



## COUNCIL COMMUNICATION

CC #: 0890  
File #: 0800-06

**Title:** Housing Element Update Workshop  
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Meeting Date: 7/15/2020  
Item #: 10.1.

### RECOMMENDATION TO COUNCIL

The Planning Division is recommending City Council hear an informational presentation and provide guidance on the menu of options presented in this report. No formal action is required, and the feedback given does not result in any costs to the City or commit the City to adopt any of the options presented. Staff requests the following input:

- A rating of the options from most to least preferred
- The preferred combination of options (leading to a minimum of 2,807 units)
- Whether there are any options Council is not interested in pursuing
- Whether there are any options not on this list Council would like staff to investigate

### BACKGROUND

Since 1969, California has required that all cities and counties adequately plan to meet the housing needs of everyone in the community. This is accomplished through a Housing Element, which is a required component of a local government's General Plan. The purpose of a Housing Element is to identify current and projected housing needs, and set goals, policies, and programs to address those needs. Unlike other Elements of the General Plan, which may be updated at the discretion of each jurisdiction, compliant Housing Elements are updated on eight-year cycles and are subject to the review and approval of the California Housing and Community Development Department (HCD). The City's current Housing Element was adopted by City Council in 2013 and covers the period from 2013 to 2021. An updated Housing Element covering the period from 2021 to 2029 is required to be adopted by May 15, 2021.

#### Regional Housing Needs Allocation

The foundation of the Housing Element is the Regional Housing Needs Allocation (RHNA), which begins with a determination of housing need issued by HCD. HCD released the determination for the Sacramento Area Council of Governments (SACOG) planning area in July 2019, which determined SACOG needed to provide capacity for 153,512 total housing units. SACOG is required to prepare and adopt a methodology for allocating those units to each member jurisdiction. The Regional Housing Needs Plan was adopted by SACOG on March 19, 2020. Under the SACOG plan, the City of Roseville must accommodate 12,066 housing units to meet its "fair share" of the State's housing need, which includes 6,178 lower income units. State housing law does not require the City to construct the allocated units within the planning period, but does require the City to maintain the required allocation at all times.

#### Roseville's Housing Capacity

For the purposes of future planning, HCD uses density as a measure of affordability. The City's above moderate income units are accommodated on land with densities of less than 7 units to the acre and moderate income units are accommodated on land with densities of 7 to 24 units to the acre. HCD requires lower income units to be on land designated for a minimum "default density," unless a jurisdiction can demonstrate a lower density is appropriate. The default density for a jurisdiction of Roseville's size is 30 units to the acre, but in the past the City has been able to demonstrate to HCD that a minimum density of 25 units to the acre or greater is appropriate.

Using these land use densities, staff prepared a draft inventory to determine how many additional units would need to be accommodated to comply with the RHNA allocation. The City has a surplus of moderate- and above moderate-income housing capacity but has insufficient lower income housing capacity to meet the RHNA allocation. Therefore, the City needs to add capacity for approximately 2,800 additional lower income units.

It is critical to understand that the shortfall is the result of a 60 percent higher allocation than previous housing cycles. The City's lower income housing policies were designed based on previous housing cycle allocation trends. The City would only need a few hundred additional units to achieve compliance if this cycle had followed past trends. Staff expressed serious concern to SACOG about the City's high allocation during the development of the methodology, and in a letter to the SACOG Board (see Attachment 1) as part of the RHNA adoption hearings. In response, SACOG staff committed to providing technical assistance and facilitating coordination with

HCD, to help the City develop a compliant Housing Element.

### Housing Element Strategy Options

Staff developed an extensive menu of options to address the 2,800-unit shortfall and to better prepare the City for future Housing cycles. Staff is in discussions with HCD to determine how many units can be credited for each option. The menu options are summarized below, and are organized from 1 through 11 in order of most- to least-recommended in the judgement of staff. A more thorough analysis of each option is presented in the strategies memo included as Attachment 2. Staff recommendation is based on feasibility, how many units the option provides, and whether the option helps the City obtain units in the near-term (for this Housing cycle) versus the long-term (for next Housing cycle). Rather than spend excessive staff time on options that may not be palatable to the Council, the number of units produced by many of the options presented below have not yet been quantified. Staff will focus its research efforts on appropriate options as directed by the Council.

1. **By-Right Development:** State law requires this option be enacted or the City loses credit for affected sites. If this option is not selected, the City's deficit increases by 2,100 units.
2. **Conversion Sites:** Staff identified five vacant sites (identified in Attachment 2) where the land use and zoning can be amended to allow high density housing. Staff could continue to look for additional sites; these are simply examples. Based on these examples, this option could provide up to 1,650 units.
3. **Land Use Amendment Policy:** In the future, any application which includes a Specific Plan Amendment involving any land use change must also include an increase in the density of unrelated HDR sites the applicant/property owner controls to a minimum of 30 units to the acre. Staff estimates this option could provide up to a maximum of 1,306 units. The actual units would be quantified and brought back to Council if there is interest in this option.
4. **Commercial Corridors:** New Specific Plans on Atlantic, Harding/Douglas, and Sunrise/Douglas would allow high density residential uses. This option is estimated to provide approximately 400 units.
5. **Non-Residential Conversion Policy Amendment:** The Council adopted a policy in 2004 outlining requirements for projects seeking to convert non-residential to residential land use. One requirement is to provide 10% of the new units as affordable. This option would change the existing policy from 10% affordability (to all income levels) to a minimum of 20% lower income affordability. The number of units provided would be quantified and brought back to Council if there is interest in this option.
6. **Development Agreement Requirement:** In the future, ensure all new Development Agreements contain a provision which allow land uses within the areas encumbered by respective Development Agreements to be modified in response to new Housing Cycles or changes in state housing law. This option provides no units at this time, but would provide a mechanism to gain units in the future. This approach has been adopted by other communities in the region, including Folsom.
7. **Affordability Policy Amendment:** Change the City's long-standing affordable housing goal from 10% to 20%. The number of units provided would be quantified and brought back to Council if there is interest in this option.
8. **Inclusionary Housing Policy:** Establish a new Affordable Housing overlay zone requiring development at specified income levels. This option would provide no new units, but would prevent unit losses under the State's "no net loss" requirement.
9. **Infill Intensification:** Allows higher densities on certain infill sites, as further described in the detailed strategies memo. This option could provide up to a maximum of 1,400 units. The actual units would be quantified and brought back to Council if there is interest in this option.
10. **Missing Middle Zoning:** This option would essentially eliminate the single family residential (R1) zone district, and would instead implement a new type of Citywide small-lot residential (RS) zone, with reduced setbacks, a minimum usable open space standard in lieu of a lot coverage standard, and multiple units permitted per lot. The number of units provided provided by this option would be quantified and brought back to Council if there is interest.
11. **Accessory Dwelling Unit (ADU) Policy:** Adopt an ADU ordinance more permissive than state requirements. The number of units this option would produce would be quantified and brought back to Council if there is interest.

Detailed analyses and explanations of these options are provided in Attachment 2.

### Housing Element Compliance

By law, a compliant Housing Element must be adopted by May 15, 2021 and requires approval by HCD. A City that does not adopt its Housing Element within 120 days of the due date (the "grace period") will be required to update its Housing Element every four years instead of every eight years for the next two consecutive updates. Therefore, it is important that the City's Housing Element be adopted by September 12, 2021 in order to avoid this penalty.

Housing Elements are subject to the review and approval of HCD. The purpose of HCD review is to ensure the Housing Element complies with Housing Element law, which includes accommodating the RHNA allocation. In previous Housing Element cycles the penalties for adopting a non-compliant Housing Element were limited to private-party lawsuits (usually brought by housing advocacy groups and other special interests) and the loss of state funding, including gas tax money. However, the suite of housing bills passed in 2019 included changes to Government Code section 65585, which added significant penalties for noncompliance.

As the Housing Element reviewing authority, HCD has the discretion to forward a Housing Element compliance issue to the Attorney General. The Attorney General may then obtain a court order, and if the jurisdiction does not comply, the following penalties apply:

- An initial penalty of between \$10,000 and \$100,000 per month.
- Triple the initial penalty, if the jurisdiction does not comply within three months of the first penalty.
- Six times the initial penalty, if the jurisdiction does not comply within six months of the first penalty. Most critically, the court may also appoint a receiver with all powers necessary to bring the jurisdiction into compliance. This means that the jurisdiction loses local planning and land use discretion, and a compliant Housing Element will be developed and imposed by the state with no input by the local agency.

In order to avoid penalties, the City must adopt a Housing Element which accommodates its RHNA allocation and is approved by HCD no later than September 12, 2021.

#### Next Steps

After receiving Council feedback, staff will begin developing the Draft Housing Element based on the following preliminary schedule:

- August/September 2020: Initial public outreach
- Fall/Winter 2020: Develop Housing Element
- Winter 2021: Publish Preliminary Draft Housing Element
- Winter/Spring 2021: Public outreach and HCD review
- Late Spring 2021: Publish Revised Draft Housing Element
- Summer 2021: Public hearings

Staff's goal is to complete this process in time for a May adoption, but staff recognizes this may not be possible due to the significant scope of work required and the need for thoughtful outreach and Council consideration. Staff is confident that the project will be completed by the end of the grace period in September.

#### FISCAL IMPACT

No formal action is requested by City Council; therefore, this workshop does not negatively impact the City's General Fund.

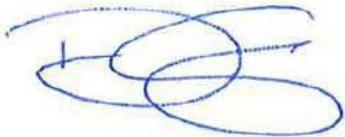
#### ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA statute §21065 and CEQA state guidelines §15060(c)(3) and §15378.

Respectfully Submitted,

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