

COUNCIL AGENDA STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MARCH 23, 2021

MEMBERS

FROM: CITY MANAGER ITEM NO:2

SUBJECT: 6th CYCLE HOUSING ELEMENT UPDATE -- CITY COUNCIL WORKSHOP

RECOMMENDATION:

That the City Council 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 6th Housing Element cycle. For Chino Hills and other local governments within the Southern California Association of Governments (SCAG) region, the 6th 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 Housing Element to HCD for review/approval
- Revise and adopt (or adopt without changes) Housing Element
- 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 6th 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 6th 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 6th 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 6th 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's final RHNA allocation for Chino Hills:

TOTAL RHNA UNITS FOR CHINO HILLS*	3729
Very low income (<50% of AMI**)	1388
Low income (50-80% of AMI)	821
Moderate income (80-120% of AMI)	789
Above moderate income (>120% of AMI)	731
*calculation difference due to rounding; **AMI = Adjusted median income, I County of San Bernardino average incomes.	based on the

Update Existing Housing Element

The most challenging part of the Housing Element Update process has been identifying adequate available sites to accommodate the 3,729 new units, particularly the "lower income" units that would be available to very low and low income households. Combined, the 1,388 very low income units and the 821 low income units bring the total number of affordable or "lower income" units for Chino Hills to 2,209.

To identify a housing site as "lower income," 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 an analysis demonstrating the accommodation of "lower income" households, 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. The default density established by HCD for "metropolitan cities" like Chino Hills is 30 units or more per acre. 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 a 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 5th 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.

Planning Commission Housing Element Update Workshops

Starting on February 2, 2021, the Planning Commission has held a series of public workshops to undertake the difficult process of identifying adequate sites to satisfy the 2,209 "lower income" unit RHNA requirement. For Chino Hills, this process is particularly difficult because the City is largely built out and most of the remaining undeveloped sites have significant topography. To develop housing at a density of over 20 units per acre, flat or relatively flat sites are required.

To date, the Planning Commission has held four public workshops on the Housing Element Update. During those workshops, over 30 potential "lower income" sites have been considered. The list of potential "lower income" sites continues to get refined based on property owner interest, site feasibility, and Planning Commission and community input. Currently, staff is focusing on about 9 potential sites.

Information presented during the Planning Commission Workshops will be summarized at the City Council Housing Element Update Workshop.

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.

The Planning Commission Housing Element Workshops have been advertised with onequarter page ads in the Chino Champion; direct notification to over 100 property owners, nonprofit housing developers, developers, religious facilities, and fair housing groups; press releases and social media. In addition, a dedicated page on the City website has been set up to inform the public about the Housing Element Update process.

All public comments received to date, and staff's responses to those comments, are posted on the Housing Element Update webpage. The public outreach process will continue during the next few months as the City works to complete its draft Housing Element Update.

Schedule

HCD has established an extremely tight schedule for the City to complete the Housing Element Update. A final copy of the Housing Element, reviewed and accepted by HCD, must be submitted to HCD by October 15, 2021. Along a parallel track, City staff is initiating the General Plan Update process to incorporate the land use changes required by the Housing Element.

ENVIRONMENTAL (CEQA) REVIEW:

This action is not a project within the meaning of the CEQA Guidelines Section 15378 and is therefore exempt from CEQA as it will not result in any direct or indirect physical change in the environment and does not involve an irrevocable commitment of resources by the City of Chino Hills to the activity because this action does not constitute a "project" as defined in the CEQA Guidelines (14 Cal. Code Regs. § 15378). It is therefore exempt from CEQA. Any future action that constitutes a project will be reviewed for compliance with CEQA.

FISCAL IMPACT:

There is no fiscal impact with this item.

REVIEWED BY OTHERS:

This item has been reviewed by the Finance Director.

Respectfully Submitted,

Joann Lombardo

Recommended By:

Community Development Director

Benjamin Montgomery City Manager

Attachments PowerPoint Presentation