

## PLANNING COMMISSION AGENDA STAFF REPORT



Meeting Date: February 2, 2021

Public Hearing:   
Discussion Item:   
Consent Item:

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January 28, 2021

Agenda Item No.: 6a

TO: CHAIR AND PLANNING COMMISSIONERS  
FROM: JOANN LOMBARDO, COMMUNITY DEVELOPMENT DIRECTOR  
SUBJECT: 6<sup>th</sup> CYCLE HOUSING ELEMENT UPDATE – WORKSHOP #1

### RECOMMENDATION

That the Planning Commission hold a public workshop to receive public input, discuss and provide staff direction on the Housing Element Update process.

### BACKGROUND/ANALYSIS

#### **Housing Element Overview**

Since 1969, California has required that all local governments (cities and counties) adequately plan to meet the housing needs of everyone in the community. California's local governments are required to include their plan within a Housing Element, which is one of the seven required elements of the General Plan.

The Housing Element must be updated approximately every 8 years, and it is the role of the state Department of Housing and Community Development (HCD) to administer and ensure local government compliance with Housing Element law. HCD is now administering the 6<sup>th</sup> Housing Element cycle. For Chino Hills and other local governments within the Southern California Association of Governments (SCAG) region, the 6<sup>th</sup> Cycle covers the period from June 30, 2021 through October 15, 2029.

The Housing Element process generally includes the following steps:

- Determine the Regional Housing Need Assessment (RHNA)
- Update previous housing element
- Submit draft to HCD for review/approval
- Revise and adopt (or adopt without changes)
- Submit adopted housing element to HCD

### Regional Housing Need Assessment (RHNA)

HCD begins the RHNA process by setting the total number of new housing units needed for the state during the 6<sup>th</sup> Cycle. HCD then disaggregates the total number of new housing units by income group: Very Low, Low, Moderate and Above-Moderate Income. Next, HCD distributes those numbers to each region within the state. For the SCAG region, HCD allocated a total of 1,341,827 new housing units for this 6<sup>th</sup> Cycle Housing Element period. Of those units, HCD determined that 26.2% must be affordable to very low income households, 15.4% to low income households, 16.7% to moderate income households and 41.7% to above moderate income households.

SCAG then takes the lead and establishes a methodology for allocating the units across its many local governments within its six county region. SCAG started its part of the 6<sup>th</sup> Cycle RHNA process in 2019. Chino Hills actively participated in that process, attending all the RHNA subcommittee meetings and providing written comments to SCAG on the RHNA process in four separate letters dated September 6, 2019, November 6, 2019, December 16, 2019, and March 4, 2020. In each of those letters, Chino Hills articulated its concerns about SCAG’s RHNA methodology and allocation of units. SCAG did not respond to any of Chino Hills’ four comment letters. In October 2020, SCAG issued draft RHNA allocations to each local government in the region, providing an opportunity for appeal. Chino Hills appealed its 6<sup>th</sup> Cycle RHNA. On January 6, 2021, the six member SCAG RHNA appeal board voted in support of SCAG staff’s recommendation to deny Chino Hills’ appeal by a vote of 4 to 1, with one abstention. SCAG is expected to adopt its Final RHNA allocation in February 2021.

For Chino Hills, the expected RHNA allocation is:

<b>TOTAL RHNA UNITS FOR CHINO HILLS*</b>	<b>3720</b>
Very low income (<50% of AMI**)	1384
Low income (50-80% of AMI)	819
Moderate income (80-120% of AMI)	787
Above moderate income (>120% of AMI)	731
*calculation difference due to rounding; **AMI = Adjusted median income, based on the County of San Bernardino average incomes.	

## Update Existing Housing Element

The most challenging part of the Housing Element Update process will be identifying adequate available sites to accommodate the 3,720 new units, particularly the “affordable” units that would be available to very low and low income households. Combined, the 1,384 very low income units and the 819 low income units bring the total number of affordable units for Chino Hills to 2,202.

To identify a housing site as “affordable”, a Housing Element needs to provide an analysis demonstrating that adopted densities, costs, financial subsidies and/or market demand can accommodate lower income households. In Chino Hills, such an analysis is infeasible because very few, if any, houses rent or sell at rates that are affordable to very low or low income households. As an option and alternative to preparing the analysis, California Government Code Section 65583.2(c)(3)(B) allows local governments to elect the option of utilizing “default” density standards that are “deemed appropriate to accommodate housing for lower income households.” The default density standard provides a streamlined option for local governments to meet the density requirement. If a local government zones a site to meet the default density, no analysis to establish the appropriateness of the default density is required and HCD must accept that density as appropriate in its review. Default densities established by HCD are as follows:

- Incorporated cities within non-metropolitan/rural counties and non-metropolitan counties with micropolitan areas (15 units or more per acre)
- Unincorporated areas in all non-metropolitan counties (10 units or more per acre)
- Suburban Jurisdictions (20 units or more per acre)
- Metropolitan Jurisdictions (30 units or more per acre).

Chino Hills and most of the surrounding cities in the region are designated Metropolitan Jurisdictions. This means that Chino Hills must zone sufficient sites at a density of no less than 30 dwelling units per acre. In addition, Government Code Section 65583.29(h) sets a minimum development density of 20 units per acre for these zoned sites. This means that in order to continue to qualify a site under the default density provision, a project built on a designated site (zoned at a density of 30 units or more) must be built to a density of no less than 20 units per acre.

Chino Hills has used this default density strategy in its previous Housing Elements to successfully meet its RHNA requirements for very low and low income housing. For example, in its 5<sup>th</sup> Cycle Housing Element, Chino Hills designated the Avalon Bay Apartment site along Butterfield Ranch Road as Very High Density Residential, which allows a maximum density of 35 dwelling units per acre. The Avalon Bay site was subsequently developed with 331 units at a density of 22.74 units per acre.

In its previous Housing Elements, Chino Hills successfully satisfied its moderate income RHNA allocation by designating High Density Residential and Medium Density Residential zoned sites, which have maximum densities of 25 units per acre and 12 units per acre, respectively. Chino Hills has successfully satisfied its above moderate income RHNA allocation by designating sites zoned Low Density Residential and other sites planned for single family detached residential development.

### **Available Affordable Sites**

The focus of the first Housing Element Update workshop will be on potential sites to satisfy the 2,202 very low and low income unit RHNA requirement. Potential sites should have:

- Reasonable access to infrastructure, including roads, sewer and water
- Topography with slopes less than 10%
- Limited geologic constraints
- Limited biological resources
- Size of 5 acres or more.

Staff will be presenting information on sites that potentially meet these criteria, including:

- City owned open space and undeveloped properties
- Undeveloped privately owned residentially zoned properties
- Undeveloped privately owned non-residentially zoned properties
- Underutilized developed commercial properties that could be rezoned to a mixed-use density.

### **Public Participation**

Public participation is an important component of the Housing Element Update process. Local governments are required to make a diligent effort to include all economic segments of the community (including residents and/or their representatives) in the development and update of the Housing Element.

This workshop is the start of the process for Chino Hills' 6<sup>th</sup> Cycle Housing Element. A one-quarter page ad notifying the public about the workshop and inviting their participation was sent to the Chino Champion for publication on January 23 and January 30. Flyers about the workshop were sent to approximately 100 property owners, nonprofit housing developers, developers, religious facilities and fair housing groups. A press release was distributed to the media. Information was also posted on the "City News" section on the homepage of the City website which triggers an e-notification to subscribers. A webpage on the City website has been set up to inform the public about the Housing Element process.

The public outreach process will continue during the next few months as the City works to complete its draft Housing Element Update.

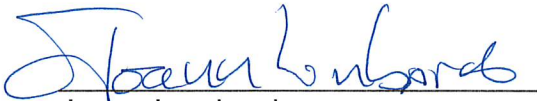
### **Schedule**

To meet HCD's 6<sup>th</sup> Cycle Housing Element requirement, Chino Hills and other SCAG local governments must have their Housing Element submitted to HCD for review and approval by October 15, 2021. To meet this schedule, Chino Hills will need to follow this recommended timeline:

- Identify adequate sites: April 6, 2021
- Completed Draft Housing Element document: May 20, 2021
- Planning Commission Review and Concurrence of Draft Housing Element: June, 2021
- City Council Review and Approval of Draft Housing Element: June, 2021
- Submittal of Draft Housing Element to HCD: July 1, 2021
- 60-day HCD Review Period: July 1 – September 1, 2021
- Revise Housing Element Update, City Public Hearings: September 1- October 12, 2021
- Submittal of Final Housing Element to HCD: October 15, 2021

Along a parallel track, City staff will be initiating the General Plan Update process to incorporate the land use changes required by the Housing Element. As a first step, staff anticipates using grant funds to obtain technical consultants to assist with this process.

Respectfully submitted,

  
Joann Lombardo  
Community Development Director