



STAFF REPORT

9/27/2022

AGENDA ITEM

TO:

**HONORABLE MAYOR
AND MEMBERS OF THE CITY COUNCIL**

FROM:

**COLLEEN T. DOAN
COMMUNITY DEVELOPMENT DIRECTOR**

SUBJECT:

PUBLIC HEARING - 6TH CYCLE HOUSING ELEMENT UPDATE (HEU)

Summary:

Form of Notice: Notice was published in the Signal Tribune newspaper per Government Code Section 65091 (a)(4) on September 16, 2022; was mailed to property owners and residents within a 300-foot radius of the four housing inventory sites on or before September 16, 2022; and was posted in accordance with Signal Hill Municipal Code Section 1.08.010 on or before September 16, 2022.

The City Council will review and adopt the 2021-2029 General Plan 6th Cycle HEU. The deadline for submittal of the document to the State Department of Housing and Community Development (HCD) is October 15, 2022. Adoption of the HEU will put the City in compliance with State housing laws, focus the City's efforts on specific sites for housing development, establish programs to affirmatively further fair housing, and put the City in a more advantageous position when applying for state and federal funds.

Recommendations:

1. Adopt the resolution, entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA, APPROVING GENERAL PLAN AMENDMENT 22-01 TO ADOPT THE 2021-2029 6TH CYCLE HOUSING ELEMENT UPDATE

2. Authorize the Community Development Director to transmit the 2021-2029 6th Cycle HEU to the HCD.

Fiscal Impact:

The adoption of the 6th Cycle HEU maintains City's eligibility for State housing grants. In addition, by

zoning properties for housing and mixed-use developments, future sales tax revenue will be generated. The preparation of the HEU was largely paid for by grant funds. The City received approval of over \$490,000 in grant funding, including:

Grant:	Amount:
State Planning Grants Program (SB2)	\$160,000
Gateway Cities COG Innovation Grant	\$200,000
Local Early Action Program (LEAP)	\$65,000
Permanent Local Housing Allocation Grant (PLHA) (5-year grant totaling +/- \$327,410)	\$65,482

Strategic Plan Objectives:

Goal 6: Promote a transparent and open government.
Objective No. 3.3: Complete General Plan updates.

Background:

All California cities are required to prepare and adopt a General Plan to use as a guide in making land use and planning decisions. The Housing Element is one of the required General Plan elements pursuant to California Government Code Section 65302(c). The Housing Element is unique to other General Plan Elements in that it must adhere to State laws that prescribe certain programs and policies be developed. The State Department of Housing and Community Development (HCD) is granted the authority to determine whether Housing Elements comply with legal requirements.

Every eight years, the Housing Element must be updated and must accommodate the City’s “fair share” of the Regional Housing Needs Assessment (RHNA) allocation, as mandated by the Southern California Association of Governments (SCAG). The RHNA allocation is the number of housing units the City must accommodate over the next eight-year Cycle. The content of the Housing Element typically includes:

- A housing sites inventory sufficient to accommodate the RHNA allocation as well as a 15% to 30% surplus; and
- Programs and policies to support and further housing development in compliance with State law.

The City is preparing its 6th Cycle HEU for the 2021 - 2029 planning period. In addition to identifying housing sites to accommodate the new RHNA allocation of 517 units, the City must properly zone chosen housing sites and propose programs and policies to address new State legislation regarding housing. The draft HEU includes a long range plan to meet the “fair share” regional housing mandate.

The RHNA allocation is divided into income categories with 239 of the total RHNA allocation designated as lower income units (includes all three low-income categories) as follows:

RHNA: Allocation from SCAG, 2021-2029

Extremely Low Income	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Housing Units (Total)
80	81	78	90	188	517

A key component of the HEU is to identify sites and eliminate constraints to development of the housing allocation. It does not, however, require that the housing be built, although that is the intent.

In 2019, the City, together with its housing consultant and a City sub-committee consisting of staff, elected officials, and a local property owner/developer, began the initial housing sites inventory analysis. The City also applied for available Planning grants and was awarded \$500,000 for analysis of site development constraints, and preparation of a draft environmental impact report and HEU.

In 2021, the City began its public engagement portion of the HEU process. The City identified key stakeholders and groups to participate in surveys and to provide input on intended programs and methods to affirmatively further fair housing, in accordance with State law, which requires an assessment of fair housing in the jurisdiction. Staff reached out to residents, representatives of fair housing protected groups, the Planning Commission, and other City commissions and committees to participate in the effort. Three Planning Commission workshops were held, and one presentation was made to City Council.

Between September 21, 2021, and June 15, 2022, staff prepared, submitted and revised in accordance with HCD comments, three draft HEU documents. None of the three drafts required substantial revisions from the first draft; rather the edits provided further details and quantifications for data and programs associated with the newly required Affirmatively Furthering Fair Housing section of the document. By June 2021, HCD indicated that the draft HEU was very close to full statutory compliance.

On June 21, 2022, at a duly noticed public hearing, the Planning Commission unanimously recommended City Council approval of the Environmental Impact Report (EIR SCH 2021050296) prepared for the HEU, two General Plan Amendments (GPAs) for the HEU and the Land Use Element, and the associated Zoning Ordinance Amendments (ZOAs) to establish specific plans of development for the four housing inventory sites chosen to accommodate the RHNA allocation. The Commission also recommended Council approval of all items, including the 6th Cycle HEU which was still under review by HCD. The Commission's recommendation regarding approval of the HEU was contingent on there being no substantial changes to the final document upon completion of HCD's review.

On July 12, 2022, at a duly noticed public hearing, the City Council certified the EIR, approved the introduction of the ZOAs, and approved one of the associated GPAs. The Council delayed approval of the second GPA which was the draft HEU until HCD completed their review and indicated that it met the statutory requirements of State Housing Element Law (Attachment A).

On July 26, 2022, the City Council adopted the ZOAs for the four housing sites.

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On August 8, 2022, the City received a letter from HCD confirming that the third draft HEU was compliant with State law and could be certified (Attachment B).

Analysis:

The City submitted its latest draft HEU to HCD on June 15, 2022, along with additional revisions on August 4, 2022. The City received a letter from HCD dated August 8, 2022, stating that the draft HEU meets the statutory requirements of State Housing Element Law. Following adoption of the draft HEU by City Council, staff will submit the document to HCD for certification, prior to the October 15, 2022, deadline, in compliance with State Housing Law (Article 10.6 of the Gov. Code) and in accordance with Government Code 65585 (Attachment B).

The draft HEU document is a detailed eight year look at the City's housing supply, population data and projected need, including analysis of regional and local data and statutory regulations, organized as follows:

- Government Code and other housing regulations
- Public participation
- Affirmatively Furthering Fair Housing analysis and policies
- Housing assistance programs and policies
- Housing needs assessments and policies
- Housing sites inventory to meet the RHNA

Following the detailed regional and local analysis, and in consideration of local input, four housing sites were chosen as the housing sites inventory to meet the RHNA allocation and a 15% surplus capacity. All four sites have approved zoning and general plan designations. Recent actions have been taken by the City to ensure each site has the appropriate zoning and general plan designation to accommodate the need.

The following is a summary of the ZOAs approved to properly zone the four housing inventory sites.

ZOA 22-03 - Walnut Bluff and Orange Bluff

Walnut Bluff is 2 acres and is located at the northwest corner of E. Willow Street and Walnut Avenue. ZOA 22-03 added Area 7 Walnut Bluff to Special Purpose Housing (SP-7). This site has been identified for 90 affordable multi-family units. The Specific Plan for Walnut Bluff includes a conceptual site plan proposing abandonment of two idle wells to accommodate development.

Orange Bluff is 9.3 acres and is located between Orange Avenue and Gundry Avenue and E. 27th Street and E. 28th Street. ZOA 22-03 added Area 8 Orange Bluff to Special Purpose Housing (SP-7). This site has been identified for 290 affordable multi-family units. The Specific Plan for Orange Bluff includes a conceptual site plan proposing abandonment of eight idle wells to accommodate development.

By-Right Project Approval

Both Walnut Bluff and Orange Bluff have by-right project approvals and will not require further

discretionary actions; however, as was the case with the Zinnia project, the City will distribute a Request for Proposals to affordable housing developers and choose the best candidate based on agreed upon design and cost merits.

Mandated Evidence of Future Development for Affordable Housing Sites

It is important to note that HCD doesn't consider the housing inventory sites as vacant, although they are either undeveloped, or underdeveloped. HCD presumes the existing uses, which in this case are oil wells and storage of oil related equipment, may impede additional residential development. For the lower income sites (Walnut Bluff and Orange Bluff), HCD requires that the housing element provide substantial evidence that the impeding uses are likely be discontinued during the planning period. The HEU must demonstrate that this will happen to the satisfaction of HCD, and the GPA resolution must include findings as such. HCD has accepted the draft HEU as demonstrating this evidence satisfactorily based on past practice, pre-development site and well bore log analysis, and the conceptual site plans. The GPA resolution for the HEU includes the required findings.

ZOA 22-01 - Heritage Square Central Business District (SP-23)

This site is 7.8 acres and is located between Cherry Avenue and Rose Avenue, and Crescent Heights Street and E. Burnett Street. SP-23 allows for a mixed-use commercial and residential project with a maximum of 60 units. This site has been identified for above moderate-income units; 54 townhomes and 6 single-family dwellings. The Specific Plan for Heritage Square includes a conceptual site plan proposing abandonment of nine idle and two active wells. In addition, four of the eight abandoned wells will be re-abandoned to accommodate development.

Heritage Square is designated to accommodate above-moderate housing with a percent legally required to be designated for affordable housing and therefore unlike the lower and moderate income housing, does not have a by-right project approval; therefore, when the site and design plans are more refined, the details of the project will be reviewed by the Planning Commission under the Site Plan and Design Review process.

ZOA 22-02 - Town Center Northwest (SP-24)

This site is 8.4 acres and is located at the northeast corner of E. Willow Street and Walnut Avenue. SP-24 allows for a mixed-use commercial and residential project. This site has been identified for up to 267 above-moderate-income multi-family units. The Specific Plan for Town Center Northwest includes a conceptual site plan proposing abandonment of seven idle and two active wells. In addition, one of four of the abandoned wells will be re-abandoned to accommodate development.

Town Center Northwest is also designated to accommodate above-moderate housing and therefore unlike the lower and moderate income housing, does not have a by-right project approval; therefore, when the site and design plans are more refined, the details of the project will be reviewed by the Planning Commission under the Site Plan and Design Review process.

Affirmatively Furthering Fair Housing (AFFH)

In addition to satisfying the RHNA allocation requirements, the 6th Cycle HEU must also identify programs to address AFFH pursuant to AB 686 which amended Government Code Section 65583.2

(a). The AFFH requirement is new to the 6th Cycle HEU. The AFFH requirements are addressed in the HEU programs and in the City's sites inventory strategy with the following programs and actions:

- The City will adopt a policy that new housing developments must implement an Affirmative Fair Housing Marketing Plan (AFHMP);
- The AFHMP must describe specific steps that will be taken by developers to ensure that renters and buyers who are unlikely to apply for housing without special outreach have equal access to housing opportunities;
- The City will advertise and promote the AFHMP through the City website, the Diversity Coalition Committee, workshops, seminars, and social media platforms;
- The City will update its website with AFHMP information by December 2022, and send direct outreach materials related to AFHMP to affordable housing residents, apartment/rental managers, and housing assistance service providers by June 2023;
- The City will conduct an annual outreach and will promote available State, regional, and local public and private housing rehabilitation resources through workshops, seminars, and social media platforms;
- Special emphasis will be placed on targeting outreach to homeowners in geographic areas of higher need or lower income as well as local homeowner associations;
- The City will adopt a General Plan Environmental Justice Element that includes objectives and policies to reduce the unique or compounded health risks in disadvantaged and disproportionately affected communities by means that include the reduction of pollution exposure;
- Regarding the two affordable housing sites identified in the HEU, City staff will issue Request for Proposals by April 2023, and interview potential developers by July 2023;
- Development Agreements will focus on a commitment to oil well and site remediation; and
- Affordable housing developers will be incentivized by waivers or deferrals of impact fees.

Conclusion

In compliance with State law, the draft HEU must first be approved, then submitted to HCD for certification of the Final HEU by October 15, 2022.

Approved:

Joe Hoefgen

Attachments