



CITY COUNCIL STAFF REPORT

ITEM NO. 7.2

DATE: June 8, 2026

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Hearing to consider a request to amend the project approvals for Vesting Tentative Tract Map (VTTM) 8612 - Subdivision (SUB) 21-007 and Site Plan Design Review (SPDR) 21-006, known as Aura, and Vesting Tentative Tract Map (VTTM) 8613 - Subdivision (SUB) 21-006 and Site Plan and Design Review (SPDR) 21-005, known as Serenity, to authorize an alternative means of compliance with the City's Inclusionary Housing Ordinance for each project, pursuant to Livermore Development Code Section 11.70.040. The alternative compliance method would be implemented through a future Affordable Housing Agreement for Aura and an amendment to the existing Affordable Housing Agreement for Serenity. The requested amendments would not result in any physical changes to the environment that were not otherwise considered in the original project approvals.

RECOMMENDED ACTION

Staff and Planning Commission recommends the City Council adopt resolutions:

1. Approving Subdivision Amendment (SUBA) 26-001 and Site Plan Design Review Modification (SPDRM) 26-013 (Shea Aura)
2. Approving Subdivision Amendment (SUBA) 26-002 and Site Plan Design Review Modification (SPDRM) 26-014 (Shea Serenity)

SUMMARY

The Shea Homes Aura and Serenity residential townhome projects were approved by the City Council in 2024 and 2022, respectively. Both projects were approved in full compliance with the housing affordability requirements set forth in the Livermore Development Code (LDC) Section 11.70.030 and the Isabel Neighborhood Specific Plan (INSP) and received Density Bonus concessions. The LDC ordinance allows for alternative means of compliance to meet the affordable housing requirements, however neither project included a request for alternative compliance options when it was originally approved. The applicant has experienced increased difficulty selling moderate-income for-sale units due to market conditions and is requesting to amend the approved projects to authorize an alternative means of compliance to satisfy the affordability requirement.

Shea Aura, located at the southwest corner of the Portola Avenue and Tranquility Circle intersection within the Isabel Neighborhood Specific Plan, is currently under review for the Final Map. Shea Serenity, located at the northeast corner of Portola Avenue and Collier Canyon Road, within the Isabel Neighborhood Specific Plan, is currently under construction and has sold some units. See Attachment 1 Location Map.

DISCUSSION

BACKGROUND

On July 25, 2022, the City Council approved the Serenity Project for a total of 299 units, consisting of 89 for-sale condominium units and 210 for-rent apartments. The Serenity Project included 60 affordable units and 51 accessible units at the time of approval. It is located at the southwest corner of the Portola Avenue and Tranquility Circle intersection within the Isabel Neighborhood Specific Plan.

On July 8, 2024, the City Council approved the Aura Project for 164 for-sale condominium units, including 33 affordable units and 17 accessible units. It is located at the northeast corner of Portola Avenue and Collier Canyon Road, also within the Isabel Neighborhood Specific Plan.

Both projects were approved in full compliance with the affordability requirements set forth in the Livermore Development Code (LDC) Section 11.70.030 and the Isabel Neighborhood Specific Plan (INSP) and received Density Bonus concessions. The LDC ordinance does allow for alternative means of compliance, such as in-lieu fees, but any alternative means must be requested and approved when the project's entitlements are approved by the City Council. Neither project included alternative compliance options at entitlement. Therefore, the applicant is now proposing to amend the original land use entitlements to request the City Council approve the alternative means of compliance.

REQUEST FOR ALTERNATIVE MEANS OF COMPLIANCE

The townhome portion of the Serenity Project is currently under construction, and the Aura Project is targeting Final Map approval this upcoming July. The 210 for-rent apartment units included in Shea Serenity are under construction and are not included in this request. Due to market conditions, the applicant, Shea Homes, has experienced increased difficulty selling moderate-income for-sale units at Serenity and anticipates similar challenges with the Aura Project.

Moderate-income units are the majority of the for-sale opportunities offered in the City's Affordable Homeownership Program, but they have become increasingly difficult to sell according to the applicant. Demand is higher for one- and two-bedroom units among smaller households, but only three-bedroom moderate-income units are offered by the applicant. Additionally, through the City's Affordable Homeownership Program, qualified buyers are declining opportunities to purchase the units due to financial uncertainty and the overall cost of ownership. For many moderate-income households, renting remains more affordable than purchasing, even at the restricted price. As a result, a portion of the constructed moderate-income units at Serenity have remained unsold for extended periods.

For these reasons, the applicant is requesting to amend the approved projects to authorize an alternative means of compliance for previously approved moderate-income units, such as an in-lieu payment, to satisfy the affordability requirement instead of providing the affordable units on site. The total number of

units for both projects would remain unchanged, and a portion of the moderate-income units would instead be sold at market-rate. To maintain the concessions and waivers the projects were granted under Sate Density Bonus Law, they must maintain a minimum 10% of overall units as affordable provided on site. Therefore, only a portion of the approved moderate-income units would be authorized for an alternative means of compliance, as shown in the table below:

	Originally Approved to be provided on site	Minimum Required for Density Bonus (10%) proposed on site by applicant	Maximum Authorized for Alternative Compliance proposed by applicant
Aura	Moderate: 24 units Median: 9 units	Moderate: 8 units Median: 9 units	Moderate: 16 units
Serenity	Moderate: 13 units Median: 5 units	Moderate: 4 units Median: 5 units	Moderate: 9 units

The applicant is requesting an alternative means of compliance for up to 25 moderate-income units, which would then be sold at market-rate. The approved median-income units, which are a deeper level of affordability compared to moderate-income units, would remain the same.

The alternative compliance method would be implemented through a future Affordable Housing Agreement for Aura and an amendment to the existing Affordable Housing Agreement for Serenity, both of which will be approved by the City Council later this year. As previously stated, the overall unit count would remain the same, therefore the requested amendments would not result in any physical changes to the project or environment that were not otherwise considered in the original project approvals.

The proposed Alternative Compliance Method is that the applicant will provide an in-lieu fee for each required affordable unit they do not provide onsite. The in-lieu fee will be calculated as part of the Affordable Housing Agreement and is required to be economically equivalent compared to providing the units on site. The in-lieu fee is calculated by a standard formula described in Livermore Municipal Code Section 3.26.050.

PUBLIC BENEFIT

Producing affordable units in the extremely low-, very low-, and low-income categories 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, many deeply affordable units require significant subsidy, particularly 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.

Although satisfying the affordability requirement for the Serenity and Aura projects through an alternative means of compliance would result in an immediate decrease in approved affordable units, it would provide the opportunity for flexible funding that may be directed toward deeply affordable projects serving lower-income and special needs populations. Existing projects partially funded by an alternative means of compliance include Chestnut Square, Eden Downtown Apartments, Vineyard 2.0, Avance, and Pacific Avenue Senior Housing Phase 1. Should the projects satisfy the requirements through alternative compliance, the City could receive funding for deeply affordable projects that might not otherwise be

built. Projects that could benefit from these additional funds include Pacific Avenue Senior Housing Phase 2 or the Walnut Street Project.

PLANNING COMMISSION RECOMMENDATIONS AND DISCUSSION

The Planning Commission voted 4-1 to recommend approving the requested amendments to both projects. One Commissioner dissented, suggesting more time should be given before reducing the inclusionary affordable units. The Planning Commission recommendations are included in the Planning Commission project resolutions (Attachments 4 and 9, Exhibit A to the Resolutions). The Planning Commission discussed calculation and use of in-lieu fees, current economic uncertainty, and the benefits of an alternative means of compliance (see Attachment 2, Planning Commission Meeting Minutes).

ENVIRONMENTAL DETERMINATION

The Project 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 significant fiscal or administrative impacts associated with the project. Staff time allocated to land use entitlement review is offset by required entitlement application fees. As stated above, satisfying the affordability requirement through an alternative means of compliance would provide the opportunity for flexible funding that may be directed toward deeply affordable projects serving lower-income and special needs populations that might not otherwise be built. Actual projects that could benefit from these additional funds include Pacific Avenue Senior Housing Phase 2 or the Walnut Street Project.

COMMUNITY PILLAR

2: Economy that Prospers

GOAL

4: Implement the Isabel Neighborhood Specific Plan

GUIDING DOCUMENTS

General Plan
Isabel Neighborhood Specific Plan
Development Code

ATTACHMENTS

1. [Location Map](#)
2. [Planning Commission Meeting Minutes](#)
3. [Resolution](#)

4. Exhibit A - Planning Commission Resolution 03-26
5. Exhibit B - Planning Commission Resolution 11-24
6. Exhibit C - City Council Resolution 2024-119
7. Exhibit D - Conditions of Approval
8. Resolution
9. Exhibit A - Planning Commission 04-26
10. Exhibit B - Planning Commission Resolution 15-22
11. Exhibit C - City Council Resolution 2022-137
12. Exhibit D - Conditions of Approval

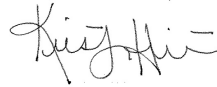
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