



COUNTY OF PLACER
Community Development/Resource Agency

Michael J. Johnson, AICP
Agency Director

PLANNING
SERVICES DIVISION

Paul Thompson, Deputy Director

MEMORANDUM

TO: Honorable Board of Supervisors
FROM: Michael J. Johnson, AICP
Agency Director
DATE: April 9, 2013
SUBJECT: PLACER COUNTY HOUSING ELEMENT UPDATE

ACTION REQUESTED

1. Authorize submittal of the Draft Background Report and Policy Document to the California Department of Housing and Community Development for review and certification. A budgeted net County cost of \$41,770 is anticipated to complete this Housing Element Update including preparation of responses to comments the County might receive from the California Department of Housing and Community Development.

BACKGROUND

As required by California Government Code Article 10.6, commencing with Section 65583, staff has prepared a Draft Housing Element for consideration by the Board of Supervisors. The Draft Housing Element was prepared by a collaboration of County departments and Mintier & Associates, a planning consultant, along with input by the public. The Element provides goals, policies, and implementation programs for the planning and development of housing throughout unincorporated Placer County.

Based on State law, every jurisdiction in California must adopt a General Plan, and every General Plan must contain a Housing Element. While jurisdictions review and revise all elements of their General Plan regularly to ensure that the documents remain up to date, California law is much more specific in regard to the schedule for updating the Housing Element, requiring an update at least every eight years. Under California law (Govt. Code §65588 (e)(3)), Placer County's Housing Element has to be submitted to the California Department of Housing and Community Development for review and certification by October 31, 2013. The current Housing Element planning period runs from 2013 through 2021.

As set forth in section 65583 (Housing Element Content) of the California Government Code, the law is also specific in terms of the issues that the Housing Element must address, including:

1. An evaluation of the results from housing programs implemented during the previous review period; (i.e., with the County's current Housing Element);
2. An assessment of the County's existing and projected housing needs based on housing, land use, population, demographic and employment trends;
3. An analysis of housing opportunities within the County, including an inventory of suitable sites and the County's capacity to meet regional fair-share goals;

4. An analysis of constraints to providing housing and mitigating opportunities for those constraints; and,
5. A set of goals, policies, resources, and programs for the preservation, improvement and development of housing.

Failure to secure a certified Housing Element from HCD can result in loss of funding for housing projects as well as potential legal challenges. The ramifications of a legal challenge range from court-mandated actions to a moratorium on development until the County's Housing Element is certified by the state.

DISCUSSION OF HOUSING ELEMENT ISSUES

Regional Housing Needs Allocation

The California Department of Housing and Community Development (HCD) provided the Sacramento region with its projected increase in housing need for an eight-year period (2013 through 2021). This projected regional need is a portion of the State's housing goal for the same period. The projection is articulated in the Regional Housing Needs Assessment (RHNA) prepared by the Sacramento Area Council of Governments (SACOG). SACOG divides the total estimated housing need among the cities and the unincorporated areas within the six-county region. The RHNA identifies not only the number of housing units Placer County must plan for, but also the affordability level of those units.

In this 2013 through 2021 cycle, HCD issued a regional allocation of 104,970 total residential units to the six-county region. Of this amount, unincorporated Placer County received an overall allocation of 5,031 units. The allocation specifies the number of units within four economic categories (measured as median family income or MFI) - Very Low, Low, Moderate and Above Moderate incomes - as defined by Govt. Code §65584(e):

- Very Low Income (less than 50 percent median household income [MFI]): 1,365 units or 27.1 percent of the County's total allocation
- Low Income (50 to 80 percent MFI) 957 units or 19 percent of the County's total allocation
- Moderate (80 to 120 percent MFI) 936 units or 18.6 percent of the County's total allocation
- Above Moderate (above 120 percent MFI) 1,773 units or 35.2 percent of the County's total allocation.

The intent of the allocations is to ensure that each agency provide adequate sites and adequately zoned land to accommodate the number of units allocation to that jurisdiction by the State. For Placer County must describe in its Housing Element how it will provide capacity in its General Plan land use diagram and zoning for a minimum of 5,031 units in the unincorporated area of Placer County within the planning period.

Accommodating the State Housing Allocation

One of the most important aspects of the Draft Housing Element is to identify sufficient sites and provide land that is properly zoned to accommodate the County's fair-share of the region's affordable housing needs.

The Resource Inventory section of the Housing Element identifies vacant land that is suitable and available within unincorporated Placer County for higher-density residential development. The Housing Element compares this inventory to the County's RHNA-assigned need for new housing. Demonstrating that the County has sufficient land zoned to meet the County's fair-share of the region's affordable housing is essential for certification of the Housing Element by HCD. Land deemed suitable for residential development in the analysis includes:

- Vacant sites zoned for residential use;
- Vacant sites zoned for nonresidential use (i.e., commercial zoning) that allows residential development;
- Residentially zoned sites that are capable of being developed at a higher density; and
- Sites zoned for nonresidential use that can be redeveloped for, and as necessary, rezoned for residential use.

Pursuant to California law (Govt. Code §65583.2), Placer County is now classified as a “metropolitan jurisdiction” and, consequently, the County’s density standard is defined as “sites allowing at least 30 units per acre.” HCD is required to accept sites that meet this density standard as appropriate for accommodating Placer County’s share of the regional housing need for lower-income households unless the County can show that affordable housing can be accommodated at lesser densities.

Currently in Placer County, the highest residential density permitted by the General Plan and Zoning is 21 units per acre. With a 35 percent density bonus, affordable housing developers are allowed up to 28 units per acre. Several previously approved specific plans in the county allow even higher densities. For example, higher-density residential development is allowed within the Regional University Specific Plan up to 25 units per acre, within the Riolo Vineyards Specific Plan for up to 23 units per acre, and within mixed-use areas of the Placer Vineyards Specific Plan up to 22 units per acre.

Higher densities for specific plan areas are appropriate for the southwestern part of the county, which is closer to urban areas and has, or is proposed to have, access to infrastructure. However, such high densities could not be supported by the limited or non-existent public infrastructure in many of the more rural areas of the county, and would not fit within the rural community character of much of the county. In the more rural areas, densities of 5 to 10 units per acre are considered high density and are adequate to accommodate affordable housing.

As an alternative to using the default density option of 30 units per acre, County staff is proposing to provide an analysis to HCD demonstrating how adopted densities accommodate the regional housing need for lower income households. The analysis will include factors such as market demand, financial feasibility, infrastructure constraints, and information based on development project experience in the county that provides housing for lower income households.

As part of this Draft Housing Element, sites with a land use designation with an allowable density ranging from 15 to 19 units per acre were inventoried as being available for low-income residential development. In the future, if these 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 to 25 units per acre.

The Draft Housing Element Background Report also provides an inventory of the residential projects built or planned since the start of the Housing Element planning period that have an affordable housing component (January 1, 2013). As shown in the table below, there are a total of 654 planned and/or built affordable units: 40 Very Low Income housing units; 320 Low Income housing units, and 294 Moderate Income housing units.

AFFORDABLE RESIDENTIAL HOLDING CAPACITY COMPARED TO RHNA BY INCOME
Unincorporated Placer County
January 1, 2013 to October 31, 2021

	Very Low	Low	Moderate	TOTAL AFFORDABLE
Regional Housing Needs Allocation (RHNA)	1,365	957	936	3,258
Affordable Residential Holding Capacity	6,705	999	1,358	9,062
Built and Planned Projects with an Affordability Component	40	320	294	654
Residential Holding Capacity on Vacant Land w/ Residential Designations	3,718	286	1,049	5,053
Residential Holding Capacity on Vacant Land w/ Non-Residential Designations	2,947	0	0	2,947
Residential Holding Capacity on Vacant Land in Tahoe Basin	0	393	15	408

Total Number of Affordable Units: 9,062 (RHNA: 3,258)

According to the analysis summarized in the table above, Placer County has a holding capacity on vacant land with residential and non-residential designations available to accommodate 8,408 affordable housing units. Combined with the built and planned affordable housing units, the 9,062 unit holding capacity is 278 percent above the RHNA number assigned to Placer County.

PROPOSED POLICIES AND PROGRAMS

California housing law mandates that for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems which provide opportunities for, and do not unduly constrain, housing development. In drafting the proposed housing policy, staff has tried to strike a balance between protecting the existing housing stock and allowing for the development and production of new housing for all income groups, while at the same time protecting the quality of life within the County.

Because the Housing Element was recently updated in 2009, many of the policies and programs contained in this proposed Housing Element have been carried forward from the 2009 Housing Element. Other programs have been modified to comply with new State laws or changed local conditions that have occurred since 2009.

The Zoning Ordinance, land use policies, permitting practices, and building codes may contain provisions that could pose constraints to the development of affordable and special needs housing. At an October 25, 2012 workshop, the public and stakeholders were asked to identify governmental and nongovernmental constraints and assist with formulating new Housing Element policy and programs. A summary of the issues discussed at the workshop has been provided in Attachment 2.

To further facilitate development of affordable housing and to encourage innovative design, the County is proposing new programs to allow for co-op Housing and to encourage the construction of studio apartments:

- *Adopt a Zoning Text Amendment to define co-op housing (an arrangement in which an association or corporation owns a group of housing units and the common areas for the use of all the residents), develop standards and designate zones appropriate for such units (Program A-8).*
- *Update the Zoning Ordinance to ease development standards and/or provide density bonuses to encourage construction of studio apartments (Program A-9).*

Land cost is a barrier to construction of new affordable housing. County-owned DeWitt Center is an ideal location for high-density housing and sites could be made available to affordable housing developers. The following new program is proposed:

- *The County shall update the DeWitt Center Master Plan to identify sites that are appropriate for higher-density and mixed-use development (Program A-7).*

To clarify when projects requiring a General Plan Amendment must provide for affordable housing, the following new policy has been created:

- *The County shall require 10 percent affordable units, payment of an in-lieu fee, or comparable affordable housing measure(s) acceptable to the County, for any General Plan amendment that increases residential density (Policy B-14).*

The public's lack of awareness about the importance of, and need for, affordable housing in the county was deemed as a barrier to the construction of affordable housing units. Therefore, the following programs were added:

- *The County shall work to educate the public on the myths and realities of multi-family housing, affordable housing, and supportive housing to improve community support for meeting the housing needs of all Placer County residents (Policy B-15).*
- *The County shall work with local community organizations to organize housing forums to discuss community housing issues, brainstorm solutions, raise community awareness of the critical housing needs of local residents, and educate the public on the myths and realities of multi-family housing, affordable housing, and supportive housing (Program B-14).*

Ongoing collaboration with developers, funders and affordable housing stakeholders was seen as necessary. The following new program is proposed:

- *The County shall conduct workshops with for-profit and non-profit housing developers, local and regional funding agencies, and other organizations interested in affordable housing to review currently available programs. The County shall advertise the workshops by mailing fliers, sending e-mails, and phone calls to local housing stakeholders (Program B-13).*

Programs have been formulated to assist in the reduction of development costs. As the Board is aware, fees and land costs impact housing affordability. Regulatory requirements have also been identified as an impediment to creation of affordable housing. Therefore, the Housing Element recommends the following new programs:

- *The County shall establish a new program to defer fees for affordable housing projects and allow developers to pay over a number of years as a loan. Additionally, the County shall consider an impact fee waiver for affordable and special needs housing and deed-restricted affordable second units (Program B-6).*

Secondary dwellings are also a good source of affordable housing. The County currently requires 1.5 times base zoning minimum parcel size before allowing a secondary dwelling. This requirement would be eliminated under a proposed Housing Element program/Zoning Text Amendment:

- *The County shall explore the possibility of streamlining the approval process for secondary dwellings, as well as allowing secondary dwellings on smaller parcels than what is currently allowed. The County shall adopt new rules to allow secondary dwellings on parcels less than 10,000 square feet in size (Program B-10).*

There is a scarcity of sites appropriate and zoned for medium and high-density residential development. The County allows multi-family housing on commercial sites, typically up to 20 units/acre with a use permit. A proposed program would allow development by right and possibly increase the density to 30 units/acre:

- *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 of 20 or fewer units/acre as a permitted use by right in the C1 and C2 zone districts. This could also include a Zoning Text Amendment to permit multifamily housing that contains an affordable housing component at 30 units per acre on commercial sites (Program B-12).*

Shared housing which is allowed by-right in Placer County for up to four boarders is seen as an untapped potential new supply of affordable accommodations. To help facilitate shared housing, the following new programs have been added:

- *The County shall work with a social service or advocacy agency that encourages shared housing by providing information and matching potential homeowners with interested renters (Program B-15).*
- *The County shall work with local agencies and organizations to develop a landlord training program for individuals who are interested in renting their homes, second units, or rooms within their homes. The program would provide information on the current laws and practices involved with landlords and their tenants (Program B-16).*

For many low-income households, security deposits are a barrier for leasing affordable rental units. Therefore, the following new program is proposed:

- *The County shall strive to secure funding for a security deposit assistance program to assist extremely low-income and very low income individuals and households in emergency situations to prevent homelessness or assist those living in transitional housing secure permanent rental housing. The County shall explore options for providing assistance, which could include no-interest loans or grants to apply towards costs associated with rental housing, such as security deposits, first and last month's rent, and utility deposits (Program B-17).*

County procedures and approval processes are sometimes considered to be an obstacle to building affordable and/or special needs housing. Two programs have been proposed in the draft Housing Element intended to streamline approvals and allow for higher occupancy in residential care homes. The County's current requirement to provide notification to neighbors when processing reasonable accommodation applications may be contrary to the intent of the State housing law that requires an expedited process.

- *The County shall consider increasing the by-right occupancy provision for residential care homes from six to 'eight or fewer' residents (occupancy based on number of bedrooms) (Program F-5)*
- *The County shall adopt a Zoning Text Amendment to remove the notification requirement for reasonable accommodation applications (Program F-6).*

SCHEDULE FOR THE COMPLETION OF HOUSING ELEMENT

Once the Board of Supervisors takes action to authorize the Planning Services Division to submit the Draft Housing Element to HCD, the State is required by California law to review the draft

Housing Element and report its findings to the County within 60 days. Revisions may be needed to the document, based upon comments from HCD.

Staff will evaluate HCD's comments, make revisions as needed, process the environmental review document and then present HCD's comments and any corresponding changes to the Housing Element at public workshops. Staff anticipates returning to the Planning Commission and Board of Supervisors for public hearings and formal action on the Housing Element this summer.

The Housing Element must be submitted to HCD before October 31, 2013.

MUNICIPAL ADVISORY COUNCIL REVIEW

Staff presented the proposed Zoning Text Amendment to eight Municipal Advisory Councils (MAC) as an information item. The Sheridan and Rural Lincoln MACs requested and received a summary of the Housing Element Update for distribution to its members.

PLANNING COMMISSION ACTION

On February 28, 2013, the Placer County Planning Commission adopted a motion (4-0-3-0 with Commissioners Denio, Gray, and Brentnall absent) to recommend that the Board of Supervisors approve submission of the Draft Background Report and Policy Document to the California Department of Housing and Community Development for review and certification. Discussion at the Commission centered on the proposed changes to the Reasonable Accommodation Ordinance, and the anticipated outcome of the review by HCD.

Commissioners also inquired about the applicability of State Housing Law in the Tahoe Basin. State Housing Law does not supersede Tahoe Regional Planning Agency rules and regulations. Additional measures to provide for affordable housing in the basin have been included in the recently adopted Regional Plan and will also be incorporated into the Community Plan updates the County is currently working on.

Two members of the public spoke at this hearing. One suggested the County take additional measures to encourage the construction of affordable senior housing and the other spoke to the need for housing affordable to extremely-low income households including those receiving disability assistance. The Commission concurred that there is a growing need for affordable housing units, particularly for the elderly. The Commission directed staff to explore measures that could be undertaken in addition to the goal and policies contained in the Housing Element to address senior housing needs.

CEQA COMPLIANCE

As no formal action to adopt the Housing Element Update is being taken, environmental review is not required at this time. Once the State of California certifies the document, staff will complete the environmental review prior to bringing the Housing Element Update back to the Planning Commission for formal recommendations related to adoption.

FISCAL IMPACT

Approval of the Housing Element will have a positive fiscal impact on the County, as the County will be eligible to apply for various state and federal grants and programs with a certified Housing Element.

A budgeted net County cost of \$41,770 is anticipated to complete this Housing Element Update including preparation of responses to comments the County might receive from the California Department of Housing and Community Development.

ATTACHMENTS:

Attachment 1 – Draft Housing Element Background Report and Policy Document

Attachment 2 – Housing Element Workshop Summary

cc: Paul Thompson - Deputy Director of Planning
Karin Schwab - County Counsel
Rebecca Taber - Engineering and Surveying Division
Laura Rath - Environmental Health Services
Tim Wegner - Chief Building Official
Kathie Denton - Health and Human Services
Housing Element Distribution Lists
All MAC's