

AGENDA NO. 4

PLANNING COMMISSION



STAFF REPORT

DATE: February 25, 2013

TO: Chairperson and Members of the Planning Commission

FROM: Community Development Department/Planning Division

SUBJECT: **GENERAL PLAN AMENDMENT (GPA12-00002) TO UPDATE THE HOUSING ELEMENT OF THE CITY OF OCEANSIDE GENERAL PLAN FOR THE STATE-PREScribed 2013-2020 PLANNING PERIOD – HOUSING ELEMENT UPDATE – APPLICANT: CITY OF OCEANSIDE**

RECOMMENDATION

Staff recommends that the Planning Commission by motion:

- 1) Recommend that the City Council adopt the draft 2013-2020 Housing Element as revised in response to comments from the California Department of Housing and Community Development (HCD) by adopting Planning Commission Resolution 2013-P07; and
- 2) Recommend that the City Council authorize the City Manager to approve subsequent technical revisions to the Housing Element deemed necessary to achieve state certification.

BACKGROUND

Government Code Section 65588(e)(2)(B) mandates that all local governments within the jurisdiction of the San Diego Association of Governments (SANDAG) adopt updates of their respective housing elements no later than April 30, 2013. Local governments that adopt updated housing elements within 120 days of this deadline will not be required to adopt another update for eight years (i.e., until 2020); those local governments that fail to update their housing elements within this grace period will be subject to a four-year update cycle.

An initial draft of the City's 2013-2020 Housing Element was reviewed by the Planning Commission on August 13, 2012, the Housing Commission on August 14, 2012, and the City Council on September 19, 2012, at which time the City Council authorized staff to submit the draft document for HCD certification review. On November 21, 2012, HCD staff

provided comments on the draft element (Attachment 2). Staff responded to these comments and furnished HCD with a revised draft on January 30, 2013. Under state law, HCD has 60 days to review this revised draft and make the City aware of any additional revisions necessary to achieve compliance with state housing law.

PROJECTION DESCRIPTION

Response to HCD comment is summarized in Attachment 3. The proposed changes address HCD concerns about the City's capacity for new housing relative to its fair share of regional housing growth, regulatory constraints to housing development, the suitability of light industrial zones for permanent emergency shelters, and the potential of income-restricted units converting to market-rate status. While some of these revisions reflect recently-adopted changes to inclusionary housing and zoning regulations, none would occasion changes to current land use policy or zoning standards that have not already been subject to public review.

ANALYSIS

With respect to proposed changes to the housing sites inventory, staff has added to the inventory a number of non-vacant sites within high-density residential zones that have the potential to accommodate more dwelling units. For example, many properties in the Eastside Capistrano neighborhood that now accommodate single-family homes have been identified as being likely to redevelop in the foreseeable future with attached housing at densities up to 29 dwelling units per acre. Similar properties in R-3 and R-T zones straddling both sides of the San Diego Northern Railway have been identified as being likely to redevelop with attached housing at densities up to 43 dwelling units per acre. In accordance with state housing law and HCD guidelines, such "underutilized" properties can be included in a housing sites inventory to demonstrate that a local jurisdiction has the capacity to provide its fair share of regional demand for affordable housing.

The housing sites inventory has been further augmented with over 70 vacant properties able to accommodate future demand for moderate and above moderate income housing. Broadly distributed throughout the City, these properties include entitled sites (e.g. St. Cloud and Marisol subdivisions) as well as sites where market-rate housing projects have been proposed (e.g. Terraza condominiums).

In response to HCD concerns about the extent to which CUP requirements hinder the development of affordable housing, further analysis of the City's entitlement review process has been incorporated into the draft update. As noted in the revised update, recent changes to General Plan policies and zoning standards associated with inclusionary housing – reviewed by the Planning Commission on December 10, 2012 and adopted by the City Council on January 16, 2013 – are expected to address many of the HCD's concerns about the City's entitlement review process.

As discussed at previous public hearings on the draft update, the City's light industrial zones have been identified as the most appropriate areas for permanent emergency shelters, which, in accordance with state law, must be permitted by-right in at least one zoning district within the City. The revised update includes additional analysis of the suitability of the City light industrial zones for permanent emergency shelters.

A key consideration of HCD in its evaluation of housing element compliance is the preservation of existing income-restricted units. The revised update includes additional information regarding existing income-restricted units at-risk of converting to market-rate status, consistent with data from the California Housing Partnership Corporation (CHPC). Program 28 outlines strategies for preserving the affordability of such units.

Staff is prepared to discuss these issues in further detail at the public hearing, as warranted. The draft update can be accessed on the Planning Division portal of the City's website under "Planning Policy Projects." At this time, the draft posted to the website does not contain an updated housing sites inventory, as staff continues to refine this component of the update.

NEXT STEPS AND SCHEDULE

The City Council is tentatively scheduled to consider formal adoption of the 2013-2020 Housing Element on April 17, 2013. It is anticipated that staff will have received and responded to HCD comment on the second iteration of the draft update prior to this public hearing. While it is possible that HCD will find the current draft update in compliance with state law (and provide formal correspondence to this effect by the end of March), it is more likely that HCD will have additional comments on the document. Assuming these comments are no more substantive than those received on the initial draft last November, staff will ask the City Council to authorize the City Manager to approve any subsequent changes to the draft update considered to be technical in nature but necessary to achieve state certification. If, however, forthcoming HCD comments call for significant changes to housing policy and/or zoning standards, subsequent changes to the update will return to the Planning Commission, Housing Commission, and City Council for further review and approval.

To keep stakeholders apprised of subsequent changes to the draft update, staff will continue to post new iterations of the update to the City's website.

ENVIRONMENTAL ANALYSIS

A draft Initial Study/Negative Declaration (IS/ND) was prepared and posted for public review on the City's website at <http://www.ci.oceanside.ca.us/civica/filebank/blobdload.asp?blobid=30052>. The IS/ND concludes that the proposed updates to the Housing Element would not have a significant effect on the environment. At the time of report preparation, no public comment had been received on the IS/ND.

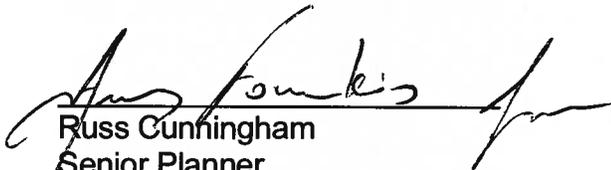
PUBLIC NOTIFICATION

Legal notice of this public hearing was published in the North County Times. In advance of the first round of public hearings on the update, a draft of the update was posted to the City's website and informational flyers were distributed at various public venues, including City Hall, City resource centers, and the Oceanside Farmers Market.

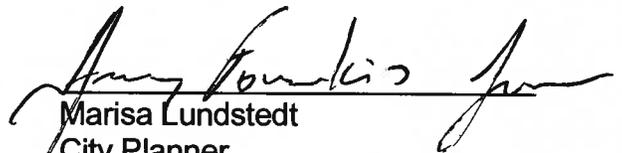
RECOMMENDATION

Staff recommends that the Planning Commission adopt Resolution 2013-P07, recommending to the City Council adoption of the 2013-2020 Housing Element. Staff further recommends that the City Manager be authorized by the City Council to approve any subsequent revisions of the Housing Element that are deemed technical in nature and necessary to achieve state certification.

PREPARED BY:


Russ Cunningham
Senior Planner

SUBMITTED BY:


Marisa Lundstedt
City Planner

ML/RC/fil

Attachments:

1. Planning Commission Resolution No. 2013-P07
2. HCD review letter dated November 21, 2012
3. Summary of HCD Comments and Responses
4. Initial Study/Negative Declaration (City Website)
5. Revised Draft 2013-2020 Housing Element (City Website)

1 PLANNING COMMISSION
2 RESOLUTION NO. 2013-P07

3 A RESOLUTION OF THE PLANNING COMMISSION OF
4 THE CITY OF OCEANSIDE RECOMMENDING
5 ADOPTION OF THE 2013-2020 HOUSING ELEMENT

6 APPLICATION NO: GPA12-0000
7 APPLICANT: City of Oceanside
8 LOCATION: Citywide

9 THE PLANNING COMMISSION OF THE CITY OF OCEANSIDE, CALIFORNIA DOES
10 RESOLVE AS FOLLOWS:

11 WHEREAS, there was filed with this Commission a verified petition on the forms
12 prescribed by the Commission requesting a General Plan Amendment under the provisions of
13 Articles 45 of the Zoning Ordinance of the City of Oceanside for the following:

14 an update of the Housing Element of the City's General Plan for the 2013-2020 planning
15 period, as prescribed by state law. The Housing Element outlines the City's goals,
16 objectives, and policies for the preservation and expansion of the City's housing inventory.
17 The Housing Element must be deemed in compliance with state housing law by the
18 California Housing and Community Development Department (HCD).

19 WHEREAS, the Planning Commission reviewed a previous iteration of the update on
20 August 13, 2012 and voted to recommend that this iteration be forwarded to HCD for initial
21 certification review;

22 WHEREAS, the Planning Commission, after giving the required notice, did on the 25th
23 day of February, 2013 conduct a duly advertised public hearing as prescribed by law to consider
24 said application;

25 WHEREAS, pursuant to the California Environmental Act of 1970, the Planning
26 Commission finds that a Negative Declaration has been prepared in conformance with the
27 California Environmental Quality Act (CEQA); and

28 WHEREAS, the Planning Commission reviewed and considered information in this
29 document prior to making a decision on the project; and

1 WHEREAS, the documents and other material constituting the record of proceedings
2 upon which the decision is based will be maintained by the City of Oceanside Planning
3 Division, 300 North Coast Highway, Oceanside, California 92054; and

4 WHEREAS, studies and investigations made by this Commission and in its behalf reveal
5 the following facts:

6 FINDINGS:

7 For the General Plan Amendment:

- 8 1. The proposed update to the City's Housing Element will guide the City's efforts to
9 preserve and expand its housing inventory for residents of all income levels as well as
10 members of special needs populations (e.g. seniors, disabled persons, female-headed
11 households). The updated Housing Element would be compatible with all other elements
12 of the General Plan, including the Land Use Element and the Circulation Element.
- 13 2. Future housing development would be required to conform to the updated Housing
14 Element and would undergo discretionary and environmental review as appropriate.

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1 3. The updated Housing Element is a requirement of state housing law, as expressed in
2 Government Code Section 65580, *et seq.* As proposed, the updated Housing Element
3 contains all required components thereof, as prescribed by state housing law.

4 NOW, THEREFORE, BE IT RESOLVED that the Planning Commission does hereby
5 recommend to the City Council adoption of the 2013-2020 Housing Element, as General Plan
6 Amendment (GPA12-00002), and the associated Negative Declaration:

7 PASSED AND ADOPTED Resolution No. 2013-P07 on February 25, 2013 by the
8 following vote, to wit:

9 AYES:

10 NAYS:

11 ABSENT:

12 ABSTAIN:

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14 _____
Tom Rosales, Chair
Oceanside Planning Commission

15
16 ATTEST:

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18 _____
19 Marisa Lundstedt, Secretary

20 I, MARISA LUNDSTEDT, Secretary of the Oceanside Planning Commission, hereby certify
21 that this is a true and correct copy of Resolution No. 2013-P07.
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23 Dated: February 25, 2013
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**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

1800 Third Street, Suite 430
P. O. Box 952053
Sacramento, CA 94252-2053
(916) 323-3177 / FAX (916) 327-2643
www.hcd.ca.gov



November 21, 2012

Mr. George Buell, Director
Development Services Department
City of Oceanside
300 N. Coast Highway
Oceanside, CA 92054

Dear Mr. Buell:

RE: Review of the City of Oceanside's Draft Housing Element

Thank you for submitting Oceanside's draft housing element received for review on September 26, 2012 along with revisions received on November 13 and November 19, 2012. The draft housing element was submitted for the fifth planning cycle and covers the 2013-2021 planning period. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). A telephone conversation on November 1, 2012 with Mr. Russ Cunningham, Senior Planner and the City's consultant, Mr. John Douglas, facilitated the review.

The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State housing element law (Article 10.6 of the Government Code). In particular, the element must identify adequate sites to accommodate the City's Regional Housing Need Allocation. The enclosed Appendix describes this and other revisions needed to comply with State housing element law.

For your information, Senate Bill 375 (Chapter 728, Statutes of 2008) added Government Code Section 65588(e)(4) regarding timely adoption of the housing element. Localities on an 8-year planning period that do not adopt the housing element within 120 calendar days from the statutory due date (April 30, 2013 for SANDAG localities) are required to revise the housing element every four years until adopting at least two consecutive revisions by the statutory deadline. For more information on housing element adoption requirements, please visit the Department's website at: http://www.hcd.ca.gov/hpd/hrc/plan/he/he_review_adoptionsteps110812.pdf.

APPENDIX CITY OF OCEANSIDE

The following changes would bring Oceanside's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on the Department's website at www.hcd.ca.gov/hpd. Refer to the Division of Housing Policy Development and the section pertaining to State Housing Planning. Among other resources, the Housing Element section contains the Department's latest technical assistance tool *Building Blocks for Effective Housing Elements (Building Blocks)* available at www.hcd.ca.gov/hpd/housing_element2/index.php, the Government Code addressing State housing element law and other resources.

A. Housing Needs, Resources, and Constraints

1. *Include an inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites (Section 65583(a)(3)). The inventory of land suitable for residential development shall be used to identify sites that can be developed for housing within the planning period (Section 65583.2).*

For the fifth planning period, Oceanside has a regional housing need allocation (RHNA) of 6,210 housing units, of which 2,727 are for lower-income households. In addition, for the fourth planning period, it appears the City was unable to implement programs to make sites available with appropriate zoning for lower income households. To address this need, the element identifies vacant and nonvacant sites, however, to demonstrate the adequacy of these sites to accommodate the City's RHNA in both planning periods, the element must include complete analyses, as follows:

Addressing Fourth Planning Period Unaccommodated Need: Pursuant to Chapter 614, Statutes of 2005 (AB 1233), if the City of Oceanside was unable to make adequate sites available to accommodate the regional housing need in the prior planning period, the City must zone or rezone sites to accommodate all the unaccommodated need within the first year of the 2013-2021 planning period.

Program 9 (Potential Residential Sites), which was critical to demonstrate compliance with the adequate sites requirement in the previous fourth planning period, was not implemented. For the fifth planning period, the element now lists (Tables B-7 through B-9) sites apparently suitable for development with appropriate zoning to accommodate the fourth planning period housing need for lower income households. Most of these sites are also identified for the current planning period. To utilize these sites, the element must provide analyses to demonstrate the suitability for development and appropriateness of zoning to accommodate housing for lower income households as described below. Depending on the outcomes of these analyses, the element may need to identify additional sites or include programs to rezone sites, as appropriate.

Suitability of Non-Vacant Sites: The element does not provide a description of existing uses on identified nonvacant sites as required by statute, Government Code Section 65583.2(b)(3). The element must describe the existing uses of non-vacant sites (Table B-8) sufficiently to demonstrate the potential for redevelopment and evaluate the extent to which existing uses may impede additional residential development. For sites with residential uses, the inventory could generally describe structural conditions or other circumstances and trends demonstrating the redevelopment potential to more intense residential uses. For non-residential sites, the inventory could generally describe whether the use is operating, marginal or discontinued, and the condition of the structure or could describe any expressed interest in redevelopment. Refer to the sample analysis on the *Building Blocks'* website at http://www.hcd.ca.gov/hpd/housing_element2/SIA_home.php. The Department will also send additional sample inventories and analyses under separate cover.

Sites with Zoning for a Variety of Housing Types (Emergency Shelters): Chapter 633, Statutes of 2007 (SB 2), requires the identification of a zone(s) where emergency shelters are permitted without a conditional use permit or other discretionary action. While the element identifies the Light Industrial (LI) zone as appropriate for the development of emergency shelters (page IV-10), it must be revised to demonstrate suitability of the zone for emergency shelters. For example, some light industrial zones may have environmental or other conditions rendering them unsuitable for residential or shelter uses. The analysis could describe other allowed uses and their compatibility with residential or shelter uses. See the Department's SB 2 technical assistance memo at http://www.hcd.ca.gov/hpd/sb2_memo050708.pdf.

2. *Analyze potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Section 65584 and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters identified pursuant to paragraph (7) (Section 65583(a)(5)).*

Local Processing and Permit Procedures: The element notes multifamily projects that exceed the base density require Planning Commission approval of a development plan but provides no evaluation of the process as a potential constraint on development. The element should include a complete description and analysis of all decision-making criteria (e.g. findings of approval) related to the approval of multifamily housing with a development plan and analysis of the impact on approval timing and certainty. For more information, see the Department's *Building Blocks'* website at: http://www.hcd.ca.gov/hpd/housing_element2/CON_permits.php

2. *Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels (Section 65583(c)(1)).*

As noted in Finding A-1, the element does not include a complete site analysis and therefore, does not establish adequate sites and zoning to accommodate the regional housing need. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types.

3. *The housing element shall contain programs which address, and where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing (Section 65583(c)(3)).*

As noted in Finding A-2, the element requires a complete analysis of potential governmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints. In addition:

The element indicates Multifamily development over 20 units must be approved through a Conditional Use Permit (CUP). Additional review and complex discretionary findings can add significant time and uncertainty to the approval process and consequently adversely impact the cost and supply of housing, particularly housing affordable to low- and moderate-income households. Consequently, the element should include a program to address and remove or mitigate this permitting requirement, as appropriate.

4. *The housing program shall preserve for low-income household the assisted housing developments identified pursuant to paragraph (8) of subdivision (a). The program may include strategies that involve local regulation and technical assistance (Section 65583(c)(6)).*

The element identifies units at-risk of converting to market-rate uses in the planning period and includes Program 28 (Preservation of Affordable Housing Units "At-Risk" of Converting to Market Rates) to address these at-risk units. While the program includes important actions such as monitoring the units and identifying financing and subsidy programs, it should expand strategies to assist in the preservation of the units. For example, the City could commit to ensure compliance with tenant noticing requirements, include a tenant education component and develop a plan or strategy, including tenant relocation assistance, for quickly moving forward in the case units are noticed to convert to market-rate uses in the planning period. In addition, the program should be revised to reflect a timeframe for implementation. For example, the element could commit to annually monitor the at-risk units. Additional assistance can be found on the department's *Building Blocks'* website at: http://www.hcd.ca.gov/hpd/housing_element2/PRO_atrisk.php

**HCD Housing Element Comments and Responses
City of Oceanside
January 2013**

HCD Comment	Housing Element Page Reference (revised draft)	Response
A. Housing Needs, Resources and Constraints		
Carryover from the 4 th Cycle	Appendix B	The analysis of potential housing development sites has been expanded to describe how adequate capacity to accommodate the RHNA was available in the previous planning period, resulting in no carryover of unaccommodated need.
Realistic Capacity	IV-1 IV-13 V-5&6 B-10 through B-24	The sites inventory (Appendix B) has been expanded to provide additional analysis regarding development regulations and the realistic capacity of sites. In addition, Program 5 has been revised to describe recent and proposed amendments to the Zoning Ordinance and General Plan Land Use Element that reduce constraints and provide stronger incentives for affordable multi-family housing production.
Zoning for Lower-Income Households	IV-1, IV-5, IV-13 V-5	The previous Housing Element, which was found in compliance by HCD, identified a density of 29 units/acre as suitable for lower-income housing (see Program 9). Additional analysis as well as commitments in Program 5 have also been included to address the default density issue.
Suitability of Non-Vacant Sites	Table B-9	Appendix B has been revised and expanded to describe existing uses and other factors that affect potential redevelopment of underutilized commercial sites.
Emergency Shelters	IV-11 V-9	Program 11 includes the City's intent to amend zoning regulations for the Limited Industrial (IL) zone to allow emergency shelters by right. Additional information has been provided to demonstrate the suitability of the IL zone to accommodate shelters.
Processing and Permit Procedures	IV-1 IV-13 IV-26	Additional analysis has been provided regarding permit procedures and decision-making criteria for multi-family development. Program 5 has also been expanded to describe recently-adopted Code amendments that

HCD Comment*	Housing Element Page Reference (revised draft)	Response
	V-5	eliminate the CUP requirement for multi-family projects that provide for affordable housing without recourse to the inclusionary housing in-lieu fee. Such projects continue to require Development Plan review, which focuses on conformance with development standards rather than examining the appropriateness of the use itself. Program 5 also includes a commitment to eliminate the CUP requirement for projects with 20+ units.
B. Housing Programs Program 5	V-5	Program 5 has been expanded to include specific objectives and timeframes for the program components.
Adequate sites CUP for MF housing	V-6	This comment is addressed under the items discussed above. The CUP requirement for multi-family residential projects that exceed base density in residential zones has been eliminated in favor of a Development Plan (see Program 5). In addition, Program 5 now includes a commitment to initiate a Code amendment to eliminate the CUP requirement for projects with 20+ units.
At-risk units	II-28	The analysis of units at risk of conversion has been updated based on CHPC data.

* HCD letter of November 21, 2012