



City of Huntington Beach

File #: 19-1094

MEETING DATE: 11/4/2019

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Ursula Luna-Reynosa, Director of Community Development

Subject:

Direct staff to prepare Amendments to the Housing Element of the General Plan and to the Beach Edinger Corridor Specific Plan (BECSP) to obtain Housing and Community Development (HCD) certification for the purpose of being eligible to apply for SB 2 Funds

Statement of Issue:

The City Council has expressed interest in obtaining state SB2 funds for the purpose of using the money toward the establishment of a homeless shelter/navigation center. One of the eligibility criteria for SB2 funds is to have a state Department of Housing and Community Development (HCD) certified Housing Element. The application period for the next round of SB2 funding is anticipated to begin in April 2020. The requested action is for the City Council to consider whether to direct staff to prepare an amendment to the Housing Element and an amendment to the Beach Edinger Corridor Specific Plan (BECSP) to include an affordable housing overlay. Adoption of an amendment to the Housing Element would be scheduled for a future City Council meeting with a noticed public hearing while an amendment to the BECSP would be scheduled for both future Planning Commission and City Council meetings with noticed public hearings. If adopted by the City Council, the amended Housing Element would be submitted to HCD for certification which would enable the City to be eligible for SB 2 funds.

Financial Impact:

Not applicable.

Recommended Action:

Direct staff to prepare an amendments to the Housing Element and BECSP for City Council consideration.

Alternative Action(s):

Do not direct staff to prepare amendments to the Housing Element and BECSP.

Analysis:

The Housing Element is one of the state-mandated elements of the City's General Plan. State housing

element law, enacted in 1969, mandates that local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. The law acknowledges 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. As a result, housing policy in the state has historically rested largely upon the implementation of local general plan housing elements. Housing element law also requires the Department of Housing and Community Development (HCD) to review local housing elements for compliance with state law and to report its written findings to the local government. If HCD finds that a local housing element complies with state law, the jurisdiction's housing element is considered HCD certified. In September 2013, the 2013-2021 Housing Element was adopted by the City Council and subsequently certified by HCD in October 2013. It was then essentially de-certified by HCD following an amendment to the BECSP in May of 2015. The City is interested in pursuing an HCD certified housing element for the purpose of being eligible for SB 2 Funds.

Regional Housing Needs Assessment (RHNA)

State housing element law also requires that each city and county develop local housing programs to meet its fair share of existing and future housing needs for all income groups, as determined by the jurisdiction's Council of Governments (COG). In the southern California region, the COG/agency responsible for assigning the regional housing needs to each jurisdiction is the Southern California Association of Governments (SCAG). In 2012, SCAG allocated 1,353 units of the total regional housing need to Huntington Beach for the 2013-2021 planning period, which is the 5th housing element cycle. The table below provides a breakdown of the RHNA allocation by various household income categories.

TABLE 1: City of Huntington Beach 5th Cycle RHNA

Income Level	Percent of AMI* (Area Median Income)	Number of Units	Percentage of Units
Very Low (includes Extremely Low)	0-50%	313	24%
Low	51-80%	220	16%
Moderate	81-120%	248	18%
Above Moderate	>120%	572	42%
Total		1,353	100%
*2019 Orange County AMI = \$97,900			

As a planning document, state law requires local governments to demonstrate, through zoning, how the RHNA can be accommodated for every income level. For the 5th cycle, RHNA is not a construction mandate and a community is not obligated to actually build housing to meet the need.

2015 Beach and Edinger Corridors Specific Plan (BECSP) Amendment

Prior to May 2015, the City met the majority of its 533 unit lower income RHNA target through vacant and underutilized sites in the BECSP. When a BECSP amendment was adopted in May 2015, the residential development cap was reduced and standards were changed that affected the City's ability to continue to count the vacant and underutilized BECSP sites that were identified in the adopted

Housing Element toward the City's lower income RHNA. Consequently, HCD sent a letter to the City finding that the Housing Element was out of compliance with state housing element law and rescinded the City's Housing Element certification.

Current RHNA Status

At the time the BECSP amendment was approved, the City had already met its moderate and above moderate RHNA target through: 1) projects built or approved; and 2) vacant, appropriately zoned sites in other areas of the City. There was also some progress made toward the lower income RHNA through projects built, but not enough vacant or qualifying underutilized sites to accommodate the remaining lower income RHNA once the BECSP sites were no longer eligible to be counted toward the RHNA target. Table 2 below shows the City's current 5th cycle RHNA status.

TABLE 2: RHNA Status

Income Group	RHNA Targets	Building Permits (post 12/31/13 occupancy)	Approved Units (post 12/31/13 occupancy)	Vacant/ Under-Utilized Sites	Total Site Capacity (credit towards RHNA)	RHNA Shortfall under Current Zoning
Very Low	313	50	0	22	120	413
Low	220	47	1			
Moderate	248	274	9	197	498	-
Above Moderate	572	2,574	266	147	2,987	-
Total	1,353	2,945	276	362	3,605	413

Accommodating the RHNA Shortfall

According to state housing element law, when a local government's site capacity does not demonstrate that the supply of suitable, available, and appropriately zoned sites are sufficient to accommodate the RHNA by income level, the Housing Element must include a program that provides sufficient sites within the planning period. More specifically, an "adequate sites" program must commit a jurisdiction to the following:

- Rezoning sites to accommodate 100 percent of the lower income RHNA shortfall during the planning period;
- The zoning ordinance must allow owner-occupied and rental residential uses "by right" on the rezoned sites (a Conditional Use Permit (CUP) cannot be required);
- Sites must be large enough to accommodate a minimum of 16 units;
- The density must allow a minimum of 30 units per acre; and
- At least 50 percent of the rezoned sites must allow for exclusively residential uses.

Adequate Sites Program

In order to address the lower income unit RHNA shortfall, the City is proposing to undertake an adequate sites program within the parameters of state law consisting of the following:

- Establish an "Affordable Housing Overlay" within the BECSP to be applied to the sites identified in Table 3 below to accommodate the RHNA shortfall.
- Allow for residential development within the Overlay to continually accommodate the remaining lower income RHNA shortfall throughout the entire planning period.
- Replace the Conditional Use Permit (CUP) requirement with a "by-right" administrative Site Plan Review process on sites designated with the Overlay that propose at least 20% lower income units (encompassing extremely low, very low, and low income units) on site (no in lieu fees allowed).
- Replace the amended BECSP parking requirement with requirements in line with the citywide multi-family parking standard for sites within the Overlay.
- Provide for exclusively residential uses on sites in the Overlay (no commercial component required).

Affordable Housing Overlay Sites

Staff has identified seven sites within the BECSP for designation within the "Affordable Housing Overlay." Five of the sites are sites that are currently identified in the existing adopted Housing Element. Two additional underutilized sites within the BECSP have also been identified for designation within the Overlay. These two sites were selected because one is contiguous with one of the existing Housing Element sites and the other site is an underutilized state owned property. As indicated in Table 3, in aggregate, these seven sites encompass a total 10.85 acres, providing potential development of 607 multi-family units at densities in excess of the minimum default density threshold of 30 units/acre for lower income site suitability.

TABLE 3: Affordable Housing Overlay Sites

Map #	Location	Current Zoning	Proposed Zoning	Existing H.E. Site	Assumed Density	Site Acreage	Realistic Unit Potential
1	17631 Cameron/17642 Beach	SP14	SP14 - Affordable Housing Overlay	Underutilized Site D / Vacant Site 70	50 du/ac	1.58 (two 0.79-acre parcels held in common ownership)	79
2	18431 Beach	SP 14	SP14 - Affordable Housing Overlay	Vacant Site 66	55 du/ac	0.78	43
3 / 4	18700 Delaware/18811 Florida	SP14	SP14 - Affordable Housing Overlay	Underutilized Sites A & B/Vacant Sites 67 a/b	67 du/ac	4.0 (four parcels in common ownership)	271
5	19432 Beach	SP14	SP14- Affordable Housing Overlay	Vacant Site 65	40 du/ac	1.0	40

6	19471 Beach/19431 Beach	SP14	SP14-Affordable Housing Overlay	Underutilized Site E (combined with non HE site)	50 du/ac	1.39 (two parcels)	69
7	19601 Beach	SP14	SP14-Affordable Housing Overlay	N/A - State owned property	50 du/ac	2.1	105
Total Site Capacity						10.85	607

Housing Element and BECSP Amendment Process

Staff has informally consulted with HCD to ensure that the approach described in this report would be consistent with state housing element law. HCD has communicated the requirement for the BECSP amendment to occur prior to HCD certifying the Housing Element. If the City Council directs staff to prepare amendments to the Housing Element and BECSP, the following next steps would occur:

- Submit a draft Housing Element amendment to HCD for a 60-day review (*Nov. '19 - Jan. '20*)
- Conduct a concurrent 30-day public review and comment period (*Nov. '19 - Dec. '19*)
- Planning Commission and City Council public hearings to consider and take action on the Housing Element amendment and an amendment to the BECSP establishing the Affordable Housing Overlay (*Tentative Jan//Feb. '20*)

Environmental Status:

This item involves City Council direction to prepare an amendment to the Housing Element and is exempt under Section 15061(b)(3) of the California Environmental Quality Act (CEQA), which exempts activities where it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment. The provision of City Council direction in this case does not commit the City Council to adopting a Housing Element amendment or any particular program of a Housing Element amendment, including the designation of any particular site. Upon direction from the City Council, staff will prepare an amendment to the Housing Element and any associated amendments and conduct environmental review in accordance with CEQA.

Strategic Plan Goal:

Non-Applicable - Administrative Item

Attachment(s):

1. Affordable Housing Overlay sites map