

## 4. Analysis of Housing Capacity

### 4.1 INTRODUCTION

State law requires each city and county to include an inventory of potential housing sites in their housing elements. The inventory must demonstrate that the community can meet its Regional Housing Needs Allocation (RHNA), as defined by the local council of governments. As noted in previous chapters of this Housing Element, Orinda's RHNA for the January 1, 2014–October 31, 2022 period is 227 units. Note that the RHNA period varies slightly from the Housing Element planning period, which is 2015–2023.

The City's General Plan identifies a maximum of 7,429 dwelling units in the city at 100 percent buildout. The 2014 Department of Finance estimates 6,829 total housing units located in the city. This suggests that at least 600 additional units could potentially be built in the city, which is almost three times the 2014–2022 RHNA.

Demonstrating land capacity for 227 new units is only part of the equation, however. Orinda must also show that this land is capable of supporting the given housing allocations by category of income assigned to the City through the RHNA. This means that the City must zone for multi-family residences and second units that will rent for amounts deemed affordable to very low-, low-, and moderate-income households as well as zone for single-family homes.

In 2004, the state passed Assembly Bill 2348 to clarify the requirements of the Housing Element sites analysis. Cities can demonstrate that they have an adequate land supply to meet their affordable housing needs through several methods. They may cite recent data on housing production showing that affordable units have been created and are financially feasible. They can show that subsidies which contribute to the affordability of units are available and work effectively. They may also zone land for multi-family development and take advantage of a "safe harbor" in the law that deems certain densities as appropriate to accommodate housing for lower-income households. Suburban communities such as Orinda qualify for this safe harbor in the law where land is zoned for at least 20 housing units per acre. That is referred to as the default density for sites deemed to be viable for affordable housing.

Table 4.1 provides a summary of the city's capacity to accommodate the 2014–2022 RHNA, based on sites currently zoned for residential development. This chapter provides a detailed analysis of housing opportunities in the city. The analysis in this chapter begins by deducting housing units that were constructed or approved from January to June 2014, since the beginning of this RHNA period. Because these units have provided or will provide housing opportunities during the RHNA period, they may be credited toward the City's 2014–2022 assignment.

The chapter then evaluates housing opportunities in three categories: (a) vacant land zoned for single-family homes; (b) vacant land zoned for multi-family homes; (c) underutilized mixed use properties and (d) second units. Sites to accommodate the RHNA are shown in a map in Figure 4.1.

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While not needed to meet the RHNA, this chapter describes additional housing opportunities, including mixed-use development in the downtown and additional single-family homes on vacant sites scattered throughout the community.

<b>Table 4.1: Summary of Capacity to Accommodate the 2014–2022 RHNA</b>					
	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total</b>
2014–2022 RHNA	84	47	54	42	227
Units constructed/approved (Table 4.2)	66	2	11	87	166
Vacant land (Santa Maria <sup>1</sup> , Wilder subdivision)	64		235		299
Second units, projected	2	13	38	4	57
<b>Remaining RHNA (surplus capacity)</b>	<b>(16)</b>		<b>(279)</b>		<b>(295)</b>

Source: Association of Bay Area Governments 2014–2022 Regional Housing Needs Allocation 2013; City of Orinda 2014

<sup>1</sup> Development capacity for the Santa Maria site is shown on this table only to demonstrate that the City has capacity to accommodate the lower-income RHNA with existing zoning. The site is zoned for up to 25 units per acre, which meets the default density of 20 units per acre established for Orinda by the California Department of Housing and Community Development. [As further described in this chapter, the City may opt to remove the High Density Overlay District from the Santa Maria site after the adoption of this Housing Element if/when an alternative site is selected to be rezoned to accommodate the City's lower-income RHNA.]

## 4.2 ADJUSTMENT FOR CONSTRUCTED AND APPROVED UNITS

Units in a variety of styles and at a range of affordability levels have been completed or are in progress and will be available to Orinda households during this planning period. As of June 2014, development on projects including Monteverde Senior Apartments, Orinda Grove, and Orinda Oaks were well under way. Additional homes have been completed or received building permits in 2014 in the Wilder subdivision and on scattered sites located throughout the city. Building permits have been issued for four second units. A summary of this development is provided in Table 4.2 and described below. Figure 4.1 provides a map of these units/sites.

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Table 4.2: Housing Units Completed (January to June 2014)						
Map #		Income Category				Total
		Very Low	Low	Moderate	Above Moderate	
1	Single-family homes <sup>1</sup>	0	0	0	4	4
2	Orinda Oaks (single-family homes) <sup>2</sup>	0	0	0	10	10
3	Wilder (single-family homes) <sup>3</sup>	0	0	0	8	8
4	Monteverde Senior Apartments <sup>4</sup>	66	0	1	0	67
5	Orinda Grove <sup>5</sup>	0	0	8	65	73
6	Second units (approved) <sup>6</sup>	0	2	2	0	4
<b>Total</b>		<b>66</b>	<b>2</b>	<b>11</b>	<b>87</b>	<b>166</b>

Source: City of Orinda 2014; Contra Costa County Department of Conservation and Development 2014

1. Building permits were issued for four single-family homes on scattered sites in Orinda (outside of the Orinda Oaks, Wilder, and Orinda Grove developments) from January to June 2014.

2. Orinda Oaks is a 12-unit single-family subdivision. Two of the homes were completed in 2013 and thus are not counted against the 2014–2022 RHNA in this inventory. Six of the homes were completed in the first half of 2014. Building permits for two of the remaining units have been issued, and permits for the remaining units are likely to be issued by the end of 2014.

3. Wilder contains 245 home sites. Two of the homes were completed in 2013 and thus are not counted against the 2014–2022 RHNA in this inventory. Four homes were completed in the first half of 2014. Building permits for four additional units have been issued in 2014. The potential for additional homes in this development is considered in the analysis of vacant land in this chapter.

4. Monteverde Senior Apartments is a 67-unit affordable housing project for senior citizens. The very low-income units will be deed-restricted for affordability. The moderate-income unit is for an on-site manager.

5. Orinda Grove is a 73-unit subdivision. Building permits have been issued for all units in the development, and 22 homes were completed in the first half of 2014. Eight of the homes will be deed-restricted for purchase and occupancy by moderate-income households.

6. See page 4-4 for a discussion of how the affordability level of second units was determined.

### Single-Family Homes

As further detailed in this chapter, vacant sites are available for the development of single-family homes in locations throughout the city. Permits for four single-family homes have been issued since the beginning of the RHNA period. Based on square footage and current market prices, it is assumed that these homes will be priced at levels affordable only to above moderate-income households.

### Orinda Oaks

Orinda Oaks is a 12-lot single-family subdivision. The first two homes were completed in 2013. Due to the timing, these homes are not included in this analysis. Six of the homes were completed in the first half of 2014 and another two are under construction. It is anticipated that building permits for the remaining two homes will be issued in the near future and the homes will be complete and available for occupancy by 2015. Based on square footage and sales prices, these homes are appropriate for above moderate-income households.

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### **Wilder**

As further discussed below, the Wilder subdivision provides significant opportunity for the development of new single-family homes, as well as second units. Four homes were completed and an additional four building permits were issued in this subdivision in the first half of 2014. Based on square footage and current market prices, it is assumed that these homes were and will be priced at levels affordable only to above moderate-income households.

### **Monteverde Senior Apartments**

The City's library was relocated to a new facility, enabling the City to negotiate an agreement with Eden Housing to purchase the 1.45-acre former library site at 2 Irwin Way (APN 260-200-017) and develop it as senior affordable housing. Eden is presently developing 67 units of senior housing on the property, with occupancy restricted to very low-income households. It is anticipated that construction will be complete and the units ready for occupancy by December 2014. The units will satisfy most of the City's RHNA for very low-income households for this planning period. The site was rezoned from public to multi-family residential uses (with a Senior Housing Overlay) as part of the approval process.

### **Orinda Grove**

The former school district-owned Pine Grove site (APN 260-191-007) was declared surplus in December 2003. The City adopted the Pine Grove Neighborhood Design Policies and Guidelines to facilitate medium-density residential development on the property in 2004. In 2008, the City approved a 73-unit residential project on the site, including 65 market-rate units and 8 moderate-income units. Occupancy of the moderate-income units will be limited to households with four or more persons, meeting US Department of Housing and Urban Development (HUD) income guidelines. These units will satisfy a portion of the City's RHNA for moderate-income households for this period. The Orinda Grove development is currently under construction by Pulte Homes. From January to June 2014, 22 homes in the Orinda Grove development were completed. Building permits have been issued for the remaining units. The 11.1-acre site was rezoned PD (Planned Development) as part of the approval process.

### **Second Units**

Applications for four second units were approved in the first half of 2014. The affordability level was determined based on square footage and the calculation methodology described later in this chapter. As later detailed, second units provide an important affordable housing opportunity for Orinda.

### 4.3 SITES FOR NEW HOUSING

As described below, the Wilder subdivision can accommodate 235 new single-family homes. Zoning to accommodate 48 multi-family units at the default density is required to accommodate the balance of the RHNA for the lower income categories. Under existing zoning, 64 to 80 multi-family housing units can be accommodated on a 3.2-acre portion of Santa Maria Church property (APN 260-200-001) located in the High Density Overlay District (HDO). The HDO district was established and applied to the Santa Maria site during the 4th Cycle Housing Element and has a base density of 20 units per acre and allows up to 25 units per acre, if a proposed project meets certain provisions. The City has committed to consider anew whether or not to continue to rely on the Santa Maria site to accommodate the balance of the lower income RHNA and prepared a Draft Environmental Impact Report (EIR) that analyzes at an equal level of detail three alternatives consisting of six sites.

After consideration of the EIR and prior to adoption of the 5th Cycle Housing Element, the City selected the Santa Maria site to accommodate the balance of the 5th Cycle RHNA for the lower income categories. The zoning will be modified to reduce to 48 the number of multi-family units that can be accommodated on the site. The City's decision on this matter reflected in Action 3.E – Housing Site.

#### 4.3.1 Wilder (Vacant Land Zoned for Single-Family Residences)

The Wilder subdivision, located in the Gateway Valley portion of Orinda (site number 3 in Figure 4.1), offers 245 home sites. The total Wilder area encompasses 1,600 acres. Approximately 300 acres will be developed for housing, play fields, and a community center. The developer offers a variety of planned home designs and offers sites individually for custom home design and construction. Home plans include single-level housing to accommodate seniors and individuals with disabilities, as well as households without special needs.

Per a development agreement with the City, the owners of Gateway Valley paid fees for the construction of off-site affordable housing. These fees were used to assist in the development of the Monteverde Senior Apartments, described earlier in this chapter.

As of July 2014, 235 of these sites remain available for development. Homes will be constructed in a time frame dictated by market demand. It is anticipated that a portion of homes developed in Wilder will feature a second unit.

The general locations of the areas identified in this table are shown on Figure 4.2, based on the assessor map book index. Book 273 (Gateway Valley/Castlegate) represents about half of the city's single family capacity. The remaining capacity is associated with scattered vacant residential lots, most on hillsides. Table 4.4 assumes one home per parcel and does not account for potential lot splits, since steep slopes limit the potential for subdivision in most cases.

#### 4.3.2 Vacant Land Zoned for Multi-Family Residences

There are five properties in Orinda with multi-family (RM) zoning. Four sites are developed with multi-family uses, including the recently constructed Monteverde Senior Apartments and one site is vacant. The vacant site (a portion of APN 260-200-001) is 3.2 acres and is owned by the Santa

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Maria Church (site number 7 on the map in Figure 4.1). Consistent with the 2013 Housing Element, the High Density Overlay District was established in December 2013 and applied to this site. The district establishes a base density of 20 units per acre and allows up to 25 units per acre if a proposed project meets certain provisions. Refer to Table 4.3.

The density established in the High Density Overlay District was set at the 20 to 25 unit level in order to satisfy state law requirements that related to the City's shortfall in meeting the RHNA from the 3<sup>rd</sup> (1999-2006) and 4<sup>th</sup> (2007-2014) cycle housing planning periods. Because the City has adequate sites zoned at appropriate densities at the onset of the 5<sup>th</sup> cycle (2014-2022) RHNA period, it is no longer subject to the strict shortfall regulations. Rather than applying 20 units per acre as the minimum allowable density, the City may zone sites to meet the lower-income RHNA at a density of up to 20 units per acre, making 20 units per acre the maximum and establishing a lower minimum. Note, however, that the density may still be increased beyond 20 units per acre through a density bonus as is required by State law.

As noted in Table 4.1, capacity to meet the 2014-2022 RHNA existed under zoning in place at the beginning of the 5<sup>th</sup> Cycle Housing Element, that existing zoning includes zoning on a 3.2-acre portion of the Santa Maria site at a density meeting/exceeding the State law "default density" of up to 20 units per acre. However, as a part of the 5<sup>th</sup> Cycle Housing Element, the City considered anew whether or not to rely on the 3.2 acre Santa Maria site to help meet the City's RHNA for lower income households. This process involved extensive public input and careful consideration of environmental issues pursuant to the California Environmental Quality Act.

After preparation of a Final Environmental Impact Report in which three alternatives were analyzed at an equal level of detail, the City selected the Santa Maria site in Alternative 1 to zone at up to 20 dwelling units per acre (the "default density" under State law) in order to accommodate 48 units of the City's allocation of lower income households. The alternative site selected is described below.

Through Action 3.E, the City will initiate and process an amendment of the development policies (i.e., general plan, zoning and/or zoning map) applicable on the selected site to replace the existing High Density Overlay District on the site with policies to accommodate a total of 48 units at up to 20 dwelling units per acre (the "default density" under State law). This will be a public process. The precise wording of the development policies and configuration of the area covered will be determined through that public process.

To ensure that adequate sites are available through the planning period to meet the City's Regional Housing Needs Allocation (RHNA), the City will continue to maintain an inventory of sites available and appropriate for residential development for households at all income levels in keeping with state "no net loss" provisions (Government Code Section 65863).

### **Santa Maria Church Site**

Under existing zoning (RM zone with the High Density Overlay District), the Santa Maria Church site has a potential capacity of 64 to 80 multi-family units. The application of a density bonus could further increase development potential. Under Action 3.E, the maximum density without a density bonus will be reduced to 20 units per acre and the land area to which the High Density Overlay District is applied will be reduced from 3.2 acres to 2.4 acres. This will allow for development of up to 48 multi-family units and will satisfy the

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portion of the lower-income RHNA that is not met through units approved or constructed or second units.

The Santa Maria Church site is serviceable by infrastructure and utilities and does not have hydrologic, geologic, or biologic constraints that would preclude its development. The site includes an upward slope from the church school to a flat area which is bounded to the west by the former church school currently occupied by church offices and a preschool and a church clergy residence (at a lower level) and to the north and east by the common open space of the nearby Orindawoods development. The site is bordered on the south by low-rise office buildings along Altarinda Road. Access to the site is via Santa Maria Way and along the roadway and driveways that provide access to the Santa Maria Church, clergy residence, church offices, and preschool.

<b>Table 4.3: Vacant Sites</b>							
<b>Site</b>	<b>Map #</b>	<b>Acres</b>	<b>Zoning</b>	<b>Maximum Density (units/acre)</b>	<b>Maximum Units</b>	<b>Realistic Capacity</b>	<b>Constraints</b>
Santa Maria <sup>1</sup>	7	3.2	High Density Overlay	25	80 units	64 units <sup>1</sup>	None
Second Units	n/a	n/a	n/a	n/a	n/a	57 units <sup>2</sup>	None

Source: City of Orinda, 2015

Notes:

1) Based on the 2007-2014 Housing Element capacity.

2) Refer to discussion in section 4.4 for realistic capacity.

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Figure 4.1: Sites to Accommodate the RHNA

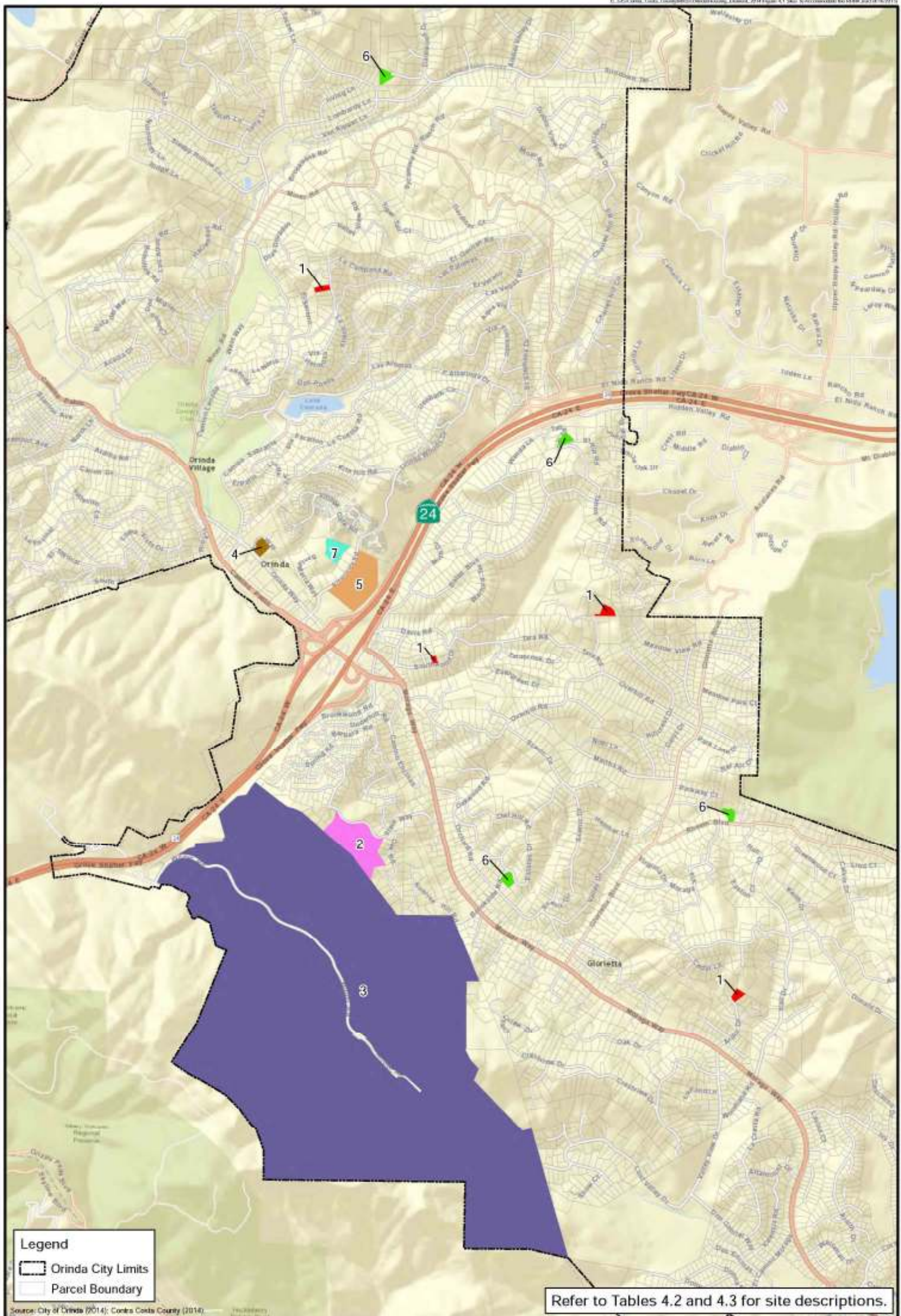


Figure 4.1  
Sites To Accommodate the RHNA



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### 4.4 SECOND UNIT POTENTIAL

#### 4.4.1 Development Prospects

Second units are an important and viable affordable housing resource in Orinda. There were 25 second units added from 1999 to 2006 and another 28 second units added or approved from 2007 to June 2014. The addition of these units has helped the City meet its moderate- and lower-income housing needs and provided extra income for homeowners, some of whom may be moderate and lower income themselves.

Second units may be created in a number of ways:

- They may be incorporated in brand new homes.
- They may be added onto existing homes as net new floor space.
- They may be created within the footprint and already habitable floor space of an existing home.

In the last case, second units may be developed by adding new bathrooms and kitchens and by configuring a separate entrance within an existing home. They may be also be developed by improving existing space that already has a kitchen, bathroom, and separate entrance, but is not currently used as an independent dwelling unit. They may also include the conversion of pool houses (with kitchens and baths), guest cottages, and similar detached structures. They may also include future rental of existing space that is now serving as domestic quarters, au pair quarters, home offices, or living space for extended family (children, elder parents, etc.).

Under the current second unit ordinance, the owners of these units may convert the spaces to active rentals by right, provided that certain conditions are met. These conditions include various dimensional and size standards (see Chapter 5), the provision of off-street parking, and owner occupancy of either the primary or secondary unit.

#### 4.4.2 Viability of Second Units as Affordable Housing

Although second units are rented at market rates, they help meet Orinda's affordable housing needs by providing a housing resource for seniors and small low- and moderate-income households. Based on data collected in 2012 and reviewed in 2014, the median monthly rent for second units in Orinda was \$1,325. Even the more expensive units, which were in the range of \$1,500 to \$2,000 a month, meet HUD affordability criteria for one- and two-person moderate-income households. Such units provide an important alternative for those who cannot afford to purchase a home in Orinda.

As part of the 2013 Housing Element update, the City estimated the likelihood that future second units would be affordable to very low-, low-, and moderate-income households. To do this, market rents for multi-family units in the area were surveyed to determine an average monthly rental cost per square foot. The City used tax assessor data to determine second unit sizes, and classified ads to determine typical second unit and multi-family apartment rents. A regression analysis was then prepared to determine the relationship between unit size and rent.

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The analysis determined that the probable monthly rent for a 391-square-foot studio would be \$608 (\$2.09 per square foot), making this unit affordable to a very low-income household. The probable rent for a 741-square-foot unit would be \$1,400 (\$1.89 per square foot), making it affordable to a low-income household. This data was applied to the projected number of future second units in each size category (assuming a continuation of existing trends) to determine the probable number of new units that would fall into each category.

Numerous homes in the city have existing floor space with the potential for conversion to a legal second unit. About half of the city's homes have four or more bedrooms, including more than 500 homes with five or more bedrooms. The architecture and configuration of many Orinda homes are also conducive to second unit production. Many of the city's homes were built with multiple entrances, carriage houses and other outbuildings, space for domestic employees, bedrooms and bathrooms on multiple levels, and other physical attributes that lend themselves to second unit creation. Many of the lots are large and could support a second unit without a zoning variance.

The demographics of the city are also conducive to second unit production. The city includes a large population of seniors who might benefit from the availability of second units (for their own occupancy or to rent to tenants for extra income). A large number of young adults were raised in Orinda but have limited options for staying in the city (other than continuing to reside in their parents' homes). Second units in Orinda can also be an extremely attractive option for one- and two-person households, single parents with young children, and others who seek to enjoy the amenities and high quality of life in the city but are unable to purchase a home in Orinda. Given that the median price of a home in the city is over \$1 million, and given the limited amount of vacant land for multi-family housing, there appears to be a substantial need for second units in the city.

### **4.4.3 Estimated Potential for Second Unit Production During the Balance of the Planning Period (July 2014–October 2022)**

Between the start of 1999 and June 2014 (15 years), 53 second units were added to Orinda's housing stock, for an average of over three units per year. The City approved six second units in 2007 and approved eight in 2008. The City approved four second units in the first half of 2014.

It can be reasonably assumed that another 57 second units can be produced on scattered sites during the remainder of the 2014–2022 RHNA period (e.g., July 2014– October 2022). Based on the characteristics of the units produced from 2007 to 2013, it is assumed that this will include 2 very low-income units, 13 low-income units, 38 moderate-income units, and 4 above moderate-income units. These would be market-rate units, with no income or occupancy restrictions, approved based on requests from individual homeowners.

Of course, the actual capacity for second units is much greater, since thousands of homeowners could apply. One of the most important opportunities for second unit production exists at the Wilder development, since there are 235 remaining lots in the master planned subdivision, with only 10 homes constructed to date. This Housing Element includes an action program to promote second units in new homes in Wilder. The City estimates that 10 percent of the new homes will include a second unit, producing approximately 25 new units. Because these will be brand new

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units rented at market rates, it is presumed they would fall in the affordability range for moderate-income households.

This Housing Element includes action programs to increase resident awareness of second unit opportunities and benefits and the process for applying for a second unit. It also supports the legalization of existing second units which meet current zoning and building code standards, and the maintenance of an ongoing registry of units, with information on rents and square footage.

### 4.5 ADDITIONAL HOUSING OPPORTUNITIES

The City of Orinda completed a survey of vacant parcels in 2011 and updated it as part of this Housing Element update. In compiling the survey, the following factors were applied:

- Duplicate listings of parcels between the lists used to generate the survey results (City of Orinda and Contra Costa County Development Department) were eliminated.
- Properties less than 5,000 square feet in size were eliminated from the list due to development restrictions pertaining to undersized lots (56 properties).
- City of Orinda General Plan and zoning information was applied to determine the minimum and maximum densities allowed.
- Properties included within the Sanitary Sewer and Septic Facilities Moratorium area imposed by the Contra Costa County Health Department were removed from the survey since the cost of extending sewer services to these parcels limits the economic feasibility of their development (59 parcels).
- Properties included in significant slide areas or in flood hazard areas were eliminated from the survey.
- Properties 120,000 square feet in size or larger and zoned for agricultural use were included in the survey if not located within the Sanitary Sewer and Septic Facilities Moratorium area.

A summary of development potential is shown in Table 4.4. The results indicate that the city could accommodate new residential development and the construction of approximately 525 additional single-family dwelling units on 593 acres of residentially zoned land.

The general locations of the areas identified in this table are shown on Figure 4.2, based on the assessor map book index. Capacity is scattered throughout the city on vacant residential lots, most on hillsides. The acreage figures in Table 4.4 are reduced based on the criteria noted above. In addition, the unit estimates assume one home per parcel and do not account for potential lot splits, since steep slopes limit the potential for subdivision in most cases.

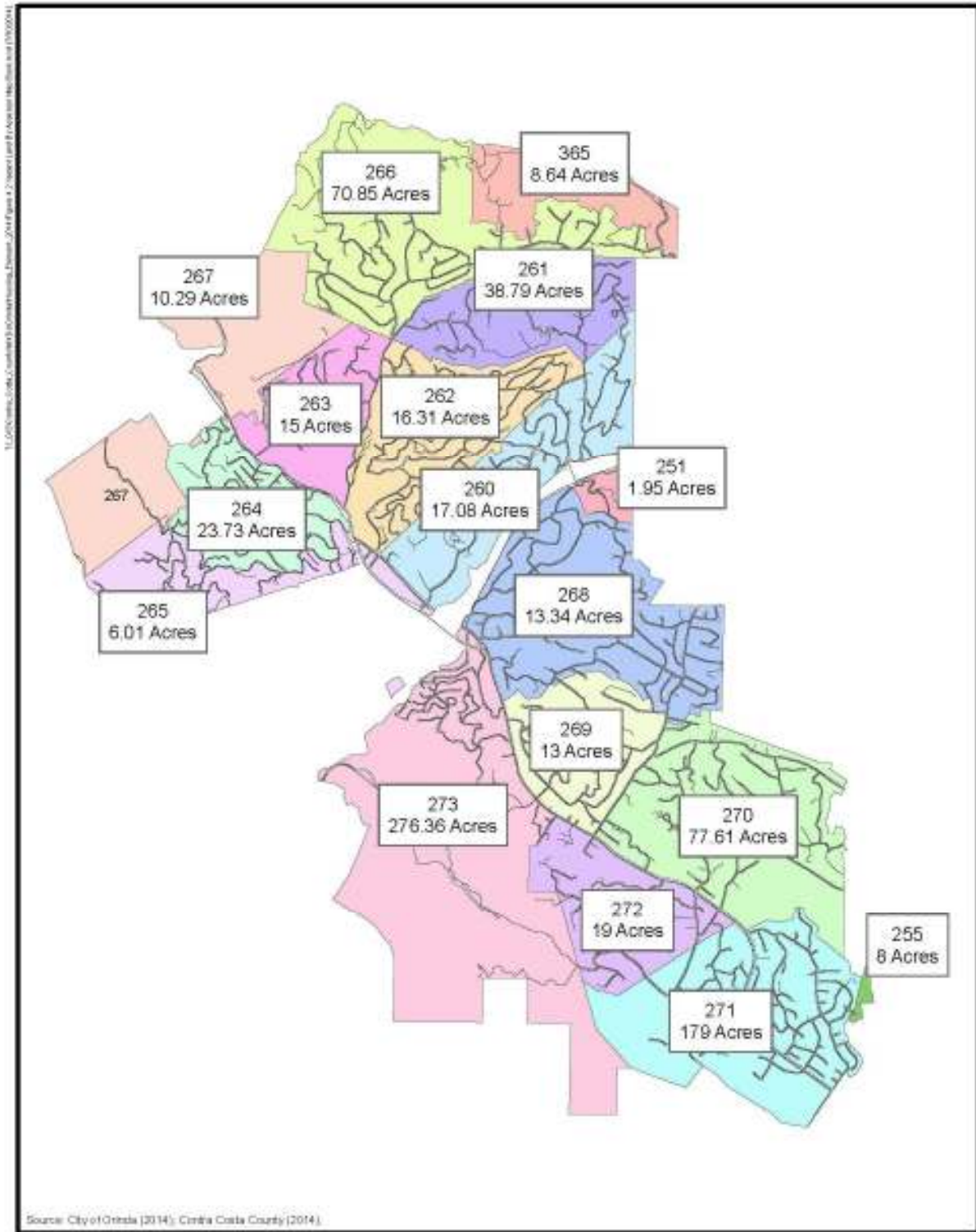
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**Table 4.4: Development Potential of Vacant Residentially Zoned Land, 2014**

Area	Assessor's Map Book No.	Gross Acres	Zoning Designation	Estimated Residential Capacity (units)
North Orinda	266, 261, 365	118	RM, RL-40, RL-20, PD	58
Wagner Ranch	267	5	RL-20	7
Manzanita	263	15	RL-40	15
Country Club	262	10	RL-20	8
Orindawoods/St. Stephens	260	17	RL-40, RL-20	14
El Toyonal	264, portions of 265	28	RL-20	42
Upper El Toyonal	Portions of 265 and 267	2	RVL-E	5
Downtown	265	1	DC	8
Southhills (Overhill, Bates, Tahos)	251 and 268	NA	RL-40, RL-20	20
Southwood Valley	268	13	RL-20	14
Oak Springs	Portions of 273	4	RL-6	0
Castlegate	Portions of 273	14	RL-20, RL-6	14
Castlegate Phase II	Portions of 273	23	RL-20, RL-15, RL-6	9
Wilder (Gateway)	Portions of 273	118	RL-40, OS, DA-PD	235
Glorietta (west of Glorietta)	269	9	RL-20	15
Rheem (east of Glorietta)	270	28	RL-20	0
Crestview/Lost Valley	272	46	RL-20	31
Ivy Drive	271 and 255	142	RL-40, RL-15, OS, DA-OS	30
<b>Total</b>		<b>593</b>		<b>525</b>

Source: City of Orinda, 2014

Figure 4.2: Additional Vacant Residential Land by Assessor Map Book



Additional Vacant Residential Land By Assessor Map Book

Figure 4.2



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