



Administrative Report

WORKSHOP

TO: CITY COUNCIL AND PLANNING COMMISSION

FROM: Rob Mullane, AICP, Community Development Director
John Douglas, AICP, Housing Element Consultant

DATE REPORT PREPARED: June 27, 2013

MEETING DATE: July 8, 2013

SUBJECT: 2014-2021 Housing Element Update

Recommendation

Conduct a joint public workshop regarding the 2014-2021 Housing Element update and provide feedback to staff on the proposed amendments to the City's Zoning Ordinance. The public workshop will include:

- a. Staff presentation
- b. Public comment
- c. Council and Commission discussion and feedback

Discussion

State law requires that Housing Elements be updated on a prescribed schedule. The Housing Element adopted last year covered the "4th Housing Element cycle" for the 2008-2014 planning period. For all jurisdictions within the Southern California Association of Governments (SCAG) region, an update must be prepared for the "5th cycle," which covers the 2014-2021 planning period. The due date for the 5th cycle update is October 15 of this year, and if the element is not adopted within 120 days of the due date, cities will be required to prepare future Housing Element updates on a 4-year schedule rather than the standard 8-year schedule.

The primary requirement for the Housing Element update is to revise the City's policies and programs as necessary to reflect current and projected housing needs, as well as changes in other housing-related resources and constraints. While much of the Housing Element is still relevant and appropriate, a comprehensive revision to the information and analysis contained in Part II of the element (which includes demographic data, the housing needs analysis, opportunities and constraints, development potential, and a review of previous accomplishments) is necessary. The Housing Element update will also provide an opportunity to review the policies and programs contained in the current element and make refinements where appropriate to achieve the City's objectives.

Housing Needs Assessment

The Housing Element is required to address how the City will facilitate the maintenance, improvement and development of housing for all income groups and persons with disabilities and other special needs during the planning period, with a particular focus on affordable housing for those with incomes below the Ventura County median household income, which in 2013, is estimated at \$89,300 for a family of four. The updated needs assessment will include data from the 2010 Census, the American Community Survey (ACS), the state Department of Finance (DOF), the state Employment Development Department (EDD) and other public and private sources.

Regional Housing Needs Assessment (RHNA)

The component of the Housing Element that normally receives the most attention is the Regional Housing Needs Assessment (RHNA), the state-mandated process by which each jurisdiction is allocated a share of statewide housing need. For jurisdictions in Ventura County, SCAG is responsible for preparing the RHNA allocations, in consultation with subregional councils of governments such as the Ventura Council of Governments (VCOG). For the new planning cycle, the total RHNA allocation for the 6-county SCAG region¹ is approximately 400,000 new housing units, with VCOG jurisdictions representing about 19,000 units (4.6%). The new RHNA allocation for the City of Ojai is 371 units, distributed among income categories as follows:

2014-2021 Regional Housing Needs Assessment City of Ojai		
2013 Ventura County Median Income = \$89,300	No. of Units	Income Limits ²
Very Low ¹ (31-50%)	87 ¹	\$44,650
Low (51-80%)	59	\$71,200
Moderate (81-120%)	70	\$107,150
Above moderate (120%+)	155	\$107,150+
Total Units	371	
Source: SCAG 2012 1. 50% of the very low need is assumed to be in the extremely-low category pursuant to Section 65583(a)(1) of the California Government Code 2. These income limits are based on a 4-person family and are adjusted for family size		

This new RHNA allocation is about 14% lower than the 433 units allocated in the 4th cycle. The significance of the RHNA is the requirement for jurisdictions to demonstrate that adequate sites with appropriate zoning are available to accommodate the new housing need for very low- and low-income households. Under state law, a density of 20 units/acre is considered necessary to facilitate housing development that is affordable at this price or rent level. The City's 2006-2014 Housing Element and associated implementation actions designated eight sites within the City for the Special Housing (SPL) Overlay to accommodate affordable housing projects at a density of up to 20 units/acre while still requiring compliance with specific design guidelines. Given the lower RHNA allocation for the 5th cycle, it is not anticipated that additional sites for the SPL Overlay will be needed for the 2014-2021 Housing Element update.

¹ The SCAG region includes Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura counties.

It is important to note that cities are not required to build or provide funding assistance for the number of housing units reflected in the RHNA. State law does require that cities identify sufficient sites with appropriate zoning to accommodate the level of development assigned in the RHNA, and that they also adopt policies and programs to facilitate the preservation, improvement and development of housing for lower-income households to the extent feasible. It is understood that production of affordable housing requires financial subsidies, and the level of need is far greater than available resources.

Zoning Regulations for Lower-Income Households and Persons with Special Needs

An important aspect of the Housing Element is demonstrating that the City's zoning regulations do not pose unreasonable constraints to affordable housing development or housing for persons with disabilities or other special needs. In addition to zoning for allowable housing types and densities, other regulations and standards regarding development fees, permit procedures, and restrictions on special housing types such as community care facilities and transitional housing must be reviewed to ensure that they do not pose unreasonable constraints to affordable housing or to persons with disabilities or special needs. The Code amendments adopted under the Phase 2 Housing Element Implementation Program (HEIP) have satisfied current state requirements for special needs housing.

Work Program for the New Housing Element

The new Housing Element will include updated information and analysis as described above, as well as appropriate refinements to policies and programs. Based on previous discussion and Council direction, the following policy issues have been identified for review:

- Adequate sites analysis
- Residential height limits, in particular for the SPL Overlay sites
- Consideration of implementing a residential mixed-use overlay as a new program
- Codification of an inclusionary housing program

Brief policy option summaries for these issues are provided in Attachment A. It would be desirable for the City Council and Planning Commission to review this material, ask questions of staff, and provide direction to the Housing Element team.

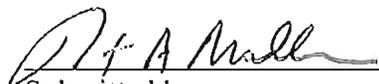
The Housing Element work program includes two or three rounds of public meetings, depending on the nature of comments from HCD on the City's draft Housing Element. Each round of meetings is expected to include a joint City Council/Planning Commission workshop, a Planning Commission public hearing, and a City Council public hearing. The specific objectives for each meeting are summarized as follows:

Meeting	Objectives
<i>Phase 1 – Draft 2013 Housing Element Preparation</i>	
City Council/Planning Commission Workshop (July 2013)	Review & confirm work program Provide initial direction to staff
Planning Commission Hearing (August 2013)	Review Draft Housing Element & provide comments
City Council Hearing (September 2013)	Review Draft Housing Element & authorize submittal to HCD for 60-day review
<i>Phase 2 – Draft 2013 Housing Element Adoption</i>	
City Council/Planning Commission Workshop (November 2013)	Review HCD comments and proposed responses
Planning Commission Hearing (January 2014)	Housing Element recommendation to Council
City Council Hearing (January 2014)	Housing Element adoption
<i>Phase 3 – 2013 Housing Element Revisions (if necessary)</i>	
City Council/Planning Commission Workshop (TBD)	Review HCD comments #2 and proposed responses
Planning Commission Hearing (TBD)	Housing Element recommendation
City Council Hearing (TBD)	Housing Element adoption

Depending on HCD's comments on the first draft submittal, a third round of meetings may be necessary to consider revisions to the adopted element.

Environmental Review

As part of the previous Housing Element update process, an Environmental Impact Report ("EIR") was prepared to assess the potential consequences of adopting the programs outlined in the Housing Plan. It is anticipated that the CEQA analysis for the new Housing Element will rely on that EIR, with additional analysis as necessary to address any new programs and environmental issues. Staff will identify the necessary scope and level of CEQA documentation once the draft 2014-2021 Housing Element update has been prepared.


 Submitted by
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 Approved for forwarding
 City Manager's Office

Attachment:
 A - Policy Option Summary

Attachment A
Housing Element Policy Option Summary

Issue	Overview	Policy Considerations
Adequate Sites - SPL	Adequate sites must be identified to accommodate the 5 th cycle RHNA, which includes 146 very-low- and low-income lower-income units. (The SPL overlay adopted in the 4 th cycle was applied to parcels totaling 14.2 acres with a potential capacity for approximately 179 units, based on a realistic buildout factor of 12.6 units/acre.)	The SPL overlay adopted for the 4 th cycle Housing Element provided capacity to accommodate 179 units assigned to Ojai in the prior RHNA. Less total acreage is needed to fulfill the City's obligation for the new planning period.
Height Limits	The SPL overlay allows a 3-story height limit for affordable housing developments, as long as the design guidelines are met, scenic views are preserved, and the project is compatible with adjacent existing development. Still, 3-story residential structures are seen as incompatible with Ojai's small-town character. This was a major concern regarding the SPL Overlay through the 2006-2014 Housing Element adoption and implementation.	HCD normally requires cities to allow 3-story structures to minimize constraints on affordable housing development. However, since several recent development proposals have shown the feasibility of achieving a density of 20 units/acre with 2-story buildings, staff will propose a 2-story limit for the SPL Overlay in the new Housing Element. Furthermore, the City Council recently expressed a desire to limit all single-family residential development to a 2-story, 25-foot maximum height. This potential change to residential height limits may need to be acknowledged in the draft 2014-2021 Housing Element update.
Mixed-Use Zoning	A new overlay to allow for residential mixed-use in the General Commercial (and possibly also the Business Professional Zoning Districts) could create additional opportunities for workforce housing and also provide economic incentives for revitalization of underutilized properties.	While mixed-use zoning could create new opportunities and incentives, it may not meet the state density criteria for lower-income RHNA credit within a 2-story building envelope. However, it may still address moderate income housing needs. The Housing Element team will need to confer with State HCD staff to see to what extent a new overlay would address lower income housing needs in the 5 th Cycle RHNA. The Planning Commission and City Council should provide input in whether an overlay would be preferable to a zoning district-wide change, and if eligible properties should be limited geographically, restricted to General Commercial <i>(continued to next page)</i>

Issue	Overview	Policy Considerations
		<p>zoned properties, or also include properties zoned Business Professional. Staff is also looking for guidance on whether such residentially mixed uses should include the flexibility to allow horizontally-mixed uses, or restrict this to live-work and vertically mixed uses. Another option for consideration that would result in a higher likelihood of HCD acceptance (for accommodating low- and very-low-income housing needs) would be to allow exclusive residential use on sites zoned Village Mixed-Use.</p>
<p>Inclusionary housing policies</p>	<p>Inclusionary housing is a requirement for new developments to provide affordable housing or in-lieu fees.</p>	<p>As a Housing Element issue, HCD takes a neutral position on inclusionary requirements. HCD <u>does not</u> allow cities to take RHNA credit for potential affordable units expected to be produced through inclusionary ordinances. Cities that have inclusionary ordinances are also required to analyze their provisions to ensure that they do not pose an unreasonable or excessive burden that adversely affects the cost of market-rate units in a development. There is wide latitude regarding inclusionary requirements and formulas, but this subject can be very complex and time consuming to establish, therefore it may not be feasible to complete concurrent with adoption of the new Housing Element. In addition, recent court decisions may affect the ability of the City to require for-rent inclusionary housing units, and proposed legislation is still evolving on this issue.</p>