



Planning Commission Agenda Report

Meeting Date: 07/02/09

File: GPA 09-01

TO: Planning Commission

FROM: James Coles, Housing Manager (879-6302)
Brendan Vieg, Principal Planner (879-6806)

RE: Revised 2009 Housing Element

REPORT IN BRIEF

The Housing Element is one of seven state-mandated elements of the General Plan, and requires that jurisdictions plan for the housing needs of all economic segments of the community. The law specifies that in order for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems which provide opportunities for, and do not unduly constrain, housing development. The law further requires housing elements be updated every five years and that every updated housing element be submitted to the State Department of Housing and Community Development (HCD) to ensure compliance with the State's requirements. Upon review and approval by HCD, the Housing Element is certified, which assists the City as well as affordable housing developers to qualify for funding programs offered for local housing and economic development activities.

Since early 2008, the General Plan Project Team (Project Team) has engaged the public, stakeholders, the Commission, and the Council through workshops, presentations, and public meetings in preparing the 2009 Housing Element. At a joint Council/Commission meeting on March 17, 2009, the Project Team presented the draft 2009 Housing Element, received direction for revisions, and was given authorization to submit the element to HCD for review and comment in order to meet the August 30, 2009 State certification deadline. The staff report from the March meeting, which includes significant background on the Housing Element update process as well as summaries of the key programs and policies, is included as **Attachment A** at **stamped page 007**. Consistent with Council's direction, the Project Team made revisions to the draft Housing Element and forwarded it to HCD on March 27, 2009, for a 60-day review period.

On May 20, 2009, the Project Team held a conference call with HCD to discuss the draft Housing Element, and on May 26, 2009, HCD notified the City that the element needed specific revisions in order to fully comply with statutory requirements (see HCD comment letter at **Attachment B** at **stamped page 014**). The Project Team coordinated revisions to the Element with HCD and received acknowledgment that the revised draft Housing Element would comply with State Law upon adoption by the City and final review by HCD (see HCD conditional approval letter at **Attachment C** at **stamped page 019**). The HCD conditionally-certified 2009 Housing Element is included as **Attachment D** at **stamped page 020**. At this time, should the City adopt the 2009 Housing Element without substantial revisions, HCD will issue a formal certification and implementation of the programs and policies contained in the Element will begin.

Recommendation:

The Housing and Neighborhood Services Director recommends that the Planning Commission adopt a resolution recommending the City Council adopt the Negative Declaration and the revised Housing Element (see Resolution 09-07 at **Attachment E** at **stamped page 172**).

FISCAL IMPACT

There is no fiscal impact associated with the requested action. However, there would be subsequent cost associated with the identified housing and planning programs and staff time necessary to implement.

ANALYSIS

Background

For general background information regarding public input, key policy issues, and overall purpose of the 2009 Housing Element, please review the attached March 17, 2009 staff report (**Attachment A at stamped page 007**). Revisions made since the Commission considered the draft element in March 2009 can be broken up into two categories: 1) revisions directed at the March joint Council/Commission meeting; and 2) revisions made in response to the May 26, 2009, HCD letter. Below are summaries of the substantive changes made to the Housing Element since the joint March meeting. In addition, all changes made to the draft Housing Element have been highlighted in the attached Housing Element (see **Attachment D at stamped page 020**).

Summary of Revisions Directed at the 03/17/09 Joint Council/Commission Meeting

Consistent with direction given by the Council and Commission, the following edits were incorporated into the Housing Element prior to submittal to HCD:

1. Replace Action H.2.5.2 as follows: The City will develop and implement a Mixed Income/Inclusionary Zoning program that is responsive to the local political and economic environment. The City will consider the following topics:
 - Target specific future growth areas
 - Minimum number of units threshold
 - Feasible affordable set-aside requirements
 - Alternatives to building on-site
 - Types of effective incentives
 - Recommend applicable best practices with focus on results

Responsible Party: Housing & Neighborhood Services/Planning Services

Funding Source: LMIHF

Time Frame: Present an ordinance to the City Council for adoption by 2012

2. Add Action H.2.5.4 as follows: At the time of entitlement applications, the City will negotiate with developers within newly developing Special Planning Areas (SPA) for the provision of affordable housing units affordable to very low, low, and moderate income households within the SPA.

Responsible Party: Planning Services/Housing & Neighborhood Services

Funding Source: General Fund/LMIHF

Time Frame: 2009-2014

3. Add a new Action H.7.1.2 (existing action to be re-numbered to H.7.1.3) as follows: Explore financing options through State and Federal grants for the installation of energy-efficiency measures in all new residential projects.

Responsible Party: Planning Services/Housing & Neighborhood Services
Funding Source: General Fund
Time Frame: 2009-2014

4. Add a new Action H.3.3.4 as follows: Implement mechanisms that promote and facilitate mixed residential-commercial development along target strip commercial corridors served by transit.
- Allow horizontal and vertical residential-commercial uses
 - Enable separate ownership of ground-level commercial and above-ground residential uses
 - Include development standards that act as an incentive for mixed use, including reduced off-site parking and open space standards
 - To achieve a better balance of jobs and workforce housing, target appropriate mixed-use residential/commercial areas for a minimum ratio of residential to commercial
 - Concentrate higher density housing near transit routes and shopping centers

Responsible Party: Planning Services
Funding Source: City Funded/Private Development
Time Frame: 2009-1014

Summary of Revisions Made in Response to HCD Letter Dated 05/26/09

On March 27, 2009, the Project Team submitted the draft Housing Element to HCD. On May 26, 2009, HCD provided City staff with a letter with a list of revisions necessary to bring the Housing Element in full conformance with statutory requirements. Item by item responses to the HCD letter are attached as **Attachment F** at **stamped page 176**. Most of the HCD comments requested further detail about potential constraints to housing development, including the permitting process, development standards, and inclusionary housing. Revisions to the Housing Element included more information about the development approval process and standards and a description of potential alternatives and incentives for compliance with the inclusionary housing program. HCD also requested that the City demonstrate compliance with state law in allowing the development of emergency shelters and supportive and transitional housing for the homeless. In response, Housing Element revisions responded to the appropriateness of permitting shelters in the Light Manufacturing (ML) zone, and a revised Action H.4.6.2 to allow supportive and transitional housing types in all residential zones subject to the same restrictions as other residential developments.

ENVIRONMENTAL REVIEW

The proposed project is subject to the California Environmental Quality Act (CEQA). Pursuant to CEQA (Public Resources Code Sections 21000 *et seq.*) and the CEQA Guidelines, an Initial Study was conducted by the City to determine if the proposed project would have a significant effect on the environment (see Initial Study at **Attachment G** at **stamped page 189**). The Initial Study evaluated the potential environmental impact of the proposed 2009 City of Chico Housing Element.

The Initial Study concluded that the Housing Element is a policy-level document that does not include any site-specific designs or proposals or grant any entitlements for development that would have the potential to degrade the quality of the environment or to adversely affect human beings. The Initial Study also concluded that policies included in the Housing Element do not provide specific details regarding future land use decisions and, as no course of action associated with the policies has been determined (e.g., the City has not identified the specifics of what would be included in an inclusionary housing program), identification of environmental impacts associated with these policies would be speculative at this time. In addition, the Initial Study identified that the City would conduct the appropriate level of CEQA review prior to taking any action to consider the approval of additional residential sites, new zoning designations, or enact new housing programs. Therefore, the Initial Study determined that the proposed project could not have a significant effect on the environment and that a Negative Declaration should be prepared.

The Negative Declaration, along with the Initial Study, was circulated for public review from June 1, 2009 through June 30, 2009. To date, one comment letter has been received (see **Attachment H at stamped page 210**), a standard letter from the Native American Heritage Commission requesting that the City conduct a records search and make appropriate Native American contacts. These efforts have been done in concert with the General Plan Update, but are not being repeated as part of the Housing Element update. Consistent with the letter, staff has contacted the Mechoopda's Environmental Coordinator requesting any additional comments on the Initial Study. Responses to any additional comments will be presented at the July 2, 2009 meeting.

GENERAL PLAN CONSISTENCY

The 2009 Housing Element provides programs designed to meet the City's housing needs through the year 2014. The programs continue to reinforce the overall direction of the General Plan through consistency with the following General Plan policies.

- CD-G-1: Reinforce the compact form of the city.
- CD-G-15: Reinforce the individual character of existing residential neighborhoods and districts.
- CD-G-16: Encourage neighborhood rehabilitation and improvement.
- LU-G-2: Promote infill development.
- LU-G-3: Ensure that new development is at an intensity to ensure a long-term compact urban form.
- LU-I-12: Continue to pursue low-interest loan programs targeted to rehabilitation of older residential structures.
- LU-I-13: Support and guide the rehabilitation of and reinvestment into existing residential buildings.

The policies and programs of the Housing Element are required to be internally consistent within the Element and with other elements of the General Plan, such as the examples provided above. Generally, the proposed Housing Element policies and actions complement the long range direction of the General Plan by promoting compact form and encouraging the efficient use of land resources through good design and infill development. The Housing Element acknowledges that providing affordable housing for all income groups is an important community goal and benefit. Using financial and land resources to achieve this goal is implied in the above policies and more directly

in the proposed Draft Housing Element actions. While infill development is encouraged throughout the General Plan and the Housing Element, the conservation of existing residential neighborhoods through appropriate design, development standards and improvements bears equal consideration.

Required Findings

The Planning Commission must make a written recommendation to the City Council whether to approve, approve in modified form, or deny the proposed amendment based on the required findings.

Environmental Findings

As required by CEQA, the following environmental findings must be made prior to adoption of the 2009 Housing Element:

After considering the proposed negative declaration, all comments made in connection therewith, and the recommendations of the Planning Director thereon, the decision-making body shall approve the negative declaration if it finds on the basis of the initial study, comments received and information contained in the administrative record that:

- A. There is no substantial evidence of a fair argument that the project will have a significant effect on the environment;*
- B. The negative declaration reflects the independent judgment and analysis of the City of Chico; and*
- C. The document has been prepared in conformance with the provisions of the California Environmental Quality Act and the Chico Municipal Code, Chapter 1.40 "Environmental Review Guidelines."*

See *Environmental Review* section above, as well as attached Resolution 09-07 at **Attachment E** at **stamped page 172**.

General Plan Amendment Findings

Pursuant to Chico Municipal Code Section 19.060.050.A, an amendment to the General Plan may be approved only if the following applicable findings are made:

The proposed (General Plan) amendment is internally consistent with the General Plan.

See *General Plan Consistency* section above, as well as attached Resolution 09-07 at **Attachment E** at **stamped page 172**.

PUBLIC PARTICIPATION/CONTACT

City staff conducted two Stakeholder Meetings, four symposia, and an online survey with the Housing Element Stakeholder mailing list, consisting of 225 individuals. In addition, two focus groups were held, one with affordable housing residents and one with the Greater Chico Homeless Task Force. Finally, the General Plan Advisory Committee discussed inclusionary housing and infill development as part of its January 2009 meeting. All of these meetings took place between May

2008 and January 2009. The Draft Housing Element was made available for public review on March 6, 2009, and the Council and Commission held a joint workshop to consider the draft document on March 17, 2009.

A display ad notice for the 07/02/09 Commission meeting was published in the *Enterprise-Record*. Further, an e-blast highlighting the meeting topic, place and time was sent to a distribution of over 10,000 recipients. Finally, the most up-to-date version of the *2009 Housing Element* is available on the City's dedicated General Plan website (www.chicogeneralplan.com), and its availability has been made known through both a general e-blast and through focused noticing to interested parties.

ATTACHMENTS:

- A. 03/17/09 Joint Council/Commission Staff Report (**no attachments**)
- B. HCD Letter to City Dated 05/26/09 Providing Comments on Draft Housing Element
- C. HCD Letter to City Dated 06/19/09 Conditionally Approving Revised 2009 Housing Element
- D. Revised Draft 2009 Housing Element (HCD Conditionally-Certified)
- E. Resolution 09-07 Recommending Council Adoption of Neg. Dec. and 2009 Housing Element Exhibit I: Negative Declaration
- F. HCD Letter Dated 05/26/09 Annotated with City Responses
- G. Initial Study for the 2009 Revised Housing Element
- H. Letter Dated 06/12/09 from the Native American Heritage Commission

DISTRIBUTION:

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