RESPONSES TO HCD COMMENTS PLACER COUNTY DRAFT HOUSING ELEMENT

DECEMBER 23, 2008 REVISED FEBRUARY 17, 2009

The following report summarizes Placer County's responses to the California Department of Housing and Community Development's (HCD) review letter of October 10, 2008 concerning Placer County's Draft Housing Element dated August 12, 2008. The report includes verbatim excerpts from HCD's review letter and both narrative responses and proposed changes to the text (in strikeout and underline) of the HCD Review Draft Background Report and Policy Document of the Housing Element.

HCD Comment A.1

The County has a Regional Housing Need (RHNA) of 6,229 housing units, of which 2,716 units are for lower-income households. The element relies on approved developments, vacant sites, and sites within commercial zones that allow residential development, to address this need. To demonstrate the adequacy of these sites and strategies to accommodate the County's share of the RHNA, the element must include an analysis, as follows:

HCD Comment A.1a

<u>Progress in Meeting the Regional Housing Need Allocation:</u> Table A-1 lists the number of projects that have been built, under construction, approved, or are pending entitlements. However, the element must document the affordability of the 1,585 units credited as affordable to lower-income households constructed or approved since January 1, 2006, and the status of 724 units pending approval. Specifically, the element must demonstrate affordability of units credited to the lower-income need based on actual sales prices, rents, or information on financing or other mechanisms establishing affordability. For projects pending approval, the element should provide information regarding the projected affordability and describe the anticipated timing and types of entitlements needed for approval.

Response: Table A-1 will be revised to add information for many of the listed projects, including affordability covenants and project status. The new table (with changes tracked from the previous version) is in the Appendix of this document. There were also several minor revisions made to Table A-2. The new table (with changes tracked from the previous version) is in the Appendix of this document. The following text from page 79 of the Background Report will be revised:

Inventory of Built and Planned Projects with an Affordable Housing Component

Since the Housing Element planning period runs from January 1, 2006, to June 30, 2013, the County's Regional Housing Needs Allocation (RHNA) can be reduced by the number of new units built or approved since January 1, 2006.

County staff compiled an inventory of all residential projects with an affordable and/or multi-family housing component that have been constructed, are under construction, or are planned within the current Housing Element planning period as follows (residential projects without an affordable housing component are not shown in the inventory):

- Units built since the start of the current Housing Element planning period (January 1, 2006);
- Units currently (as of January 1, 2008) under construction; or
- Units currently (as of January 1, 2008) "planned" (whether approved or in the planning process) and scheduled to be built by the end of the current Housing Element planning period (June 30, 2013)

Table A-1 (in Appendix A) shows the inventory of built and planned projects by location within the Placer County unincorporated area. The effective inventory date is January 1, 2008, and the project status as of that date is used for inventory purposes. For each project the table shows the Assessor's Parcel Number(s) (APN), Placer County General Plan land use designation, zoning district, size, number of units, number of affordable units (by very low-, low-, and moderate-income categories), description of affordable units, project status, and additional notes. The following assumptions were used to determine income categories of units:

- Actual affordable categories when known;
- Default assumption of low-income units when not specified/not yet known;
- Employee/workforce housing as low-income;
- Mobile homes as low-income; and
- Market-rate multi-family units without income restrictions as moderate-income.

For many of the approved/proposed projects, there is no information available regarding pricing and/or affordability restrictions. Oftentimes the details on the affordable or workforce housing obligations for projects are negotiated after project approval. The County has made several assumptions for these projects to determine projected affordability levels. In 2003 Bay Area Economics completed a survey of seasonal workers in the nearby Town of Truckee. According to the survey, resort workers earned an average weekly wage of \$306 in 2003, which is equal to \$353 in 2008 when adjusted for inflation. These wages would qualify the average resort worker as very low-income. Based on the findings in this survey and other knowledge of the local seasonal workforce, employee/workforce housing is categorized as low-income in the inventory of projects. For projects with an affordable housing obligation, the County is assuming that a deed restriction will be required, which is consistent with the existing affordable housing units in Placer County. The Other assumptions in the table regarding the number and type of required affordable units for approved projects are based on County policy and requirements imposed on existing projects.

Market rate attached housing (including apartments, duplexes, half-plexes, townhomes, and condos) outside of the Tahoe Basin are assumed to be moderate-income based on the rental/sales prices of existing units of this type. This assumption applies to the Premier Granite Bay subdivision, Pardee Court subdivision, Orchard at Penryn subdivision, and Morgan Place subdivision projects.

As shown in the table, there have been two projects with an affordable residential component constructed since January 1, 2006: Atwood Village and Sawmill Heights. The other projects shown in the table are at various stages in the approval process.

Based on the revisions to Table A-1 and A-2, the following is the updated Table 46. All text referring to these tables will be updated as appropriate.

TABLE 46 AFFORDABLE RESIDENTIAL HOLDING CAPACITY COMPARED TO RHNA BY INCOME Unincorporated Placer County January 1, 2006 to June 30, 2013						
Very Low Low Moderate AFFORD						
RHNA	1,538	1,178	1,231	3,947		
Affordable Residential Holding Capacity	3,213 6,266	2,170 1,176	670 1,390	6,053 8,832		
Built and Planned Projects with an Affordability Component (see Table A-1)	725 26	1,582 498	575 317	2,882 841		
Residential Holding Capacity on Vacant Land w/ Residential Designations (see Table A-2)	348 3,512	196 286	80 1,073	624 4,871		
Residential Holding Capacity on Vacant Land w/ Non-Residential Designations (see Table A-2)	2,140 2,728	0	0	2,140 2,728		
Residential Holding Capacity on Vacant Land in Tahoe Basin (see Table A-3)	0	392	15	407		

Source: Placer County, TRPA. Mintier & Associates

HCD Comment A.1b

The element describes available residential capacity in approved specific plans for over 16,022 units, including 1,278 units affordable to lower-income households. To utilize this capacity to accommodate the County's share of the regional housing need, the element must include a description of phasing or other timing requirements that impact the units being built in the planning period. For example, of the 16,022 units, how many units are projected to be developed in the planning period? This analysis should particularly address timing requirements for housing anticipated to be affordable to lower-income households. In addition, the Bickford Ranch Specific Plan development agreement allows 50 percent of the affordable units to be accommodated through other mechanisms such as in-lieu fees, land dedication, or constructed off site. In order to credit these 90 units, the element must demonstrate these units will be constructed within the planning period.

Response: The following text will be added to the Residential Sites Inventory Section, starting on page 77 of the Background Report:

Inventory of Vacant Sites Within Specific Plans

As described on page 143, Placer County has used the Sacramento Area Council of Government's (SACOG) Affordable Housing Compact as guidance for its affordable housing requirements. While the SACOG compact provides for voluntary production standards, the County has mandated a minimum of 10 percent of all units built within Specific Plan areas be made available to very low-, low-, and moderate-income households. The 10 percent goal is guided by the following rules:

At least 4 percent of all new housing construction will be affordable to very low-income families.

- At least 4 percent of all new housing construction will be affordable to low-income families.
- Up to 2 percent of the 10 percent goal could be met by housing affordable to moderate-income families.

The Bickford Ranch, Placer Vineyards and Regional University Specific Plans have been approved by the Placer County Board of Supervisors with affordable housing requirements. More than 1,900 affordable housing units have been entitled. Due to the current economic conditions and depressed new-home construction market, it is unlikely that construction will start on any homes in these projects in the near-term, but it is possible that construction could begin before the end of the planning period. The land is available and properly zoned for the affordable housing units required as a condition of their approval, however. The Riolo Vineyards Specific Plan is not yet approved, but was reviewed by the Planning Commission on December 18, 2008 and recommended for adoption. The Board of Supervisors will review the plan in March 2009. The project would generate an additional 60 affordable housing units.

While the specific plans will provide affordable units through specific affordable housing agreements, not all of the locations of the affordable units are known making it difficult to project realistic development capacity within the time frame of the Housing Element. However, all of the specific plans include areas designated as high-density housing—some with allowed densities of up to 25 units per acre. The following describes the realistic capacity for medium and high-density housing as well as the affordability requirements. For the purpose of inventorying residential development capacity, the analysis focuses on the capacity on higher-density sites.

Bickford Ranch Specific Plan

The County approved the Bickford Ranch Specific Plan on December 18, 2001. The plan includes 17.3 acres of land designated Village Residential (VR) with an expected 172 units. This land use designation is intended to provide for high-density attached residential units that could include apartments, condominiums, or townhomes. Of the 172 units planned under this designation, 106 are expected to be built as senior, affordable units (parcel R-7C). The other units are expected to be townhomes, and will likely be affordable moderate-income households based on the expected density of 9.9 units/acre.

Pursuant to the terms of the executed Development Agreement, the developer of Bickford Ranch is required to develop or cause to be developed 180 below-market rate housing units, affordable to lower income households earning not more than 80 percent of the Placer County median income. The developer is required to construct up to 106, and no less than 90, of the units on site. The Development Agreement requires the developer to provide 'gap financing' needed to provide the balance of the below market rate units not constructed on site. Units may be developed as an affordable age-restricted multifamily project. Upon creation of the parcel designated "Village Residential," the landowner is required to record a notice of restriction on the parcel restricting the development and use of the property to affordable housing.

Table A 1 will be modified to reflect the requirements that 90 affordable units are required to be developed on site. The table shows the following required affordable units: 90 low income. The following is a description of the requirements for the affordable units in the Specific Plan:

The affordable housing will be constructed in a staged process as specified in the Development Agreement:

- Prior to approval of the final subdivision map creating the 900th residential lot, the landowner must obtain approval of the applicable development entitlement for the construction of a senior affordable multi-family project on the Village Residential site, or submit a complete application to the County or show proof of submission of a complete application to a city within the County for an off-site affordable housing project.
- Prior to County approval of the final subdivision map creating the 1,300th residential lot, the landowner shall have commenced construction of either the on-site or off-site affordable housing project.
- Prior to County approval of the final subdivision map creating the 1,500th residential lot, the landowner shall have commenced construction of the affordable housing units that constitute the remaining obligation pursuant to the Development Agreement.

Figure XX (numbering TBD) shows the land use summary and phasing for Bickford Ranch. The plan claims that all residential development could occur within six to eight years from start to finish. The plan calls for residential development to generally occur from Sierra College Boulevard to the east. The parcel planned for senior affordable housing (see parcel R-7C of Figure XX) is located along the main arterial, Bickford Ranch Road, and within the area planned to be constructed during Phase I. Therefore, it is realistic to assume that the 106 units planned for affordable senior housing could be constructed within the timeframe of the Housing Element. Since the developer is only required to build 90 units on-site, this Housing Element inventories the R-7C parcel as having realistic capacity for 90 units.

Regional University Specific Plan

The County Board of Supervisors approved the Regional University Specific Plan on November 4, 2008. The plan includes 44.3 acres of High Density Residential (HDR) land (16-25 units/acre), 139.9 acres of Medium Density Residential (MDR) land (8-15.9 units/acre), and 10 acres of Commercial Mixed Use (CMU) land. Based on HCD's "default density standard" the sites designated as HDR have a capacity for 931 very low-income residential units. The MDR sites have a capacity for 1,508 moderate-income units.

However, the plan calls for phasing. University Boulevard will be constructed in two phases. Phase I, which includes 59.1 acres of MDR and 16.4 acres of HDR, could realistically be completed during the timeframe of the Housing Element. These HDR and MDR sites have a realistic capacity for 295 very low-income units and 650 moderate-income units.

Figure XX (numbering TBD) shows the land use summary of the Regional University Specific Plan. As shown in the figure, the HDR, MDR, and CMU designated sites are all located along the main arterial, University Boulevard. However, only the eastern part of University Boulevard is expected to be constructed during Phase I. Therefore, this Housing Element only inventories capacity on the sites included in Phase I of the plan.

The development agreement requires the following affordable units: 126 very low-income, 127 low-income, and 63 moderate-income. The higher-density sites have a greater capacity for affordable units than are required in the affordable housing agreement for the specific plan. The following is a description of the requirements for each level of affordable units in the Specific Plan:

Four percent very-low income. The developer has one of three options: A \$5.04 million lump sum payment amount; \$50,000 per required very-low income affordable unit based upon development milestones within the community; or a per-unit building permit fee equal to \$2,500 per residential unit and adjusted annually based upon a construction cost index. The developer is obligated to construct 126 units of housing for very-low income households according to the "Campus Master Plan."

Low-income units. A deed restriction will be recorded on Parcel 15 within the community to accommodate 127 units of low-income affordable housing. There is no obligation to build, but the applicant must also execute and record an irrevocable offer to dedicate the site to the County within 15 years.

Moderate-income units. Sixty-three moderate affordable units are required and may be provided as affordable for-sale units within Parcels 5, 18 and 24, but may be transferred. Prior to the approval of each final residential lot subdivision map within these parcels, the parties shall enter into an Affordable Purchase or Rental Housing agreement for the residential units affordable to low-income households. Affordable units are deed restricted for a period of 30 years.

Placer Vineyards Specific Plan

The Planning Commission approved the Placer Vineyards Specific Plan on July 16, 2007. The plan includes 205 acres of High Density Residential (HDR) land (7-21 units/acre) and 50.5 acres of Commercial Mixed Use (CMU) land (14-22 units/acre). Based on HCD's "default density standard" the sites designated as HDR have a realistic capacity for 2,881 very low-income residential development. The CMU sites have a realistic capacity for 636 very low-income units (see Table A-2).

The plan calls for Placer Vineyards "to invest and construct a Core Backbone Infrastructure in one phase and initial public service facilities that will allow all the major project developments in the Plan Area to proceed in a logical fashion." Core Backbone Infrastructure includes initial roadway improvements to the following roads: Base Line Road, Watt Avenue, West Dyer Lane, 16th Street, and 18th Street. The initial water, wastewater, and dry utilities infrastructure will support development along these initial roadway improvements.

The realistic capacity for higher-density sites is based on the assumption that all of the higher-density and mixed-use sites within the Placer Vineyards Specific Plan are located along the Core Backbone of roadways, will be some of the first areas to have access to infrastructure, and could therefore be developed within the time frame of the Housing Element. Figure XX (*numbering TBD*) shows the land use summary of the Regional University Specific Plan. As shown in the figure, the majority of HDR and CMU designated sites (except sites 1 and 2) are located along Base Line Road, Watt Avenue, West Dyer Lane, and 16th Street.

The development agreement requires at least the following affordable units within the Placer Vineyards Specific Plan: 549 very low-income, 549 low-income, and 274 moderate-income. The following is a description of the requirements for each level of affordable units in the Specific Plan:

The Development Agreement states that the "affordable units shall be developed generally concurrently and in proportion with development of the market rate units within the balance of the Property." The agreement requires the developer to complete the design and obtain all required approvals for the development of the affordable units prior to the issuance of the first building permit after building permits December 23, 2008

for 50 percent of the total number of single family residential units approved for the project have been issued. The developer must complete construction of the affordable units prior to the issuance of the first building permit after building permits for 75 percent of the total number of single family residential units approved for the project have been issued. Units may be either purchase or rental affordable units or a mixture of both and may be located anywhere on the property and must be maintained as affordable units for a period of 30 years.

Riolo Vineyards Specific Plan

The Planning Commission approved the Riolo Vineyards Specific Plan on December 18, 2008. The plan includes 3.2 acres of High Density Residential (HDR) land (10-23 units/acre) and 36.3 acres of Medium Density Residential (MDR) land (5-10 units/acre). Based on HCD's "default density standard" the sites designated as HDR have a realistic capacity for 60 very low-income residential development. The MDR sites have a realistic capacity for 277 moderate-income units (see Table A-2).

The realistic capacity assumption is based on the location of the HDR- and MDR-designated sites. The 3.2-acre HDR site is located at the corners of two major roads: Watt Avenue and PFE Road. The 36.3 acres of MDR-designated sites is located along PFE Road to the east of the HDR site (see Figure XX numbering TBD).

The higher-density sites have less capacity for affordable units than are required in the affordable housing agreements for the specific plan. The following are the affordable units required by the development agreement: 37 very low-income, 37 low-income, and 19 moderate-income, and a total of 93 units as the Specific Plan builds out. The following is a description of the requirements for each level of affordable units in the Specific Plan:

The developer is required to provide 10 percent of the total residential units within its property as affordable housing (2% moderate, 4% low, 4% very-low income). A Specific Plan designation of High Density Residential (HD) will be applied to APN 23-200-056, a parcel located in the southwest corner of the Specific Plan area that will be available for and utilized to provide for development of affordable housing.

The developer is required to use its best efforts to construct or cause to be constructed, prior to the issuance of the 400th building permit on the property, a minimum of 54 affordable housing units on the HD parcel by working with a developer which specializes in the development of affordable housing projects.

The developer is required to record a deed restriction on the HD parcel prior to the issuance of the approval for recordation of the first final small lot map within the Property. The deed restriction shall limit the use of the HD parcel to the provision of affordable housing only. A per-unit building permit fee, initially equal to \$1,800 per residential unit, will be paid upon issuance of each building permit for residential units within the property.

HCD Comment A.1c

<u>Suitability of Non-Vacant Sites:</u> The sites inventory contains several parcels which would require some demolition (page 188). If utilizing non-vacant sites to accommodate the regional housing need, the element must include a description of existing uses, analyze the extent to which existing uses may

impede additional residential development and describe, relative to identified sites, development trends, market conditions and regulatory incentives and standards to facilitate redevelopment or reuse. This analysis could utilize interest from property owners, applications in the planning stage or recent redevelopment activity and describe recent characteristics and circumstances leading to redevelopment, such as discontinuing uses, which could be compared to the identified sites to demonstrate their suitability in the planning period.

Response: The following text will be added to page 80 of the Background Report:

Inventory of Vacant Sites Available for Higher-Density Residential Development

In accordance with the requirements of Government Code Section 65583.2 described above, an assessment was conducted of the vacant land suitable for higher-density housing within unincorporated Placer County. The data was compiled by County staff and mapped using a Geographic Information System (GIS). Only vacant land allowing for higher-density residential development was included in the inventory. A complete inventory of all vacant residential land within unincorporated Placer County was not conducted. The inventory includes some vacant sites that were in the discussion or pre-application stages in the Placer County development project approval process as of the effective date of the inventory (January 1, 2008), but were not included in the inventory of built and planned projects.

The following criteria were used to map vacant residential sites allowing for higher-density residential development:

- Location: all parcels within unincorporated Placer County, but excluding Specific Plan areas and the Tahoe Basin. The inventory also does not include projects within the unincorporated Spheres of Influence (SOIs) of cities which have been given jurisdiction for the purposes of the RHNA/Housing Element, such as Placer Ranch (Roseville). Specific Plan areas within County jurisdiction are accounted for as planned projects in Table A-1 (in Appendix A) and vacant sites in the Tahoe Basin are accounted for In Table A-3.
- Vacancy: vacant parcels were initially selected based on the County Assessor's use codes in the parcel database. Vacancy status was verified through aerial photographs and/or field observation. Since the Assessor's use codes are not completely accurate for all parcels, the vacant parcel list was supplemented with additional entries from County staff. The effective date of the vacancy status for each site is January 1, 2008. The sites inventory contains a few parcels that have existing uses which would require some demolition. The Hallmark Gardens parcels listed in Table A-2 (APNs 054-143-001, -005, -009, and 054-171-008) are commercially-zoned (Highway Service) properties. The property owner did have a project in the pre-development stage but later withdrew the application. The two-phased project proposed a three-story, 182 unit senior independent living center along with a 100 unit hotel/conference center. Though a new project has not been proposed for the site, it is assumed that the owner is open to redeveloping the property to a higher density use with a residential component. There are no significant barriers to such redevelopment. Since the site is in a Redevelopment Area, fifteen percent of any units constructed would be required to remain affordable for 55 years.

HCD Comment A.1d

<u>Realistic Capacity</u>: The inventory indicates realistic residential capacity projections are based on 85 percent of allowed density. The element must describe the methodology for establishing the capacity estimates of sites. The analysis must adjust the calculation to account for land-use controls and site improvements, including height limits. The element could also describe the typical density yield of those projects recently built or under construction.

In addition, the analysis should specifically describe the methodology for determining the residential capacity on commercial sites that allow residential development. This is particularly important since all of these identified sites can be wholly developed for non-residential uses. For example, Table A-2 notes two of the commercial parcels have non-residential uses in the "pre-development" stage. The analysis should specifically account in the calculation of capacity any current proposal and account for the potential for other uses other than residential being built and describe any existing or proposed regulatory incentives and standards to facilitate housing development in the commercial zones.

Response: The following analysis, which will be added to the text on page 82 of the Background Report, demonstrates that the assumptions of 85 percent of maximum buildout capacity for parcels with residential land use designation and zoning, and 75 percent of maximum buildout capacity for parcels with a non-residential land use designation and zoning, are realistic development capacity assumptions.

- **Inventoried affordable units by category.** While the maximum allowed residential density was used to determine the income categories of the inventoried sites, the inventory uses the following assumptions about realistic unit buildout capacity for the sites.
 - 85 percent of maximum buildout capacity for parcels with residential land use designation and zoning. For example, a vacant site that allows a 20 unit per acre maximum density without a density bonus is inventoried with a development capacity of 17 units per acre (85 percent of 20 units per acre). [Note: since the site could be developed at up to 27 units per acre with a 35 percent density bonus, the inventoried density of 17 units per acre is only 63 percent of the maximum allowed density for affordable units].
 - 75 percent of maximum buildout capacity for parcels with a non-residential land use designation and zoning. For example, a vacant site that allows a 20 unit per acre maximum density without a density bonus is inventoried with a development capacity of 15 units per acre (75 percent of 20 units per acre). [Note: since the site could be developed at up to 27 units per acre with a density bonus, the inventoried density of 15 units per acre is only 56 percent of the maximum allowed density for affordable units].
 - For certain sites, based on specifically identified constraints, the inventoried percent of maximum buildout capacity has been reduced beyond the default assumption described above. The buildout assumption is stated in the notes for each site.
 - A number of the vacant sites in the table are inventoried as having no development potential for lower-income higher-density housing (they still might have some residential development potential). The reasons for each site are provided in the "notes" column and range from infrastructure limitations in a certain locations to other constraints such as steep slopes.

The County evaluated the implementation of its current multi-family development standards and on-site improvement requirements and determined that the imposition of the setback requirements, building height requirements, parking requirements, and open space requirements listed in Section III.A (Potential Governmental Constraints) allow maximum densities to be achieved. This is further demonstrated by projects that have been approved and constructed at densities at or above the 85 percent level. For example the following are recent projects that have been approved or built at densities close to the existing maximum densities for higher-density land use designations:

- The Orchard at Penryn project is currently under construction. It consists of 150 condominium units on a 15.1-acre site with RM-DL10 PD=10 zoning. The density of 9.93 units per acre is close to the maximum allowed 10 units per acre
- The Colonial Village project was built as a 56-unit apartment complex on a 5.93-acre site with RM- DL10 zoning. The density of 9.4 units per acre is 94 percent of the maximum allowed 10 units per acre.
- The Pardee Court Subdivision project was approved for 35 for-sale townhomes on a 3.57-acre site with CPD-Dc 10 zoning. The density of 9.8 units per acre is close to the maximum allowed 10 units per acre.
- Auburn Court was built as a 60-unit apartment complex on a 3.7-acre site with RM-DL15-DC zoning. The density of 16.2 units per acre is over the maximum allowed 15 units per acre.
- Terracina Oaks was built as a 56-unit apartment complex on a 3.1-acre site with RM-DL15-DC zoning. The density of 18 units per acre is over the maximum allowed 15 units per acre.

Much of the County's vacant, commercially-zoned land available for residential development (see Table A-2) is in the Auburn area. A Fiscal Impact Analysis for the Auburn/Bowman Community Plan by Hausrath Economics Group in 1999, found an over-supply of non-residential land in the Community Plan area. Hausrath found that the Plan area is "generally well supplied with land designated for commercial and industrial uses: a 72 year supply of retail land, a 27 year supply of office land..."

The residential sites inventory (see Table A-2) lists several commercial sites throughout the county. While residential uses are allowed on all of the commercially-designated sites listed in the inventory, the County recognizes that not all of the sites in the table are suitable for residential uses. These sites, while identified in the table, are not inventoried as having capacity for high-density housing. The notes section identifies the reasons for the decision to not inventory the sites, such as "likely will be developed for commercial use—not inventoried as affordable residential." The sites that are counted as having capacity are those that are most suitable for residential development. The majority of these suitable sites are in the Auburn/Bowman Community Plan area, which, as previously stated, has an oversupply of commercially-designated land and therefore increased capacity for residential uses on commercial land. As described previously, an assumption of 75 percent of maximum buildout capacity has been made for these parcels unless noted otherwise in the table.

HCD Comment A.1e

Zoning to Encourage and Facilitate Housing for Lower-Income Households: Should the County need to rely on sites allowing less than 20 dwelling units per acre to accommodate a portion of the RHNA for

lower-income households, the element must demonstrate the adequacy of the zone including the base density, without density bonus, to encourage and facilitate the development of housing based on factors such as market demand, financial feasibility and development experience within zones or identify additional sites at appropriate densities.

Response: As shown in the revised Table 46 listed under the response to Comment A.1a above, the County does not need to rely on sites allowing less than 20 dwelling units per acre to accommodate a portion of the RHNA for lower-income households.

The text on page 81 of the HCD Review Draft Background Report will be modified as follows:

- Relation of density to income categories. The following assumptions were used to determine the inventoried income categories according to the maximum allowed density for each site:
 - Sites with a land use designation/zoning district combination with a maximum allowable density of at least 20 units per acre were inventoried as available for very low-income residential development in accordance with the "default density standard" set forth in Government Code Section 65583.2(c)(3).
 - Sites with a land use designation/zoning district combination with a maximum allowable density ranging from 15 to 19 units per acre were inventoried as available for low income residential development. All of the sites in this category allow for a maximum development density of 15 units per acre without a density bonus. As discussed under Section III(A)(10) (Density Bonus) of this document and in accordance with State law, if the sites were developed with affordable housing, the developers would be entitled to a density bonus of up to 35 percent which would change the maximum allowed density to 20.25 units per acre. This density meets the requirements of the "default density standard" set forth in Government Code Section 65583.2(c)(3).
 - Sites with a land use designation/zoning district combination that allow multi-family housing and—with a maximum allowable density less than 19 15—units per acre are inventoried as available for moderate-income residential development. Based on existing developments in Placer County, these densities are adequate to provide for the provision of moderate-income housing.

HCD Comment A.1f

<u>Environmental Constraints:</u> While the element notes identified sites accounted for slope and flood zones, it should include a general analysis of the full range of known environmental constraints, such as conservation easements, wetlands, and oak tree preserves, which could impede development in the planning period.

Response: Government Code Section 65583.2(b)) requires "A general description of any environmental constraints to the development of housing within the jurisdiction, the documentation for which has been made available to the jurisdiction. This information need not be identified on a site-specific basis."

As described on page 81 of the Background Report: "All parcels (or portions of parcels) that met the criteria above were reviewed by County staff to confirm vacancy status, ownership, adequacy of public utilities and services, possible environmental constraints such as flood zones and steep slopes, and other December 23, 2008

possible constraints to development feasibility." Slopes and flood zones were not the only possible environmental constraints that were analyzed, these were simply used in the text as an example. The following text will be added to page 81 of the Background Report to clarify:

All parcels (or portions of parcels) that met the criteria above were reviewed by County staff to confirm vacancy status, ownership, adequacy of public utilities and services, possible environmental constraints such as flood zones and steep slopes, and other possible constraints to development feasibility. The site inventory accounts for all known environmental constraints on the sites. Any environmental constraints for particular sites are noted and accounted for in the inventory tables. For example the following are some of the identified environmental constraints in Table A-2: "unlikely to be developed at high density: steep slope," and "because of steep slope: assume development at 50% of max. capacity."

HCD Comment A.2a

<u>Land Use Controls</u>: While the element describes Placer County's zoning and development standards for typical residential zones (Table 54), it must describe and analyze the development standards for residential development within commercial and mixed-use zones.

Response: The following text will be added to Table 54 and the discussion of development standards on page 117:

The setback requirements for residential uses in residential and commercial zones, as specified in the Placer County Zoning Ordinance, are shown below in Table 54. The Zoning Ordinance states that residential dwellings proposed in any commercial zones shall provide side and rear setbacks as required in the Multi-Family Residential districts, except when the dwelling is located within a commercial building. The setbacks, maximum coverage, and height requirements are similar to other communities throughout the state and are not considered a constraint to the development of affordable housing.

Table 54						
SETBACK. LOT COVERAGE, AND HEIGHT REQUIREMENTS						
IN RESIDENTIAL AND COMMERCIAL ZONES						
Placer County						
Zone						
Designation	Setback	Side Setback	Rear Setback	Coverage	Height	
Residential Zor	nes					
		15 ft. total, 5 ft. min	10 ft. min-one	40% maxone		
		one story; 7 1/2 ft.	story; 20 ft.	story; 35%		
Single-Family		mintwo stories or	min. two stories	max. two or		
Residential	20 ft.	more	or more	more stories	30 ft.	
		15 ft. total, 5 ft. min	10 ft. min-one	40% maxone		
		one story; 7 1/2 ft.	story; 20 ft.	story; 35%		
Multi-Family		mintwo stories or	mintwo stories	max. two or		
Residential	20 ft.	more	or more	more stories	36 ft.	
Residential-						
Forest	50 ft.	30 ft.	30 ft.	20%	36 ft.	
Residential-						
Farm	50 ft.	30 ft.	30 ft.	25%	36 ft.	
Commercial Zones ¹						
Neighborhood	<u>10 ft.</u>	15 ft. total, 5 ft. min	10 ft. min-one	<u>40%</u>	<u>30 ft</u>	

December 23, 2008

Commercial		one story; 7 1/2 ft.	story; 20 ft.		
		mintwo stories or	mintwo stories		
		<u>more</u>	<u>or more</u>		
		15 ft. total, 5 ft. min	10 ft. min-one		
		one story; 7 1/2 ft.	story; 20 ft.		
<u>General</u>		mintwo stories or	mintwo stories		
Commercial	<u>10 ft.</u>	<u>more</u>	<u>or more</u>	<u>40%</u>	<u>50 ft.</u>
		15 ft. total, 5 ft. min	10 ft. min-one		
Commercial		one story; 7 1/2 ft.	story; 20 ft.		
Planned	_	mintwo stories or	mintwo stories		
Development	$\underline{n/a^2}$	<u>more</u>	or more	<u>50%</u>	<u>50 ft.</u>
		15 ft. total, 5 ft. min	10 ft. min-one		
		one story; 7 1/2 ft.	story; 20 ft.		
<u>Highway</u>		mintwo stories or	mintwo stories		
<u>Services</u>	<u>25 ft.</u>	<u>more</u>	<u>or more</u>	<u>40%</u>	<u>35 ft.</u>

Source: Placer County Zoning Ordinance, 2007

HCD Comment A.2b

<u>Processing and permit Procedures</u>: As the element describes typical approval requirements for residential development, it should also describe the typical process and timeframes for approval of both single-family and multifamily residential projects. In addition, many of the sites identified in the inventory to accommodate the RHNA for housing for lower-income households are located in the C2 and CPD zones which require a CUP for multifamily development. The element must identify typical findings of approval for the CUP and analyze the process for the potential impact on approval certainty, timing, and cost. The County may need to include a program, to mitigate or remove this process requirement especially as it related to the identified potential for residential development.

Response:

The County proposes to add a new program to the Housing Element to address multi-family development in C1 and C2 zone districts:

Program B-15 MULTI-FAMILY HOUSING ON COMMERCIAL SITES

To facilitate the construction of high-density housing on commercially-zoned sites, the County shall consider amending the zoning ordinance provisions for multi-family housing use. These revisions may include amending the zoning ordinance to allow multi-family dwellings, 20 or fewer units/acre as a permitted use by right in the C1 and C2 zone districts and require a Conditional Use Permit in the C1 and zone districts for multi-family projects of 20 units/acre or more.

Responsible Agency/Department: Planning Department

Timeframe: December 2009

¹The side and rear setbacks described in the table apply to stand-alone residential projects in commercial zones. A 5-foot side and rear setback applies to buildings in most commercial zones that contain a mix of residential and commercial uses. The exception is in the Highway Services district where a 10-foot rear setback is required.

² As required by CUP or MUP. The CPD setbacks are determined by the use permit except for senior housing projects, which are specified to have a front setback of 20' and the sides and rear are a 10' minimum.

Funding: General Fund

In addition, the following underlined text will be added to the discussion of processing and permit procedures on page 121:

Similar to other jurisdictions, the County has a number of procedures it requires developers to follow for processing development entitlements and building permits. Although the permit approval process must conform to the Permit Streamlining Act (Government Code Section 65920 (et seq.)), housing proposed in the County is subject to one or more of the following review processes: environmental review, zoning, subdivision review, specific plan development and review, use permit control, design review, and building permit approval.

The County employs a Zoning Administrator to serve as a hearing officer who is assigned the authority and original jurisdiction to investigate, consider, and approve or deny Administrative Review Permits, Minor Use Permits, and Variances. The usual turn-around for a Zoning Administrator decision is five weeks after the receipt of a complete application and CEQA obligations completed.

Residential development projects requiring environmental review and a discretionary planning approval (<u>Conditional Use Permit</u>) that are on flat ground with available sewer, water, and electricity would take an average six to eight months to process through the Placer County Planning Department; more complicated sites typically take more time. Longer processing times may result from site constraints (wetlands, vernal pools, steep slopes, paleontology or archaeology finds), inadequate application materials, and/or review and comment by numerous other agencies.

Placer County now requires pre-development meetings with applicants of larger projects prior to submission of formal applications to better define the information needed to review a project. Pre-development meetings have helped to shorten the review process and allows for better communication between applicants and County departments.

As required by the California Environmental Quality Act (CEQA), the County's permit processing procedures include an assessment of the potential environmental impacts of the proposed project. The environmental review process helps protect the public from significant environmental degradation and locating inappropriate developments sites. It also gives the public an opportunity to comment on project impacts. However, if a project requires an Environmental Impact Report (EIR), additional processing, cost, and time is required. EIRs may take nine months or longer to complete depending on its complexity. The Placer County Environmental Review Ordinance provides an exemption for residential construction totaling no more than four dwelling units and for no more than six dwelling units in urbanized areas. Projects consisting of seven or more units may not have an environmental exemption.

CEQA compliance is the first step in the review of a project, prior to scheduling any permit or application before a hearing body. If, after completing the Initial Study, County staff determine that the proposal will have no significant adverse impact upon the environment, the applicant will be notified that a Negative Declaration (or Mitigated Negative Declaration) will be prepared by the County. If staff determine that the project may have a significant impact, an EIR is required. An EIR is an in-depth analysis of the potentially significant environmental impacts of a project. Once it has been determined that the EIR is acceptable, the EIR is distributed for public review. After either the Negative Declaration or EIR has been

completed, the applicant may file the tentative map or Subsequent Entitlement Application, and a public hearing will be set to consider the CEQA document and any other entitlements.

Residential project which are permitted as a "matter of right" and do not need discretionary approval include: single family residences, secondary dwellings, and multi-family project comprising 20 or less units within the Residential Multi-Family zone district. The processing time for these permits which are primarily tied to the Building Plan Check process typically ranges from one to four weeks.

Some projects require discretionary review (minor use permit or conditional use permit). As previously shown in Table 53, multi-family projects in the Residential multifamily (RM) zone district with more than 20 units, and all multi-family projects in the Neighborhood Commercial (C1) district require a minor use permit which is reviewed by the Planning Department staff and Zoning Administrator and discussed at a public hearing.

Residential projects require a conditional use permit in the General Commercial (C2) district. Since the majority of higher density single family and multi-family developments require the approval of a conditional use permit, either as required by the base zoning district or as a requirement of the Planned Development ordinance, special findings need to be made by the County. The findings for conditional use permits that are used by the County for project approval include the following:

- 1. A comparison of the benefits or adverse impacts of the proposal versus traditional lot-and-block development of the property, and a conclusion that the Planned Development proposal is or is not the superior method of development for the site in question.
- 2. A summary of the benefits or adverse impacts to the community as a result of density increases realized by the project by using this process, and a conclusion regarding the appropriateness of any increased density in the project based upon specific features of the Planned Development proposal.
- 3. The physical design of the proposal and the manner in which the design does or does not make adequate provision for public services, control over vehicular traffic and the amenities of light and air and recreation and visual enjoyment.
- 4. The site for the proposed development is physically suitable for the type and proposed density of development.
- 5. The proposed use is consistent with the character of the immediate neighborhood and will not be contrary to its orderly development.

The County expedites permit processing for development projects containing a low-income residential component through its Permit-Streamlining Program, and prioritizes low-income and senior housing projects in the development review process.

Conclusions

Processing and permit procedures do not constitute a development constraint in Placer County. The County's Permit-Streamlining Program places priority on affordable and senior housing projects, expediting the process.

Placer County proposes to add a new program to the Housing Element to address multi-family development in C1 and C2 zone districts (Program B-15: Multi-Family Housing on Commercial Sites). Amendments such as those outlined in the new Program B-15 would allow multi-family residential housing with 20 or fewer units per acre "by right" in C1 and C2 zones, while higher densities in the same zones will be considered with a Minor or Conditional Use Permit.

HCD Comment A.3

While the previous housing element identified the Foresthill Apartments as at-risk for conversion, these units were removed from the at-risk list. According to the US Department of Agriculture this project is eligible to convert in 2016 which is within the 10-year period required by housing element law. The element must include an analysis of the potential risk of conversion including a cost estimate of replacing the at-risk units. This analysis will facilitate development of a program to address the critical nature or preserving at-risk units.

Response: The following text changes will be made to the discussion on Pages 107-109 of the Background Report:

There are numerous assisted housing projects in Placer County, including four projects in the unincorporated area of North Auburn: Snow Cap View Apartments, Auburn Court Apartments, Colonial Village, and Terracina Oaks. Snow Cap View Apartments is an 80-unit apartment complex serving low-, median-, and moderate-income tenants in North Auburn. In 2002, the Placer County Redevelopment Agency provided funds to extend the affordability for residents, but as of October 2007, it remains on the at risk list. Auburn Courts, a 60-unit apartment complex in North Auburn, also received funds from the Redevelopment Agency in 2001 to provide affordable housing to very low and low-income households. Foresthill Apartments was previously at risk, but has been removed from the at risk list. Table 50 lists all assisted housing projects in Placer County.

TABLE 50 ASSISTED RENTAL HOUSING PROJECTS					
Placer County 2007					
Property	Units	Bedrooms	Target Population	Subsidy	Expiration
Snowcap View Apartments 3540 Snowcap View Circle (N. Auburn)	80	1, 2, and 3	Low-, median-, and moderate- income	Section 515	4/12/2022
Auburn Court Apartments 12199 Gateway Court (N. Auburn)	60	2, 3, and 4	Very low- and low-income	Tax credits	2/14/2056
Sawmill Heights Northstar Village	12	Studio, 2, and 4	Low	Housing Trust Fund (HTF)	2026TBD
Terracina Oaks 12200 Gateway Court (N. Auburn)	56	2 and 3	Very low and low	HCD	2021
Colonial Village 2205 Colonial Village (N. Auburn)	<u>56</u>	2 and 3	Very low and low	Tax credits	<u>2045</u>

Foresthill Apartments	34 <u>(29</u>	1, 2, and 3	Family	Section 515	Unknown
	<u>affordable</u>				<u>2016</u>
5771 Gold Street	<u>units)</u>				

Source: "Multifamily Affordable Housing in Placer County," 2007, and "Housing in Placer County," ASOC Housing Team, 2007

4. Preserving At-Risk Units

State law requires that housing elements include an inventory of all publicly assisted multi-family rental housing projects within the local jurisdiction that are at risk of conversion to uses other than low-income residential during the current planning period (January 1, 2006, through June 30, 2013) and the subsequent five years (July 1, 2013, through June 30, 2018).

California Government Code Section 65863.10 requires that owners of federally-assisted properties must provide notice of intent to convert their properties to market rate twelve months and six months prior to the expiration of their contract, opt-outs, or prepayment. Owners must provide notices of intent to public agencies, including HCD, the local redevelopment agency, and the local public housing authority, and to all impacted tenant households. The six-month notice must include specific information on the owner's plans, timetables, and reasons for termination. Under Government Code Section 65863.11, owners of federally-assisted projects must provide a Notice of Opportunity to Submit an Offer to Purchase to Qualified Entities, non-profit or for-profit organizations that agree to preserve the long-term affordability if they should acquire at-risk projects, at least one year before the sale or expiration of use restrictions. Qualified Entities have first right of refusal for acquiring at-risk units.

According to County staff, preserving existing affordable housing costs roughly half the cost of creating new units and has therefore been a County priority. As of September 2007, the Placer County Redevelopment Agency had not received any notices of intent to convert within the coming year. Snowcap View Apartments, a Section 515 property with 80 units in North Auburn, had provided HCD with notice of intent to convert in 2005. Through CDBG loans, the County Redevelopment Agency provided a rehabilitation loan to the owners to extend the covenant for 15 years. The affordability covenant on Foresthill Apartments—a Section 515 property with 34 units in the Foresthill community—was previously at risk, but has been removed from the list of expiring properties is scheduled to expire in 2016, making it at risk of conversion to market rate during the five years following the housing element planning period.

Foresthill Apartments currently (2008) provides 34 units, 29 of which are affordable–residents pay 30 percent of adjusted income. The amount of the subsidy is based on debt servicing and operating cost for the project. The County contacted the property manager, but was unable to get a response. However, if Foresthill Apartments were able to retain its rental subsidies through Rural Development, the estimated cost of continuing to subsidize the 29 assisted is \$236 per unit per month based on the difference between the 2007 HUD FMR rate of \$992 and the \$756 for a 2-bedroom unit that a very low-income household can afford to pay. Over a 30-year period, the estimated cost of subsidizing 29 units is \$2.67 million.

Table ## (numbering to be established) shows the estimated costs of constructing new units to replace the 29 units at Foresthill Apartments if the at-risk project were to convert to market rate housing. Assuming that the 29 units were to be replaced, the total replacement cost would be approximately \$5.37 million (\$185,000 per unit). This estimate is based on the total development costs identified in this Housing December 23, 2008

Element Background Report (see Section B. Non-Governmental Constraints). It would require additional funding sources to replace these affordable units.

TABLE ## New Construction/Replacement Costs					
Fee/Cost Type	Total Project Cost	Cost Per Unit			
Land Acquisition (NOTE: would need about 1.4 acres	\$490,000	\$17,000			
site (21 units/acre) at \$350,000/acre)					
Construction (\$150/sq. ft. x 800 sq. ft./unit x 29 units)	\$3,500,000	\$120,000			
Typical Residential Development Fees (See Table 60)	\$800,000	\$28,000			
Financing/Other Soft Costs	\$580,000	\$20,000			
Total Estimated Cost	\$5,370,000	\$185,000			

Source: Mintier Harnish

Table ## (numbering to be established) shows the estimated costs of acquiring and rehabilitating an atrisk affordable housing project. It would require approximately \$145,000 per unit to acquire and rehabilitate the 29 affordable units at Foresthill Apartments. Rehabilitation would cost an estimated \$40,000 less per unit than replacement.

TABLE ## REHABILITATION COSTS				
Fee/Cost Type Total Project Cost				
Acquisition	\$3,500,000	\$120,000		
Rehabilitation	\$500,000	\$17,000		
Financing/Other	\$290,000	\$10,000		
Total Estimated Cost Per Unit	\$4,290,000	\$145,000		

Source: Mintier Harnish

In 2003, the Placer County Redevelopment Agency contacted the property managers of Foresthill Apartments, who indicated that the owners were not interested in rehabilitation loans and would likely extend the affordability on their own. Through Programs E-1, E-2, and E-3, the County will monitor the status of this project and contact owners concerning their plans to continue in or opt out of the subsidy programs. If necessary, the County will identify potential buyers of the at-risk project, such as those listed as qualified entities. The County will also identify possible sources of County funding, including housing set-aside funds, to supplement primary state and federal sources.

HCD Comment B.1

To address the requirements of Government Code Section 65583(C)(1-6), <u>all</u> programs where specific actions are required, must be revised to include <u>specific completion dates</u>. In addition, Programs B-9 (State and Federal Funds) and Program C-2 (Employee Housing) should be revised to include a <u>specific commitment</u> to seek funding and formalize procedures, respectively.

Response: The specificity of completion dates listed for the implementation programs meets the requirements of State law. There is no requirement to be more specific than the timeframes that the

County has proposed for completion of the programs. However, to address the comment, the County has changed the fiscal year range to a specific month and year for the following programs shown below.

Program B-9 will be modified as shown below to provide a more specific commitment to seek funding.

The employee housing requirement policy (Policy C-2) has been implemented on projects in the Sierra Nevada and Lake Tahoe areas, but a specific employee housing program has not been adopted by the Board of Supervisors. A draft ordinance is complete but final adoption was on hold pending the outcome of the affordable housing program under consideration for the West county. Both programs were to be considered concurrently to have affordable housing requirements for projects in all portions of the county.

The Stakeholder Group, comprised of representatives from the Building Industry Association, affordable housing advocates, and representatives of real estate and landowner interests along with County staff from several departments, first met in June 2005. The group has been actively working towards the development of an affordable housing program to present to the Board of Supervisors. One of the most important issues to all parties continues to be the certainty and timeliness of delivering affordable housing units.

There has been general agreement with the inclusion of the 4-4-2 (four percent very-low, four percent low, 2 percent moderate) standard as one way of providing affordable housing opportunities, it was the consensus of the Stakeholders Group that a 'menu of options' should be provided to increase flexibility and creativity in the delivery of affordable housing units. The intent of the menu of options was to recognize the diversity of the County and various project conditions (i.e., building type, economic status, location), thereby allowing project applicants to fine-tune a proposal that might fit their specific needs, while at the same time furthering the County's affordable housing efforts.

While the Stakeholders Group has identified some challenges to implementing an affordable housing program, none of the challenges are viewed as being insurmountable. The Stakeholders Group will continue meeting after Housing Element adoption to craft an affordable housing program for Board of Supervisors consideration.

Program A-2 DEVELOPMENT STANDARDS

The County shall amend land use regulations and development standards (e.g., Department of Public Works and Fire Department regulations) where feasible to remove unnecessary impediments to and reduce the cost of the production of housing.

Responsible Agency/Department: Planning Department, Department of Public Works

Timeframe: FY 2008/2009 December 2011

Funding: General Fund

Program A-4 MIXED-USE DEVELOPMENT

The County shall create a mixed-use zoning overlay district and prepare related design guidelines. The County shall also adopt incentives for residential development that is part of a mixed-use project, including but not limited to relaxed development standards, reduced parking requirements, and expedited development review procedures.

Responsible Agency/Department: Planning Department

Timeframe: FY 2008/2009 July 2010

Funding: General Fund

Quantified Objective: 425 units in mixed-use projects (352 affordable units)

Program A-5 INFILL DEVELOPMENT

The County shall create an infill development overlay district and prepare related guidelines that allow flexibility in lot sizes, building height, setbacks, site planning, parking requirements, and other development standards to encourage high-density and affordable housing in proximity to transit services.

Responsible Agency/Department: Planning Department

Timeframe: FY 2009/2010 July 2010

Funding: General Fund

Program A-6 INFILL PROJECTS

To facilitate development of infill projects, the County shall adopt an Infill Incentive Ordinance to assist developers in addressing barriers to infill development. Incentives could include, but are not limited to, modifications of development standards, such as reduced parking, increased building height, reduced street width, and relaxed setback requirements to accommodate smaller or odd-shaped parcels; waivers or deferrals of certain development fees, helping to decrease or defer the costs of development; or direct grants from the County.

Responsible Agency/Department: Planning Department

Timeframe: FY 2009/2010 July 2010

Funding: General Fund

Quantified Objective: 160 units (110 affordable units)

Program A-8 FEES

The County shall conduct a nexus study to analyze impact fees and planning-related fees associated with residential and non-residential development. The County shall determine whether or not the fees collected in the county are appropriate and fair. In conducting the study, the County shall compare Placer County's fee structure with fees collected in other nearby jurisdictions.

Responsible Agency/Department: Planning Department

Timeframe: FY 2008/2009 June 2009

Funding: General Fund

Program B-3 FLEXIBLE DEVELOPMENT STANDARDS

The County shall amend engineering standards and the subdivision and zoning ordinances to allow flexibility in certain development standards as incentives for

affordable housing developments. The County shall ensure that adjusting development standards for affordable housing does not result in lower quality housing or higher replacement or maintenance costs in the future. The County shall consider site and potential occupancy characteristics when amending development standards. The specific standards which shall be evaluated include, but are not limited to, the following:

- Reduction in the area of paved surfaces through the use of angled parking and one-way circulation;
- Reduction in street widths;
- Reduction in turning radius on cul-de-sacs;
- Reduction in pavement thickness when it can be demonstrated that soils and geotechnical conditions can permit a lesser thickness, subject to fire department approval;
- Limiting the requirement for sidewalks to one side of the street and reducing the width requirement;
- Reduction in the number of landscaped islands required in parking areas;
- Reduction in the open space/recreational area requirements by 25 percent for high-density, affordable residential developments when the project is located within ½ mile of public open space areas that may include schools, parks, passive recreation areas, etc;
- Increased flexibility in evaluating a project's architectural conformity to the Placer County Design Guidelines Manual. Increase in the allowable height of buildings for affordable housing developments;
- Increase in the allowable lot coverage for affordable housing developments; and
- Consideration of cluster development particularly where either more open space is achieved or existing requirements increase costs or reduce density.

Responsible Agency/Department: Planning Department

Timeframe: FY 2008/2009 December 2011

Funding: General Fund

Program B-5 FEE WAIVERS

The County shall adopt a resolution waiving 100 percent of the application processing fees for developments in which 10 percent of the units are affordable to very low-income households, 20 percent of the units are affordable to low-income households, or 30 percent of the units are affordable to moderate-income households. Additionally, the County shall evaluate waiving environmental review staff time charges for projects containing affordable housing units. To be eligible for fee waiver, the units shall be affordable by affordability covenant. The waiving or reduction of service mitigation fees may also be considered when an alternative funding source is identified to pay these fees.

The County may use either redevelopment set-aside funds or the Housing Trust Fund to subsidize the service and mitigation fees for affordable housing developments. The County shall promote the benefits of this program to the development community by posting information on its web page and creating a handout to be distributed with land development applications.

Responsible Agency/Department: County Executive Office, Planning Department, Building Department, Public Works, Parks and Grounds Division, and Health and Human Services (HHS)

Timeframe: FY 2008/2009 December 2009; Promotional material' will be prepared and

utilized within six months after adoption of the Housing Element

Funding: General Fund, Redevelopment set-asides, Housing Trust Fund

Program B-9 STATE AND FEDERAL FUNDS

The County shall investigate and, where deemed eligible, apply for State and Federal monies for direct support of low-income housing construction and rehabilitation. The Redevelopment Agency and Health and Human Services shall continue to assess potential funding sources, such as, but not limited to, the Community Development Block Grant (CDBG), and HOME. The County shall promote the benefits of this program to the development community by posting information on its web page and creating a handout to be distributed with land development applications.

Responsible Agency/Department: Redevelopment Agency, Health and Human Services/Adult System of Care

Timeframe: Ongoing, depending on funding programs; promotional material will be prepared and utilized within six months after adoption of the Housing Element

Funding: General Fund, Technical Assistance Grants

Quantified Objective: 100 units

Program B-12 SECOND UNITS

The County shall amend the zoning ordinance to allow accessory apartments, such as detached units over garages, by right within all residential zones to provide another source of affordable housing. The amendments will ensure that the County's Zoning Ordinance is consistent with State law requirements for second units. Additionally, the County shall consider streamlining the approval process for secondary units, as well as allowing second units on smaller parcels than what is currently allowed.

Responsible Agency/Department: Planning Department

Timeframe: FY 2008/2009 December 2009

Funding: General Fund

Quantified Objective: 250 units

Program B-14 PUBLICIZE FORECLOSURE ASSISTANCE PROGRAMS

The County shall publicize information on the County website about existing toll-free foreclosure assistance hotlines, foreclosure counseling, foreclosure prevention programs, and other resources available for residents facing possible foreclosures.

Responsible Agency/Department: Health and Human Services Department

Timeframe: FY 2008/2009 June 2009

Funding: General Fund

Program C-2 EMPLOYEE HOUSING PROGRAM

The County shall initiate a review of Policy C-2 to consider specific issues including: the appropriateness of the application of the same requirement to both small (i.e. under 2 acres in project area) commercial/professional office projects, the financial feasibility of requiring 50 percent of the housing demand and the impact of the requirement on attracting new commercial projects.

The review shall also consider formalizing procedures for calculating employee housing obligations and assess the need to require the submittal of a housing mitigation plan by project applicants. If such a submittal is required, the following methods of providing housing shall be considered: a) Construction of housing on site; b) Construction of housing off site; c) Dedication of land for housing; and d) Payment of an in-lieu fee.

Responsible Agency/Department: Planning Department

Timeframe: FY 2008/2009 December 2012

Funding: General Fund

HCD Comment B.2a

As noted in finding A1, the element does not include a complete site analysis and therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the County may need to add or strengthen programs to address a shortfall of sites or zoning available to encourage a variety of housing types. At a minimum, the element should be revised as follows:

As referenced (page 87), the County must comply with recent statutory changes pursuant to Chapter 633, Statutes of 2007 (SB 2), requiring, among other things, the identification of at least one zone(s) where emergency shelters are permitted without a conditional use permit (CUP) or other discretionary action within one year of the beginning of the planning period. While the element states Placer County will amend the zoning code to designate emergency shelters in the RM zone with a zoning clearance, it must demonstrate that the RM zone provides sufficient opportunities to accommodate the identified need in the planning period, and should consider opportunities available in suitable locations near services and facilities. In addition, the element must demonstrate that proposed permit processing, development, and management standards to encourage and facilitate the development of, or conversion to, emergency shelters. To assist in addressing this statutory requirement, refer to the Department's SB 2 memo at http://www.hcd.ca.gov/hpd/sb2_memo050708.pdf.

Response: The following text will be added to the discussion of emergency shelters on pages 88-89.

As described previously, the County allows emergency shelters under its provisions for "residential care homes." Residential care homes with six or fewer clients are permitted with a Zoning Clearance (C) in all

residential districts, the Motel (MT) district, the Resort (RES) district, and the Farm (F) district. Residential care homes with seven or more clients are permitted with a Minor Use Permit (MUP) in the Residential Multi-Family (RM) district, the Residential Agricultural (RA) district, the Motel (MT) district, and the Farm (F) district.

The County has included a program to amend the zoning ordinance to include emergency shelters "by right" (with zoning clearance) in the Residential Multi-family (RM) zones. The vacant sites inventory identifies approximately 180 acres of vacant RM-zoned land. Most RM-zoned land is located near services, such as transit. The program specifies that the County will ensure that the development standards, which will be established at a later date, do not pose a constraint on the development of emergency shelters.

HCD Comment B.2b

In addition, the element states that the Placer County zoning ordinance does not explicitly address single-room occupancy (SRO) units (page 95). Therefore, the element must include implementation actions to provide appropriate zoning that explicitly allows SROs with development standards that encourage and facilitate development.

Response: HCD Building Blocks state that, "The element could include a program action that commits the local government to amending their zoning and building codes, and permitting procedures to facilitate and encourage new SRO construction." The Housing Element Background Report states that SROs are allowed in all of the zoning districts where multifamily housing is allowed. Placer County has not identified a pressing need for SROs, and while the proportion of extremely low-income residents in the county is smaller than the state average, the County has several programs to address the needs of this population group (e.g., Program B-6, Program B-9, Program D-12). The City will add the following program:

Program X-X SINGLE ROOM OCCUPANCY (SRO) UNITS

The City shall amend the Zoning Code to define Single Room Occupancy (SRO) units and explicitly allow SROs as a residential use in certain zones.

Responsible Agency/Department: Planning Department

Timeframe: July 2010 Funding: General Fund

HCD Comment B.3

The element estimates the County will accrue approximately \$11,225,572 in low- and moderate-income set aside funds through 2012 (page 98). The County should describe the proposed uses of these funds relative to the programs described in the element. For your information, Community Redevelopment Law (Health and Safety Code Section 33334.4) requires agencies, over each 10-year period of the implementation plan, to ensure housing assistance is proportionately provided to very low- and low-income households (based on the proportion each group represents of the community's total housing need for lower- and moderate-income persons) and also to persons under the age of 65 years (based on the proportion this population group represents of the total population reported from the current census). In addition, 33413(b)(4)) requires a redevelopment implementation plan to be consistent with a community's housing element. The integration of applicable information from the redevelopment agency's

current housing implementation plan into the housing element will assist in the development of an effective housing element.

Response: The following text will be added to the discussion of housing set-aside funds on pages 98-99 of the Background Report:

Placer County Redevelopment Agency

The Placer County Redevelopment Agency was created in 1996. The County has three redevelopment project areas: the North Tahoe Redevelopment Project, the North Auburn Redevelopment Project, and the Sunset Industrial Redevelopment Project. The Sunset Industrial Project Area does not include residential land uses. According to State Community Redevelopment Law (Health and Safety Code Section 33000 (et seq.)), one of the primary purposes of redevelopment is to increase and improve the community's supply of low and moderate-income housing.

Tax Increment Financing

A portion of the increased property tax revenue (tax increment) resulting from new private investment in the redevelopment project areas is directed to the redevelopment agency rather than the County, or independent districts. Redevelopment agencies must apply tax increment funds to public improvements and affordable housing development within the project area, or in some circumstances, outside the project area.

Tax increment financing in the redevelopment areas has generated several million dollars for the "housing set-aside fund." State law requires 20 percent of redevelopment tax revenues be set aside to increase, improve, and preserve the supply of affordable housing. The annual growth of the tax increment in these areas averaged 27 percent between 2001 and 2006. During this period, the North Auburn Project Area generated \$785,000 for the Housing Set-Aside Fund, and is projected to generate an additional \$1,561,000 from 2007 to 2012. The Sunset Industrial Park Project Area generated \$1,038,572 for affordable housing from tax increment financing from 2001 to 2006, and is projected to generate an additional \$2,366,000 from 2007 to 2012. North Lake Tahoe, the largest of the redevelopment projects, is projected to generate \$5,475,000 from 2006 to 2011 in tax increment financing for the housing set-aside fund.

Housing set-aside funds are used for a number of ongoing Redevelopment Agency programs. Set-aside funds are used to preserve the existing stock of affordable housing through the County Housing Rehabilitation Program which supports Housing Element Policy D-1 (rehabilitation loans to low-income households), Policy E-1 (preserve at-risk dwelling units), and Program E-3 (Preservation of At-Risk Properties). Set-aside funds are also used for the First-Time Homebuyer Program which supports Policy B-7 (facilitate expanded affordable housing opportunities).

The Multi-Family Rental New Construction Program utilizes set-aside funding. The focus of this program is in the Tahoe area to address the need for additional affordable employee housing. It supports Policy A-1 (maintain an adequate supply of appropriately-zoned land) by purchasing infill housing sites, Policy E-1 (preserve at risk units) by redeveloping existing affordable multi-family housing, and Program B-2 (Assisting Affordable Housing Developers).

Set-aside funds are used to support the County's Mixed-Use Development Program which helps identifies sites and provides loans for the development of mixed-use projects. The Mixed-Use Program supports Housing Element Program B-2 (Assisting Affordable Housing Developers) and Program B-13 (Land Banking).

The Housing Rehabilitation Program also utilizes set-aside funds. The program supports Housing Element Policy D-1 (provide rehabilitation loans to low-income households) and Policy D-4 (abatement of unsafe housing conditions).

On November 5, 2007, Placer County released a Request for Proposals for \$2 million of Redevelopment Housing Set-Aside Bond Funds for the western portion of Placer County. At this time, the County has not yet received any proposals for the funds.

In 2007, the Redevelopment Agency signed an agreement with Domus Development for \$1,136,500 to assist with redevelopment of up to eight scattered residential sites in Kings Beach for approximately 100 affordable housing units. In February 2008, the Redevelopment Agency Board approved the use of \$3.9 million for the purchase of three parcels in the Domus proposal, and approved an option agreement with Domus for development of the three parcels.

This project was also submitted and subsequently accepted, as one of the five Community Enhancement Program (CEP) Proposals for the Tahoe Regional Planning Agency's (TRPA) Pathway 2007 Plan. Through the CEP, TRPA invited developers to submit proposals for innovative, infill development projects that focused on the revitalization of downtown areas and were oriented around different modes of transit. The focus of the CEP is to encourage revitalization projects in downtown and recreation areas that demonstrate substantial environmental, as well as social and economic benefits. Developers whose projects are selected for the program receive incentives including Commercial Floor Area (CFA), Tourist Accommodation Bonus Units (TABU), and Multi-residential Bonus Units (MRBU). Incentives may also involve easing density limitations and building heights.

It is expected that these projects, in turn, will be catalysts for revitalization of Basin community centers, transit nodes and neighborhood centers. Since Community Enhancement Projects are intended to provide clear public benefit, many of the projects are proposing to provide affordable housing units.

Several proposed projects, including those discussed above, are expected to use set-aside funding during the Housing Element timeframe:

- Highlands Village- \$1 million towards low income senior units (Program B-2, Assisting Affordable Housing Developers)
- Domus CEP Projects- \$3.9 million for property acquisition (Program B-2, Assisting Affordable Housing Developers)
- Ridgeview Villas Site Acquisition/Development- Redevelopment-owned site available for affordable housing development- potential set-aside funding to assist with construction. (Program A-1, Land Supply and B-13, Land Banking)

In addition, the Redevelopment Agency will likely assist with the Vista Village workforce housing project once the EIR/EIR is certified.

HCD Comment B.4

While the element includes some programs to assist the development of very low-, low-, and moderate-income households, programs should be expanded or added pursuant to Chapter 891, Statutes of 2006 (AB 2634), to specifically assist in the development of a variety of housing types to meet the housing needs of <u>extremely low-income households</u>. Given the importance of the Program A-4 (Mixed-use development) in addressing Placer County's housing need, the County should consider modifying the program to include additional incentives to facilitate the development of residential such as by-right processing of multifamily units and financial incentives for developments which provide housing affordable to lower-income households.

Response: As written, Program A-4 (Mixed-Use Development) shows a commitment by the County to create a variety of incentives for residential development in mixed-use projects. The County will need to study the most appropriate incentives prior to creating the mixed-use zoning overlay district; however, the County cannot commit to specific processing procedures or incentives at this time. For that reason, the County has provided three examples of incentives and stated that these incentives are "not limited to" those listed in the program.

In terms of housing for extremely low-income households, the County has included three programs with quantified objectives for extremely low-income households: Program B-6 (Redevelopment Set-Aside Funds), Program B-9 (State and Federal Funds), and Program D-2 (Housing Choice Vouchers). Together these programs have a quantified objective of 150 extremely low-income housing units. County staff and the Consultants carefully selected the programs that they believed would be most appropriate for meeting the needs of extremely low-income households based on the fact that housing for households earning 30 percent or less of the area median income requires significant public financing.

HCD Comment B.5

As noted in finding A2, the element requires a more detailed analysis of potential governmental constraints. Depending upon the results of that analysis, the County may need to strengthen or add programs and address and remove or mitigate any identified constraints.

Response: Based on the results of the expanded analysis of governmental constraints (addressed in the responses to Comments A.2a and A.2b above), the County has not identified any additional program needs.