

**[EXTERNAL]** This email originated from an **external source**. Please use judgment and caution when opening attachments, clicking links, or responding.

Dear Commissioners Batra, Duransoy, Levine, Ramsey, Strout, and Zucker:

Attached is a letter written by several affordable housing advocates, policy experts, and professionals in Piedmont regarding the Ad Hoc Subcommittee's recommendation on Measure A1.

While we're grateful for the Ad Hoc Subcommittee's diligent, thoughtful work, we have serious reservations about the unusual sequential plan that has been proposed. In our letter, we detail our concerns about the City's proposed ADU loan program, as well as why we believe a more straightforward plan that prioritizes a multifamily affordable housing development is preferable.

We suggest that the Planning Commission forward both the sequential plan *and* a traditional affordable housing-only plan as two options for the City Council to consider, with a memorandum that lays out the pros and cons of each path.

Thank you for your consideration and your service to our community.

Yours truly,  
Irene Cheng and Sarah Karlinsky  
Co-Chairs, Piedmont Racial Equity Campaign Housing Committee

September 10, 2021

Dear Commissioners Batra, Duransoy, Levine, Ramsey, Strout, and Zucker:

We are writing to you regarding the Recommendation of Ad Hoc Subcommittee of the Planning Commission on Measure A-1 Bond Funding, which is Item 5 on the Piedmont Planning Commission's September 13, 2021, agenda. We are a group of affordable housing advocates, policy experts, and professionals who live in Piedmont. A few of us were among the affordable housing professionals who met with the Ad Hoc Subcommittee in April and May of 2021.

We are grateful for the Ad Hoc Subcommittee's diligent and thoughtful work in coming up with a plan to utilize the City's \$2.2 million allocation of A1 funds and commend the Subcommittee for considering a plan that includes multifamily affordable housing development. **However, we have serious concerns about the unusual sequential plan that is being proposed, which directs the City's allocation to an ADU loan program (the ADULP) in the short-term (five years), and then applies the repaid loan funds to a traditional affordable housing development (TAHD) after five years.** No other city has used their funds in this way, because Measure A1 was designed expressly to enable cities to build multifamily affordable housing. We also wish to clarify several inaccuracies in the staff report that appear to have guided the Subcommittee's recommendation. Lastly, **we urge the Planning Commission to offer the City Council the option to consider an alternative proposal that focuses on a traditional affordable housing development only.**

#### ADU Loan Program (ADULP)

While we support the creation of a City of Piedmont affordable housing fund and the construction of ADUs as a component of the city's overall strategy for creating affordable housing, we do not support the use of Measure A1 funds for this purpose. Our reasons are as follows:

1. **The ADULP is inconsistent with the design of the Measure A1 program and requires the City to obtain several waivers from the Alameda County Board of Supervisors which may not be granted.**
  - **The Measure A1 program was purpose-built to fund a TAHD**, with provisions such as a 55-year affordability requirement for resulting units. Piedmont's proposed ADULP would only require units to be affordable for 15 years, a significant watering down of the Measure A1 goals.
  - **No other city has obtained a waiver of the 55-year requirement.** Piedmont's proposal to redirect the funds toward ADUs may be perceived by the public and other jurisdictions as an attempt to avoid or postpone creating the kind of multifamily affordable housing intended by Measure A1, and will likely put the city in a negative spotlight.
  - **The public bonds require payment of prevailing wages on construction, which would increase construction costs and impose administrative oversight to ensure enforcement.** The staff report makes no mention of this

requirement so it is unclear whether the City intends to seek a waiver, nor is it clear whether a waiver could be granted.

- **There are multiple other features of the ADULP that conflict with requirements of Measure A1**, including the County Housing and Community Development department (HCD) serving as lender (not the City), the subsidy cap of 40% to 50% of project costs, and loan proceeds being reused after repayment. The staff report makes no mention of these constraints, any one of which could derail the City's plans.
- **If the Board of Supervisors refuses to grant Piedmont the necessary waivers, the City risks losing its \$2.2 million allocation of A1 funding.** Other jurisdictions want this money for affordable housing developments that conform to the County's requirements and are likely to raise objections if Piedmont proposes applying it to a program that does not meet A1 requirements.

**2. The proposed ADU loan program is extremely unlikely to be used—let alone repaid—within a five-year timeframe.**

- This program is unlikely to be attractive to Piedmont homeowners. The program would require a deed restriction on the property limiting occupancy of the ADU to eligible low-income households and limiting rents for fifteen years at rent levels from approximately \$450 up to a max of \$1,450 (depending on the required income targeting). It would impose many other requirements such as mandatory lease terms and ongoing monitoring. It is hard to imagine that eligible low and moderate-income Piedmont homeowners would agree to these types of requirements in order to access a 4% loan that is barely below market rate and needs to be repaid within five years.
- Loan programs to incentivize construction of affordable ADUs are novel and complex, even without the added difficulty of funding such a program with highly regulated, public bond funds. For example, Housing Trust Silicon Valley, a leader in affordable housing financing, has had a team of people working for several years on a less restrictive ADU financing program and has yet to make a single loan under its program.
- The average cost of constructing an ADU in the Bay Area is over \$350,000. A loan of up to \$150,000 still leaves a big funding gap for all but perhaps the smallest junior ADUs.
- The city's ADULP is modeled on, and to some extent duplicates, the County's AC Renew program, which offers low-income homeowners a 1% loan due in 30 years or longer for home renovation projects, including construction of ADUs. It is not clear why the City should create its own ADULP, especially one with less favorable terms than AC Renew.
- The City (or Habitat for Humanity) will have to engage in oversight and compliance monitoring to make sure the ADU program's requirements are being met—a costly and intrusive process.

- Since the ADULP will be making loans over the course of five years, it's unlikely that all the loan funds will be fully repaid by the time the TAHD is begun. If the ADULP is successful, it will leave a diminished amount for a TAHD.

#### Traditional Affordable Housing Development (TAHD)

We believe a better and more straightforward path would be to focus on a traditional affordable housing development (TAHD) as Piedmont's Measure A1 proposal. Traditional affordable housing is an effective, proven method of providing affordable housing to those who need it. It also does not require waivers from the County. Moreover, it sets the city up to be successful in the upcoming Housing Element cycle.

#### **1. A TAHD would fulfill the requirements and intentions of the Measure A1 program.**

- Other than a potential extension of the commitment deadline, which the Measure A1 guidelines specifically contemplate, a TAHD fulfills all the Measure A1 requirements.
- Measure A1 was designed to enable municipalities to leverage state and federal funding for affordable housing. A1-supported projects have been able to leverage the bond funds at a rate of 1:4, or even more in high priority areas like Piedmont, meaning **Piedmont's \$2.2 million could be used to capture an additional \$10 million or more in state and federal funds.** A TAHD would allow Piedmont to make most effective use of the county funds.

#### **2. The city's staff report contains several inaccuracies regarding a TAHD which need to be corrected.**

- The staff report states that a TAHD would "require on-going operational subsidies." That is not true. Many A1 projects in Alameda County are being built without operating subsidies and are operationally self-sustaining.
- The staff report states that "current best practices for affordable housing include partnering the construction of a market-rate housing development with an adjacent publicly subsidized affordable housing development so that there is net operating income (NOI) to support the on-going costs associated with the subsidized affordable housing." This is false. The vast majority of TAHD in California is 100% affordable and not linked to market-rate housing development.
- The staff report states that the time frame to implement a TAHD is five years, since it may require General Plan and zoning amendments unlikely to be completed before December 2022. However, as detailed below, we believe a timeline is possible that significantly speeds up this process and would require only minimal A1 timeline extensions from HCD.

#### **3. We recognize that the City's current General Plan and zoning will likely have to be amended to enable a TAHD to be built, and that this may present the largest hurdle to committing to a TAHD as Piedmont's Measure A1 plan at this time. However we believe that by coordinating the TAHD planning with the 6th cycle Housing Element work,**

**the City would be ready to submit a proposal in 18-24 months rather than the five years named in the staff report.**

- We have created a timeline (see attached) demonstrating how a Measure A1 and Housing Element timelines could be coordinated rather than sequential.
- Since the city and its Housing Element consultant, Lisa Wise Consulting, will have completed a draft site inventory and draft Housing Element by fall of 2021 (according to the city's last published schedule), the City will have in hand key information about possible sites and likely General Plan and zoning changes. On the basis of this analysis, the City can begin public engagement and other concrete steps on a Measure A1 TAHD.
- If some of the preliminary steps on a TAHD are carried out in coordination with the Housing Element work rather than waiting until after it is adopted, the City could still submit a Measure A1 TAHD plan by mid-2023. Specifically, the programmatic Housing Element Environmental Impact Report (EIR) that the City has started to prepare under the California Environmental Quality Act (CEQA) should include consideration of a TAHD in one or more potential sites so that once the Housing Element is adopted, the environmental review for the ultimately-approved TAHD can be tiered from that larger document, saving time and resources.
- The City could ask HCD for an extension to facilitate the development of the TAHD in conjunction with the Housing Element update and associated implementation measures.

**Recommendation:**

**We do not support the Ad Hoc Subcommittee's recommendation to pursue a sequential plan, which we believe is overly complicated, untested, and may result in Piedmont losing access to its \$2.2 million allocation of Measure A1 funds. We firmly believe that the City should prioritize a TAHD for Measure A1 funds.** We believe this is achievable by working with Lisa Wise Consulting and Rincon to incorporate Measure A1 site selection and analysis into the City's EIR, planning and public engagement work as part of the 2023-30 Housing Element update. Another 6-month extension from Alameda County HCD may be needed to allow the City to carry out work toward a TAHD proposal, but we believe that another short-term extension, combined with concrete action, will be far more palatable to HCD than the myriad of waivers the sequential ADULP proposal would entail.

We understand that the Ad Hoc Subcommittee's recommendation for a sequential approach was shaped by the constraints of the current General Plan, and that pursuing a more straightforward path that focuses on a TAHD may require direction on land use policy that is beyond the purview of the Planning Commission. Therefore, **we suggest that the Planning Commission forward both the current sequential plan and a TAHD-only plan as two options for the City Council to consider**, with a memorandum that lays out the pros and cons of each path. Since the clock is ticking to submit a plan to the County, and since the Housing Element update is getting underway, we believe that it is important to involve the elected City Council in deliberations about the constraints and opportunities presented by Measure A1 now.

Once again, we are grateful to the Ad Hoc Subcommittee, the Planning Commission, and City staff for your hard work in crafting a proposal that responds to the complex constraints and challenges that Piedmont faces. We believe we all share a commitment to the overarching goal of building affordable housing that will help make our city a more inclusive and equitable community, and we look forward to continuing to work together with you to achieve that goal.

Yours truly,

Jessica Berg  
Irene Cheng  
Carol Galante  
Sarah Karlinsky  
Deborah Leland  
Jill Lindenbaum  
Andy Madeira  
Claire Parisa  
Andrea Ruiz-Esquide  
Alice Talcott  
Randy Wu

*The opinions expressed here are those of the individual signers and do not represent the viewpoints of their affiliated organizations.*

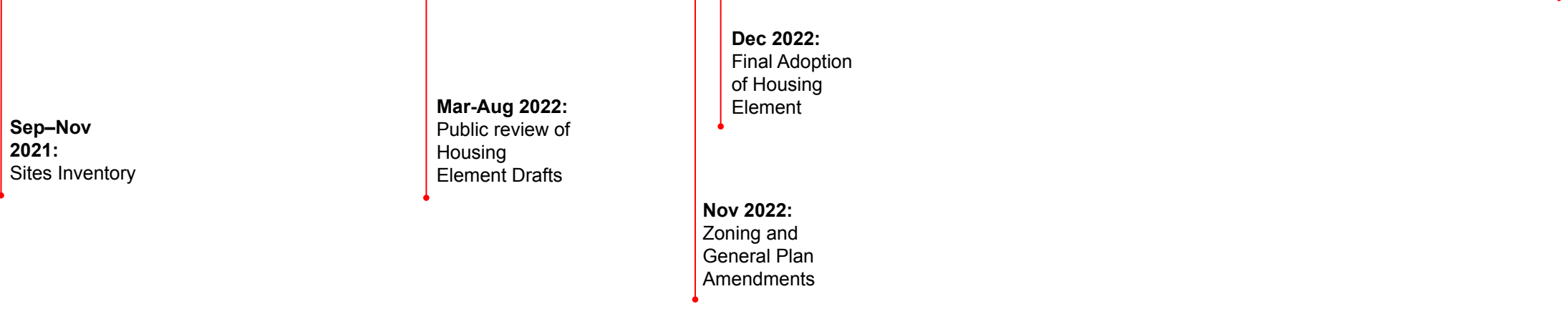
Cc: Kevin Jackson, Pierce MacDonald-Powell, Sara Lillevand, Piedmont City Council

# Measure A1 and Housing Element Timeline

## Measure A1 Timeline



## Housing Element Timeline (LWC)



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**Linda Roodhouse Loper**  
**116 Mesa Avenue**  
**Piedmont, CA 94611**  
**September 10, 2021**

Members of the Piedmont City Council and Planning Commission

Re: Affordable Housing in Piedmont

A couple of practical questions arising from my initial review of the recommendations of the Planning Commission subcommittee for compliance with state law affordable housing mandates and qualification for Measure A-1 funds to get to compliance, as described in the September 13, 2021 staff report to the Planning Commission:

1. How will the City find the funds for the Finance Department and the Building Department to staff up for the implementation and ongoing supervision of an ADU program, when even currently the Building Department is so understaffed that paid-for permit applications languish for months? (See the table on page 5 of the staff report, bottom right box.)
2. How does the City plan to insure that the new ADUs are occupied by tenants who qualify under Measure A-1? Meaningful code enforcement is expensive and intrusive. (For example, how many garage spaces required as a condition of approval for a new bedroom addition are actually used or even usable as garages?) If the ADU plan is a sincere effort to provide actual affordable housing to persons who could otherwise not afford to live here, the city staff must be ready to inspect units, interview landlords and tenants, and correct non-compliance with legal action. Importantly, implementing regulations must make the non-compliant property owner legally responsible for the costs of enforcement, including the City's legal fees, and provide a simple way to collect those costs.
3. Have Planning Department staff taken the time necessary to verify how many of the existing Piedmont ADUs are rented out to non-family members and thus qualify as affordable housing for General Plan compliance purposes? ADUs for other purposes are not objectionable, of course, but can they be claimed as affordable housing for state law compliance if not rented out?

Sincerely,

Linda Roodhouse Loper (Former City Attorney, Orinda, and Deputy City Attorney, Piedmont)



Planning Commission meeting September 13, 2021

Public comments for agenda item #5:  
Recommendation for Measure A-1 Bond Affordable Housing Funds  
Received between 5 p.m. September 10 and 9 a.m. September 13, 2021

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Hello, Mr. Jackson - would you please be so kind as to forward this email to the full Planning Commission?

To: Piedmont Planning Commission

I'm writing as a long-time Piedmont resident to express my respectful opposition to the Recommendation of the Ad Hoc Subcommittee of the Planning Commission on Measure A-1 Bond Funding (Item 5 on the Piedmont Planning Commission's September 13, 2021, agenda).

The recommendation, which starts with a 5-year ADU loan phase before traditional affordable multi-family housing efforts would be funded, simply doesn't work and delays the part of the plan that is most urgently needed.

The proposed ADU loans in the first phase are needless, as they would be unattractive to would-be borrowers based on their features, rate, and terms; and further, the proposed provisions of this ADU loan phase conflict with legal requirements for use of the A-1 bond funds.

Second, while ADUs may be a worthy part of Piedmont's overall housing plan, ADUs alone won't gain us sufficient traction in meeting Piedmont's significant Housing Element goals.

In order to meet those goals, as well as to promote an equitable and diverse community in Piedmont, we need to undertake without delay a plan that focuses on traditional affordable multi-family housing.

I strongly urge the Planning Commission to revise the A-1 plan to one in which the A-1 funds are to be used from the outset for a multifamily affordable housing plan, without sequencing it behind an ADU loan or other pre-phase.

Nonetheless, I'd like to express my appreciation for the Ad Hoc Subcommittee's hard work toward a plan to utilize the City's \$2.2 million allocation of A-1 funds, and also for considering a plan that includes multifamily affordable housing development.

With respectful regards,  
Beth Hughes

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Chair Batra and Commissioners,

Piedmont has relied upon ADUs or second units for several housing cycles to meet its assigned RHNA goals. And since 2011 the City has reviewed its business tax records and at times surveyed registered second unit owners to determine how many have been rented and how many are unoccupied.

Several City Council and Housing Advisory Committee members have asked (in response to comments by residents at prior meetings) for disclosure of the ADU occupancy rate.

Staff has acknowledged this request and has agreed to provide some information although staff is concerned that the data will show that Piedmont's ADU program has yielded significantly less rental housing than the number of ADUs built within Piedmont.

I ask the Planning Commission to join the City Council and the Housing Advisory Committee members' request for ADU occupancy rate data. This data will inform the Planning Commission on actual ADU usage and then will help commissioners assess how ADUs might contribute to Piedmont's 587 RHNA housing units goal in the next housing cycle.

The last Housing Element Plan dated December 1, 2014 at pg. 2-13 **Program 1.D: Data on Second Unit Rents** describes how second units now known as ADUs are reviewed each year. The staff's annual reviews of business tax records and surveys described in the 2014 Housing Element Plan as an Ongoing Evaluation should be disclosed to the City Council, the Planning Commission, the Housing Advisory Committee and the community.

Thank you for your continuing hard work on housing in Piedmont,  
Randy Wu  
130 York Drive

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Dear Planning Commission and City Council,

I am a long time resident of Piedmont and I am writing to urge you to reject the Ad Hoc Subcommittee recommendation for spending funds from Measure A1 on an ADU loan program. Instead, I strongly recommend that the City commit to using the funds for traditional affordable multifamily housing on city land.

The recommendation from the Ad Hoc Subcommittee (an ADU loan program) does not meet the key requirements of the County for use of Measure A1, is unlikely to be used, and ultimately will not fulfill the goals of Measure A1, building affordable housing.

It is critical that Piedmont utilize the funds from Measure A1 to build affordable multifamily housing. This is a key policy need to meet the City of Piedmont's commitment last August to embrace an anti-racist agenda. In the anti-racist agenda adopted by the City, it was affirmed that Piedmont is "...a predominantly White community, with a high socioeconomic status;" and that "the City of Piedmont acknowledges, apologizes for, and condemns all racially motivated, discriminatory or exclusionary aspects of the City's history". This history includes real estate "redlining" and racially restrictive housing covenants.

Measure A1 was approved by Alameda County voters in 2016 - five years ago. The City of Piedmont cannot waste any more time and must take this opportunity to use publicly available funds to build multifamily affordable housing that would create a more equitable community in

Piedmont and address past exclusionary practices. There are multiple cities that have successfully built and maintained affordable multifamily housing to the betterment of the entire community. To not use the funds in this way will mean that Piedmont cannot meet its stated goals of being a more welcoming and equitable community.

Thank you,

Tracey Woodruff

Planning Commission meeting September 13, 2021

Public comments for agenda item #5:  
Recommendation for Measure A-1 Bond Affordable Housing Funds  
Received September 13, 2021 after 9 a.m.

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To whom it may concern,

As a Piedmont resident and homeowner, I am writing in support of the currently proposed phased plan using allocation of Measure A1 funds toward ADU loans first. This seems like a reasonable plan to help meet the increased housing unit requirements. Encouraging current residents to develop ADUs would help maintain the character of the city and hopefully avoid the drawbacks of multifamily housing such as increased traffic/congestion and potential strain on class sizes within the schools.

Best regards,  
Dan Levinsohn

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Dear Kevin (please also forward this to the Planning Commission) and the Planning Commission,

I am writing to urge you to focus the A1 funds on encouraging true low income housing, particularly multifamily affordable housing, and not use funds for ADUs construction.

Of course, ADUs have been useful in helping Piedmont with its Housing Element in the past, as you know, ADUs have rarely been used for low income housing, even with promises. In fact, most often, ADUs are used for benefit of the wealthy homeowners building them. It would be a shame to use A1 funds for this purpose and continue the farce of ADUs being low income housing. There is also the issue of longevity of ADU use for low income families, as past restrictions (not enforced) have been just for 10 years. Multi-family housing could be build so as to have a permanent low income component. Of course, perhaps a true, permanent low income ADU mechanism could be developed, but it would be very different than what has been done in Piedmont to date.

I also understand that the A1 funds can be leveraged up to 4:1 with state/federal funds, such that the total impact could be \$10M, perhaps significant to incentivize the building of a multifamily development, especially with a gift of little used city land (there is much of this, mostly in Moraga canyon, including by the corporation yard), that could put a big dent in the RHNA allocation for Piedmont for the upcoming Housing Element period.

If Piedmont could instead focus entirely on multifamily construction, it could be a leader and recognized as a pioneer to be followed.

Sincerely,  
Brett

## Pierce Macdonald-Powell

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**From:** RICK SCHILLER [REDACTED]  
**Sent:** Monday, September 13, 2021 7:35 PM  
**To:** Kevin Jackson  
**Cc:** Pierce Macdonald-Powell  
**Subject:** RE: PC Sep 13 Item 5 Informational Report My Comments

[EXTERNAL] This email originated from an **external source**. Please use judgment and caution when opening attachments, clicking links, or responding.

Kevin, My apologies to you and the PC as my microphone was inadvertently disconnected. I would appreciate if you would forward my intended comments to the Commissioners:

With the passage and eminent signing of SB9 "The California Home Act" the City has a noncontroversial path to satisfying RHNA requirements and use A1 funds for the following: Allow and encourage affordable smaller homes with ADUs and JADUs by reducing the minimum Zone A lot size from 8,000 sf down to 6,000. This minimum lot size reduction without the need of a variance is consistent with long standing building practice in Piedmont as of the about 3850 single family homes in town, about 45% are on lots smaller than 6,000 already. So going to 6,000 sf minimum lot size is common sense.

Continuing the minimum 8,000 SF lot size in Zone A prevents the City from a adopting an easy way to satisfy the newly imposed RHNA requirements. Going to 6,000 sf will be a painless path to meeting the 238 above Moderate Income requirement, the 92 Moderate Income requirement and with many ADUs and JADUs as part of the housing expansion the City will satisfy most if not all of the low income RHNA requirement. And this is done with no large multi-unit apartment type construction meaning the basic character and beauty of Piedmont will be maintained.

As Zone A remains residential with no change of use, no voter approval is needed. SB9 allows the change to be ministerial meaning the City can simply set a realistic policy and have an easy path to full RHNA compliance.

best, Rick

On 09/13/2021 1:54 PM Kevin Jackson <kjackson@piedmont.ca.gov> wrote:

Rick,

I can print one that's ready for you to pick up at the counter in City Hall. If that works for you let me know;

Kevin Jackson, AICP      Planning & Building Director

City of Piedmont, 120 Vista Avenue, Piedmont, CA 94611

Tel: (510) 420-3039 Fax: (510) 658-3167

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**From:** RICK SCHILLER [mailto:████████████████████]  
**Sent:** Monday, September 13, 2021 12:04 PM  
**To:** Kevin Jackson <kjackson@piedmont.ca.gov>  
**Subject:** PC Sep 13 Item 5 Informational Report

[EXTERNAL] This email originated from an **external source**. Please use judgment and caution when opening attachments, clicking links, or responding.

Hi Kevin, Is their a hard copy of the Ad-Hoc's Committee's A1 bond report you can forward to me before tonight's meeting? My apologies for the last minute request.

best, Rick

## Pierce Macdonald-Powell

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**From:** Rob Lutt [REDACTED]  
**Sent:** Monday, September 13, 2021 5:34 PM  
**To:** Kevin Jackson; Sara Lillevand; Pierce Macdonald-Powell  
**Subject:** Affordable Housing in Piedmont

[EXTERNAL] This email originated from an **external source**. Please use judgment and caution when opening attachments, clicking links, or responding.

Mr. Jackson, please forward this to the Planning Commission.

My name is Rob Lutt. I'm a Piedmont resident at 39 York Dr.

I commend the city on the decision to accept the state's challenge and funding for additional affordable housing units. However, I have concerns about the two stage process that is being proposed. Please anticipate additional input after I learn more about the proposal in tonight's Planning Commission meeting.

Rob 510-684-7033

## Pierce Macdonald-Powell

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**From:** Becca Posamentier <[REDACTED]>  
**Sent:** Monday, September 13, 2021 5:16 PM  
**To:** Kevin Jackson  
**Cc:** City Council; Pierce Macdonald-Powell; Sara Lillevand  
**Subject:** Affordable Housing

[EXTERNAL] This email originated from an **external source**. Please use judgment and caution when opening attachments, clicking links, or responding.

Dear Planning Commission members,

I'm writing to urge you to move forward with a multifamily affordable housing development for Measure A1. I am concerned that an ADU loan program will not actually provide affordable housing for new residents. For example, my neighbors are building a JADU and have no intention of renting it out, they will use it for their nanny, and I would be very curious about how the city will track the new ADUs and ensure that they are actually being used to provide affordable housing options in the city. If we can't follow this up, then it seems that it's not a good use of the affordable housing funds from A1.

Thank you for doing your best to create more housing options in Piedmont.

Sincerely,  
Rebecca Posamentier