



City of Huntington Beach

File #: 20-1357

MEETING DATE: 2/3/2020

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:

Adopt Resolution Nos. 2020-06 and 2020-07 approving General Plan Amendment (GPA) No. 19-003 (Housing Element amendment) and Zoning Text Amendment (ZTA) No. 19-006 (Beach and Edinger Corridors Specific Plan amendment) and approve the 2019 Housing Element Progress Report

Statement of Issue:

Transmitted for your consideration is General Plan Amendment No. 19-003, which amends the 2013-2021 General Plan Housing Element in order to obtain certification from the California Department of Housing and Community Development (HCD) and become eligible to receive state SB 2 funding for homelessness response programs and Zoning Text Amendment No. 19-006, an amendment to the Beach and Edinger Corridors Specific Plan (BECSP) establishing an Affordable Housing Overlay in accordance with program actions proposed in the Housing Element amendment. On January 14, 2020, the Planning Commission held a public hearing on the amendments and recommended approval to the City Council. This request also includes consideration of the Housing Element Progress Report for the 2019 calendar year, which is also an eligibility requirement for SB 2 funding.

Financial Impact:

If the request is approved, the City would become eligible for SB 2 funding to use toward the City's efforts to address homelessness in addition to other state funding programs that require a certified Housing Element as eligibility or scoring criteria. The City has previously been awarded funding for park projects based on this criteria.

Recommended Action:

PLANNING COMMISSION AND STAFF RECOMMENDATION:

A) Approve General Plan Amendment No. 19-003 and adopt Resolution No. 2020-06 (Attachment No. 1), "A Resolution of the City Council of the City of Huntington Beach Approving General Plan Amendment No. 19-003 (Housing Element Amendment)," and finding that it is covered under Negative Declaration No. 12-007, which was adopted by the City on August 27, 2013; and

B) Approve Zoning Text Amendment No. 19-006 with findings (Attachment No. 2) and adopt Resolution No. 2020-07, "A Resolution of the City Council of the City of Huntington Beach Approving an Amendment to the Beach and Edinger Corridors Specific Plan (SP 14) (Zoning Text Amendment No. 19-006)." (Attachment No. 3); and,

C) Approve the 2019 Housing Element Progress Report and forward to the California Department of Housing and Community Development and Governor's Office of Planning and Research.

Alternative Action(s):

A) Deny General Plan Amendment No. 19-003 and Zoning Text Amendment No. 19-006.

B) Continue General Plan Amendment No. 19-003 and Zoning Text Amendment No. 19-006.

Analysis:

A. **PROJECT PROPOSAL:**

General Plan Amendment (GPA No. 19-003) is a request to amend the City Council adopted 2013-2021 General Plan Housing Element and pursue certification from the California Department of Housing and Community Development (HCD) in order to be eligible to receive state funding for homelessness response programs. The Housing Element is one of the seven State-mandated elements of the City's General Plan and was last updated in 2013 for the 2013-2021 planning period pursuant to California Government Code Section 65588. The housing element must identify how the City will meet its share of the regional housing need for all economic segments of the community, commonly referred to as RHNA. The Housing Element Amendment includes an Adequate Sites Program and identifies program actions to ensure that the City will continue to meet its lower income RHNA targets for the remainder of the planning period.

Zoning Text Amendment (ZTA No. 19-006) is a request to amend the Beach and Edinger Corridors Specific Plan (BECSP) to establish an Affordable Housing Overlay in accordance with the program actions proposed in the Housing Element amendment. No development or construction is proposed in conjunction with the BECSP amendment.

ZTA No. 19-006 is proposed for consideration concurrently with the Housing Element amendment as a requirement of certification from HCD. Essentially, HCD is requiring program implementation (i.e. - the BECSP amendment) concurrently with the Housing Element amendment due to the compressed timeline of the remainder of the planning period.

Housing Element Progress Report represents a state-mandated report on the progress of the Housing Element. Section 65400 of the California Government Code establishes a requirement for each jurisdiction to prepare an annual report on the status of the housing element and the progress in its implementation and submit to the Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research (OPR). Until January 1, 2018, charter cities were exempt from preparing and submitting an annual progress report, although the City would submit the report in order to be eligible for state funding programs such as housing related park funds. Staff has prepared the report utilizing the forms adopted by HCD

in accordance with the California Code of Regulations. A copy of the report is provided as Attachment No. 7.

B. BACKGROUND:

The General Plan Housing Element was certified by HCD upon adoption by the City Council in October 2013. In May 2015, the City Council adopted an amendment to the BECSP, which, among other items, lowered the residential development cap from 4,500 units to 2,100 units and placed a conditional use permit (CUP) requirement on all residential development within the specific plan area. Prior to the BECSP amendment, sites within the BECSP provided for the majority of the City's 533 unit lower income RHNA target. When the BECSP amendment became effective, the City no longer had enough sites to meet its lower income RHNA target. Consequently, HCD rescinded the City's Housing Element certification. The Housing Element has been decertified since that time.

In 2017, SB 2, called the Building Homes and Jobs Act, was signed into law and established funding sources that may be used toward programs to address homelessness. The City Council has expressed interest in obtaining state SB2 funds for the purpose of using the money toward the City's homelessness response programs. 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. On November 4, 2019, the City Council directed staff to prepare amendments to the Housing Element and BECSP and pursue HCD certification to become eligible for SB2 funding.

As a result of the City Council direction, staff prepared an amendment to the Housing Element based on early informal consultation with HCD and formally submitted a draft Housing Element to HCD for a 60-day review on November 14, 2019. On January 10, 2020, HCD provided a written response determining that the draft Housing Element amendment meets all statutory requirements, and if adopted in conjunction with the proposed BECSP amendment, would be certified by HCD. A copy of the HCD letter is provided as Attachment No. 4.

A 30-day public review and comment period on the draft Housing Element amendment was also held from November 14, 2019 through December 13, 2019 in addition to a stakeholder meeting on December 5, 2019 and a Planning Commission study session on December 10, 2019. A copy of all comments received during the public review period is provided in Attachment No. 10.

C. PLANNING COMMISSION MEETING AND RECOMMENDATION:

On January 14, 2020, the Planning Commission held a public hearing on GPA No. 19-003 and ZTA No. 19-006. There were six speakers at the public hearing. All of the speakers represented the organization Homeless United and spoke in support of the proposed amendments. After some questions and discussion the Planning Commission took action to approve GPA No. 19-003 and ZTA No. 19-006 (Attachment No. 8).

Planning Commission Action on January 14, 2020:

The motion was made by Scandura, seconded by Mandic, to recommend to the City Council approval of GPA No. 19-003 and ZTA No. 19-006 with a modification to remove the state-owned site (Site #7) based on HCD's review carried by the following vote:

AYES: Scandura, Mandic, Grant, Kalmick, Perkins, Ray
NOES: Garcia
ABSTAIN: None
ABSENT: None

It should be noted that the Planning Commission is not required to review the Housing Element Progress Report.

D. STAFF ANALYSIS:

Below is a summary of the statutory requirements and amendments to the Housing Element and Beach and Edinger Corridors Specific Plan (BECSP). For a more detailed description and comprehensive analysis of the proposed amendments covering housing element law, the proposed changes to the Housing Element and the BECSP, and General Plan consistency refer to the January 14, 2020, Planning Commission public hearing staff report in Attachment No. 9.

Housing Element Amendment

The City currently has a shortfall of sites to accommodate the remaining lower income regional housing needs allocation (RHNA) target of 413 units. 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.

In order to address the City's lower income unit RHNA shortfall, an adequate sites program is proposed in the Housing Element amendment within the parameters of state law consisting of the following:

- Establish an "Affordable Housing Overlay" within the BECSP to be applied to the six sites with sufficient capacity to accommodate the RHNA shortfall.
- Allow for residential development within the Overlay to 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).

BECSP Amendment - Affordable Housing Overlay

ZTA No. 19-006 would amend Book II - Development Code of the BECSP to establish an Affordable Housing Overlay and provide for the development of the City's remaining lower income RHNA target. No development project is proposed in conjunction with the BECSP amendment.

ZTA No. 19-006 would keep most of the 2015 BECSP amendments in effect such as amendments to provide more flexibility for auto dealers and commercial uses, increased setbacks along the street, and requirements for upper-story setbacks for residential development projects. Within the proposed Affordable Housing Overlay, which represents approximately nine of the 459 BECSP acres, residential development would not be subject to the existing 2,100 unit development cap until all of the remaining lower income RHNA units have been developed. In addition, for projects proposing a minimum of 20% low income units on site, no CUP shall be required and the development would be subject to the Huntington Beach Zoning and Subdivision Ordinance (HBZSO) multi-family residential parking requirements rather than the coastal zone parking requirements that are currently in place. Additionally, no commercial square footage would be required in conjunction with residential units within the proposed Affordable Housing Overlay. A legislative draft of the proposed Affordable Housing Overlay provisions is provided in Attachment No. 6.

Addressing housing element requirements through the proposed BECSP amendment would ensure that the remaining lower income RHNA can be accommodated in areas already designated and zoned for residential uses at the minimum "default" density consistent with the existing General Plan Land Use Map. As such, no changes to the existing land use designations or allowed densities of property within the City are necessary to accommodate the remaining lower income RHNA and obtain HCD certification.

E. SUMMARY:

The proposed Housing Element amendment meets the requirements of Housing Element law as determined by HCD. If the City does not adopt the proposed Housing Element and BECSP amendments, the City would remain out of compliance with HCD.

Staff and the Planning Commission recommend approval of GPA No. 19-003 (Housing Element amendment), ZTA No. 19-006 (BECSP amendment), and the Housing Element Progress Report for the following reasons:

- GPA No. 19-003 is consistent with State Housing Element law;
- GPA No. 19-003 and ZTA No. 19-006 are consistent with City Council direction to pursue HCD certification and obtain eligibility for state SB 2 funding to support the City's homelessness response efforts;
- GPA No. 19-003 and ZTA No. 19-006 would ensure that the City will continue to meet its RHNA targets for the remainder of the planning period;
- GPA No. 19-003 would ensure that the Housing Element will continue to be internally consistent with other elements of the General Plan;

- ZTA No. 19-006 will implement the Housing Element Adequate Sites Program and is consistent with the goals and policies of the Housing Element; and
- The Housing Element Progress Report has been prepared in accordance with state law and will enable the City to be eligible for state SB 2 funding.

Environmental Status:

General Plan Amendment No. 19-003 (Housing Element amendment) is covered under Negative Declaration No. 12-007, which was adopted by the City on August 27, 2013, and is on file at the Community Development Department. Zoning Text Amendment No. 19-006 (BECSP Amendment) is within the scope of the BECSP Program Environmental Impact Report (EIR No. 08-008) certified by the Planning Commission on December 8, 2009. In accordance with CEQA Guidelines Sections 15162 and 15163, no subsequent EIR or supplement to the EIR need be prepared for this zoning text amendment and no further environmental review or documentation is required. The Housing Element Progress Report is exempt under Section 15061(b)(3) of the CEQA guidelines, 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.

Strategic Plan Goal:

Strengthen long-term financial and economic sustainability

Attachment(s):

1. City Council Resolution No. 2020-06 - General Plan Amendment No. 19-003 (Housing Element Amendment)
2. Suggested Findings for Approval - Zoning Text Amendment No. 19-006 (BECSP Amendment)
3. City Council Resolution No. 2020-07 - Zoning Text Amendment No. 19-006 (BECSP Amendment)
4. HCD Compliance Letter, dated January 10, 2020
5. Draft Housing Element Amendment - Legislative Draft
6. Draft Beach and Edinger Corridors Specific Plan Amendment - Legislative Draft
7. 2019 Housing Element Progress Report
8. Planning Commission Notice of Action, dated January 15, 2020
9. Planning Commission Public Hearing staff report
10. Public comments received on the draft Housing Element Amendment
11. November 4, 2019 City Council meeting minutes excerpt