



City Council Agenda Item

City Council Meeting Date: October 19, 2021

TO: Jim Throop, City Manager

FROM: Brian Halvorson, Planning Manager
b_halvorson@ci.lompoc.ca.us

SUBJECT: Introduction of Ordinance No. 1685(21) for the Consideration of Planning Commission Recommendations Amending Chapter 17.324 of the Zoning Code (Inclusionary Housing) to allow Alternative Methods of Compliance for Projects in the Old Town Redevelopment Project, Amendment No. 2 Area (TA 20-03)

Recommendation:

The Planning Commission recommends the City Council take the following actions:

- 1) Introduce, for first reading by title only with further reading waived, Ordinance No. 1685(21) amending Chapter 17.324 (Inclusionary Housing) to allow residential developments located inside the Old Town Redevelopment Project Amendment No. 2 area to meet inclusionary housing requirements with alternative methods of compliance considered by the review authority, including, but not limited to, payment of housing in-lieu fees and off-site construction of affordable units (Attachment 1); or
- 2) Provide other direction.

Background:

On November 25, 2020, Mike Badner, representing Williams Homes, requested amendments to the City's affordable housing requirements contained within the Zoning Code and General Plan. The original request included the reduction of the percentage (from 15% to 10%) of required affordable housing units required by the Zoning Code (Lompoc Municipal Code § 17.324.030.B) and the General Plan Housing Element (Policy 1.11). Upon discussions with the applicant, a revised request was submitted on August 13, 2021, to exclude the percent reduction and only include the ability to construct off-site units and/or pay in-lieu fees (Attachment 3). Although the proposed amendments would be Citywide, the applicant applied for a residential project (DR 20-09) to build 257 residential units as part of the River Terrace project approved by the Planning Commission on September 22, 2021, and would benefit from this amendment if approved by the City Council. (See Attachment 2.)

The specific geographical area of the proposed amendments is located within the redevelopment area known as “Amendment Two” which was added to the City’s existing redevelopment project areas in 2002 and is comprised of approximately 80 acres. [See the area shown in red on the attached Redevelopment Project map (Attachment 4).] According to the Old Town Lompoc Redevelopment Project Implementation Plan 2003-2008, this area was added due to a significant amount of physical, economic, and social blighting characteristics present within the project and amendment areas.

To date, conditions have improved in this amendment area and new infill development was approved¹. The introduction of wine production and tasting (Zotovitch Vineyards) have also developed in the project area. Although the Redevelopment Agency was dissolved in 2012, the City still serves as the “*Successor Agency*” and the 2030 General Plan and Zoning Code references the Old Town Redevelopment Project Areas, and specifically within the Inclusionary Housing zoning code requirements, which is the subject of the amendment request.

Discussion and Staff Analysis:

Based on staff and legal review of the proposed amendments shown in Exhibit A attached to the Ordinance, the amendments would still allow for the implementation of State laws that declare local governments have a responsibility to exercise their powers to facilitate the development of housing to adequately provide for the housing needs of all economic segments of the community (Government Code section 65580).

In summary, the proposed amendments would further the following goals and programs by achieving the following:

- **Maintaining the 15% inclusionary housing requirements required in Redevelopment Project Amendment Area No. 2 by the General Plan:**

Inclusionary housing requirements would still be maintained and already exceed the amount that is required in most other areas of the City that traditionally only provide 10% (for residential developments consisting of 10 units or more).

- **Continue to require affordable housing through in-fill by providing more flexible regulations during a severe housing shortage:**

New developments may be more apt to build new residential developments if they see that more flexible options regarding providing affordable housing is available. Specifically, in this case, the new River Terrace project (257 residential units) may be more feasible if these options are available.

¹ The original River Terrace project was approved in 2005 and a new/updated project was approved last month for Williams Homes.

- **Updates to the Zoning Code are consistent with the 2030 General Plan Housing Element:**

The General Plan Housing Goals and Policies contained within the current Housing Element would be maintained and not amended, which ensures the proposed amendments still conform to State Law, including policies that encourage and require the development of affordable housing.

Relevant provisions of the General Plan Housing Element include the following:

Policy 1.11: With the exception of areas within the Old Town Redevelopment Project, Amendment No. 2 area, in all residential developments of ten units or more, at least 10% of all the units shall be affordable to target income groups. As an alternative to providing affordable housing on-site, the inclusionary requirement may be satisfied through other equivalent measures (e.g., production based on units with a similar number of bedrooms and bathrooms) including off-site construction, acquisition of affordability covenants on existing dwelling units, donation of land or payment of in-lieu fees. In accordance with State law, residential development projects within the Old Town Redevelopment Project, Amendment No. 2 area shall provide 15% of new housing affordable to low- and moderate-income households with at least 40% of those units to be used by very low income households.

Policy 1.12: In implementing Policy 1.11: (i) the City may waive any or all of the affordable housing requirements or accept equivalent measures in lieu of on-site construction taking into account market conditions, development proformas, land economics and other substantial evidence; (ii) inclusionary fee collection may be deferred until prior to issuance of Certificate of Occupancy.

Staff and the City Attorney's Office believe the proposed revisions are consistent with these policies because they maintain the 15% affordable and 40% very-low income requirements for projects in the Redevelopment area, but also allow for equivalent measures (in-lieu fees, off-site construction, etc.), which are permitted in Policies 1.11 and 1.12.

- **Strengthen the Homebuyer Assistance Program**

If an applicant/developer of a housing project decides to pay in-lieu fees instead of constructing the affordable housing units, the money collected will provide funds to the Lompoc Homebuyer Assistance Program (LHAP), which is a Housing Trust Fund Program that expands home ownership opportunities in the community. The program removes financial barriers to the dream of home ownership by lowering home acquisition and carrying costs. The program enables qualified families to purchase a home that provides a stable residence that strengthens the family, neighborhood and community.

- **Further the Goals and Objectives of the Redevelopment Implementation Plan**

The most recent Redevelopment Implementation Plan (FY 2009-2014) discusses goals to remove blight and improve the visual attractiveness of the project area. In addition, blight conditions such as depreciated property values, lack of commercial facilities, and inadequate public improvements need to be eliminated in order to address blight conditions. The proposed amendments to inclusionary housing requirements could encourage more residential development which in turn will help alleviate blight conditions identified in the project area.

Conversely, it is acknowledged that the proposed amendments could have the potential to reduce the amount of affordable housing in the City or on a specific project site if a developer opts to build residential units off-site or pay in-lieu fees. That being said, most applicants will likely opt to build residential units on-site as the fees can be expensive (\$113,998 per unit) and the availability of land and suitable sites to build off-site units are very limited. Therefore, the benefits (more flexible regulations) may exceed any costs (reduction of affordable units on-site) associated with the proposed amendments.

Environmental Review

An Addendum to a previously certified Environmental Impact Report (EIR 04-01; SCH No. 2004061107) for the River Terrace project was prepared for this item pursuant to the California Environmental Quality Act (CEQA). The Addendum and EIR are on file with the Community Development Department/Planning Division and available on the City's Planning Division website at the links below.

Fiscal Impact:

Funding of the proposed zoning text amendments were paid by the applicant (Williams Homes) in accordance with the City's master fee schedule. Therefore, there is no fiscal impact to the City as a result of processing the proposed amendment.

Conclusion:

The proposed amendments may have the potential to reduce the amount of affordable housing constructed in the City but would still allow the City to further affordable goals, policies and programs related to inclusionary housing requirements such as providing more flexible regulations, consistency with the 2030 General Plan Housing Element, strengthening the Homebuyer Assistance Program, and furthering the goals/objectives contained in the Redevelopment Implementation Plan.

Respectfully submitted,

Brian Halvorson, Planning Manager

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Christie Alarcon, Community Development Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager

Attachments:

- Attachment 1: Ordinance No. 1685 (21)
- Attachment 2: Resolution No. 954 (21) without attachments
- Attachment 3: Request from Williams Homes
- Attachment 4: Old Town Redevelopment Project Areas

Addendum to EIR:

<https://www.cityoflompoc.com/home/showpublisheddocument/32942/637673874913170000>

Final EIR:

<https://www.cityoflompoc.com/home/showpublisheddocument/1808/636659070967670000>

Draft EIR:

<https://www.cityoflompoc.com/home/showpublisheddocument/1806/637673902573100000>

EIR Appendices:

<https://www.cityoflompoc.com/home/showpublisheddocument/32944/637673898403870000>