

TO: JAMES L. APP, CITY MANAGER

FROM: RON WHISENAND, COMMUNITY DEVELOPMENT DIRECTOR

SUBJECT: SB 303 (DUCHENY)

DATE: APRIL 17, 2007

Needs: For the City Council to consider authorizing the Mayor to send a letter of opposition regarding SB 303 (Ducheny).

Facts: 1. SB 303 is sponsored by the California Building Industry Association and proposes the following:

- Require that sites designated in the General Plan to meet the City's share of the Regional Housing Needs Allocation (RHNA) also be zoned to be consistent with the General Plan as of the same date as adoption of the updated Housing Element.
- Expand the RHNA from a 5 year plan to a 10 year plan (with attendant increases in numbers of dwelling units).
- Require cities to adopt Environmental Impact Reports (EIRs) with their Housing Element updates to address potentially significant cumulative impacts, growth-inducing impacts, off-site impacts, and alternative sites.
- Require city councils to make findings, supported by substantial evidence in the record, that each site designated and zoned to meet the RHNA will realistically accommodate construction of the maximum number of units allowed by the density range applicable to the site. The proposed law lists numerous factors to be evaluated to comprise the substantial evidence.
- Provide that cities could not deny projects from attaining maximum density except by 4/5 vote (with no abstentions) of the council.
- Provide that aggrieved applicant plaintiffs would be eligible for attorney's fees (if they prevail in court).
- Require that at least 50% of the sites for low, very low, and extremely low income households be provided in residential zones, and not in zones for non-residential or mixed uses.
- Require that General Plans (all required elements) be updated every 10 years.
- Expand the inventory of sites to meet the RHNA to include single room occupancy units, supportive housing, emergency shelters, and transitional housing.
- Provide that the State is not required to reimburse cities for the costs of compliance, because they can recover the costs via fees.

2. On March 22, this bill received its second reading; on March 27, the Senate's Transportation and Housing Committee unanimously recommended its passage. A hearing date for the third reading has not yet been set.
3. The League of California Cities is urging cities to oppose this bill.

Analysis and
Conclusion:

SB 303, while being a well-intentioned attempt to address the housing affordability crisis, creates more problems than it solves.

Compact Urban Form vs Sprawl

The 2006 Economic Strategy fosters the following approach to improving Paso Robles as a place where the great majority of the residents can live, work, and shop. Among many principles set forth in the Strategy, are:

- Encourage community development in live/work, mixed use, and compact, pedestrian oriented forms to accommodate all income levels and lifestyles;
- Increase labor force residents in the City.

To pursue this direction, the City has undertaken an active program to use specific and master plans for both vacant expanses of land (i.e. Chandler Ranch and Olsen Ranch/Beechwood Area) and for redevelopment of the West Side of the City (i.e., Uptown Specific Plan and Town Centre Master Plan).

These specific and master plans will be tasked with comprehensively planning the use and reuse of areas in a compact urban form to reduce impacts associated with traffic circulation, energy use, air quality, agricultural resources, watersheds, and public health issues. These specific plans will designate residential land at densities and housing types that are designed to be affordable to the full range of income groups, in order to meet and exceed RHNA numbers. Additionally, these specific plans will plan for a mix of income groups within neighborhoods.

The specific plan process will identify and plan for necessary infrastructure, include the preparation of environmental impact reports (EIRs), and provide opportunities to use the California Environmental Quality Act's exemption for residential development within specific plan areas.

SB 303 would require a very-detailed analysis of the size, configuration, use, physical and environmental characteristics, adjacent uses, market demand, and infrastructure for every parcel to be listed in the City's inventory of sites to meet the RHNA. While having such an analysis *would appear* to help the process of providing affordable housing, it is only focused on affordable housing and ignores the benefits associated with planning and re-planning areas in a compact urban form to address the full range of urban problems.

SB 303 is constructed in a manner that would favor designation and development of large, vacant parcels at the periphery of cities. For multi-family housing, it would favor large complexes on a lesser number of larger lots over the infilling of smaller and under-developed lots. The larger multi-family projects attract NIMBY opponents, which lengthens the development process and erodes support for addressing the housing affordability crisis. Altogether, the bill encourages further sprawl and segregation of housing for different income groups, which further fuels the NIMBY attitude.

The attached letter suggests that the legislature give attention and incentives to encourage local jurisdictions to re-plan their communities to embrace compact development within existing corporate boundaries in a manner that fosters infill development with mixed densities, mixed incomes, and mixed uses. Such planning will help solve more than the housing affordability crisis; it will help address problems related to traffic congestion, energy use, air quality, and other resources.

Public Reaction

Based on the public reaction to the RHNA numbers for the 2004 Housing Element, which was a “5 year” allocation, it is expected that a 10 year allocation would be proportionately less welcomed by the public and would further erode support for efforts to provide affordable housing. Further, as mentioned above, the bills bias for directing multi-family housing to large complexes on large lots can be expected to further fuel the NIMBY attitude.

Fiscal Impacts

If this bill passes in its current form, local governments will incur significant costs (both general funds and commitment of staff time) to:

- a. Rezone all properties to conform to the General Plan Land Use Designations. (The City has not done this; we have numerous inconsistencies and have required applicants to rezone their properties at the time of approval of a development plan.)
- b. Conduct detailed topographic, infrastructure, and environmental analyses of the carrying capacity of every parcel listed in its inventory of sites for meeting the RHNA.
- c. Prepare a new Environmental Impact Report for the update of the Housing Element. (The bill would set new deadlines for updating the Housing Element, which are not presently identified in the bill. It is unknown if the entire General Plan update would have to be rescheduled to conform to the Housing Element Update.)

The costs of undertaking the above tasks could be expected to be at least several hundred thousand dollars, perhaps more than \$1 million, and would not be recovered until properties are developed or re-developed. The mandate to comply and the amount of costs would likely cause the City’s efforts to pursue the Uptown Specific Plan and Town Centre Master Plans to be postponed for several years.

Policy

Reference: State Planning Law: Government Code 65000 et seq.

Fiscal Impact: Discussed in Analysis and Conclusion, above.

- Options:
- a. Via minute action, authorize the Mayor to sign and submit the attached Letter of Opposition to SB 303.
 - b. Amend, modify or reject the foregoing option.

Attachment: Draft Letter of Opposition to SB 303

ED\HOUSING\LEGISLATION\2007 STATE\CCR RE SB303 - 041707

DRAFT

April 6, 2007

Senator Abel Maldonado
State Capitol, Room 4082
Sacramento, CA 95814

**RE: SB 303 (Ducheny) Local Government; Housing.
NOTICE OF OPPOSITION**

Dear Senator Maldonado:

The State Senate is presently considering SB 303 (Ducheny), which proposes several measures to address the housing affordability crisis. The City of Paso Robles is committed to making housing affordable for its fair share of the Regional Housing Need Allocation (RHNA). However, the City is deeply concerned that many of the provisions of this bill would have unintended consequences that would be both counterproductive to the objective of increasing the supply of affordable housing and would foster a sprawling development pattern that would continue to contribute to traffic congestion and air quality impacts, and would deplete energy, agricultural land, watershed, and other resources.

It has been the City's experience that the RHNA process of assigning target numbers of housing units is not well understood or accepted by the public. This bill would double the RHNA planning period (from 5 to 10 years), and, consequently, double the numbers of units, which is likely to further erode public support for this effort.

The City has undertaken an active program to use specific plans for both vacant expanses of land and for redevelopment of the historic West Side of the City. Two specific plans for large, vacant expanses of land are underway; two specific plans for the West Side are scheduled to commence in 2007.

These specific plans will be tasked with comprehensively planning the use and reuse of areas in a compact urban form to reduce impacts associated with traffic circulation, energy use, air quality, agricultural resources, watersheds, and public health issues. These specific plans will designate residential land at densities and housing types that are designed to be affordable to the full range of income groups, in order to meet and exceed RHNA numbers. Additionally, these specific plans will plan for a mix of income groups within neighborhoods

The specific plan process will identify and plan for necessary infrastructure, include the preparation of environmental impact reports (EIRs), and provide opportunities to use the CEQA exemption for residential development within specific plan areas. The preparation of specific plans and EIRs will require considerable front-end investment of general funds as the fees to recover the investment will not be received for several years following the adoption of the plans.

SB 303 would require a very-detailed analysis of the size, configuration, use, physical and environmental characteristics, adjacent uses, market demand, and infrastructure for every parcel to be listed in local jurisdictions' inventories of sites to meet the RHNA. While having such an analysis *would appear* to help the process of providing affordable housing, it is only focused on affordable housing and ignores the benefits associated with planning and re-planning areas in a compact urban form to address the full range of urban problems. This bill is constructed in a manner that would favor designation and development of large, vacant parcels at the periphery of cities. For multi-family housing, it would favor large complexes on a lesser

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number of larger lots over the infilling of smaller and under-developed lots. The larger multi-family projects attract NIMBY opponents, which lengthens the development process and erodes support for addressing the housing affordability crisis. Altogether, the bill encourages further sprawl and segregation of housing for different income groups, which further fuels the NIMBY attitude.

If this bill is passed in its current form, the significant front-end investment of general funds and staff time necessary to address its requirements would bring a halt to the City's program of using specific plans to address the full range of urban development issues.

We believe that attention and incentives need to be given to encouraging local jurisdictions to re-plan their communities to embrace compact development within existing corporate boundaries in a manner that fosters infill development with mixed densities, mixed incomes, and mixed uses. Such planning will help solve more than the housing affordability crisis; it will help address problems related to traffic congestion, energy use, air quality, and other resources.

SB 303, while well-intentioned, creates more problems than it solves. The City of Paso Robles, therefore, is **vigorously opposed** to SB 303. I would ask you to assist us, as well as numerous other California Cities, in joining with us to defeat SB 303.

Sincerely,

Frank R. Mecham,
Mayor

- c. City Council
 - Senator Denise Moreno Ducheny
 - Assembly Member Sam Blakeslee
 - Members and Consultant, Senate Transportation and Housing Committee
 - Members and Consultant, Senate Environmental Quality Committee
 - Ted Morley, Principal Consultant, Senate Republican Caucus
 - Ryan Eisenberg, Consultant, Senate Republican Caucus
 - Lynn Jacobs, Director, Department of Housing and Community Development
 - Cynthia Bryant, Director, Governor's Office of Planning and Research
 - Barry Sedlik, Acting Secretary, Business, Transportation and Housing Agency
 - Mike Chrisman, Secretary, California Resources Agency
 - Chris Kahn, Legislative Secretary, Governor's Office
 - Genevieve Morelos, Analyst, League of California Cities