

PLANNING COMMISSION STAFF REPORT

DATE: October 25, 2023

TO: Members of the Planning Commission

FROM: Brian Halvorson, Planning Manager
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SUBJECT: Planning Commission review and recommendations to the City Council to consider adoption of the 2030 General Plan Housing Element Update (GP 21-02)

PUBLIC HEARING ITEM NO. 1

Recommendation

Staff recommends the Planning Commission:

- 1) Review and recommend that the City Council adopt the 2030 General Plan Housing Element Update (Attachment 1) for the Regional Housing Needs Allocation (RHNA) 6th housing cycle (2023-2031); or
- 2) Review and recommend that the City Council not adopt the 2030 General Plan Housing Element Update (Attachment 2) for the RHNA 6th housing cycle (2023-2031).

Background

The Planning Commission considered the Housing Element Update at the September 13, 2023 regular Planning Commission hearing (the staff report for that meeting has been included as Attachment 1). At that meeting, the Commission expressed that they would like to see all the changes recommended by the State analyzed and incorporated into a revised document before making a recommendation to the Council. Additionally, Commissioner Fink requested that a 2018 Tax Allocation Letter (Attachment 2) be analyzed as well. Therefore, at the September hearing, the Commission continued the Housing Element Update to the October 11, 2023 meeting. At the October 11 meeting, Commissioner Bridge provided his comments (discussed later in this report) for staff and the Commission to consider and the Commission continued this item to a Special Meeting on October 25, 2023 to allow staff and the consultant more time to make necessary changes to the document. The Housing Element has been updated accordingly to reflect changes throughout the document (see Exhibit B to Attachment 3; additions shown in blue text and deletions displayed in red text).

Housing Element Distribution & HCD Review

On March 17, 2023, a formal Draft of the Updated Housing Element was released to the public for a 30-day review period in which comments were accepted through April 17, 2023 (refer to Housing Element Appendix C). At that time, the Planning Commission and City Council also received copies of the Draft Housing Element Update for their review. On May 11, 2023, the draft Housing Element Update was submitted to HCD for a 90-day review period. The Community Development Department and consultant have worked closely with HCD during the review period and coordinated a meeting with the Department on June 21, 2023 to discuss HCD's initial findings and questions on the element. Following this meeting, revisions to the element were made to address HCD's preliminary input and posted to the City's project website on July 7, 2023 for availability to the public. Following a 7-day period, an updated element was transmitted to HCD on July 14, 2023.

HCD provided the results of their formal review in a memo dated August 9, 2023 in which HCD requested additional revisions (Attachment 5). A matrix response table (Attachment 6) has been drafted which groups all HCD comments by category/topic and the City's updated response along with specific changes and the location within the Housing Element Update where these comments were addressed (Attachment 6). On August 29, 2023, and October 19, 2023, revised public hearing drafts of the Update were transmitted to the Commission in advance of the September 13, 2023 and October 25, 2023 public hearings. For this meeting, a completely revised draft (with underlines and strikeouts) of the Update has been attached (Exhibit B) to the Planning Commission Approval Resolution (Attachment 3).

Discussion & Analysis

Housing Policy Document & Revisions

The Policy Document outlines the City's goals (which describe a desired outcome or end state), policies (which guide a specific course of action to achieve a goal), programs (which define the specific actions to achieve stated goals and policies), and quantified objectives (which ensure that progress can be tracked, and success can be objectively measured) to meet the identified housing needs through development, rehabilitation, and preservation. Included in the document is an action plan that responds directly to the findings of the Needs Assessment and input from the community in which the City will implement the actions specified in the Policy Document throughout the eight-year planning period. The full list of Goals, Policies, and Implementation Programs are shown on pages 1-7 through 1-30 of the draft Housing Element Update.

The revisions completed in this section shown in blue text are a variety of changes to Implementation Programs and associated Actions/Objectives to address comments from HCD and to incentivize redevelopment. To assist and provide incentives in the redevelopment of vacant and underutilized sites, Program H-A.16 (Place-based Strategies) was revised to increase the allowed Floor Area Ratio (from 1.0 to 1.5) and increase the allowed percentage of residential (up to 75%) in the MU zone (for mixed use projects), increase the maximum height from 2 stories to 3 stories in the R-2 and R-3 zones, and increase maximum density (from 22 units per acre to 33 units per acre) in the

R-3 zone. The full list of changes starts on page 1-13 and ends on page 1-30 of the draft Housing Element Update.

Housing Needs Assessment & Revisions

The needs assessment within the update identifies and analyzes the existing and projected housing needs and provides a list of sites for housing development that are adequate to accommodate the City's RHNA, while also documenting constraints to housing production and analyzing fair housing issues and contributing factors. The Housing Element must address how the City's will accommodate its fair share of the regional housing need (as determined by SBCAG) and specific California statutory requirements. It must also reflect the vision and priorities of the local community. This section has the most revisions based on input from the State, Commissioners, and the community at the last two meetings. In summary of the largest changes, these revisions included additional documentation in the following areas:

- Impacts on Achieving Maximum Densities
- Standards for Emergency Shelters and inventory of vacant parcels
- Single Room Occupancy Units
- Planned and Approved Projects (timing of construction)
- Updates to the table listing Planned, Approved & Pending Projects
- Realistic Development Capacity & Residential Sites
- Residentially Zoned Sites and Trends
- Parking Lots
- Small Sites and Lot Consolidation
- Updated List of Vacant & Underutilized Sites (addition and removal of sites based on feasibility concerns and input from the public and Commission)
- Utilities
- Minor Revisions to the AFFH section (Fair Housing Methodology & Laws), Appendix A
- Addition of Appendix D (Nonvacant Site Feasibility Assessment including current photos of all sites and descriptions)

Due to the concerns raised at the September 13, 2023 and the October 11, 2023 Planning Commission meetings, the most significant changes (not related to HCD comments) are those that updated the sites inventory removing many sites that had concerns with feasibility and the addition of sites that were determined to be more feasible to build on. In addition, as a result of these concerns, Appendix D was added to the Update to provide a nonvacant site assessment for 85 different sites inspected out in the field. This assessment will enable the Commission to make a better decision regarding the feasibility of the housing sites proposed in the Update and their ultimate recommendation to the Council.

Land Use Element and Zoning Amendments

The Housing Element update is a General Plan Amendment (GP 21-02) and would also require future amendments to the City's Zoning Code as well as the Land Use Element of the General Plan.

Two sites are proposed to be rezoned at a later date in order to meet the City's RHNA allocation: Site #30 (1600 East Ocean Avenue) and Site #79 (917 East Walnut Avenue).

Site #30 is approximately 10 acres in size and would be rezoned from PCD to PD/MU and would also require a Land Use Element General Plan Amendment from General Commercial (GC) to Mixed Use (MU) for General Plan/Zoning consistency. With this proposed General Plan Amendment and rezone, Site #30 would be allowed 100 percent residential uses whereas very limited residential uses (single room occupancy, live/work, caretaker's units) are currently allowed under existing City regulations. Site #79 is approximately 2.8 acres and currently zoned BP (but surrounded by residential uses on most sides) and would be rezoned to PD/R-3.

Pursuant to State Housing Laws, both sites would be required to be re-zoned by February 15, 2024. Staff will be bringing these rezones to the Commission at the November 8, 2023 Commission hearing.

Recent Addition of a Planned Development (PD) Overlay

In order to provide more flexibility for sites that are vacant or partially vacant, staff are also adding a future rezone that includes adding a PD Overlay zone to all properties within the sites inventory (Attachment 8) and the two rezone sites. As described in Lompoc Municipal Code Section 17.224.020.D, the PD Overlay is a flexible design approach to development, which allows the development of diverse and varied uses and development that may not comply with all of the otherwise applicable standards of the Zoning Code in order to promote the orderly growth of Lompoc consistent with the General Plan. This Overlay can especially be helpful when a proposed project cannot meet all the existing development standards (lot size, lot setbacks, lot coverage, etc.) and will need more flexibility in these standards. Staff will also be bringing these rezones to the Commission at the November 8, 2023 Commission hearing.

Inclusionary Housing 15% Requirement

The Planning Commission and City Council will also be considering a future zoning code amendment removing the 15% affordable housing requirement (the 10% requirement would still apply) in Redevelopment Amendment Area 2 as it is no longer required by State law.

Public Participation

As required by State housing law, public participation continues to occur as part of the update process and plays a critical role in the formation and refinement of the updated Housing Element. A community engagement program was developed to ensure the community and other stakeholders are engaged in the process and are given ample

opportunities to provide input. The engagement program includes branding, a project website (envisionlom poc.com) and social media, media releases, surveys, newsletters, multiple meetings/workshops (held in English and with Spanish translators' present) as well as Planning Commission and City Council meetings. To date, there have been more than eleven opportunities for the public to participate in the update process during public meetings, workshops, media releases and ongoing correspondence. Staff and its consultants will continue coordinating with the public throughout the update while also maintaining all relevant housing element documents for availability on the City's website and the project website located at: <https://envisionlom poc.com/>

Regional Housing Needs Assessment Requirement

As shown below in Table H-40 on page 2-108 of the Update, 67 percent of Lompoc's RHNA is allocated to housing units affordable to above-moderate income households, 14 percent for moderate-income households, 12 percent for low-income households, and 7 percent for very low-income households. In addition to the RHNA obligation, HCD recommends an additional buffer for lower income RHNA that will provide the City with the capacity to address potential net loss issues over this planning period pursuant to SB 166. As shown in table H-40 below, a 20 percent buffer was added to lower- and moderate-income RHNA obligations.

Table H-40 Lompoc Regional Housing Needs Requirement Allocation

RHNA Income Category	Number of Units	RHNA plus 20% buffer
Very Low-Income (30-50% AMI)	166	199
Low Income (50-80% AMI)	262	315
Moderate Income (80-120% AMI)	311	373
Above Moderate Income (>120% AMI)	1,509	-
Total	2,248	2,396

Meeting the RHNA Requirement

Jurisdictions can use planned and approved projects, estimated Accessory Dwelling Unit (ADU) production, and vacant and underutilized sites to accommodate the RHNA. For the City's Planned and Approved projects, Attachment 7 lists these projects and provides a map to see them geographically within the City that can be credited towards meeting the RHNA. Residential developments approved and permitted, but not yet built ("pipeline projects") can be credited towards the City's RHNA for the 6th cycle Housing Element provided it can be demonstrated that the units can be built by the end of the 6th cycle's planning period (2031).

Additionally, units within completed projects which have received a Certificate of Occupancy as of June 30, 2023 can also be credited towards the RHNA. The City can count 904 housing units, including 14 very low, 13 low, and 12 moderate-income units towards the RHNA with planned and approved projects.

Updated Residential Sites Inventory

Based on input from the community and the Commission at the previous public hearings held on September 13, 2023 and October 11, 2023, the sites inventory was revised. It identifies vacant and underutilized sites within the city that have the capacity to accommodate the City's RHNA. A detailed, parcel-specific, revised sites inventory is part of the Housing Element Update (Table H-44) and shown in Attachment 8.

Based on the criteria outlined in the update that looked at the suitability of vacant and nonvacant sites, residentially zoned sites and trends, mixed use sites and trends, and a nonvacant sites analysis, parcels were identified that are currently vacant or underutilized in the City and that have the potential to accommodate the City's remaining RHNA through redevelopment. Attachment 8 details sites that were determined to be vacant or underutilized with capacity to accommodate housing units and shows the location of these sites in the City. In short, vacant and underutilized sites can accommodate a total of 1,407 new residential units. These sites and consolidated sites that meet the State requirements for accommodating lower-income housing units can accommodate 489 lower-income housing units.

As mentioned in a previous meeting, it is important to note that numerous sites (approximately 62 properties) contained within the identified sites that were used in the previously adopted housing element (5th cycle) would require a by-right approval process (no Planning Commission review and a proposed project on these sites go straight to the submittal of a building permit) consistent with requirements of the State Government Code.

Adequacy of Residential Sites Inventory

In summary, after updating the sites inventory, the total housing capacity from the planned and approved projects (Attachment 7), ADU trends, and vacant and underutilized sites (Attachment 8) as summarized in table H-45 (Progress Toward RHNA, page 2-146) is 2,407 residential units. Therefore, this is an adequate inventory to meet the City's RHNA requirement of 2,248 residential units (2,396 with the additional 20% buffer required) at the various income levels if two additional sites are rezoned. Although this only leaves a surplus of 11 units, staff is confident that the sites analyzed in the inventory are feasible and result in a realistic capacity that is sufficient to meet State requirements using incentives and streamlined permitting processes for builders.

General Plan/Zoning Consistency

California Government Code Section 65300.5 requires that a general plan be internally consistent, meaning that no conflicts exist among the elements of the plan. Government Code section 65583(c) requires that a housing element describe how consistency has been achieved among the general plan elements.

The most important aspect of consistency among general plan elements is that policies and programs do not conflict but support one another to achieve the overall goals and vision of a Lompoc general plan. In preparing the Update, the City is also concurrently drafting technical General Plan updates for consistency with State law and the updated Housing Element. Additionally, if the General Plan is amended during the planning period, the City will review the Housing Element for internal consistency and make any necessary revisions.

Zoning Code Updates

An updated list of required code updates that will follow the adoption of the Housing Element is shown as Attachment 9 (Page 1-16) and describes municipal code updates (amendments) needed for compliance with State housing laws within 3 years of the adoption deadline (February 15, 2026). Added updates that were not shown in the previous document that the Commission reviewed include new State requirements for emergency shelters, residential care facilities and single room occupancy uses that HCD commented on as part of their review. These changes are clearly shown as underlined text in the Updated Housing Element attached to the Planning Commission Resolution. All code updates will be brought back to the Commission at a later date for their review and recommendations to the City Council.

Grant/Program Funding Tied to Housing Elements

State funding programs that incentivize greater coordination with housing planning include the Local Partnership Program, Transit and Intercity Rail Capital Program, Active Transportation Program, HOME Investment Partnerships Program, and Solutions for Congested Corridors Program. In addition, grants and programs that the City has used in the past or currently uses which are dependent on a certified housing element are listed in Attachment 10. Recently, the Community Development Department applied for the Regional Early Action Planning (REAP 2.0) grant program through the Santa Barbara County Association of Governments. In order to keep this grant, which totals \$450,000 which will be used to assist the City in providing residents with "Pre-Approved" ADU plans, Housing Element compliance is required. In total, over 6 million dollars (past/present funding) is used to maintain grant funding that requires a legally compliant/certified Housing Element.

Public Comments

Comments received and responses to these comments are included in Appendix C of the Update. Additional comments received following publication of this staff report will be distributed to the Planning Commission at the public hearing with copies available to the general public.

Recent Comments from Commissioner Bridge and Commissioner Fink

Comments from Commissioner Bridge (Attachment 10) were received at the Planning Commission meeting held October 11, 2023. In summary, these comments list over 37 vacant or partially vacant properties that Commissioner Bridge believes are “*not feasible for development*”. Staff and the consultant have reviewed all of these properties and have adjusted the sites inventory for those properties that may not be developed in the future for a variety of reasons (projects recently approved or applied for on these properties, potential encumbrances, and one error where the property adjacent to the property listed was used). Specific properties removed from the sites inventory list include 126 North C Street, 400 South Avalon Street, 1321 West Pine Avenue, 222 North H Street, 201 East Cypress Avenue (replaced with the correct address of 201 East Cypress Avenue).

To further address feasibility, staff inspected each property and determined that each site is feasible to build on with the understanding that each developer or applicant will need to conduct their own comprehensive feasibility analysis before an applicant submits an application for development. Furthermore, staff has also recommended that all sites in the sites inventory (Table H-44) be rezoned at a later date to include a Planned Development (PD) Overlay zone. In addition, Mr. Bridge recommends that alternate properties (10 are listed on the last page) be included in the site inventory. After review of these properties by the Commission and public input, the Commission may recommend all or some of these properties be added (or those listed to be removed) as part of their recommendation to the City Council. At this time, none of the alternate sites that Mr. Bridge recommends in his comments have been added to the sites inventory.

Regarding comments from former Commissioner Fink, per his request, staff has attached and reviewed a letter (Attachment 2) from former City Manager Jim Throop dated August 15, 2018, who wrote a letter to Mark Stivers, Executive Director of the California Tax Credit Allocation Committee. This letter was written in opposition to a market-rate development (Coastal Meadows) becoming a very low income project. In this letter, the City expressed its concern regarding the disproportion of low income housing in the City (approximately 29% of multifamily housing units) compared to neighboring jurisdictions. Although this letter is helpful information, it does not affect the current consideration of adopting the Updated Housing Element as the City’s new RHNA allocation for very low and low are substantially lower for the 6th cycle allocation and in fact the majority of the City’s allocation is in the moderate and above moderate income levels (approximately 67% of the City’s RHNA allocation).

Attachments:

1. Planning Commission Staff Report (Sept 13, 2023) without attachments
2. Tax Credit Allocation Committee Letter
3. Planning Commission Approval Resolution
 - Exhibit A: EIR Addendum
 - Exhibit B: Full Draft of Updated Housing Element
4. Planning Commission Denial Resolution
5. HCD Findings Comment Letter dated August 9, 2023
6. City Responses to HCD Comments
7. Updated List & Map of Planned, Approved & Pending Projects
8. Updated List & Map of Vacant & Underutilized Sites
9. Updated List of Required Future Code Amendments
10. List of Past & Current Grant Funds/Programs require Certified Housing Element
11. Comments from Commissioner Steve Bridge

Environmental Review

The focused General Plan Update and technical amendments do not include any development proposal or approval and future development of any specific housing site identified in the Housing Element Update would be subject to additional environmental review pursuant to California environmental Quality Act (CEQA) Guidelines Section 15168(c). The potential environmental impacts (both direct and indirect impacts) of the focused General Plan Housing Element Update are within the scope of the previously certified 2030 General Plan Final EIR (SCH No. 2008081032) and none of the conditions requiring subsequent or supplemental environmental review under CEQA Guidelines Section 15162 exist. The Addendum has been revised to reflect an updated sites inventory and the addition of a PD Overlay (for a future rezone) to all properties within the sites inventory.

Therefore, it was determined that only minor or technical changes to the previously certified Final EIR are necessary and that the preparation of an Addendum to the 2030 General Plan Final EIR (attached as Exhibit A to the Planning Commission Approval Resolution) is appropriate for the project pursuant to CEQA Guidelines Section 15164.

Next Steps

The Planning Commission recommendation (approval or denial) will be forwarded to the City Council along with any Planning Commission recommended revisions to the Housing Element. If the Housing Element Update is adopted by the Council, the approved element would then be resubmitted to HCD for a 60-day review period and consideration of final certification as required by State Housing Law. The current Update would bring the Element into compliance with California law enacted since the City's adoption of the 2015-2023 Update (5th cycle) and with the current Santa Barbara County Association of Governments' (SBCAG's) RHNA. If not adopted by the Council, the City's Housing Element will not be compliant with State Housing Laws, significant funding for crucial housing programs may be lost and local land use control will also be jeopardized without a legally compliant Updated General Plan Housing Element.

Respectfully submitted,



Brian Halvorson, Planning Manager

APPROVED FOR SUBMITTAL TO THE PLANNING COMMISSION:



FOR _____
Christie Alarcon, Community Development Director