



CITY COUNCIL STAFF REPORT

ITEM NO. 7.1

DATE: March 23, 2026

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Hearing to consider the 2025 Housing Element Annual Progress Report, which tracks the City's progress towards implementing the Housing Element of the General Plan and meeting its Regional Housing Needs Allocation pursuant to Government Code Section 65400.

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution accepting the 2025 Housing Element Annual Progress Report and direct staff to file the report with the California Department of Housing and Community Development by the April 1, 2026, deadline.

DECISION TYPE

Administrative

SUMMARY

The City has completed its third year implementing the General Plan's 2023-2031 Housing Element. The Annual Progress Report describes the City's progress meeting its Regional Housing Needs Allocation (RHNA) and implementing the programs in the Housing Element. In 2025, Livermore made progress towards its RHNA targets, issuing building permits for housing units across income categories, including extremely low, very low, low, moderate and above moderate-income levels. In addition to housing units, the City is advancing housing policies and programs identified in the Housing Element including ADU financial assistance programs and updates to the Livermore Development Code to provide greater certainty, improve clarity, and streamline review processes. The City continues to implement housing programs and secure funding to increase housing opportunities for community members across lower income levels.

Government Code Section 65400 requires the City to submit the Annual Progress Report to both the California Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research by April 1, 2026. Government Code Section 65400 also requires the City Council to consider the report and allow for public comment. Staff recommends the City Council accept the report and direct staff to file it with the State prior to the April 1, 2026, deadline.

DISCUSSION

Background

In March 2010, the California Department of Housing and Community Development (HCD) adopted Housing Element regulations that require cities and counties to complete annual reports on Housing Element progress. Since 2010, the State has passed extensive housing legislation due to concerns about the lack of housing production and housing affordability. Included in that legislation are expanded reporting requirements for Annual Progress Reports (APRs). APRs require cities to provide detailed data on housing production, permitting, entitlements, site capacity, and implementation of Housing Element programs, along with reporting on newer State mandates such as SB6, SB9, and streamlined approvals. The report spans the full lifecycle of housing activity, from applications to occupancy, and includes tracking of affordable units, publicly owned sites, preservation efforts, and grant funded projects, reflecting the extensive level of detail now required by State law.

Timely filing of the APR is required by State law and is also essential for maintaining the City's eligibility for major State and regional grant programs, including One Bay Area Grant (OBAG), CalHome, and Local Housing Trust funding. City Council is required to review and accept the APR before staff files it with the State HCD and the Governor's Office of Planning and Research by the April 1, 2026, deadline. The 2025 APR is included as Exhibit A to the Resolution and provides all required data consistent with State legislation.

Regional Housing Needs Allocation Requirements

Since the APR is the State's primary tool for monitoring local housing outcomes, it also serves as the mechanism for tracking each jurisdiction's progress toward meeting its Regional Housing Needs Allocation (RHNA) obligations. RHNA refers to the share of regional housing units the City must plan for during the Housing Element cycle. The City is not required to construct these units; instead, state law requires jurisdictions to demonstrate that they have sufficient land and zoning capacity to accommodate their assigned need. To meet this requirement, the Housing Element includes both a housing sites inventory showing adequate capacity and a robust set of programs to develop, preserve, and improve the existing housing stock.

For the 2023-2031 planning period, referred to as the 6th cycle, Livermore's RHNA is 4,570 units, distributed across four income categories (1,317 very low, 758 low, 696 moderate, and 1,799 above moderate). The State also recognizes income categories for extremely low-income households ($\leq 30\%$ of area median income, or AMI) and acutely low-income households ($\leq 15\%$ of AMI), but these categories were not part of the allocation framework when Livermore's 6th cycle RHNA was assigned. As a result, the City received no RHNA allocation (i.e., zero units were assigned) in either the extremely low-income or acutely low-income categories in the 6th cycle.

Livermore's greatest housing needs fall within the very low-income (29%) and above moderate-income (39%) categories, consistent with RHNA trends across the Bay Area. The low-income (17%) and moderate-income (15%) categories reflect ongoing needs for workforce and senior housing as well as the broader missing middle households who are increasingly priced out of market rate options. Income limits for each affordability category are established annually by HCD for Alameda County and adopted by City Council resolution (Attachment 1).

Building Affordable Housing in Livermore

State Housing Element law allows cities to use residential density as a proxy for affordability when identifying sites to meet their lower income RHNA obligations. However, beginning with the 2017 APR, HCD clarified that actual affordability of constructed units cannot be based on density alone. Instead, affordability must be demonstrated through actual sales prices or rents. As a result, higher density housing types no longer qualify as affordable unless they are deed restricted or otherwise priced to meet income restricted affordability levels.

To ensure the production of deed restricted affordable housing, Livermore's inclusionary housing ordinance (Livermore Development Code Section 11.70.030) requires new residential developments to provide a percentage of units affordable to lower income households. Requirements vary by geographic area of the city as summarized in Attachment 2.

The City Council may approve alternative means of compliance, such as in-lieu fees or land dedication, which the City uses to help finance affordable housing developments, including projects like Vineyard 2.0, Avance, and Pacific Avenue Senior Apartments. Despite these tools, the high cost of land, construction, and financing means that many low and very low-income units require significant subsidy, particularly in 100% affordable projects. The City does not have sufficient affordable housing funds to subsidize enough units to meet its RHNA obligations in the lower income categories. As a result, inclusionary requirements in market rate developments are essential in helping to meeting Livermore's affordable housing targets.

Finally, while state and local policies shape affordability requirements, the type of housing also influences attainability. Attached housing types, such as townhomes, condominiums, and apartments, generally cost less than single-family detached homes and are more attainable for first-time buyers and households with limited down payment capacity. Rental units and accessory dwelling units (ADUs) provide additional options for households that cannot afford to purchase a home. These housing types play a critical role in diversifying Livermore's housing stock and expanding access to affordable and attainable housing.

2025 Residential Building Permit Activity

In 2025, building permits were issued for 422 new housing units (Attachment 3). This represents a modest increase over 2024 totals and a substantial rise compared to the previous two years. The upward trend reflects improving market conditions as well as the City's ongoing efforts to support housing production through streamlined permitting, updated zoning, and implementation of recent specific plans.

Multi-family housing accounted for approximately 75% of all building permits issued in 2025, with most activity occurring in the Isabel Neighborhood Specific Plan and Arroyo Vista Neighborhood Plan areas along with the Pacific Avenue Senior Apartments. Single-family homes represented about 11%, while accessory dwelling units (ADUs) comprised roughly 13% of total permits, continuing the pattern of steady ADU production.

Based on the number of entitled projects and the pace of building permit issuance, staff anticipates that residential building permit activity will continue at similar levels over the next several years. This expectation is driven by the continued buildout of larger, multi-phase projects in the Arroyo Vista and

Isabel Neighborhood areas. Entitlement activity in 2025 reflects this momentum, with approvals of new units across a range of densities and affordability levels for smaller infill development such as the Pacific and Livermore and East Avenue Townhome projects.

Progress Meeting RHNA for the 2023-2031 Cycle

Under state Housing Element law, housing units count toward a jurisdiction's RHNA progress at the time building permits are issued, regardless of when construction begins or is completed. Table B of the APR shows the City's progress towards meeting its RHNA numbers in 2025, which is the third year of the planning period for the 6th RHNA cycle (Attachment 4).

The City made progress towards its RHNA targets, issuing building permits for units in all income categories, except for the acutely low-income category (as stated above, the City was not allocated units in this category in the 6th cycle). Of the 422 units permitted in 2025, approximately 34% (144 units) were in the extremely low, very low, and low-income categories, most of which are deed-restricted, ensuring long-term affordability and reflecting a substantial annual contribution to the City's low-income housing supply. The remaining units were concentrated in the moderate (28%) and above moderate (37%) categories.

To date in the current RHNA cycle, the City has permitted 908 units out of its total allocation of 4,570 units, representing approximately 20% of its overall RHNA target. Most of this progress has occurred in the above moderate (467 units) and moderate-income categories (235 units), with comparatively fewer units produced in the extremely low, very low, and low-income categories.

Producing these deeply affordable units remains challenging due to the high costs of land, construction, and labor, which often exceed the revenue generated from lower rent and for-sale prices. Consequently, substantial subsidies are required to bridge this financial gap, making it difficult for developers to undertake such projects without adequate government support and incentives. While the City made positive progress in 2025, the number of units produced in the lower income categories remains far short of what is needed, largely due to these persistent financial and market barriers. This issue is not unique to Livermore; it is a challenge statewide. The City continues to implement the inclusionary housing ordinance requirements and encourage partnerships between supportive housing providers and private developers to create affordable housing opportunities and make progress addressing the ongoing need for such units.

Progress Implementing Housing Programs

In addition to planning for and entitling housing at a range of densities and affordability levels, the City implements a variety of housing programs to address affordability challenges in Livermore. Table D of the Annual Progress Report lists the goals, policies, and programs in the Housing Element and the status towards implementing and completing these programs (Attachment 6, Exhibit A). Many of the Housing Element programs outlined in Table D are ongoing as the updated Housing Element was adopted in March of 2023.

Below are some accomplishments that highlight implementation of the City's 2023-2031 Housing Element in 2025:

- General Plan Update: In 2025, the City advanced the General Plan Update by refining and finalizing the policy framework following a multi-year engagement process that included workshops, surveys, pop up events, and stakeholder outreach beginning in 2021. Building on the Preferred Land Use Alternative selected in 2024, the City published the Draft Land Use Map and completed the final policy refinements needed to prepare the Draft General Plan and its associated Program Environmental Impact Report (EIR). The General Plan and the EIR remain on track for public hearings, adoption, and certification in summer 2026.
- Development Code Update: In July 2025, the City adopted a Development Code Update to support Housing Element implementation and align local regulations with recent state housing laws. The update introduced Part 11: Housing, effective August 28, 2025, consolidating all housing-related standards and codifying requirements for ADUs, density bonuses, supportive housing, and ministerial approval pathways. The City also finalized new objective design standards for multifamily and mixed-use projects and implemented permit streamlining measures that reduce discretionary review and accelerate approvals for infill and higher-density housing.
- ADU Support Programs: The State's ADU Accelerator Program, launched in 2023, and the City's Pre-Approved ADU Program together form a coordinated effort to expand homeowner driven ADU production in Livermore. Through the ADU Accelerator Program, the City received approximately \$160,000 in rebate capacity and began issuing awards in 2025. Fifteen eligible applications were submitted in the first year (2025), with five approved for a total of \$25,000 in rebates, marking strong early participation. Staff anticipates issuing rebates for roughly 27 ADUs by September 2026. Complementing these financial incentives, the Pre-Approved ADU Program provides a selection of ready to use plan sets from multiple designers, reducing design costs and streamlining permitting. Together, these programs lower barriers, shorten timelines, and support more predictable ADU development across the city.
- Local Housing Trust Fund Grant: The City applied for funding through HCD's Local Housing Trust Fund for the Pacific Avenue Senior Apartments project and was awarded \$1.6 million dollars in September 2025, contributing to the project's overall construction financing.
- Housing and Human Services Grant Program: The Housing and Human Services Grant Program funded a range of community services, including three meal programs for low-income and senior residents, one health care resource, one independent living resource for individuals with disabilities, two rental assistance programs, two shelters, and three case management and counseling programs. The Cities of Pleasanton, Dublin, and Livermore jointly supported several regional initiatives including CityServe of the Tri-Valley's Crisis Stabilization Program, Tri-Valley Haven's Shelter Rebuild Project, Tri-Valley Haven's Domestic Violence and Homeless Shelter, and Tri-Valley Haven's Food Pantry. In addition, the City awarded Homeless Housing, Assistance and Prevention (HHAP) funding to three nonprofit organizations to provide case management, rental assistance, and shelter operations. The City also used HHAP funding to expand the number of shelter beds at Open Heart Refuge, increasing capacity from 20 to 30 beds.
- Homebuyer Down Payment Assistance: The City conducted four workshops in 2025 for first-time Homebuyers, including Homebuyer Down Payment Assistance consultations and reviews of applications. The City provided down payment assistance to six low-income and moderate-income households. Staff are revising Mortgage Assistance Program guidelines to expand assistance opportunities to first-time homebuyers. Staff continue to provide information that educates the community about the available programs and consistently maintains a housing hotline that provides necessary responses to the community. Materials (in English and Spanish) are posted on the City's website and distributed at City libraries, City Hall and the Multi-Service Center, local businesses, and Chamber of Commerce.

ENVIRONMENTAL DETERMINATION

Acceptance of the 2025 Annual Progress Report is a procedural action that does not involve a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment; therefore, it does not meet the criteria for a "project" as defined by the California Environmental Quality Act (CEQA) Guidelines Section 15378. No environmental review is required.

FISCAL AND ADMINISTRATIVE IMPACTS

There are no direct fiscal impacts resulting from preparation of the 2025 Annual Progress Report, other than staff time to research and prepare the detailed requirements of the APR. City Council acceptance of the report and staff submittal of the report to the State will retain the City's eligibility for competitive grant funding for transportation projects and other grants that may be available from HCD in 2026.

COMMUNITY PILLAR

1: A Safe Community that Thrives

GOAL

7: Expand and preserve the supply of affordable housing opportunities

GUIDING DOCUMENT

2023-2031 Housing Element

ATTACHMENTS

1. [Affordable For-Sale Prices and Rental Rates](#)
2. [Inclusionary Housing Ordinance Affordability Requirements Summary](#)
3. [2025 Building Permit Summary](#)
4. [2023-2031 RHNA Progress Report](#)
5. [Resolution](#)
6. [Exhibit A - 2025 Annual Progress Report](#)

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