

TO: James App, City Manager  
FROM: Ronald Whisenand, Community Development Director  
SUBJECT: Housing Element Update Process  
DATE: March 3, 2009

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NEEDS: For the City Council to consider a process and schedule for the Update of the Housing Element of the General Plan

- FACTS:
1. The current Housing Element was adopted in December 2004. It has been accepted by the State Department of Housing and Community Development (HCD) as being in conformance with State Housing Element Law.
  2. State Housing Element Law requires the following:
    - a. That the City's Housing Element be updated by August 31, 2009;
    - b. That the draft Housing Element be submitted to HCD for a 60 day review period prior to its adoption;
    - c. That the adopted Housing Element be submitted to HCD following its adoption for a determination whether the element conforms with State Housing Element Law.
  3. State Housing Element Law is complex and contains numerous requirements for content and process of updating. Attached is a summary of the requirements (entitled "2009 Update Outline/Schedule") which discusses these requirements in more detail.
  4. At its meeting of February 10, 2009, the Planning Commission recommended that the City Council approve the process and schedule outlined in Option A of this report.

ANALYSIS &

CONCLUSION: Updating the Housing Element in a manner to meet the August 31 deadline and achieve HCD's acceptance of the Element will demand a concerted effort and tight schedule. As noted in the attached Update Outline/Schedule, there are liabilities associated with having a Housing Element that has not been accepted by HCD.

One of the most significant issues that the Housing Element Update will need to address is compliance with SB 2 (Statutes of 2007). That bill requires local jurisdictions to estimate the size of their homeless populations, establish policy and an action program to establish a zoning district in which emergency shelters may be located by right (without requirement for a conditional use permit) no later than one year following adoption of the updated element. SB 2 allows local jurisdictions to establish certain development standards for emergency shelters, provided that such standards are no more restrictive than other uses allowed in the same zoning district. SB2 also provides that "transitional" and "support" housing are to be considered residential uses allowed by right.

As noted in the attached Update Outline/Schedule, the City has, in its current Land Use Element, designated sufficient acreages of vacant land to meet its Regional Housing Needs Allocation.

The attached Update Outline/Schedule also suggests some policies that the City may wish to consider in the current update.

POLICY

REFERENCE: State Housing Element Law (Government Code Sections 65580 et seq.)

FISCAL

IMPACT: The Update of the Housing Element is proposed to be accomplished by staff resources, which will be covered by a combination of Community Development Block Grant (CDBG) funds and Redevelopment Low and Moderate Income Housing (LMIH) Funds.

OPTIONS:

a. That the City Council approve a schedule for updating the Housing Element with the following key dates:

City Council Hearing ..... August 18, 2009;  
Planning Commission Hearing ..... August 11, 2009;  
Submittal of Draft Element to HCD ..... May 22, 2009;  
Public Workshop on the Draft Element ..... May 12, 2009;  
Distribution of Draft Element to the Public ..... April 3, 2009.

b. Amend, modify, or reject the foregoing option.

Attachment: Housing Element 2009 Update Outline/Schedule

**HOUSING ELEMENT  
2009 UPDATE OUTLINE/SCHEDULE**

**Schedule**

The deadline to adopt Housing Element is August 31, 2009. The Housing Element may be adopted after that date, but with the following liabilities.

1. The City would not be eligible to receive certain housing-related grants from the State.
2. The City would be exposed to litigation based on not having a state-accepted housing element. The Cities of Camarillo, Fillmore, and Folsom and Counties of Napa and Sacramento have been sued by housing advocates for not providing adequate land for housing. The typical remedies for such law suits include the court-ordered implementation of Housing Element policies to meet state certification requirements, a court-imposed moratorium on *all* development (residential, commercial, etc.) in a jurisdiction, a court takeover of a planning department in order to process affordable housing projects, and the payment of attorney fees.

Prior to the adoption of an updated Housing Element, State law requires that the State Department of Housing and Community Development (HCD) review the draft Housing Element; the law provides that HCD has a minimum of 60 days to conduct this review.

Additionally, HCD has informed local jurisdictions that the process of updating a housing element must include an invitation to the public and affordable housing providers/advocates to participate in the process of developing the draft element. HCD has advised that the conduct of public hearings by the Planning Commission and City Council prior to adoption of the element are not sufficient to meet this requirement. What would appear to suffice would be for the City to conduct a public workshop or two prior to finalizing the draft element and sending it to HCD for review and inviting affordable housing providers/advocates to attend and participate in the workshops.

The table below shows two options for scheduling the update to be completed by August 31.

Event	A	B
Deadline to adopt Housing Element	08/31/09 Mon	08/31/09 Mon
CC Hearing	08/18/09 Tue	08/04/09 Tue
PC Hearing	08/11/09 Tue	07/28/09 Tue
PC staff report due	07/31/09 Fri	07/17/09 Fri
Need to Receive HCD comments	07/24/09 Fri	07/10/09 Fri
Fedex draft element to HCD	05/22/09 Fri	05/01/09 Fri
PC/CC workshop on draft element	05/12/09 Tue	04/28/09 Tue
Staff report due	05/01/09 Fri	04/17/09 Fri
Need to receive comments	04/24/09 Fri	04/10/09 Fri
Send out draft element for review	04/03/09 Fri	03/20/09 Fri

Option A provides the City with more time to prepare a draft element, but the public hearing schedule for adoption of the element, after receiving HCD's comments is very tight.

**Necessary Update Tasks**

1. Review progress made in implementing the current Housing Element: Fortunately, the State Law requirement to prepare an annual report on the General Plan facilitates this task. Each annual report has a section devoted exclusively to implementation of the Housing Element.

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The 2004 Housing Element included action items for the City to adopt ordinances to address farmworker housing, disabled access, and emergency (homeless) shelters. Based on past practice, it is expected that HCD will want the farmworker housing and disabled access ordinances to be completed and attached to the draft updated element as appendices. SB 2 (effective January 1, 2008) revised the statewide requirements for emergency shelters and allows the City to adopt a conforming ordinance within one year of adoption of the 2009 Housing Element Update. Staff is presently preparing farmworker housing and disabled access ordinances so that they might be adopted prior to sending the draft element to HCD.

2. Update Housing Needs Assessment: This is largely an exercise in updating demographic and housing supply statistics. However, it should be noted that SB 2 requires the City to estimate the size of its homeless population. The purpose of that estimate is to form the basis for identifying a zone or zones which have enough capacity (vacant or underutilized properties) to accommodate the establishment of emergency shelters by right (i.e., without need for a conditional use permit) to meet that need. On January 28, the County’s Economic Opportunity Commission (EOC) conducted a county-wide one-day homeless enumeration. Staff is working with EOC and other jurisdictions’ staff to have the enumeration report indicate the results in a manner that helps us estimate the City’s homeless population.
3. Regional Housing Needs Allocation (RHNA): State law requires that the City zone enough land at appropriate densities and with available utilities to meet its share of the Regional Housing Need. In 2008, SLOCOG adopted a RHNA that assigned the following numbers of dwelling units to the City.

Above Moderate Income Units.....	270
Moderate Income Units .....	120
Low Income Units .....	105
<u>Very Low Income Units .....</u>	<u>151</u>
Total.....	646

State law requires that the requirements for low and very low income housing be met by vacant land, in parcels of one acre or larger, zoned for at least 20 units per acre. Density for moderate income units may be determined by a study of what is affordable to that income group. In the 2004 Housing Element, densities of 8-12 units per acre were determined to be affordable to Moderate Income households.

The State defines income groups as a function of household size and updates the figures annually. In 2008, the upper thresholds of income groups were as shown in the following table.

Income Group (% of Median Income)	HOUSEHOLD SIZE (# of persons) and INCOME (\$)							
	1	2	3	4	5	6	7	8
Extremely Low (30%)	14,050	16,100	18,100	20,100	21,700	23,300	24,900	26,550
Very Low (50%)	23,450	26,800	30,150	33,500	36,200	38,850	41,550	44,200
Low (80%)	37,500	42,900	48,250	53,600	57,900	62,200	66,450	70,750
Median (100%)	46,900	53,600	60,300	<b>67,000</b>	72,400	77,700	83,100	88,400
Moderate (120%)	56,300	64,300	72,400	80,400	86,800	93,300	99,700	106,100

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In lieu of zoning vacant land to meet the density requirements, the City may commit to programs (e.g. encouraging second units, infill of underdeveloped multi-family zoned property) if it can demonstrate that such programs have been successful.

The City has the following vacant properties capable of meeting the RHNA:

Very Low and Low Income

<b>Location</b>	<b>APN</b>	<b>Acres</b>	<b>Unit Yield</b>
East side Creston Road, north or Food 4 Less Center (20 du/ac)	009-571-010	10.0	200
Northwest corner of Creston and Rolling Hills Roads (20 du/ac)	009-641-009, -010, -011, and -022	5.2	105
Southeast corner of S. River Road and Serenade Drive (20 du/ac)	009-815-007	2.8	26 *
80 S. River Road (Conner LLC) (12 du/ac)	009-813-011, -012	6.1	84 **
Olsen Ranch Specific Plan (20 du/ac)	Several on Page 009-795	4.8	95
Beechwood Area Specific Plan (20 du/ac)	Several on Page 009-863	10.0	200
<b>Total</b>		<b>32.8</b>	<b>710</b>

\* Number of units were determined via approval of Tract 2654

\* 84 units for low and very low income households were approved by the City Council on January 6, 2009 (PD 08-010).

Moderate Income (8-12 units per acre)

<b>Location</b>	<b>APN</b>	<b>Acres</b>	<b>Unit Yield *</b>
Northwest Corner of Buena Vista Drive and Experimental Station Road (8 du/ac)	25-391-014	22.0	160
Chandler Ranch Specific Plan (Our Town)(9 du/ac)	Several on Pages 009-796, -797, and -798	14.5	122
Southwest corner of River Oaks Drive and Experimental Station Road (12 du/ac)	025-391-073	4.3	51
South side of Experimental Station Road, east of River Oaks Drive (12 du/ac)	025-541-015	5.9	89
<b>Total</b>		<b>46.7</b>	<b>422</b>

As can be seen from the above charts, the City has more than enough capacity to meet its RHNA requirement (assuming that analysis of sales prices and rents confirms that 8 du/ac is affordable to moderate income households). State law does require, however, that each residential rezone or development project application that might affect the RHNA numbers be analyzed for its effect on capacity. This law also requires that any general plan amendment, rezone or development project that would cause the RHNA capacity to be compromised must be offset with a compensating general plan amendment or rezone prior to approval of the compromising application.

4. Assess Constraints: The Housing Element must include an analysis of governmental and non-governmental constraints to the affordability of housing to include the following:

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<b>Governmental Constraints</b>	<b>Non- Governmental Constraints</b>
<ul style="list-style-type: none"> <li>● Land Use Controls (Zoning Standards)</li> <li>● Codes and Enforcement (e.g. UBC amendments)</li> <li>● On/Off-Site Improvements</li> <li>● Fees and Exactions</li> <li>● Processing and Permit Procedures</li> <li>● Constraints to persons with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>● Availability of financing</li> <li>● Price of Land</li> <li>● Cost of construction</li> </ul>

This will largely be an exercise in updating the current constraints discussion in the Housing Element.

5. Formulate New Policies (Goals, Objectives, Policies) and Action Items:

With the participation of affordable housing providers/advocates, the City may wish to formulate new policies and action items. Some that might be considered are:

- Prioritization of Needs: The City may want to establish priorities for use of limited financial and staff resources toward meeting various housing needs.
- Second Unit Pre-Approved Plans: The County of San Luis Obispo has pre-approved building plans for several prototypical second units and has offered to allow the City participate in this program.
- Traditional Neighborhood Design/Compact Urban Form: The Uptown/Town Centre and Olsen Ranch/ Beechwood Area Specific Plans propose utilization of neighborhood design principles that encourage: interlocking streets, interconnecting pedestrian paths, mixed residential densities, mixed land uses, and open space. This pattern of development offers benefits to increases in housing affordability and public health and reductions in traffic, energy consumption, air pollution (including factors contributing to climate change), and water pollution.
- Require Specific Plan Areas to include acreages zoned to be affordable to moderate, low, and very low income households: The Land Use Element presently designates portions of the Olsen Ranch and Beechwood Area Specific Plans to provide 20 unit per acre densities. Such a policy would be consistent with an existing Housing Element policy that calls for the City to disperse affordable housing and avoid overconcentrations of such housing in any area. It would also be consistent with Economic Strategy policy that calls for the City to house its workforce.