



CITY COUNCIL STAFF REPORT



July 13, 2021

ITEM TITLE

Housing Element Update of the General Plan for the 2021-2029 Planning Period

Report Number: 21-0091

Location: No specific geographic location

Department: Development Services

Environmental Notice: Negative Declaration No. IS20-0004 has been prepared.

Recommended Action

Conduct a Public Hearing and adopt a resolution approving the Housing Element Update of the General Plan for the 2021-2029 Planning Period.

SUMMARY

The California State Legislature has identified the attainment of a decent home and suitable living environment for every Californian as the State's major housing goal. Recognizing the important role of local planning and housing programs in the pursuit of this goal, the Legislature has mandated that all cities and counties prepare a Housing Element as part of their comprehensive General Plan. In accordance with California Government Code § 65588, the City of Chula Vista has prepared an update for the sixth Housing Element cycle covering the period from April 2021 through April 2029. The Housing Element Update will be submitted to the State of California Department of Housing and Community Development (HCD) for its review and approval.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed project for compliance with the California Environmental Quality Act (CEQA) and has conducted an Initial Study, IS 20-0004 in accordance with the California Environmental Quality Act. Based upon the results of the Initial Study, the Director of Development Services has determined that there is no substantial evidence, in light of the whole record before the City of Chula Vista, that the project may have a significant effect on the environment; therefore, the Director of Development Services has prepared a Negative Declaration, IS 20-0004.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

On February 24, 2021, the City of Chula Vista Planning Commission recommended adoption of the Housing Element Update by a vote of 6-0, with Commissioner Nava absent (Attachment 1).

DISCUSSION

Pursuant to State Law, the City of Chula Vista is required to prepare and adopt by April 15, 2021, a Housing Element Update that covers the period of April 15, 2021 through April 15, 2029. The State HCD provides an additional 120 days for local governments to finalize their Housing Elements if they submit their Draft Housing Elements Updates for a preliminary review before the April 15, 2021 deadline. Staff requested a preliminary review of the Draft Housing Element Update from State HCD on March 1, 2021.

The Housing Element includes the following components:

- A review of the previous Element's goals, policies, programs, and objectives to ascertain the effectiveness of each of these components, as well as the overall effectiveness of the Housing Element;
- An assessment of housing needs and an inventory of resources and constraints related to meeting these needs;
- An analysis of programs for the preservation of assisted housing developments;
- A statement of community goals, quantified objectives, and policies relative to the maintenance, preservation, improvement and development of housing; and,
- A policy program that provides a schedule of actions that the City should undertake, or intends to undertake, in implementing the policies set forth in the Housing Element Update.

Housing Element Update Format

The Housing Element Update is organized into three sections, including:

Introduction	Policy & Implementation Plan	Appendices
<ul style="list-style-type: none">•Explains the purpose, process and contents of the Housing Element.	<ul style="list-style-type: none">•Details specific policies and programs the City will carry out to address its housing goals and the number of households to be assisted and housing units to be constructed, rehabilitated, conserved and preserved through the policies and programs.	<ul style="list-style-type: none">•Details the analysis in developing the Housing Element and provides the supporting material, including a demographic analysis, constraints and opportunities to affordable housing and the community outreach process.

Key Issues

The Housing Element Update and the proposed programs and policies are based upon increasing legislative actions to facilitate housing, the current economy and diminishing financial resources available for affordable housing programs and projects. Key issues include:

- Recent legislative actions seek to ensure the availability of land zoned for housing at appropriate densities to accommodate the City's Regional Housing Need Allocation (RHNA). The City must continually monitor housing production and take responsibility and actions to ensure adequate site capacity for all income levels, particularly for lower-income households.
- Recent legislative actions obligate the City to affirmatively further fair housing, defined as "taking meaningful actions...that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunities." The emphasis is to place more housing choices within higher income neighborhoods.
- A greater need exists to preserve and expand affordable housing opportunities for those existing extremely low- ($\leq 30\%$ of the Area Median Income or \$34,650/year for a family of four) and very low-income households ($\leq 50\%$ of the Area Median Income or \$57,750/year for a family of four), particularly for those most vulnerable populations such as the homeless, seniors, and the disabled. All Area Median Income values referenced herein are as of 2021.
- With less available resources to address the needs of lower income households, there are opportunities to revitalize, reuse, and enhance existing resources and look at new collaborations to leverage resources for the benefit of those in need of housing but also for the economic benefit of residents and the community.

The Policy and Implementation component of the Housing Element Update aims to provide the City and the residential development community with policy and program tools that address these issues. The City's efforts will be concentrated on promoting balanced and diverse housing types as well as the City's role in facilitating increased housing production.

Regional Housing Needs Assessment

State Housing Element Law mandates that a jurisdiction must show that it has adequate sites that will be made available through appropriate zoning and development standards, with the required public services and facilities for a variety of housing types and incomes. The projected need for housing used for this evaluation is defined as the City's share of the region's housing needs for 2021-2029.

A Regional Housing Needs Assessment (RHNA) was prepared by SANDAG and adopted July 10, 2020, for the period beginning June 30, 2020 through April 15, 2029 (an 8 year period) and identifies the City's share of the region's housing needs as 11,105 new housing units, with 4,527 (41%) allocated for lower income households (1,777 extremely low and very low-income and 2,750 low income). Table 1 provides the breakdown of residential units per income category.

Table 1: RHNA Allocation per Income Category

Income Category	No.	%
Extremely Low (0-30% of AMI) and Very Low-Income (0-50% of AMI)	1,777	16%
Low- Income (51-80% of AMI)	2,750	25%
Moderate-Income (81-120% of AMI)	1,911	17%
Above Moderate-Income (81-120% of AMI)	4,667	42%
TOTAL UNITS	11,105	100%

The City must plan for its share of the region's new housing needs in all four income categories by identifying an adequate supply of land zoned at the appropriate density levels to accommodate each income category. The RHNA goals seek to ensure the City has, or plans to add, zoning and land capacity to accommodate new housing growth and to ensure adequate site capacity at all times for all income levels.

To address the City's needs for very low and low income households (0-80% of AMI or \$57,750-\$92,400/year for a family of four), Chula Vista must demonstrate that it has an adequate supply of land for higher density housing (30 or more dwelling units per acre). Although zoning land for higher density development does not guarantee the construction of housing that is affordable to low- and moderate-income families, without such higher density zoning, the opportunity to use subsidies and implement affordable housing programs for such households would not exist.

Appendix C of the Housing Element Update provides details demonstrating that the City not only has adequate sites to meet the assigned moderate income and market rate 6,578 RHNA units of the total assigned 11,105 RHNA units, but it has adequate sites to satisfy the affordable housing requirement. As noted in Appendix C Table C-2, a total of 4,527 RHNA units (1,777 extremely low and very low-income and 2,750 low income) are expected to be developed at a density of 30 dwelling units per acre or greater, which is the higher density housing the State HCD considers able to be provided at affordability levels and qualifying for subsidies and affordable housing programs. These units are expected to be provided citywide.

Appendix C-Table C-3 notes that between Master Planned Community developments currently being implemented [Villages 2, Village 3, Millenia, Otay Ranch Town Center North (Freeway Commercial)] and recently approved Otay Ranch Sectional Planning Area (SPA) Plans (Villages 4, Village 8-West, Village 8-East), there is the potential for 3,031 low/lower income RHNA units to be provided at the targeted affordability levels within Eastern Chula Vista.

Appendix C-Table C-4 notes development capacities in Specific Plan Areas, Transit Focus Areas, and current projects will provide the potential for 1,496 low/lower income RHNA units at the target affordability levels in Western Chula Vista. The Urban Core Specific Plan and the Palomar Gateway Specific Plan provide higher density potential using Floor Area Ratio (FAR) development criteria and 906 low/lower income RHNA units. The 489 Transit Focus Area low/lower income RHNA units are located on San Diego Metropolitan Transit System (MTS) properties (Palomar and H Street Trolley) which requires that these units be provided at the targeted affordability levels pursuant to [Assembly Bill \(AB\) 1486](#) (Surplus Land). The remaining 101

low/lower income RHNA units were identified from existing projects under development to be provided at the targeted affordability levels.

Goals, Policies and Programs

The centerpiece of the Housing Element Update is the Policy and Implementation Plan with goals, policies, and implementing programs to address the identified housing needs. In developing the goals, objectives, policies, and programs described in this Plan, the City assessed its housing needs, evaluated the performance of existing programs, and received input from the community through participation in an on-line survey and various public meetings. The City will be striving to provide programs to meet the current and future housing needs of all income levels of the community through the following goals:

Goal 1	Goal 2	Goal 3	Goal 4
•Promote Housing that Helps to Create Safe, Livable, and Sustainable Neighborhoods	•Facilitate the Construction and Provision of Quality Housing to Meet the City's Diverse Needs <i>(by Type, size, ownership level, and income levels)</i>	•Create opportunities for affordable housing, particularly in vulnerable areas AND in areas of opportunity	•Promote equitable and accessible housing options and resources.

To realize these goals, the Policy and Implementation Plan details objectives, policies, and implementing programs which form the blueprint for housing actions. While the Plan covers a broad array of housing issues that are applicable Citywide, the emphasis of the 2021-2029 Policy and Implementation Plan is on actions enabling the City to maintain and increase housing opportunities affordable to very low, low, and moderate-income households. Additionally, the plan continues to be in compliance with various and significant state legislation enacted since the Housing Element was last adopted in 2013. A summary of key housing legislation is provided in the Introduction of the Housing Element.

The State of California’s historic actions and investments in the last few years has had significant impact on the development of this Housing Element and its policies and programs. State legislation has focused on tackling the ongoing and critical housing affordability crisis by removing local barriers to housing construction, speeding up new development, incentivizing and funding for housing production, equity and accessibility of housing to overcome patterns of segregation and foster inclusive communities, and accountability of local jurisdictions to the State.

Several new policies/programs are proposed to plan for opportunities to develop affordable housing and to facilitate the process in developing housing. To address [Senate Bill \(SB\) 166](#), the City must ensure that the housing element inventory of identified sites to accommodate its share of the regional housing need is maintained at any time during the planning period for each of the income categories, also referred to as “No Net Loss.” In short, there should always be land available at the appropriate densities for developers to building housing aimed at the specific income categories. Programs include monitoring/tracking of all

residential developments and acreage against the identified inventory of sites, required findings for projects developed at less than the capacity identified in the Housing Element, housing impact statements related to RHNA for discretionary actions on residential developments, and housing density minimums.

To make additional land opportunities available, staff will explore the use of land zoned for community purpose facilities for affordable housing purposes.

[SB 35](#), [AB 2162](#) and [AB 101](#) provide for the streamlining of the approval of housing projects with at least 50% of the units dedicated as affordable, supportive housing projects, and low barrier navigation centers for the homeless by defining these uses as “by right” with no discretionary action required.

Several policies and programs are proposed to produce affordable housing. In accordance with [AB 671](#), local governments must include in their General Plan housing elements plans to incentivize and promote the creation of affordable Accessory Dwelling units (ADUs). Programs being brought forward will include outreach of the ADU process, monitoring and mid-cycle review of ADUs built, and exploring the acceptance of permit ready plans, an amnesty program for existing ADUs, accommodation of movable Tiny Houses as a separate regulated use and financial assistance for the creation of ADUs for lower income households. The City recently adopted an update to our Accessory Dwelling Unit/Junior Accessory Dwelling Unit (ADU/JACU) ordinance. This recently adopted ordinance provides the groundwork for the City to consider additional ADU programs.

The City’s Density Bonus program ([CVMC 19.90](#)) will be amended to bring the program into compliance with various state legislation. [AB 1763](#) and [AB 2345](#) provide significant incentives for 100 percent affordable housing and those that are transit oriented (e.g. no density maximums and reduced/no parking).

Given the RHNA allocation for very low and low-income households, a review of the Balanced Communities policy is recommended in order to evaluate the feasibility of continued progress towards our RHNA allocations, specifically looking at a supportable increase in the affordable unit requirement as a percentage of each development; reducing the threshold of applicability, thereby increasing the number of projects that are required to provide affordable housing; and updating the City’s inclusionary housing in-lieu fee to keep pace with current development and construction costs.

In compliance with [SB 330](#), developers demolishing housing will need to replace like for like any restricted affordable or rent-controlled units (those also qualifying under State Rent Control) and comply with specified requirements, including the provision of relocation assistance and a right of first refusal in the new housing to displaced occupants.

Public Participation Process

The Development Services Department solicited community input in preparing and reviewing the City’s draft Housing Element Update. The City conducted an on-line survey, met with various stakeholders, held public meetings and presented at various public meetings to gather input from citizens, developers, social service agencies, and other interested persons. The following outlines the public participation process:

- Public Survey Period (Available in English and Spanish from May 4th, 2020 to September 4th, 2020);
- Five stakeholder meetings (Citizen Oversight Committee on January 30, 2019; Service Providers and Development Community on August 20, 2020 (separate meetings on the same day); Development Community on January 12, 2021; Building Industry Association (BIA) on February 2, 2021);

- One virtual community workshop conducted simultaneously in English and Spanish (August 24, 2020);
- Housing Advisory Commission meetings (July 24, 2019; October 23, 2019; January 23, 2020; June 24, 2020; October 28, 2020 and January 13, 2021);
- Planning Commission (October 23, 2019; June 24, 2020; and February 24, 2021);
- Commission on Aging (February 12, 2020);
- Growth Management Oversight Committee (September 17, 2020); and,
- 30-day Public Review period for environmental document (December 4, 2020 through January 4, 2021)

A summary of the comments received are included within Appendix G of the Draft Housing Element Update.

Pursuant to Senate Bill 18, Government Code §65352.3 and §65352.4, the City notified California Native American tribes identified by the Native American Heritage Commission (NAHC) for the purpose of avoiding, protecting, and/or mitigating impacts to cultural places when creating or amending General Plans, Specific Plans and Community Plans. Letters were sent to Native American tribes identified by NAHC on October 28, 2020 providing for a 90-day commenting period. One letter from the Viejas Tribal Government was received and is included as Attachment 4.

No comments were received on the Negative Declaration for the Housing Element update during the 30-day comment period from December 4, 2020 through January 4, 2021. The San Diego Housing Federation provided comments on the Draft Housing Element Update on January 4, 2021 and is included as Attachment 5. The items listed within the San Diego Housing Federation's letter are included within the document.

Schedule

The State HCD deadline for the Housing Element Update is April 15, 2021; however, the State HCD provides an additional 120 days for local governments to finalize their Housing Elements if they submit their Draft Housing Elements Updates for a preliminary review before the April 15, 2021 deadline. Staff requested a preliminary review of the Draft Housing Element Update from State HCD on March 1, 2021 and a secondary preliminary review of the draft document on July 1, 2021.

State HCD completed the preliminary review and provided comments to the City in correspondence dated April 26, 2021 (Attachment 6). The comments were centered around four main subjects: Affirmatively Furthering Fair Housing, Realistic Capacity, Nonvacant Site Analysis and Identified Densities and Processing Times. City staff is continuing to work with HCD staff in response to their letter dated April 26, 2021. Staff submitted a second draft submittal of the document to HCD on July 1, 2021. This draft included all responses from staff to address items listed within HCD's letter dated April 26, 2021. Staff anticipates additional correspondence from HCD staff that will be presented at the Council meeting for this item.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

Costs associated with the preparation of the Housing Element Update and the associated environmental documents are incorporated into the Development Services Department budget and may be reimbursed with funding received from the 2020 Local Early Action Planning (LEAP) Grant Program. Resulting process improvements that accelerate housing production and activities to facilitate compliance in implementing the sixth cycle RHNA may be reimbursed from the LEAP Grant Program.

ONGOING FISCAL IMPACT

Implementation of the policies and programs outlined within the Housing Element Update may require additional resources within the Development Services Department. As each of the policies and programs are developed and implemented, staff will complete a more thorough analysis of staffing and resource needs and the fiscal impact. The ongoing fiscal impact is uncertain at this time and will depend on the type of housing development that results from the Housing Element Update.

ATTACHMENTS

1. Planning Commission Resolution MPA21-0001
2. Planning Commission Minutes from February 24, 2021
3. Draft 2021 Housing Element Update and Appendices
4. Written Correspondence from the Viejas Tribal Government dated November 10, 2020
5. Written Correspondence from San Diego Housing Federation dated January 4, 2021
6. Written Correspondence from Housing and Community Development dated April 26, 2021

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