and the associated development standards are structured to implement a specific plan or area plan for each area. All of these zones replaced former commercial designations, with the intent of promoting higher density housing.

**Table 5-2: Residential Development Standards in the Commercial and Mixed Use Districts<sup>1</sup>**

<b>Zoning District</b>	<b>SF/ Duplex Housing Allowed?</b>	<b>MF/ Mixed Housing Allowed?</b>	<b>Minimum Density (*)</b>	<b>Maximum Density</b>	<b>Floor Area Ratio</b>	<b>Setbacks (exceptions apply)</b>	<b>Height Limit</b>	<b>Lot Coverage</b>
North Area 1 (NA-1)	Duplex w/ CUP; no SF	With CUP	None	24 UPA	1.0, up to 1.5 with density bonus	0' front and corner side; 4' side, 5' rear	30	100%
North Area 2 (NA-2)	Duplex by right; no SF	With CUP	None	24 UPA	1.0, up to 1.5 with density bonus	20-25' front; 20' corner side; 15' side/rear	30	100%
South Area 1 (SA-1)	Duplex w/ admin review. No SF	CUP if lot > 25K; Admin review if lot <25K	18 UPA	None	1.0, up to 1.5 with density bonus	0' setbacks on all sides	50'	100%
South Area 2 (SA-2)	Duplex permitted; no SF	Permitted by right	18 UPA	None	1.0, up to 1.5 with density bonus	0' side, corner side, and rear. Front varies from 0-10'	50'	100%
South Area 3 (SA-3)	Duplex w/ admin review; no SF	With CUP	18 UPA	None	1.0, up to 1.5 with density bonus	0' setbacks on all sides	50'	100%
Downtown 1 (DA-1)	In limited locations	MXD is permitted by right; MF is OK with CUP	35 UPA	75 UPA	Does not apply to residential or mixed use	Front/ rear vary with location, 0' side yard, 10-15' corner side	75'	100%
Downtown 2 (DA-2)	Only pre-existing	MXD and MF both permitted by right	20 UPA	40 UPA	Does not apply to residential or mixed use	Front/rear vary with location; 0' side yard, 10-15' corner side	50' (24' minimum applies on E. 14 <sup>th</sup> )	100%
Downtown 3 (DA-3)	Pre-existing by right; new SF/ duplex with CUP	MF is permitted by right; MXD requires CUP	20 UPA	60 UPA	None	Front/rear vary with location; 0' side yard, 10-15' corner side	50' (24' minimum applies on E. 14 <sup>th</sup> )	100%

<sup>1</sup> Table excludes the City's three industrial districts (light, general, and industrial park) and the professional office (P) district, as residential uses are not permitted in these areas.

(\*) Minimum density requirements only apply on lots greater than 20,000 SF, except in SA. Lots smaller than 20,000 SF in the DA zones are subject to a maximum density of 24 units per acre, although higher densities are allowed with a Conditional Use Permit in DA-2, -3, -4, -5, and -6.

**Table 5-2, continued**

<b>Zoning District</b>	<b>SF/ Duplex Housing Allowed?</b>	<b>MF/ Mixed Housing Allowed?</b>	<b>Mini- mum Density (*)</b>	<b>Maximum Density</b>	<b>Floor Area Ratio</b>	<b>Setbacks (exceptions apply)</b>	<b>Height Limit</b>	<b>Lot Coverage</b>
Downtown 4 (DA-4)	Pre-existing by right; new SF/ duplex with CUP	MF is permitted by right; MXD requires CUP	60 UPA	100 UPA	None	Front/rear vary with location 1 0' side yard, 10' corner side	60-75', step down required to nearby residential uses	100%
Downtown 5 (DA-5)	No	MXD and MF both permitted by right	80 UPA	None (small lots may be limited)	None	Front/rear vary with location ; 0' side yard, 10-15' corner side	No limit	100%
Downtown 6 (DA-6)	Pre-existing by right; new SF/ duplex with CUP	MXD and MF both permitted by right	80 UPA	None (small lots may be limited)	No maximum, but minimum is 1.0	Front/rear vary with location ; 0' side yard, 10-15' corner side	75' (higher permitted with review)	100%
Commercial- Neighborhood (CN)	Duplexes with CUP; no SF	With CUP	None	22 UPA	0.3, up to 0.5 with density bonus	0' side, rear; 10' front and corner side	30'	50%
Commercial- Community (CC)	Duplexes with CUP; no SF	With CUP	None	22 UPA	0.5, up to 1.0 with density bonus	0' side, rear; 10' front and corner side	50'	50%
Commercial - Regional Mall (CRM)	Duplexes with CUP; no SF	With CUP	None	22 UPA	0.8	0' for all, but 20' from R districts	80'	100%
Professional High Density Office (PHD)	Duplexes with CUP; no SF	With CUP	None	22 UPA	2.0, up to 2.5 with density bonus	0' front, side, rear; 10' corner side	75'	100%
Commercial Services (CS)	No		Not applicable					
Commercial Recreation (CR)	No		Not applicable					

Source: Barry Miller Consulting, 2009, 2014

(\*) Minimum density requirements only apply on lots greater than 20,000 SF, except in SA. Lots smaller than 20,000 SF in the DA zones are subject to a maximum density of 24 units per acre, although higher densities are allowed with a Conditional Use Permit in DA-2, -3, -4, -5, and -6.

Two of the mixed use zones (DA-4 and DA-5) are effectively residential zones. Multi-family and mixed use residential uses are permitted by right in these zones, and commercial uses are generally only permitted if they are on the ground floor of a multi-story residential building. These limits help ensure that land with this designation is actually used for housing rather than for commercial purposes. The DA-4 and DA-5 zones have been mapped on vacant land in the vicinity of the BART station, creating the opportunity for high-density housing. Multi-family residential uses are also permitted by right in the DA-2, DA-3, DA-6, and SA-2 zones, although a wider range of commercial uses also is permitted in these zones. Multi-family residential uses are conditionally permitted in the DA-1, NA-1, NA-2, SA-1, and SA-3 zones.

The San Leandro zoning ordinance identifies “mixed use housing” (multi-family housing with ground floor commercial) as its own use category, separate from “multi-family housing.” This use is permitted by right in DA-1, DA-2, DA-5, DA-6, SA-1, and SA-2 and is permitted with a conditional use permit in the DA-3, DA-4, NA-1, NA-2, and SA-3 zones.

Multi-family residential and mixed uses are also conditionally permitted in the Commercial-Neighborhood (CN), Commercial - Community (CC), and Commercial – Regional Mall (CRM) zones, and in the Professional High Density Office District (PHD) zone. Although the stated intent of these zones is to accommodate shopping and employment centers, multi-family housing is also encouraged.

During the last ten years, San Leandro has significantly increased the residential densities permitted in its commercial and mixed use zones. In most cases, the City has adopted minimum densities to ensure that the multi-family land supply is used as efficiently as possible. All six of the Downtown mixed use zones have minimum densities, ranging from 20 units per acre in DA-2 and DA-3 to 80 units per acre in DA-5 and DA-6. DA-6 also has a minimum floor area ratio (FAR) requirement of 1.0. The maximum densities in the DA- zones range from 40 units per acre in DA-2 to 100 units per acre in DA-4. There is no maximum density at all in DA-5 and DA-6. DA-5 has no FAR limit or height limit, so conceivably, high-rise residential development could occur in this zone.<sup>2</sup>

The SA- zones have a minimum density of 18 units per acre, and no maximum. However, the FAR limit of 1.5 tends to cap densities at around 60 units per acre. The NA- zones have no minimum densities, and have a maximum density of 24 units per acre. Similarly, the allowable residential density in the CN, CC, CRM, and PHD zones is 22 units per acre, and no minimum applies.

Commercial and mixed use zones are subject to height and setback requirements, and in some cases, floor area ratio requirements. The height limits are 30 feet in the NA-1, NA-2, and CN zones; 50 feet in the SA-, DA-2, DA-3, and CC zones; 75 feet in the DA-1, DA-4, DA-6, and PHD zones; and 80 feet in the CRM zone. As noted above, there is no height limit in DA-5. However, zoning rules require a “stepping down” in building height close to residential property lines.

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<sup>2</sup> These provisions apply to lots over 20,000 SF only. Multi-family development exceeding 24 units per acre is not permitted on lots smaller than 20,000 SF in DA-1 and requires a Use Permit in DA -2, -3, -4, -5, and -6.

The setbacks in each zone vary widely. In the Downtown area, setbacks tend to be contextual, meaning they are based on prevailing building conditions on a block. Setback requirements tend to be greater on corner lots. Also, buildings with ground floor residential uses typically require 10 foot setbacks while those with ground floor commercial uses typically have no setback requirements. This requirement provides a buffer for ground floor units in high-density buildings and is not a constraint. On the southern part of East 14<sup>th</sup> Street, “zero setbacks” apply, meaning development can abut the property lines on all sides. On the northern part of East 14<sup>th</sup> Street, 20 to 25 foot front setbacks are required in the NA-2 zone. NA-1 and NA-2 properties are also subject to a 25 foot rear setback requirement if they abut single family residential lots. In the CN and CC zones, there are no side or rear setback requirements but 10 foot front and corner side setbacks apply.

Floor area ratio (FAR) requirements apply to residential and mixed use development in the NA- and SA-zones, and in the CN, CC, CRM, and PHD zones. The requirements are very generous in the NA- and SA- zone (up to 1.5) and in the PHD zone (up to 2.5) but are somewhat restrictive in the CN zone (0.5). The CN and CC zones are also subject to a 50 percent lot coverage limit. This reflects the prevailing development form in these two zones, which consists of single story commercial buildings with on-site parking. On the other hand, there are no FAR limits in the DA zones, and there are no lot coverage limits.

The City has the discretion to waive commercial development standards during the Site Plan Review process. In the past, some of the standards cited above have been relaxed, either through Planned Development (PD) overlays, or at the discretion of the Site Development Sub-Commission. Creation of a PD overlay zone at one time required a 20,000 square foot lot, but this standard was lowered to 10,000 square feet in accordance with a recommendation in the 2003 Housing Element.

*Conclusions.* Zoning constraints to higher density housing on commercial and mixed use sites were significantly reduced as a result of adoption of the South Area Development Strategy and the Downtown TOD Strategy. In particular, adoption of the SA and DA zones created strong incentives for residential development, while the adoption of minimum density standards has made it less likely that commercially zoned land will be developed with shopping centers and/or free-standing commercial uses surrounded by parking. The absence of conditional use permit requirements for higher density development in most of the mixed use zones is also a strong housing incentive.

One change worth considering would be to allow higher FAR and lot coverage limits in the CC and CN zones for mixed use development. The current limits tend to discourage housing in these areas. Since the residential densities permitted in these zones are equivalent to RM-2000, the lot coverage allowances for residential uses should be comparable (70 percent rather than 50 percent). Allowances for RM-1800 densities in CC and CN also should be considered.

Changes to the North Area (NA) zone also could be considered. When this zone was created in the 1990s, it was the first of its kind in San Leandro and set a precedent for mixed use development. However, with the adoption of the DA and SA zones since 2003, the NA is now somewhat dated. For

example, the NA zone still has use permit requirements for multi-family housing, a maximum density of 24 units per acre, a maximum height of 30 feet, and no minimum density requirements. The North Area also has somewhat rigorous front and rear setback requirements, unlike the South Area. Moreover, almost all of the NA-1 zone was rezoned to DA-2 following adoption of the Downtown Plan. The NA-1 district now applies to just one parcel—a 4,000 square foot lot developed with a duplex.

Among the revisions that could be considered in the NA-2 zone are adopting a minimum density of 18 units per acre; this would be appropriate since single family homes are already prohibited in this zone, and duplex, townhome and multi-family densities are typically 18 units per acre or more. Reduced setbacks also could be considered on smaller lots in this zone, as the existing setbacks make it difficult to build multi-family housing or mixed uses on small parcels without a variance. Other changes to the NA-2 zone such as higher densities and height limits could be considered in the future, subject to additional input from adjacent neighborhoods and property owners. Such a community-based process led to the successful development of the affordable Broadmoor Senior Housing project (41 units per acre) in 2004.

By adopting relatively high minimum density requirements for the TOD area, San Leandro is making an important contribution toward the statewide initiative to reduce greenhouse gas emissions. Preserving transit-served land for very high density housing (80+ units per acre) is essential to help California reduce global warming. The trade-off is that land around BART may effectively be “banked” until the market for high-density living in San Leandro is better established. In the short-term this could be seen as a constraint to housing development, since the housing products that have defined the San Leandro housing market for the last 20 years (i.e., townhomes and small lot single family homes) will not be permitted on the BART-area properties. Simply put, these housing types are not dense enough and do not make the most of a scarce resource. Balancing competing State-level goals (providing more affordable housing while planning ahead for climate change) may require the City to defer immediate housing opportunities to reap greater long-term benefits. In any event, the City should monitor the real estate market closely to confirm that its minimum density standards remain appropriate.

Another aspect of San Leandro’s mixed use zones that should be monitored are the provisions for lower densities on smaller parcels. The DA and SA mixed use zones were initially drafted to require high densities on parcels larger than 20,000 square feet, and lower densities (max 24 units per acre) on parcels smaller than 20,000 square feet. Allowances for denser development on smaller Downtown lots (with a CUP) were added in 2008, eliminating a potential constraint. However, it will still be important to monitor development proposals to determine if small parcel mixed use development is being accommodated. It may be possible to regulate small lot mixed use development with floor area ratio limits rather than density limits.

### ***Zoning Standards: Parking***

Parking standards are set forth in Section 4-1704 of the Zoning Code. These standards are summarized in Table 5-3. The requirements vary depending on the type of dwelling, and in the case of multi-family units, the number of bedrooms per unit.

The basic requirement for a single family house is that two off-street, covered, non-tandem spaces be provided. Three spaces are required for new homes that are 4,000 square feet or larger, or have more than four bedrooms – although the space may be uncovered and tandem if it is more than 30 feet from the front property line. For duplexes, two spaces per unit are required but one space may be uncovered. These requirements are comparable to those used across the Bay Area and are not considered a development constraint.

Multi-family parking requirements vary depending on the number of bedrooms and the location of the property. Between 2004 and 2007, reduced parking requirements were adopted for the BART Station/Downtown area (the DA zones) and the East 14<sup>th</sup> Street south corridor (the SA zones). As noted earlier, a substantial amount of the city’s housing potential is located in these two areas.

Currently, the City would require 1.5 spaces for a new studio apartment (including one covered) and 2.5 spaces for a three-bedroom apartment (including two covered), unless the site was in the SA or DA zone. Once the parking requirement is calculated for a project, 0.25 spaces per unit of the requirement must be reserved for guest parking. A project of 100 two-bedroom units on residentially zoned land would require 225 spaces, including 200 that were covered and 25 that were reserved for guests. If the same project were in the SA zone, it would require 175 spaces (100 of which were assigned to units, and the remainder of which were unassigned). If the same project were in the DA zone adjacent to BART, between 125 and 150 spaces would be required. The lower space requirements for projects in the SA and DA zones reflects the availability of transit in these areas. Moreover, some of the parking in the DA zone may be “unbundled” from the unit, meaning that an occupant may purchase or rent a unit without purchasing or renting a parking space. This substantially reduces housing costs for households without cars.

While the parking standards tend to be workable on larger projects, they are a potential constraint to the development of small infill buildings. The requirements that spaces are covered may also be a constraint, as it means that garages or carports must be factored into the cost of a project.

Multi-family units in mixed use projects are subject to the same requirements that apply to other multi-family dwellings. However, Section 4-1702E of the Zoning Code includes allowances for shared parking in the event an applicant can demonstrate that the multiple uses in a building have different peaking characteristics. Thus, the parking requirements for all uses are not necessarily cumulative if an apartment building is located over retail shops or similar uses which have their peak demand during the daytime hours. Allowances for shared parking are considered on a case by case basis.

Section 5-2212 of the Zoning Code indicates that exceptions to the parking standards may be granted if:

- the strict application of the parking standards would cause “particular difficulty or undue hardship”
- the proposed parking is as close to compliance as possible with the standards in the Zoning Code
- parking reduction measures such as transit passes, car sharing, and BART proximity are included
- the project is affordable or senior housing, or uses shared parking.

The third and fourth provisions provide considerable leeway for reduced parking standards in affordable housing development.

**Table 5-3: Parking Requirements for New Housing**

Unit Type		Parking Required
Single Family Home		2 non-tandem covered spaces (more for very large homes)
Duplex		2 spaces per unit, one of which must be covered
Single Family Home with a Second Unit		3 spaces required; tandem parking for the second unit is acceptable if located in the driveway and outside the front setback
Multi-Family (3+ units)	Studio or One Bedroom	1.5 spaces per unit, including one covered
	Studio/ One Bedroom in the SA zone	1.0 spaces per unit, plus 0.5 guest space per unit (tandem considered)
	Two Bedroom Unit	2.25 spaces per unit, including two covered
	Two Bedroom in the SA zone	1.0 spaces per unit, plus 0.75 guest space per unit (tandem considered)
	Three or More Bedrooms	2.5 spaces per unit, including two covered
	Three or More Bedrooms, SA zone	1.0 space covered, plus 1.0 guest space per unit (tandem considered)
	DA zone adjacent to BART	1.0 space per unit (plus 0.25 to 0.50 spaces of unbundled flex parking, at developer's discretion)
	DA zone, not adjacent to BART	1.5 space per unit (0.25 to 0.50 spaces of this total may be unbundled flex parking, at developer's discretion)
	Senior Housing	1.2 spaces per unit, including one covered, plus one space per employee
	Senior Housing, DA zone adjacent to BART	0.4 spaces per unit, all covered, plus 1 space per employee
Senior Housing, SA zone	0.6 spaces per unit, plus one space per employee (all covered)	

(\*) 0.25 spaces per unit of the required number must be reserved for guest parking

Source: San Leandro Zoning Code, 2014. Barry Miller Consulting, 2009, 2014

*Conclusions.* Due to the four broad conditions under which a parking exception may be granted (as noted above), parking is not a constraint to affordable housing production in San Leandro. However there are still several areas where improvements could still be considered. The City could consider allowing a greater percentage of the spaces in multi-family housing to be uncovered, eliminating guest parking requirements for buildings with less than four units, and lowering the parking requirement for studio apartments from 1.5 spaces per unit to 1.0 or 1.25 spaces per unit. The City could also consider quantifying standards for shared parking, rather than considering applications on a case by case basis.

### *Standards for Special Housing Types*

This section of the Constraints Analysis addresses San Leandro's regulations for four particular types of housing that often serve lower income households: second units, mobile and manufactured homes, residential hotels, and homeless shelters.

Second units are regulated by Section 2-576 of the Zoning Code. The regulations were revised after the 2003 Housing Element was adopted to comply with state law and remove the use permit requirement that existed at that time. They were revised again in 2012 to increase allowable unit size from 450 to 750 square feet, as recommended by the 2010 Housing Element.

Second units are permitted by right in all single family zones, provided they meet a series of performance criteria. These criteria include:

- Detached second units are permitted up to 500 SF by right and up to 750 SF with administrative review
- a unit within or attached to an existing dwelling or garage may contain a floor area up to 10% of the lot area, or 50 % of the heated floor area of the main dwelling (whichever is less), up to a maximum of 750 square feet.
- the unit may not be created through a garage conversion, unless a replacement garage is provided on the property
- the units must comply with setback requirements, and height and building coverage requirements
- a dedicated off-street parking space must be provided; a tandem space is acceptable if it is not in the front yard setback
- detached units are only allowed by right on lots of 10,000 square feet or more, although detached units may be permitted on smaller lots if the applicant completes a Site Plan Review process
- the unit must be consistent with the General Plan designation
- the second unit must be clearly subordinate to the existing dwelling and must be compatible in style and design with the neighborhood context
- either the primary or secondary unit must be owner-occupied.

The increase in allowable unit size removed a constraint identified in the previous Housing Element and should result in an increase in second unit applications in the coming years. The requirement that second

units may not exceed 10 percent of the lot area is not a constraint because the minimum lot size in the City's single family zoning districts is 5,000 square feet, with many neighborhoods comprised of 6,000 to 7,000 square foot lots. Smaller lots exist, but they are typically located in multi-family or mixed use districts where second units are less common. The requirement allows for second units in the 500 to 750 square foot range in most single family neighborhoods. A potential constraint that should continue to be evaluated is the fee structure for second units. Because a second unit is a new dwelling it may be subject to some of the same impact fee requirements that apply to new construction, albeit at reduced rates in some cases. These fees may be in the thousands of dollars and may be a major financial impediment for prospective applicants.

Mobile and manufactured homes on foundations are permitted in all R districts, consistent with state law. The Zoning Enforcement Official must issue a Certificate of Compatibility confirming that the home complies with all development regulations and is compatible with the surrounding neighborhood. Only roof overhang, roofing material, roof design, and siding design may be considered in the compatibility determination.

Manufactured home parks are conditionally permitted in the RM (multi-family) residential zone only. These parks may have a maximum density of 12 units per acre and are subject to minimum lot requirements of 2,400 square feet (for homes less than 12 feet wide) or 3,000 square feet (for homes more than 12 feet wide). A 15 foot height limit applies. There are also landscaping, screening, and setback requirements, along with a requirement to provide 100 square feet of recreation space for each home. The existing mobile home parks in San Leandro pre-date these regulations and are exempt from the requirements. The current Zoning Code does not allow manufactured home parks in RD or RS zones.

Residential hotels (also known as single room occupancy hotels) are conditionally permitted in the SA-1 (South Area-1) district. Explicit allowances for SROs in other zones are not necessary, due to recent zoning provisions adopted by the City which treat supportive housing the same as other multi-family housing, as required by State law.<sup>3</sup> Current zoning rules for multi-family units would accommodate a project comprised of small studio apartments with on-site supportive services in every multi-family and mixed use zoning district. An action program in this Housing Element recommends the development of standards for "micro" units of 250 to 400 square feet, which could further accommodate small, affordable studio apartments in the future.

Group housing, which is specifically defined as including "shelters for the homeless, and housing for individuals requiring court-ordered supervision," is conditionally permitted in the RM (multi-family) residential district and in the P (office) district. It is also a conditionally permitted use in the SA-1, SA-2, SA-3, DA-2, DA-3, and DA-4 mixed use zones. Zoning Code standards facilitate the development of emergency shelters by treating such uses no differently than other uses that are conditionally permitted in these zones. Unlike new large congregate care facilities, which must be sited at least 1,000 feet away

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<sup>3</sup> The existing zoning provision for SROs in the SA-1 zone applied to the former Islander Motel on East 14<sup>th</sup> Street. The Motel had frequent code enforcement and public safety issues. It was successfully converted into a well managed 67-unit affordable housing development serving extremely low and very low income households.

from existing congregate care facilities, homeless shelters may locate anywhere in the zones listed above. No special development standards apply and the use permit procedures are the same as for other conditional uses such as churches.

Senate Bill 2 (Cedillo), which took effect on January 1, 2008, requires cities and counties to identify at least one zoning category in which emergency shelter can be located without discretionary approval from the local government. San Leandro amended its zoning code in 2011 to add new provisions for emergency shelters, including a definition of homeless shelters and provisions to allow shelters by right in the Industrial-Light (IL) zoning district. Individual shelters are limited to 25 beds and must have an adopted management plan that includes hours and staffing, sufficient waiting room, parking, and loading facilities, 24-hour toilets, showers, and private lockers.

The IL zoning district provides a sufficient number of opportunities to meet the local demand for homeless shelters. There are 156 parcels in this zoning district, covering 80 acres. A comprehensive analysis of opportunities for shelter was done as part of the 2007-2014 Housing Element Update in 2009. That analysis concluded that:

- Approximately 75 percent of the acreage with this zoning designation and 90 percent of the parcels with this designation are within one mile of the San Leandro BART station. Most of the parcels are within one-half mile of the BART station. The area is very easily accessible to persons without a car.
- The area is also served by several bus lines and is within walking distance of the East 14<sup>th</sup> Street corridor, the busiest bus route in the East Bay.
- The area contains a fine-grained mix of small parcels and historically has been a mixed residential-industrial neighborhood. There are many different landowners, and housing is not an uncommon use here.
- There are two recent live-work projects in the area. One is a conversion of an older industrial building and the other is a series of new buildings. With Transit-Oriented Development around BART now underway, the area is clearly trending residential.
- There are a large number of underutilized properties in this area containing minimal improvements, including industrial buildings in fair condition. Some of these buildings have the potential for rehabilitation and adaptive reuse. Others may be removed and replaced with new structures.
- There are a number of small, non-conforming industrial activities in this area (such as auto salvage) which could be discontinued in the next decade, creating the opportunity for new uses.
- The area is within walking distance of Downtown San Leandro, where many services are located.
- Almost all parcels in the IL zone in the BART vicinity are also contained within an “AU” (Assembly Use) overlay district. The AU overlay allows group assembly uses (such as churches, lodges, social clubs, and union halls), creating a precedent for non-industrial activities in these areas.

The conclusions cited above were still valid at the time of adoption of the 2015-2023 Housing Element. Moreover, the 25-bed limit established by the 2011 Zoning Code amendment continues to be relevant for the following reasons:

- A 25-bed shelter is feasible to operate and is a manageable scale for a community of San Leandro’s size and density. There are a number of other shelters in Alameda County with 25 beds or less. For instance, the FESCO Family Shelter in Hayward is a 24-bed facility and the Midway Shelter in Alameda is a 25-bed facility. San Leandro’s own Sister Me Home shelter is a 20-bed facility.
- Most of the parcels in the IL zone are conventional 50’ x 100’ city lots that were subdivided over a hundred years ago. These lots are most suitable for shelters with 25 beds or less.<sup>4</sup>
- Shelters with more than 25 beds would be likely to generate parking, noise, and other impacts that would need to be mitigated through a use permit process. For shelters with fewer than 25 beds, these impacts can be mitigated through development standards.
- The smaller size shelters would be in keeping with the trend toward smaller, less institutionalized facilities that provide a safer, healthier environment and support the transition to permanent supportive housing.
- The City has conferred with local homeless service providers and determined that a 25 bed “by right” allowance is viable.

The San Leandro Zoning Code does not include explicit reference to transitional housing or housing with supportive services. However, such uses would be allowed under the definition of group housing and residential congregate care, and could also be defined such that social services were considered a permitted “accessory use” within a multi-family residential project. San Leandro also allows small group homes in all single family residential zones, providing a housing resource for persons with special needs. It also has allowed “safe houses” for homeless women and children within single family residential areas.

A 2011 amendment to the Zoning Code (2-518(B)) stipulated that residential congregate care must be considered “a residential use of property” permitted “in all residential districts and all other zoning districts in which residential uses are permitted.” The explicit purpose of this amendment was to remove any “special requirements” which applied to housing with on-site supportive services. Residential congregate care is defined as “non-medical residential living accommodations” where the duration of stay is determined “by the individual residents’ participation in group or individual activities such as counseling, recovery planning, medical, or therapeutic assistance.” Transitional and supportive housing would be covered by this definition, and is thus permitted in all residential zones without additional requirements. Action 58.08-C of this Housing Element calls for a zoning amendment to explicitly add definitions of transitional and supportive housing to the zoning code, and clarify that they are subject to the same requirements as other residential uses of the same type in the same zone.

In accordance with state law, the 2011 zoning amendments for emergency shelters, transitional housing, and supportive housing established that these uses are subject to the same development standards that apply to the other uses that are permitted in each district. For example, an emergency shelter in the IL zone would be subject to the same setback requirements (10 foot front, and zero side and rear for mid-block lots), same height standards (35 feet), and the same floor area ratio standards (1.0) that apply to

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<sup>4</sup> Although the IL zone has a minimum lot size of 5,000 square feet, development is permitted on pre-existing lots that are smaller than that. Such lots are considered non-conforming but a Variance is not required for their development.

industrial or commercial uses. The procedure for obtaining a permit would be the same as the procedure that applies to other permitted uses. The IL standards are very conducive to the development of shelters and supportive housing. In some respects, they are more lenient than those that apply in multi-family zones, since there is not a limit on density.

Prior to 2011, the City did not have a definition of “family” in its Zoning Code. As part of zoning amendments adopted that year, the term “family” was added to Section 1-304 (Definitions) and was defined as “a person or group of persons living together and maintaining a common household.” Consistent with state and federal law, the definition does not require members of the household to be related. The zoning amendments also included a change to the definition of “single housekeeping unit” to delete all references to whether the occupants were related or unrelated.

*Conclusions.* The City has removed most of the constraints to Special Needs Housing identified in its last two Housing Elements. Specifically, the allowance for larger second units will enable one-bedroom units to be built, whereas the prior 450 square foot limit effectively limited the second unit supply to studio apartments. The City is also now fully compliant with SB 2.

A number of zoning changes should still be considered in the future. These are reflected through Housing Element action programs in Chapter 6. The changes include making manufactured home parks a conditionally permitted use in the RD zone, rather than only the RM zone, and adding definitions of “transitional housing” and “supportive housing” to the Zoning Code.

### ***Housing for Disabled Persons***

Since 2002, California law has required an analysis of constraints to the development of housing for disabled residents in the Housing Element. State law requires communities to demonstrate efforts to remove such constraints, including programs to provide reasonable accommodations for persons with disabilities.

San Leandro has no zoning or land use ordinances which impede the development of housing for disabled persons. In fact, the City has actively supported the development of housing and supportive services exclusively for disabled households, including persons with developmental disabilities. It has also encouraged the inclusion of units for persons with disabilities within new affordable housing projects. Current resources for very low income disabled households in San Leandro include the 26-unit Fuller Lodge and the 16-unit Fuller Gardens, as well as the Luella Fuller Group Home, which serves those with developmental disabilities. There are also 15 units set aside for persons with disabilities at Eden Lodge. In addition, newer projects such as Broadmoor Plaza (senior housing) have been designed for persons with limited mobility, hearing impairments, or sight impairments. Broadmoor Plaza includes 15 units for hearing impaired seniors and three units for persons with mobility impairments.

The City of San Leandro provides financial assistance to community-based non-profit organizations serving local special needs populations. In its 2014 Action Plan for the expenditure of CDBG and HOME

funds, the City provided funding to the San Leandro Child Abuse Intervention Project, Davis Street Family Resource Center's Family Support Services, the Les Marquis Emergency Shelter, SOS/Meals on Wheels (meal delivery to homebound seniors), Spectrum Community Services (senior lunch program), and ECHO Housing (fair housing program.) In the past, the City has also provided funding for Girls, Inc., Safe Alternatives to Violent Environments (SAVE), Alzheimer's Services of the East Bay, Community Resources for Independent Living (assistance for the disabled), the Deaf Counseling Advocacy and Referral Agency (DCARA), Stepping Stones (assistance for developmentally disabled children and adolescents), and the Tiburcio Vasquez Center (primary care and support services to medically uninsured low-income residents). The City's ability to provide funding, to these agencies, as well as its ability to provide grants and loans for home retrofits serving disabled persons, has been greatly curtailed by declining State and federal funding and the loss of Redevelopment Agency funding.

San Leandro also enforces and implements the federal Americans with Disabilities Act (ADA) and the disability provisions of Title 24 of the California Code of Regulations. Building permit and plan checking procedures include a review of each set of plans for ADA and Title 24 compliance. The City also enforces federal requirements associated with the use of HOME funds in rental rehabilitation projects. Remodeled ground floor units within these buildings are handicapped accessible and a fixed percentage of the units in each project are set aside for disabled households. The City also regularly allocates a share of its annual CDBG budget to ADA compliance, including the installation of curb ramps and ADA improvements at City facilities.

The City has adopted an official Reasonable Accommodations policy, including provisions specifically related to zoning and land use. A request for Reasonable Accommodation may be made by any person with a disability (or their representative) when the application of a zoning law acts as a barrier to fair housing. The City has created an application form for Reasonable Accommodation requests, and has established findings for approval. An appeals process is also available.

*Conclusions.* The City strongly supports the development of housing for persons with disabilities and is fully compliant with California's Reasonable Accommodations requirements. Its Municipal Code includes recent amendments to the California Building Code which incorporate the concept of "universal design." The idea is to incorporate access provisions for persons with disabilities without creating separate or stigmatizing solutions (such as ramps that lead to a separate entry from a main stairway). Universal design is intended to help everyone—not just those with disabilities. For example, universal design principles can help those with limited English proficiency (by using icons rather than text) and seniors *without* mobility limitations (by using doors that are easier to open, switches that are easier to operate, and so on). Some of the attributes of universal design include wider interior doors and hallways, clearer lines of sight, lever handles for doors rather than twisting knobs, and light switches with large flat panels rather than toggle switches.

### *Conditional Use Permit Findings*

While the City has eliminated the conditional use permit requirements for multi-family housing in its high-density residential zones and some of its mixed use zones, a CUP continues to be required for multi-family or mixed use housing in several of the commercial zones and a few of the mixed use zones. Obtaining a CUP requires a noticed public hearing before the Board of Zoning Adjustment (BZA). Hearings before the Planning Commission and/ or City Council are not required.

To issue a conditional use permit, the BZA must find that:

- The proposed location of the use is in accord with the objectives of the Zoning Code and the purposes of the district in which the site is located.
- The proposed location of the use and conditions under which it would be operated or maintained will be consistent with the General Plan; will not be detrimental to the neighborhood; and will not be detrimental to properties or improvements in the vicinity or to the general welfare of the City.
- The proposed use will comply with the provisions of the Zoning Code, including any specific conditions required for the proposed use in the district in which it would be located.
- The proposed use will not create adverse impacts on traffic or create demands exceeding the capacity of public services and facilities which cannot be mitigated.

Conclusions: These use permit findings are appropriate to address basic public health, safety, and quality of life concerns. They do not represent a development constraint.

### *Design and Site Plan Review*

Design review requirements have the potential to impact housing costs by requiring particular architectural features or building materials, extending the time period required to approve a project, and introducing an element of uncertainty and subjectivity into the approval process. In San Leandro, design review requirements have been in effect since 2001. The rules vary depending on the location and size of the project; requirements are generally more stringent in the Hills due to the potential for view impacts.

Design review was originally implemented to address concerns over residential “teardowns” and new oversized homes in traditional low-scale neighborhoods and in the Bay-O-Vista area. Today, it applies to most new housing construction, including multi-family housing in the commercial and mixed use zones (where most of San Leandro’s residential development potential is located.) Most additions to one-story single family homes—which represent a majority of San Leandro’s housing stock—are exempt from design review requirements.

Several tiers of design review (or Site Plan Review) have been developed. Characterized broadly, one tier is incorporated in Article 5 of the Zoning Code (Sec 2-580 through 2-584) and relates to low-density residential development and another is incorporated as its own chapter of the Zoning Code (Article 25) generally relating to multi-family, mixed use, and non-residential development.

In the former case, certain new homes and major additions in the RO and RS zones (including RS-40 and RS-VP) are required to go through a Site Plan Review process to ensure that they do not appear out of scale relative to homes in the vicinity. A procedure has been established to allow neighbors to review and comment on proposed plans. *Major* Site Plan Review is required for any new or enlarged single-family home which would either:

- result in a home with floor area greater than four thousand (4,000) SF<sup>5</sup>
- more than double the floor area of an existing home
- exceed the maximum FAR allowed for the parcel, or
- result in a 3-story home (or enlarged third story).

Exemptions are provided for additions of 250 SF or less (provided that there are no other active permits and the addition is not a third floor). *Minor* Site Plan Review is required for new two-story homes, additions that create a second story, or additions to existing second stories. Site Plan Review generally is not required for single story additions to single story homes or new single story homes, except where noted above. Most additions to homes in the View Preservation district require Site Plan Review regardless of size, but these homes represent less than 3 percent of the city's housing stock and less than 2 percent of its future development potential.

If the project requires other zoning approvals (such as Variances or a use permit) or is a "large home", then the Site Plan Review occurs at a public hearing before the Board of Zoning Adjustment. If the project does not require other zoning approvals, the Zoning Enforcement Official usually makes the final decision. Adjacent neighbors are notified, and they have an opportunity to appeal the ZEO's decision to the BZA. Some types of Major Site Plan Review require a hearing by the Site Development Sub-Commission.<sup>6</sup>

Approval of a single family Site Plan Review application requires a series of findings related to the appropriateness of the architecture, the scale and mass of the construction, respect for neighborhood context, and physical impacts on neighboring properties, including privacy and noise. Additional regulations, designed to protect views, apply in the RS-View Protection district.

In the case of multi-family and mixed use development, Site Plan Review approval is required for any project that requires a CUP or PD approval and for new development/ additions that would result in a new dwelling unit. Site Plan Review approval is also required for additions that would add 2,500 SF or more, create or enlarge a second or third story, increase a building by 50 percent or more, or create a new freestanding structure greater than 2,500 SF.

The level of Site Plan Review for multi-family development varies. For projects that do not require discretionary approval (i.e., no variance or CUP), the Zoning Enforcement Official (ZEO) may make the decision, or can defer the decision to the Site Development Sub-commission. For projects that require

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<sup>5</sup> A slightly different standard is used in the RO zone, since two homes per parcel are permitted.

<sup>6</sup> The Site Development Sub-Commission includes one member of the Planning Commission, one member of the BZA, and one member of either the Commission or BZA appointed by the Mayor.

discretionary permits (such as use permits and variances), the BZA makes the decision. For projects that involve a Planned Development (PD) application, the Planning Commission makes the decision. In the latter two cases, a publicly noticed hearing is required. In the former case, ZEO may decide if a notice is required or not. In all cases, a variety of findings and requirements are set forth for approval. In the mixed use zones (where most of the city's development capacity is located), these include findings that the project is consistent with the design guidelines in any concept plans adopted for these areas.

*Conclusion.* San Leandro's design review program has had a positive effect on the quality and design of new residential construction, and there have been no adverse impacts on housing costs or production. In single family neighborhoods, Site Plan Review requirements have helped preserve older single story homes, and made it more difficult to demolish and replace these structures with larger, less affordable homes. In multi-family and mixed use areas, the requirements have helped rally public support for affordable housing by raising the bar for design quality and ensuring that neighbors' concerns are addressed. During the 2015-2023 Housing Element, some community members expressed interest in expanding the scope of design review in the city's oldest neighborhoods. However, others cautioned against greater regulation due to possible effects on costs and flexibility.

Design guidelines have been prepared for the Downtown/TOD area and for the East 14<sup>th</sup> Street South corridor. As noted in Chapter 4, about 65 percent of San Leandro's future residential development capacity is in these two areas. The guidelines provide a benchmark for evaluating proposed projects and provide more objective criteria for granting site plan approvals. The guidelines have helped affordable housing gain greater public acceptance by engaging the community in discussions about project design, parking reductions and other issues. The design of several recent multi-family projects has been improved—without significant additional costs to the applicant—as a result of these guidelines and procedures.

Design review does add to the processing time and expense for very large homes and multi-story additions. This has primarily impacted the top end of the housing market and has not affected affordable housing or the cost or feasibility of basic home improvement projects for low- and moderate-income households. When the design review program was initiated, there was some concern that it would overburden Planning staff and slow down application processing. This has not happened in practice, and design review has been absorbed into the regular planning caseload without significant delay. With the recent upturn in the housing market, the need for additional staff should be periodically evaluated as the volume of applications increases.

### ***Inclusionary Housing***

San Leandro first enacted inclusionary housing requirements in the early 1980s. At that time, the program required 10 percent of the housing units in multi-family projects of 20 units or more to be affordable to lower-income (80 percent of area median income) households. Within redevelopment areas, this standard was superseded by a state law that required 15 percent of the new housing to be similarly

affordable. This standard for redevelopment areas was consistently enforced until redevelopment agencies were eliminated statewide in 2012.

During the 1980s, the inclusionary ordinance produced several dozen affordable rental units in projects such as the Bal Court Plaza and Summerhill Terrace Apartment complexes. All of those units had 20-year affordability terms that have already expired. In addition, the Redevelopment Agency inclusionary requirement resulted in affordable apartments in projects such as the Gateway Apartments and Carlton Plaza, as well as below-market homes for sale in projects such as Cherrywood and Wood Creek.

San Leandro's inclusionary zoning requirements were overhauled in 2004, in part to implement a recommendation in the 2003 Housing Element. The scope of the ordinance was expanded to include single family homes and projects with less than 20 units. The new ordinance was codified as Article 30 of the Zoning Code, and was vetted through a public process involving Planning Commission and Council hearings. Like the previous ordinance, its goal is to encourage affordable housing production without concentrating such housing in one part of the city.

Article 30 requires 15 percent of the units in all new for-sale development to be restricted for occupancy by low (less than 80 percent of AMI) and moderate (80-120 percent of AMI) income households. The requirement is structured so that a larger share of the inclusionary units are reserved for moderate income households. For example, a 100-unit market rate condominium would be required to include 9 moderate income units and 6 low income units.

The ordinance also includes set-aside requirements for rental units. However, these requirements are not enforced due to a 2009 decision by the California Court of Appeals (*Palmer/Sixth St Properties vs City of Los Angeles*). As an outcome of *Palmer*, cities across the state were effectively barred from enforcing rental inclusionary requirements on new development unless the project was receiving direct financial assistance or incentives (such as density bonuses) from the city.

At the present time, the Inclusionary Housing ordinance includes standards for calculating and pro-rating the requirements for projects with fractional assignments, including projects with fewer than 7 units. For instance, a 15 unit for-sale project would be required to set aside one low-income unit and two moderate income units. In determining the amount of inclusionary units required, any decimal fraction of 0.5 or more is rounded up to the next highest whole number.

The City has established conditions for when developers may pay an in-lieu fee, dedicate land, or build the units off-site instead of building the units on-site. At the City Council's discretion, developers also may contribute money toward another affordable project in the city rather than including the units in their own project. The City has established an Affordable Housing Trust Fund to receive all monies contributed under its Inclusionary Housing Ordinance.

The Inclusionary Housing Ordinance also stipulates that:

- A sequencing plan is required to ensure that the affordable units are constructed at the beginning of the project
- The affordable units must be distributed throughout the development and not clustered together
- The exterior appearance of the units must be indistinguishable from the market-rate units
- For projects with multiple product types, the inclusionary units may be the same as the smallest or most affordable product type in the complex, but may not have a smaller number of bedrooms or bathrooms than those units
- For projects with one product type, the units may be smaller in floor area, but must be comparable in terms of their bedroom and bathroom counts
- Rental units must remain affordable for 55 years, while for-sale units must remain affordable for 45 years
- The property owner must enter into an agreement with the City which addresses issues such as resale and rental restrictions, the number and size of the affordable units, and provisions for monitoring.

The ordinance also includes provisions for renters whose incomes rise to a level where they no longer qualify for the unit they occupy.

While inclusionary zoning is intended to have a positive impact on housing affordability by increasing the supply of affordable units, it has the potential to add to the cost of market rate housing. Statewide data on the cost impacts of inclusionary policies is inconclusive.<sup>7</sup> Assessing the impacts in San Leandro is further complicated by the fact that there has been very little market-rate development since the time the Ordinance was adopted.

Since the Ordinance was adopted in 2004, the non-profit housing market in San Leandro has been much more robust than the private market, with unprecedented levels of affordable units produced or committed. It would be difficult to attribute this to the inclusionary zoning ordinance; rather, it is the outcome of other City programs that have facilitated affordable housing production. Moreover, following the market downturn of 2007-2010, the Below Market Rate (BMR) “moderate income” for-sale units had sales prices that were comparable to market rate units. Because the BMR units came with resale restrictions and appreciation limits, they had a competitive disadvantage compared to the market-rate units. This made them more difficult to sell and delayed their production in developments such as Cherry Glen.

Feedback from for-profit and non-profit developers was solicited as part of the 2010 and 2015 Housing Element update cycles. During both cycles, it was suggested that the process be kept as flexible as possible, and be structured to be more responsive to the market. There appears to be greater interest in paying in-lieu fees than providing the affordable units on-site. There is also recognition that the in-lieu fee may need to be adjusted more frequently to reflect changes in the housing market.

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<sup>7</sup> *Inclusionary Zoning: The California Experience. National Housing Conference, Washington, DC 2004.*

An advantage of the in-lieu fee to the City is that it provides revenue to the Affordable Housing Trust Fund, which enables deeper subsidies for housing serving very low income households. However, a disadvantage is that affordable housing is not integrated into new development, which is the primary purpose of the Inclusionary Housing ordinance.

The City has continued to emphasize flexibility in its application of the Inclusionary Housing Ordinance to reduce any constraints that may be present. For example, the developer of a 6-unit project on Hays Street was allowed to satisfy the inclusionary requirement off-site by contributing to an affordable unit in his Toscani Place development several blocks away. This provided a cost-savings to the developer and resulted in two successful infill projects. Other incentives include allowing the inclusionary unit to be comparable to the smallest market rate unit (or 25 percent smaller than the average sized unit in projects with a single product type), allowing developers to dedicate land off-site rather than construct the units on-site, and allowing developers to help fund an affordable project elsewhere in the City. As noted above, the City also allows payment of an in-lieu fee which supports the Affordable Housing Trust Fund. Density bonuses and flexibility in development standards (setbacks, lot size, etc.) are also provided for developments with inclusionary units.

*Conclusions:* The number of affordable units produced as a result of the 2004 Inclusionary Zoning Ordinance has been small. In the last ten years, only 10 new for-sale units have been produced and no rental units have been produced.<sup>8</sup> The units provided first-time home ownership opportunities for a number of low- and moderate-income households. In addition, the granting of density bonuses produced a larger number of units than would have otherwise been allowed.

There is no indication the inclusionary housing program has constrained development. However, the program is designed for an appreciating housing market and it provided minimal benefits to San Leandro residents during the 2007-2010 market downturn. With the recent market recovery, the need for inclusionary units is once again becoming apparent. Given that local housing prices have increased by 40 percent in the last two years, the need to update the in-lieu fee amount also is apparent and critical.

There is interest in developing an alternative funding source for inclusionary rental housing in light of the *Palmer* decision. This would also address a concern raised during the 2015-2023 Housing Element Update that developers may be avoiding the condominium market because it is subject to inclusionary rules, whereas rental units are exempt. Some cities in the region have turned to affordable housing impact fees as an alternative to inclusionary requirements. Such fees can be levied on rental housing as well as for-sale housing, and potentially on commercial and industrial development as well as residential development. Adopting an impact fee requires that the City first conduct a nexus study to demonstrate the linkage between development and the need for affordable housing. An action program in this Housing Element calls for such a study, either by the City of San Leandro or by a consortium of cities that includes San Leandro.

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<sup>8</sup> Another 18 BMR for-sale units were created when the Willows Townhomes were converted from rental units to condominiums.

### ***Density Bonuses***

Density bonuses are codified as Article 31 of the San Leandro zoning ordinance. Consistent with State law, the City allows a density increase of as much as 35 percent for projects with affordable or senior housing units. The extent of the bonus varies based on the percentage of total units that are income-restricted. Projects that are 100 percent affordable are generally eligible for the maximum bonus. The “bonus” units have long-term affordability restrictions and generally must be built on-site, although exceptions may be granted. The ordinance also grants other concessions to affordable housing development, such as reduced lot sizes and setbacks, increased lot coverage and height allowances, and reduced street width standards. An additional bonus is available if child care facilities are provided.

*Conclusions:* Density bonuses are an incentive to affordable housing development in San Leandro, and are not a development constraint.

### ***Building Code and Permit Processing Requirements***

Effective January 1, 2014, San Leandro has adopted the 2013 California Building Code Code (CBC). This includes the 2013 state Fire, Plumbing, Mechanical, Energy and Electrical Codes, as well as the California Residential Code and the Green Building Standards Code and the 1997 Uniform Housing Code. A number of amendments to these codes have been made at the local level, including a prohibition on the use of ABS and PVC (plastic) pipe for drain waste and other interior plumbing systems. Although the prohibition helps ensure the durability of plumbing systems, it does represent an additional cost. The City has no prohibitions on particular types of exterior siding or window/ door materials. Class C (or better) fire retardant roofing is required, as it is in other East Bay cities where the risk of urban wildfire is present. Effective January 1, 2011 interior sprinklers are now mandatory in one and two family dwellings. In addition, as of January 1, 2014, the City now requires non-compliant plumbing fixtures (in structures pre-dating 1994) to be replaced with water-conserving fixtures when a property is undergoing additions, alterations or improvements. This is a statewide water conservation requirement (SB 407) and is not unique to San Leandro.

Since 2009, applications for new homes and/or additions larger than 500 square feet have been required to prepare a “Build-it-Green” checklist. At this time, “green” construction is voluntary and the checklist is intended primarily as an educational tool that encourages the use of green and/or recycled materials. The City mandates green construction standards only for City-sponsored buildings with a construction value of \$3 million or more.

Building permit submittal requirements are clearly laid out in printed material at the Building Department counter. All materials are also available on the internet in downloadable PDF format. The City provides paper and electronic checklists to assist applicants in identifying all required materials. Major projects typically require architect-drawn plans, engineering calculations, and standard construction details. A limited number of projects, such as termite repair, re-roofing, and mechanical equipment changes, may be handled through over-the-counter plan review.

The processing time (e.g., from submittal to issuance of a permit) for a complete application is usually less than 30 days for a new residence and two to three weeks for an addition or major alteration.<sup>9</sup> During periods of very high application volumes, the City may hire contract plan checkers and inspectors to minimize delays for applicants. The City is continually working to make the application process easier and more convenient. It has considered allowing plans to be submitted in digital format, and sending out permits and comments on plans via email. In addition, the Building Department offers one-stop permitting, saving applicants time and centralizing the permit process. A concerted effort has been made to make the permitting process easy to navigate and user-friendly.

*Conclusions:* The City's building code requirements do not significantly impact the cost of construction. The additional cost associated with using metal (rather than PVC) plumbing pipe does not noticeably affect the cost of a new home, and provides additional durability in the long-run. All other requirements address basic health and safety considerations. Permitting practices and procedures are effective and do not constitute a development constraint. The City continues to use technology and information services to streamline permitting and make the process easier for applicants.

### *Fees*

Like cities throughout California, San Leandro collects development fees to recover the capital costs of providing community services and the administrative costs associated with processing applications. New housing typically requires payment of school impact fees, park in-lieu fees, sewer and water connection fees, building permit and plan checking fees, and a variety of handling and service charges. These fees comprise a significant part of housing costs in the city. In addition, subdivisions and multi-family projects may incur the cost of preparing environmental impact reports, traffic studies, soils reports, and filing fees for tentative and final maps. Such fees are typically based on the hourly rates of City employees (including overhead) and the number of hours spent performing the associated work.

Table 5-4 identifies the basic fees that apply to new residential construction. Table 5-5 identifies the hypothetical fees that would be collected for a new 2,000 square foot two-story house with a two-car garage on a single family infill lot. With the addition of water and sewer laterals, school impact fees, park impact fees, transportation fees, and other charges, the cost would be over \$60,000. About half of these fees are directed to agencies other than the City, namely the school district and East Bay Municipal Utility District.

The distribution of fees by type is shown in Chart 5-1. Three types of fees—parks, schools, and water—represent over three-quarters of the total. The park impact fee is levied by the City. The school impact fee is collected by the Building Department but the funds are directed to the School District. The water connection fee and the water system capacity charge is collected by East Bay Municipal Utility District. The City does not have jurisdiction over school and water fees and cannot waive or reduce them.

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<sup>9</sup> These times vary depending on the location and complexity of the project. A three-story custom 4,500 square foot house in BayoVista would require more time than a 2,000 square foot house in a new large-scale subdivision.

**Table 5-4: Applicable Fees Associated with New Housing Development in San Leandro, 2014**

Type of Fee	Amount
Park Development	<i>Parkland Acquisition Fee:</i> \$12,986.84 per single family unit; \$11,351.13 per multi-family unit; \$5,676.14 per “special” unit. <i>Park Improvement Fee:</i> \$ 2,316.64 per single family unit \$2,025.18 per multi-family unit \$1,012.60 per “special” unit <i>Note: Rather than paying the fee, developers also have the option of providing sufficient acreage of on-site public parkland to maintain the existing Citywide ratio of 4.86 acres of parkland per 1,000 residents. Credit for private open space is also provided, resulting in lower fees.</i>
Development Fee for Street Improvements (DFSI)	General residential \$1,304.07 per unit; Senior housing \$650.73 per unit. Additional fees apply near Marina/I-880 and Davis/Doolittle.
Overhead Utility Conversion	Lesser of: i) actual/estimated costs, or ii) \$1,365.56 per dwelling unit.
Sewer Connection	\$4,000 for single family unit; \$3,340 for multi-family unit
Water Connection (EBMUD)	Collected by EBMUD; \$6,193 per lateral, higher if the pipe diameter is larger than 1”; for multi-family, cost is based on the number of meters per lateral; 2 units would be \$6,654; 8 units would be \$9,210 (for 5/8” lateral).
Water System Capacity Charge (EBMUD)	\$15,580 in flatlands (EBMUD Region 1); \$26,950 in hills (EBMUD Region 2); higher if the meter size is larger than 5/8”. For multi-family, \$9,070 /DU below I-580 and \$12,580 above I-580.
School Impact	\$3.36 per sq. ft. Example: Fee would be \$6,720 for a 2,000 square foot house.
Community Planning	0.3 percent of valuation
Building Permit	Sliding scale based on project valuation. As an example, a \$10,000 remodel would have a permit fee of \$143 for the first \$4,000, plus \$14.20 for each additional \$1,000, for a total of \$228.20. A \$200,000 project would have a permit fee of \$1,294 for the first \$100,000 and \$5.70 for each additional \$1,000, for a total of \$1,760.00.
Plan checking	Varies, but generally 80 percent of the building permit fee. Additional plan checking fees also may apply.
Electrical permit	\$94 issuance, plus additional costs per circuit, with additional fees for appliances and motors.
Plumbing permit	\$94 issuance fee, plus unit fees for each plumbing fixture. Other permit fees apply for dishwashers, garbage disposals, sewer ejectors, water heaters, swimming pools, spas, sewer and storm drain work, etc.,.
Heating, Ventilation, and Air Conditioning Fees	\$94 issuance, plus per fixture charges (heating registers, dryers, air conditioners, furnaces, etc.).
Certificate of Occupancy	Direct costs, \$143 minimum
Roofing	\$235 for one and two family homes, plus \$75 for detached garages and accessory structures
Variance and Use Permit	Direct costs
Administrative Review/Exception	\$454
Site Plan Review	\$1,148 for minor residential; \$1,648 for major residential \$1,921 for major view preservation Direct costs for major view preservation with exception
Parking Exception	Direct costs
Zoning Approval	\$109
PUD Filing Fees, Zoning Change, Environmental Review, Tentative or Final Map Filing Fees	Direct costs

*Direct costs for planning projects include the hourly personnel wage, plus a factor of 100% for benefits, overhead, and indirect costs.*

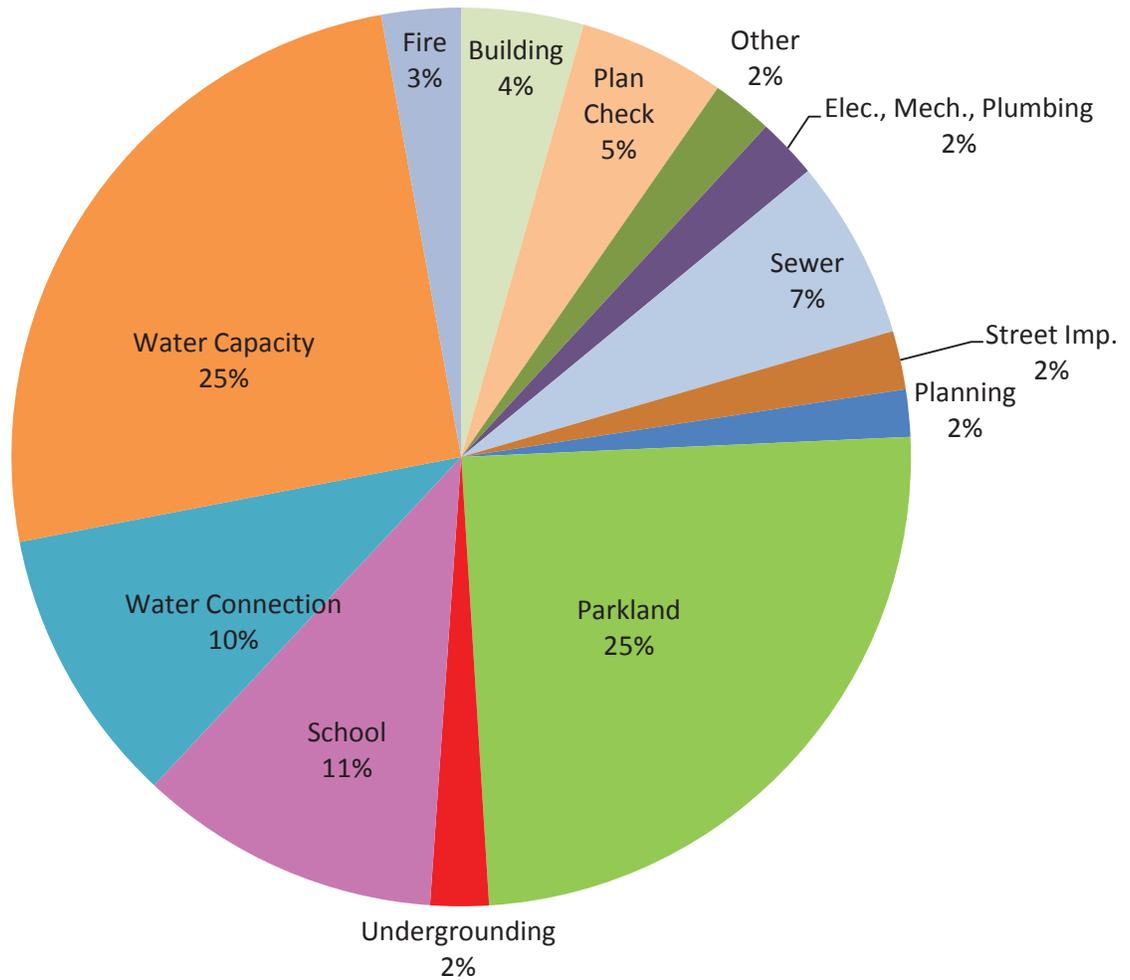
*Source: City of San Leandro, 2014. Barry Miller Consulting, 2014*

**Table 5-5: Fees for a Typical Single Family Home, 2014 (\*)**

Type of Fee	Amount
Building permit	\$2,719
Plan Check	\$3,262
Automation	\$507
Energy Fee	\$544
Electrical	\$353
Plumbing	\$453
Mechanical	\$272
Mechanical issue	\$94
Plumbing issue	\$94
Electrical issue	\$94
Building issue	\$94
SMIP	\$35
Sewer Connection	\$4,000
Street Improvement	\$1,304
Long Range Planning	\$1,050
Engineering	\$58
Elec Automation	\$27
Plb Automation	\$32
Mech Automation	\$22
Plan Storage	\$21
Parkland Acquisition	\$12,987
Parkland Improvement	\$2,317
Undergrounding	\$1,296
Green Bldg	\$14
Fire	\$1,768
<b>TOTAL LOCAL FEES</b>	<b>\$33,417</b>
<b>OTHER POSSIBLE FEES (where applicable)</b>	
School Fees	\$6,720
Water Connection	\$6,193
Water System Capacity	\$15,580

Source: City of San Leandro, 2014  
Barry Miller Consulting, 2014

(\*) based on new 2000 square foot house with a 466 square foot garage, permit value of \$350,000



**Chart 5-1: Distribution of Fees by Type - 2014 (\*)**

*Source: City of San Leandro, 2014. Barry Miller Consulting, 2014*

*(\*) The parkland acquisition and improvement fee would be lower for an infill lot in a previously developed area. The EBMUD fee presumes a new lateral to the street is required. Fees in this chart are based on single family construction.*

Planning and building fees represent about 15 percent of the total fee. Other fees, including roads, sewers, fire, and undergrounding, represent 14 percent of the total.<sup>10</sup>

One outcome of the California drought and the increasing shortage of potable water in California is a significant increase in water service charges. The cost of a water connection for a new home increased from \$4,673 in 2009 to \$6,193 in 2014, while the “system capacity charge” collected by EBMUD for each new home increased from \$8,110 to \$15,580. Water connection fees alone have gone up by \$9,000 in the last five years, a 70 percent increase. The City will continue to work with EBMUD to explore ways to reduce the cost burden this places on new construction, particularly for in-law units and for affordable housing.

Table 5-6 identifies the fees that would be collected for a hypothetical multi-family building comprised of 20 apartments that are 600 square feet each. On a per unit basis, the fees are lower than the fees for single family homes. However, since multi-family homes are typically less expensive than single family homes, the fees represent a similar share of the overall unit cost. Based on typical construction costs in San Leandro, the value of a 20-unit building for permitting purposes is estimated at \$4.0 million (excluding land).

**Table 5-6: Fees for a Typical 20-unit Multi-Family Building, 2014 (\*)**

Type of Fee	Amount
Building energy conservation	\$3,948
Building permit	\$19,740
SB 1608 and SB 1473 fees	\$1,147
Long Range Planning (Impact Fee)	\$12,000
Plan Check	\$23,668
Sewer Connection	\$66,800
Undergrounding Utility Fee	\$26,000
Park Impact Fee	\$267,526
Fire Review and Inspection	\$12,831
School Impact Fee	\$40,320
Mechanical, plumbing, and electrical permits	\$7,699
Strong Motion Instrumentation	\$400
Automation and filing fees	\$4,476
Other Misc. Fees	\$16,551
<b>TOTAL FEES</b>	<b>\$489,345</b>

(\*)Based on 600 SF apartments

Source: City of San Leandro, 2014  
Barry Miller Consulting, 2014

<sup>10</sup> Chart 5-1 would be for a home in a new subdivision. Fees for a single house on an infill lot could be lower.

Total fees for such a project would be over \$489,000, or about \$24,500 per unit, excluding the water connection fees and water system capacity charges. The fees represent approximately 12 percent of the project cost. Some of this cost would likely be passed on to consumers in the form of higher rents or purchase prices. The largest categories of fees are for parks and schools. Among fees collected by the City of San Leandro, the park fee represents more than half the total fee collected. In the example below, it is nearly six times the amount collected for school facilities.

While fees represent a substantial part of residential construction costs, San Leandro's fees are in line with those charged in other East Bay communities. However, the fees have risen substantially in the last 10 to 15 years to keep pace with rising construction costs, capital costs, infrastructure needs, and revenue constraints. For instance, the total park impact fee was \$4,259 in 2002, \$11,862 in 2008, and \$15,304 in 2014. The school impact fee increased 62 percent during the same time period, from \$2.05/SF to \$3.36/SF. As noted above, water fees have increased 70 percent in the last five years alone. In undergrounding districts, the fees for new construction more than doubled, from \$575 per unit to \$1,296 per unit.

Other City fees saw more modest increases between 2008 and 2014. Building permit fees generally increased by less than 20 percent. Road impact fees increased by less than 20 percent. Most city planning fees continue to be collected as direct cost fees rather than flat fees, enabling the Planning Department to more accurately reflect true costs and reduce costs for those with relatively with simple applications.

The City Council has the authority to grant fee waivers for projects which provide public benefit, or present extenuating circumstances. The City does not generally grant such waivers for affordable housing projects, primarily because such projects still generate impacts that must be mitigated. Moreover, the cost of waivers might be indirectly passed along to market-rate units (in the form of higher fees), making *them* less affordable.

*Conclusions.* Fees represent a significant part of construction costs, and substantial fee increases have occurred in the last 15 years. This is particularly true for park, water, and school fees, which in some cases may now exceed a cumulative total of \$40,000 per dwelling. Even a limited amount of financial relief could assist affordable housing developers. While the City has limited ability to influence school and water district fees, there may be some opportunities for flexibility on the park impact fee. The City also could consider limited fee reductions for some planning and building fees, particularly those charged at direct cost. For instance, fees might be waived for variances and use permits for affordable housing projects.

### ***Site Improvement Requirements***

San Leandro requires on-site infrastructure improvements, including the construction of interior roads, street lights, water, sewer, drainage, and underground utility systems, when new residential projects are

approved. The City has not adopted any requirements above and beyond those authorized by the State Subdivision Map Act. Improvements are typically built by developers and are then either dedicated to the City or privately maintained by a Homeowner's Association upon completion.

Typical requirements for constructing a new street include emergency vehicle access provisions and public utility easements. Right of way widths of 50 feet and curb-to-curb width of 36 feet are required for all streets that will be publicly dedicated. Narrower streets may be permitted through the planned development process, or when specifically called for in area plans or concept plans. The TOD Strategy for the San Leandro BART Station did not recommend changes to right of way widths, but did include streetscape, sidewalk, and parking changes to make the existing streets more pedestrian friendly. These improvements are now being implemented, with a State Proposition 1C grant providing much of the funding.

Site improvements on small infill sites (where no interior street system is required) are usually minimal. As needed, such projects typically require curb and gutter replacement, tree planting, and sidewalk repair. In a few cases, such improvements could require dedication of right-of-way for improvement of the adjoining street.

*Conclusions.* Site improvement requirements do not constitute a development constraint. Because much of the city's development capacity is located on previously developed commercial sites, the need for new on-site street and utility systems will be minimal in the future.

### ***Growth Control Measures***

There are no growth control ordinances in San Leandro. However, the City's ability to annex and develop land to its east is constrained by Measure D, an initiative approved by Alameda County voters in 2000. The measure established a countywide urban growth boundary and strongly discouraged the annexation of rural open space for future residential development by the county's 14 cities. Measure D effectively precluded development on the 58-acre former San Leandro Rock Quarry on Lake Chabot Road east of the city. Proposals for "executive" housing had been considered for the site in the 1990s, and a General Plan Amendment had been proposed. The quarry is designated for Open Space on the San Leandro General Plan and is zoned for agriculture.

Measure D has no sunset clause and is expected to remain in effect throughout the planning period. The Measure is administered by the Alameda County Planning Department, with no involvement by the City of San Leandro (the quarry site is likewise outside the City's sphere of influence and is under County jurisdiction).

The Alameda County urban growth boundary may be changed in one of two ways. The first requires a countywide vote and the second requires annexation by an adjacent city. Thus, development of the rock quarry could conceivably occur if the site was annexed by San Leandro. This would require an amendment to the sphere of influence by the Alameda County Local Agency Formation Commission

(LAFCO) and a General Plan Amendment by the City Council. Even if this occurred, the quarry area is not well situated for affordable or higher density housing. The site is located in a high wildfire and landslide hazard area near the Hayward Fault, and is more than 2 miles from the nearest BART station.

Conclusions. Measure D does not represent a constraint to affordable housing development in San Leandro. However, it does limit opportunities for high-end “executive” housing in the city.

### ***Public Funding Resources for Affordable Housing***

The on-going challenge in high cost regions such as the Bay Area is that the demand for affordable housing far exceeds available public and non-profit resources. With the elimination of redevelopment agencies and continued reduction of state and federal grant programs, the amount of public funding available for housing has been further diminished. In the past five years, the City has benefited from federal stimulus dollars, both in the funding of a Neighborhood Stabilization Program (to purchase and rehabilitate foreclosed properties) and a Homelessness Prevention and Rapid Re-housing Program. However, these were limited duration programs and the funding on both has ended. Looking to the future, the City faces the challenge of meeting growing demand with fewer public resources.

The federal low-income housing tax credit program, which has been the largest creator of affordable rental housing units nationally since its inception in 1986, has become the most important tool for financing affordable housing development. It provides tax credits to the private sector for the construction of new affordable housing and for the acquisition and rehabilitation of existing multi-family housing for conversion to affordable housing. Similar programs have been established by the State of California. The tax credit programs are critical to the success of affordable housing developers and other developers, who sell credits to corporations and private investors or receive the equity from one of a number of investment entities.

To be eligible for a tax credit, 20 percent of the units must be rented to very low income households or 40 percent of the units must be rented to low income households (at 60 percent of areawide median). California law requires that these levels of affordability remain for at least 55 years. Low income housing tax credits were recently used by the developer Standard Lakeside GP to acquire and refurbish the 840-unit Lakeside Apartments and convert the property to affordable housing.

Other important public funding sources include the Community Development Block Grant (CDBG) program, which provides an annual grant to San Leandro for a variety of community development activities, including housing construction and infrastructure development. CDBG funds can be used by the City to help fund site acquisition and improvement, make loans and grants to lower income residents, assist with energy conservation activities, support fair housing programs, assist homeless residents, and provide housing counseling and other similar programs. The City is also a member of the Alameda County HOME Consortium, a federal block grant program designed exclusively to create affordable housing for lower income households. HOME funds are used to acquire, rehabilitate, and construct new

multi-family rental housing, assist the homeless at those at risk of becoming homeless, and assist Community Housing Development Organizations.

San Leandro also participates in the Alameda County Mortgage Credit Certificate program, which provides financial assistance to first-time homebuyers through a federal income tax credit. It also supports private and non-profit property owner participation in the HUD Section 8 program. Section 8 assists very low income families by providing vouchers or certificates to assist in securing housing. The participant is free to choose any housing that meets the requirement of the program and is not limited to units in subsidized housing projects. Households are provided with vouchers that are paid to private market-rate landlords, who are then reimbursed by HUD. In 2014, San Leandro had 1,506 households using Section 8 vouchers and certificates, or about 5 percent of the City's total households.

*Conclusions:* The City's ability to sponsor new housing programs was adversely affected by the recession of 2007-2010, and the accompanying loss of property tax revenues and General Fund dollars. Housing programs were further impacted by a reduction in state and federal funding over the period. The loss of Redevelopment Agency dollars dealt a further blow to the City's housing resources, and resulted in the elimination of several longstanding programs. The City is committed to seeking alternative funding sources for these programs and has dedicated General Fund dollars (as well as CDBG and HOME dollars) to programs formerly funded with Redevelopment funds. The use of low income housing tax credits as an alternative to direct public subsidies offers a promising alternative. Similarly, the City is continuing to seek investment by for-profit and non-profit developers to create the types of housing most needed in the community.

## non-governmental constraints

### *Infrastructure*

In some communities, the ability to provide road, water, sewer, storm drainage, and other services to development sites may be a substantial constraint to housing production. This is less true in San Leandro than in cities on the Bay Area's fringe since most of the city's housing sites are in redevelopment areas that are already served by infrastructure. San Leandro is not contemplating "greenfield" development and is focusing its efforts on properties that are already served by water and sewer. Nonetheless, the conversion of older commercial sites to housing will change the type and extent of services that are required. Moreover the City's infrastructure is aging and requires regular repair and improvement. An evaluation of infrastructure adequacy is still important.

*Roads.* As a built out city in an urban setting, San Leandro experiences periodic traffic congestion on its major streets and highways. The City has adopted a peak hour level of service (LOS) standard of "D" for its signalized intersections. This standard is used to direct capital improvements to areas where congestion is a problem or is expected to be a problem in the future based on projected development patterns. The Level of Service standard also provides a tool for calculating the mitigation that is required as new development is approved.

Consistent with the requirements of the Alameda County Congestion Management Agency, traffic studies are typically required for projects that would generate more than 100 peak hour trips. This includes most large multi-family housing and mixed use development projects. If a traffic study finds that a project could cause an intersection to deteriorate below LOS D, mitigation measures are required. This usually consists of changes to adjacent roads and intersections, but may also include reductions in the size of the project, changes to site design, or transportation demand management measures (such as transit improvements or bicycle facilities). Like other cities in the Bay Area, the City is considering changes to its LOS methodology to emphasize pedestrian, bicycle, and transit improvements, rather than using auto delay as the sole measure of mobility. The General Plan Update now underway will move this discussion forward, and potentially result in new standards.

The Environmental Impact Report for the 2015 San Leandro General Plan (completed in 2002) indicated that three intersections were operating at unacceptable levels of service (LOS E or F) during the evening peak hour in 2000. It further found that at least 13 additional intersections could deteriorate to LOS E or F by 2015 as a result of future development and a general increase in background traffic. In all but one instance, the EIR concluded that LOS E/F could be avoided by adding turning lanes at the impacted intersections, adjusting traffic signals, and making other improvements along key road segments. Some of these improvements have been (or are being) incorporated into the City's Capital Improvements Program. A revised LOS analysis will be performed as part of the 2035 General Plan Update, taking into account recent changes to the street system, expected future changes, and new development anticipated to take place in the City and the region in the next 20 years.

Similarly, the EIR for the Transit Oriented Development (TOD) Strategy projected increased congestion on streets in the BART station area as a result of the addition of over 3,000 new housing units during the next 25 years. Some reduction in trip generation rates for development in the TOD area is expected, as a greater percentage of future residents in this area will use transit or walk. Nonetheless, four intersections are projected to deteriorate to LOS "F" by 2035. The TOD EIR proposed mitigation measures (such as turning lanes and redesigned streets) to offset most of these impacts, but found that impacts to at least one intersection was significant and unavoidable.

For the most part, the cost of improving local streets will be passed along to developers through the City's DFSI (development fee for street improvements). At its current level of \$1,304 per dwelling unit, the DFSI is not a serious constraint to development. Depending on the scale and location of individual projects, contributions above and beyond the DFSI could be required in the future to address traffic impacts. For example, the City collects an impact fee above and beyond the DFSI fee for projects in the vicinity of the Marina/I-880 interchange, and the Davis/Doolittle intersection. The fee is used to offset the cost of improvements currently underway in both locations.

Traffic is of particular concern on East 14<sup>th</sup> Street at Dutton, MacArthur at Estudillo, and Davis Street near Hays Street and San Leandro Boulevard. Even after improvements have been completed, additional congestion and time delays are expected at these intersections. Approved projects in Oakland, San

Lorenzo, Alameda, and Ashland will add trips to city streets and exacerbate congestion. The city will also contend with additional “cut through” traffic as congestion on I-880 and I-580 gets worse and regional traffic diverts to local streets.

*Water.* Water supply in the Bay Area is severely constrained. The region is entering its third year of drought conditions, and recently experienced its second driest year in history. Customers in the East Bay Municipal Utility District (EBMUD) service area have been asked to cut their water use by 10 percent, and to take immediate steps to reduce water waste and consumption. In the long-run, the Sierra snowpack that provides the city’s water supply is projected to diminish due to climate change and drought. EBMUD is actively pursuing new water supplies, including a joint project with other agencies to draw an additional 185 million gallons per day (mgpd) from the Sacramento River, including 100 mgpd for EBMUD customers during drought years. The District is also exploring desalination, injection wells, and other infrastructure designed to address climate change impacts.

San Leandro and EBMUD have both implemented conservation measures to reduce water waste and use existing water supplies as efficiently as possible. The City is currently using reclaimed water for golf course irrigation and has adopted a Bay-Friendly landscape ordinance to encourage conservation. Additional measures, including graywater use, will be explored in the future. These measures could potentially benefit consumers by reducing water utility bills. On the other hand, the drought has led to higher water rates, which present a hardship for low income households. It has also resulted in increases in water connection rates and system capacity charges for new development, which could affect the cost of housing.

Water utility lines are maintained by EBMUD and are generally in good condition. The utility has been implementing a seismic upgrade project for several years, designed to improve and replace major distribution lines.

EBMUD’s water service delivery projections are based on population and employment forecasts that are generally consistent with ABAG’s forecasts. These are the same forecasts used by the City of San Leandro for planning purposes. EBMUD strongly supports city-centered infill development as a more sustainable alternative to urban sprawl. Moreover, because future development in San Leandro will be constructed at higher densities, less water per capita will be required for landscaping, irrigation, and other non-potable purposes. Promoting denser development is a particularly effective way to reduce related water supply constraints.

*Wastewater.* About three quarters of the housing sites identified in Appendix A are served by the San Leandro water pollution control plant (WPCP). The other one-quarter (including the southern part of East 14<sup>th</sup> Street and Bayfair Mall) are served by the Oro Loma Sanitary District plant in San Lorenzo. Both plants have additional capacity and can accommodate new housing development. The San Leandro WPCP has an average dry weather flow of 5.5 million gallons per day (mgpd) and a capacity of approximately 8 mgpd. The EIR for the General Plan and the TOD strategy both concluded that sufficient capacity existed to accommodate the city’s projected population growth.

A potentially greater constraint is the age and deteriorating condition of the 130-mile wastewater collection system. Parts of the system are prone to infiltration during wet weather, significantly increasing treatment plant inflow during major storms. The City completed a Sanitary Sewer Master Plan in 1995 to identify deficient segments and establish a schedule for improvements. Eight capacity improvement projects and five rehabilitation/ replacement projects were recommended. In addition a cyclic replacement program was recommended to provide for the long-term, gradual replacement of the entire system. Some of the major improvements have been completed, a few are now being built, and others are still being scheduled. The City's Capital Improvement Program includes an annual allocation for sewer line replacement.

The 1995 analysis did not identify major constraints in the East 14<sup>th</sup> corridor, but did identify a constraint along West Juana Street in the TOD area near the San Leandro BART station. This constraint is being mitigated as part of the development taking place on the east and west sides of the BART Station. Several sewer lines have been upgraded, and other lines are being relocated. The City is currently studying additional capital improvement needs in the TOD area to determine the need for future infrastructure projects. An update of the Sewer Master Plan was initiated in early 2013.

Storm Drainage. Storm drainage studies are performed on a case by case basis for new housing projects, with mitigation measures determined as needed. These improvements are usually minor, since most of the development sites are small and are already served by storm drainage facilities. Moreover, many of the city's future housing sites are already covered by impervious surfaces such as parking lots, storage yards, and car dealerships. Their development with housing could actually reduce stormwater runoff as more permeable surfaces are created.

The City participates in the Alameda Countywide Clean Water program. Requirements for the treatment of urban runoff have increased during the last decade. To date, the requirements have not led to new impact fees (to mitigate water pollution), but they potentially create an additional development cost through requirements for oil and grease separators, flow meters, and other steps to reduce polluted runoff. Any future water quality-related requirements would apply to all Alameda County cities and would not represent a cost that is unique to San Leandro.

Solid Waste. Landfill capacity is not expected to constrain housing production in San Leandro. Like other cities in Alameda County, the City is expanding its recycling, composting, and waste reduction programs to reach and exceed a 75 percent waste diversion goal. As of 2012, the waste diversion rate was 62 percent. Waste reduction programs include construction and demolition recycling, which does represent a small additional cost for developers and contractors. For residential customers, changes to garbage and recycling collection programs have had minimal impacts on total service costs, and have not affected housing prices or constrained development.

Conclusions. Infrastructure capacity does not pose a constraint to housing development in San Leandro, although California's chronic water supply shortage remains a matter of great concern. EBMUD has

sufficient existing and planned capacity to meet water and sewer demands through 2023, and its projections are consistent with the forecasts in this Housing Element. The City will provide EBMUD with a copy of this Housing Element upon its adoption. In most cases, the utility lines themselves have been designed to accommodate expected future levels of population and employment growth. Water and sewer pipe capacity constraints are also mitigated as part of development approval or through the capital improvement program. Individual projects are subject to the requirements of the Subdivision Map Act (and CEQA) and are required to prepare engineering studies prior to construction. Although some off-site improvements may be required, the urbanized nature of most development sites tends to reduce costs. The City's one-stop permitting process ensures a high level of coordination between the various agencies responsible for service delivery and also saves applicants time and money.

The City should continue to direct capital improvement spending to the vicinity of the Housing Opportunity Sites identified in this Element. The TOD area and East 14<sup>th</sup> Street corridor are particularly high priorities. On East 14<sup>th</sup> Street, the primary improvements are related to signalized intersections between Downtown and the Oakland city limits. In the TOD area, the improvements relate to road re-design, intersection improvements, and replacement of aging sewer and storm drain lines.

### ***Environmental Constraints***

San Leandro's ability to grow "outward" is constrained by environmentally sensitive hillsides on the east and by wetlands and the open waters of San Francisco Bay on the west. Development of the hillsides is not possible because the entire area, with the exception of the former rock quarry is publicly owned. Most of the hillsides are contained within Chabot Regional Park and the Fairmont Ridge Open Space preserve. Development of the wetlands is not possible due to state and federal environmental regulations. With Oakland to the north and San Lorenzo/ Ashland to the south, the city is effectively landlocked. Future development will occur entirely through infill and redevelopment.

San Leandro is located in a seismically active area. Groundshaking and liquefaction hazards exist throughout the city, and range from high to very severe. As in most cities in the Bay Area, more expensive construction methods are required to reduce the risk of earthquake damage, particularly in multi-story buildings. These hazards exist throughout the Bay Area and are not unique to San Leandro. Only three of the sites in the housing site data base are located in the Alquist-Priolo Special Studies Zone (e.g., the zone along the Hayward Fault where special geologic hazard investigations are required before development). These are single family infill sites with a combined capacity of just four units.

Flooding is another environmental constraint that could affect housing production. However, none of the City's Housing Opportunity Sites are in the 100-year flood plain. Flood hazards are primarily limited to the Washington Manor area, a fully developed single family neighborhood with no significant infill potential. One of the Housing Opportunity Sites is located along San Francisco Bay, where rising sea level is a concern. However, the site in question has been identified as having the capacity for three single family units, and is not considered an affordable housing resource. Most of the Shoreline

Development Plan sites are not located immediately along the waterfront and are on higher ground where flooding is a lesser concern.

Another potential environmental constraint is the presence of hazardous materials in soil and/or groundwater on some of the City's potential housing sites. Some of San Leandro's Housing Opportunity Sites are currently used (or were formerly used) for auto repair, auto sales, or quasi-industrial purposes. The City's housing sites also include a tire shop, a radiator shop, and a marine repair shop. Several sites in the Downtown/TOD area appear on the Department of Toxic Substances Control (DTSC) list as having some level of hazardous material contamination. There are also four groundwater plumes and a number of leaking Underground Storage Tanks. Hazardous materials investigations will be required before these sites are developed and remediation measures may be necessary. This is a potential additional development cost, but will not preclude development. A number of state and federal funding sources exist to offset remediation costs.

*Conclusion.* Although environmental features limit San Leandro's housing supply and require more expensive construction methods, they do not constrain housing production in the urbanized portion of the city. More than 95 percent of the development capacity identified in this Housing Element is located on flat buildable sites with no flooding or unique seismic constraints.

### ***School Capacity***

Although State law prohibits the City from denying development because of school capacity, the effect of school overcrowding on housing production cannot be overlooked. School impacts have consistently been among the public's top concerns when discussing future residential development. This was the case when the 2003 and 2010 Housing Elements were drafted and continued to be an issue when the 2015 Element was drafted. School capacity issues are often a point of contention when housing is proposed, particularly when families with children are expected. In the past, these concerns have galvanized neighborhood opposition.

Like many cities developed in the postwar boom years, San Leandro experienced a decline in school enrollment during the 1970s and early 1980s. Two of its three high school campuses were sold, and a number of elementary and middle schools were closed and redeveloped with housing. Enrollment began increasing in the mid-1980s and accelerated during the 1990s as families migrated to San Leandro and more single family housing was constructed. Between 1984 and 2001, enrollment in the San Leandro Unified School District increased by 45 percent. This increase, compounded with mandatory class size reduction programs, pushed many of the City's schools beyond their physical capacity. School enrollment far exceeded the pace of development in the city and was primarily a result of increasing household size and immigration.<sup>11</sup>

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<sup>11</sup> As noted in Chapter 3, during the 1990s, households increased by 4 percent but school enrollment increased by 45 percent.

Since 2002, enrollment has leveled off. In the 2013-14 school year, the California Department of Education reported that there were 8,673 students enrolled in the San Leandro Unified School District (SLUSD). This is virtually the same number of students that were enrolled 10 years earlier – in 2003-2004, there were 8,653 students in the SLUSD system. During the last 10 years, enrollment has ranged from 8,653 to 8,894 students, although the City’s population has increased by more than 5,000 people, including approximately 1,000 children. A growing percentage of San Leandro’s children are attending charter schools and private schools, reducing some of the demand on public schools.

Growth has affected some schools more than others. For example, Wilson and Garfield Elementary Schools now has over 700 students each while McKinley, Monroe, and Washington Elementary Schools have fewer than 500. This is significant because the city’s future growth will impact some schools more than others. Because of the location of housing sites, Wilson, McKinley, and Washington Schools will be impacted to a greater extent than other elementary schools. Both Bancroft and Muir Middle Schools and San Leandro High School (including the 9<sup>th</sup> Grade campus) will experience increases in enrollment.

In 2006, San Leandro voters approved Measure B, a \$109 million bond measure to fund modernization and expansion of school campuses. This followed a \$53 million bond measure approved by voters in 2001, as well as \$19 million in various facility improvement grants. In 2010, voters approved Measure M, providing another \$50.1 million for school improvements.

Measure B provided funds to increase school capacity, including the addition of a ninth-grade campus to alleviate overcrowding at San Leandro High School. Measure M included funding to renovate the Pacific Sports Complex and Burrell Field, creating a swim center at the high school, building a new track and field at Muir Middle School, and upgrading play structures and par courses at most of the District’s campuses. The focus of Measure M was on facility modernization rather than adding classroom capacity. Portables continue to be used in lieu of permanent classrooms at many schools. Many basic facilities, such as gymnasiums, libraries, and cafeterias, are inadequate to serve current and projected student needs. Future state and local bond measures may be needed to further expand capacity to accommodate growth.

The addition of 2,287 housing units—as contemplated by the ABAG Regional Housing Needs Allocation—would generate additional demand for classroom space and school facilities. The San Leandro Unified School District relies on a state multiplier of 0.7 students per unit for new housing, yielding relatively high forecasts for student growth. The City, meanwhile, differentiates between single family and multi-family construction, and between affordable and market-rate units. Since most future housing in San Leandro will consist of high-density transit-oriented units, student yields are projected to be relatively small.

The EIR for the TOD Strategy presumed yields of 0.175 to 0.25 students per unit. High-density projects in nearby cities show yields ranging from 0.05 students per unit in market-rate projects to 0.55 students per unit in affordable family rental projects. Using the midpoint of this range (0.30 students per unit) would yield nearly 700 new students. However, a high generation rate (0.70 students per unit) would yield 1,600 students. Whether or not these students attend San Leandro Unified schools (vs private

schools, charter schools, or out of district schools) depends on a number of factors, including educational quality and the availability and cost of alternatives.

About one-quarter of San Leandro's homes are located in the San Lorenzo Unified School District. This district has also experienced an increase in enrollment in the past two decades, although the capacity constraints have been more manageable. In the past, San Lorenzo Unified has reopened a shuttered elementary school and reconfigured grades at the elementary and middle schools to alleviate overcrowding. Looking forward, only about 15 percent of the housing capacity in San Leandro is located in San Lorenzo Unified, so future constraints are expected to be less severe. The greatest impacts will be associated with housing in the Bayfair BART area.

There are no easy solutions to the school capacity issue. Both districts have conducted justification studies enabling them to collect the maximum fees permitted under state law. Pursuant to SB 50 and Proposition 1A, both districts collect \$3.36/SF for new housing construction, and additional fees for commercial construction. However, these fees are not adequate to cover the true cost of adding school facilities. Moreover, they do not (and cannot) address the fact that much of the enrollment growth has been driven by demographic change rather than new construction.

*Conclusions.* School capacity will remain a constraint to housing development for the foreseeable future. The City must work in partnership with both School Districts to address capacity issues and explore ways to reduce overcrowding and develop new facilities. Over the years, the City and School Districts have considered a number of options to alleviate capacity constraints. Construction of new facilities through bond measures has been the most effective, but is very expensive. Likewise, portable classrooms provide an effective stop-gap measure but are not viable as a long-term solution.

Among the options that could be considered in the future are:

- Reconfiguring grades to better balance the distribution of students between schools
- Changing school service area boundaries so that students are bussed to schools with excess capacity
- Reducing out-of-district enrollment (there are currently about 300 students who do not live in San Leandro but who attend San Leandro schools)
- Development memoranda of understanding (MOUs) with other districts (i.e., San Lorenzo Unified) to accept San Leandro students
- Encouraging charter and private schools
- Leasing vacant commercial and/or industrial space for classrooms or other facilities

The City and School Districts will need to monitor enrollment to determine the relative effects of demographic change. The issue of educational quality is also becoming more important, particularly as the City searches for ways to attract more market rate development. During the 2015-2023 Housing Element Update, community members pointed out the importance of having quality schools to attracting higher end development and meeting the above moderate income housing targets. An ongoing dialogue between the City and both school districts will continue to be very important as these issues are addressed.

### ***Land and Construction Costs***

The high cost of land is a constraint to the production of affordable housing in San Leandro. There are almost no residentially zoned vacant lots left in the city, and those that exist typically cost more than \$200,000. Costs for multi-family sites, or for vacant and/or underutilized commercial sites with housing potential, are even higher. Such parcels typically exceed \$1 million per acre. On some sites, there may be added expenses associated with the demolition and removal of existing structures, or remediation of contaminated soil.

Construction costs in San Leandro are also expensive, as they are throughout the Bay Area. Typical new construction costs now average \$200-300 per square foot. The unit cost for residential additions and remodels is even higher. Based on recent new construction projects in the East Bay, a 2,000 square foot house would cost approximately \$450,000 in labor and materials to construct. Adding the cost of permits and land, as well as “soft costs” such as architect’s fees and marketing, the sales price would be \$650,000. The cost of building a two-bedroom multi-family unit is less than half that amount, although actual costs vary depending on the size and location of the project and the unit’s amenities.

Given the current state of the market in San Leandro, it is difficult to construct and then sell a brand new house at a profit. The costs of land and construction are simply too high relative to the return on investment. The exception may be for high-end custom homes in the hills or modular/pre-fabricated homes on infill lots in the flatlands. In the former case, higher sales can be commanded because of views, limited supply, and other amenities. In the latter case, unit costs may be lower but the sales price would also be lower, leading to a very modest profit margin.

*Conclusions:* Although market prices are recovering, the high cost of land, labor, and materials still constrain new residential construction in San Leandro. During the 2015-2023 Housing Element update, there was extensive discussion of the City’s position within the East Bay market and the profit margin associated with building in San Leandro compared to other East Bay submarkets. New construction in the city does not command the very high prices associated with nearby markets (such as Fremont, Pleasanton, and San Mateo). The City is also not perceived as having a vibrant high-end condominium market. An action program in this Housing Element calls for continued discussion with local developers about ways to stimulate market-rate rental and for-sale executive housing production.

### ***Financing, Interest Rates, and Credit***

The affordability of housing is affected by prevailing interest rates, mortgage lending practices, and the availability of credit. Mortgage rates have recently dropped to historic lows, creating excellent opportunities for first-time buyers and homeowners of all incomes seeking to refinance. However, a large percentage of homeowners (or would-be buyers) find themselves ineligible for these rates due to more restrictive lending practices and credit terms.

Current interest rates create an opportunity rather than a constraint for many San Leandro residents, particularly those with good credit and savings. In August 2014, mortgage company Freddie Mac reported that the average 30-year mortgage interest rate had dropped to 4.1 percent. Assuming a 10 percent downpayment, and a loan of \$405,000, the monthly principal and interest payment on a \$450,000 house would be \$1,960 a month. As recently as 2007, with interest rates of 6.5 percent range and median prices over \$500,000, monthly payments on the same property would probably have exceeded \$3,000. The challenge today is that qualifying for this interest rate and loan could require a higher downpayment and a higher income than it would have a few years ago.

For many moderate-income households, assembling a 10 or 20 percent downpayment is an obstacle to home ownership. A 20 percent downpayment could be the equivalent of an entire year's salary for many households. In the past, the City's downpayment assistance programs have helped many owners bridge this gap. However, this program was defunded when the Redevelopment Agency was eliminated. The County continues to provide Mortgage Credit Certificates to low and moderate income buyers, but funding availability is very limited.

Mortgage lending practices may also impact the local housing market. Although racial discrimination and geographic discrimination (also known as "redlining") are illegal, such practices may continue to have subtle influences on lending. Even in the absence of discrimination, lower-income households may have difficulty qualifying for home loans due to insufficient income or credit history.

*Conclusions:* Recent changes in mortgage lending practices have had both positive and negative effects on consumers. For households with good credit history, stable employment, and ample savings, the current market presents ownership opportunities that were not available eight years ago. However, lower interest rates are being counterbalanced by rising housing prices and slower increases in wages. The City has discontinued its first-time homebuyer loan program due to the loss of Redevelopment dollars. An action program in this Housing Element calls for restoration of funding, but there may be more urgent priorities as the affordability gap grows for lower income renters.

### ***Public Opinion***

Another constraint to housing production in San Leandro is community opposition to higher-density or affordable housing. Such objections may be based on legitimate concerns about traffic, parking, school overcrowding, police and fire response times, fiscal impacts, and other issues. However, they may also be based on misinformation and misconceptions about affordable housing, or concerns about the appearance and quality of such housing that can be directly mitigated.

Many of the higher density housing projects in San Leandro were built during the 1950s, 60s, and 70s. The quality of construction during this era was variable. Some buildings were constructed with cheap materials, a lack of architectural detailing, and little attention to context, creating a negative image of higher density housing in San Leandro neighborhoods. The ubiquitous "motel style" buildings, oriented perpendicular to the street on lots formerly occupied by single family homes, are sometimes cited as the

reason that more multi-family housing should be discouraged. Maintenance on some rental properties in the city has been inconsistent. Some have been the source of persistent neighborhood complaints and code enforcement action. The City's rental rehabilitation project has been effective at abating some of these problem properties, and creating an affordable housing resource in the process.

It has now been 30 years since the last large-scale market-rate multi-family rental project was developed in San Leandro. Residents have become accustomed to two predominant types of new housing: (a) single family townhomes/ patio homes on small lots and (b) low-rise multi-family senior housing and affordable housing developments. The prospect of hundreds of new multi-family rentals, condominiums, and other new high-density housing types represents a paradigm shift for San Leandro.

*Conclusion.* The potential for community opposition means that good design and planning are essential in high-density projects. It requires early consultation with the public, close collaboration with neighbors and homeowners associations, genuine respect for public concerns, and public education as to the need for and benefits of affordable and higher density housing. Design guidelines and standards will become increasingly important. Community benefits such as parks and child care facilities will become more important components of new projects. High-quality architecture, "green" construction, good tenant screening processes, and commitments to maintenance and upkeep will all be important. Continued attention to public input will be critical.

