

City of Redlands
REQUEST FOR PLANNING COMMISSION ACTION

Planning Commission

Agenda Item NO. 5. A.

Meeting Date: 04/13/2021

APPLICANT:

CITY OF REDLANDS, DEVELOPMENT SERVICES DEPARTMENT
(PROJECT PLANNER: CATHERINE LIN)

1. Update to Planning Commission and study session on the 2021-2029 Housing Element Update project including the 6th Cycle "Regional Housing Needs Assessment." This project is subject to the California Environmental Quality Act (CEQA), and an Initial Study will be prepared.

BACKGROUND

At the end of 2021, the City's 2013-2021 Housing Element will be at the end of its planning cycle. The Housing Element is a required element of the General Plan, and State law requires regular updates to ensure its compliance with any changes to the State housing laws. Updating the Housing Element regularly allows the City to evaluate changes in demographics and housing needs within the community, demonstrate the City's ability to meet future housing needs, adjust policies and programs to better serve the housing needs of the community, and remain eligible for various State grants and funding opportunities.

The City of Redlands is part of the Southern California Association of Governments (SCAG) region, and is mandated by SB 375 (Gov. Code 65588(e)(4)) in terms of timeframe and deadline for the 6th Cycle Housing Element Update. For jurisdictions within the SCAG region, the deadline to locally adopt the Housing Element for the 2021-2029 planning period is October 15th of this year. However, State law does allow for a 120-day grace period for adoption after the October 15 deadline (or February 12, 2022).

After the City adopts the 2021-2029 Housing Element, the City must obtain certification of the new Housing Element from the California Department of Housing and Community Development (HCD) in order to be in full compliance with the Housing Element Law (Gov. Code 65588). The City of Redlands is currently on an 8-year cycle for Housing Element Updates, which means that the City only needs to conduct Housing Element Updates once every 8 years. In case of a failure to meet the adoption deadline plus the 120-day grace period, the City would become out of compliance with the 8-year cycle, and would be required to perform midterm Housing Element updates every 4 years for at least two consecutive rounds.

To assist jurisdictions on planning efforts to accelerate housing production, HCD made grant funding available and one such grant was the Local Early Action Planning (LEAP) Grant. In July 2020, the City was awarded \$300,000 to fund professional planning consulting services to assist staff on the 6th Cycle Housing Element update. Through a competitive RFP process, Michael Baker International was selected to perform the work for the City.

The 6th Cycle Housing Element update presents unprecedented challenges for the all jurisdictions in California, especially with the significantly higher Regional Housing Needs Allocations (RHNA) assigned to each jurisdiction. HCD also now has more stringent criteria for RHNA site selections, a requirement for a "no net loss" buffer for potential affordable housing sites, and applying a calibration factor on mixed-use zones based on the assumption that no more than 70% of a mixed-use site will be developed as housing. The key to meeting the adoption deadline of October 15, 2021, is to begin the work early. Therefore, staff

and the consultant team have been working on the Housing Element Update since fall of last year.

SUMMARY

A) Content of the Housing Element

Housing Element Law specifies that the Housing Element must evaluate the previous 2013-2021 Housing Element on accomplishments, analyze the existing and projected housing needs of the city, identify an inventory of available land for housing that has the capacity to accommodate the city’s RHNA obligations for all income levels, analyze potential development constraints that may hinder housing projects in the city, and provide goals, policies, and implementation programs to meet unmet housing needs as well as further fair housing practices.

B) Regional Housing Needs Assessment (RHNA)

California’s housing element law acknowledges that, in order for the private market to adequately address the housing needs and demands of Californians, local governments must adopt plans and regulatory systems that provide opportunities for housing development. As a result, housing policy in California rests largely on the effective implementation of local housing elements and identification of land for each jurisdiction’s RHNA allocation. However, the State also recognizes that local governments have no control over the housing market. Therefore, the State mandate for RHNA allocation is a “planning target” and not a “building quota.” Thus, while the City is required to identify land for housing, the City is not required to enforce actual construction of the units.

The RHNA is an estimate or projection of future housing needs during a specified planning period for all income levels in a jurisdiction, and is required by State law. The State utilizes a top-down process for RHNA allocations whereby HCD distributes RHNA allocations to the Metropolitan Planning Organization (MPO) in each region, and the MPO then distributes the regional RHNA to each jurisdiction within that region. SCAG is the MPO for the Southern California six County region and was responsible for allocating RHNA to the City of Redlands.

The RHNA allocation process for the 6th Cycle Housing Element was robust and controversial due to the fact that all regions in the state received significantly higher RHNA allocations from HCD than previous cycles. Consequently, jurisdictions in the State are tasked to plan for a significantly higher RHNA allocation for the 6th Cycle than previous updates. For the SCAG region, the RHNA allocation distributed from HCD was 1,341,827 units. Of that number, the City of Redlands received 3,516 units.

In addition, the City also has 71 units of Low and Very-Low income unit carryover from the 5th Cycle Housing Element that resulted from loss of Low and Very Low income RHNA housing sites to non-housing development. The carryover units must be added to the 6th Cycle in the Low and Very-Low income categories. As a result, the City’s total RHNA is 3,587 units (3,516 + 71 = 3,587). The table below shows the City’s RHNA allocation by each income level for the 6th Cycle.

Table 1. RHNA Allocation by Income Level Category.	
Income Levels	6th Cycle RHNA
Very-low income (below 50% AMI)	967
Low Income (50%-80% AMI)	615
Moderate Income (80% - 120% AMI)	652
Above Moderate Income (Over 120% AMI)	1,282
Carryover from 5th Cycle (to be added to low and very-low income categories)	71
Total RHNA	3,587

The table below compares the City’s RHNA allocation for the current 6th Cycle to the previous 5th Cycle.

Table 2. Comparison of 5th Cycle and 6th Cycle RHNA.					
	Very-Low Income (below 50% AMI)	Low Income (50% - 80% AMI)	Moderate Income (80%-120% AMI)	Above-Moderate Income (Over 120% AMI)	Total RHNA
5th Cycle RHNA	579	396	453	1,001	2,429
6th Cycle RHNA	1,037 (with carryover)	615	652	1,282	3,587
Percent Increase	44%	35%	30%	21%	32%

As shown in the table above, the City received a significantly higher number of RHNA allocations for the 6th Cycle compared to the 5th Cycle. These percentage increases are consistent with the increases in most other cities in the region. The City is required to develop a “RHNA Site Inventory” that has the capacity to accommodate our RHNA obligations. Since RHNA site inventory is a key component of the Housing Element, no jurisdiction will receive certification of their Housing Element from the HCD without identifying enough land to fully accommodate its RHNA allocation. Further, HCD may forward a jurisdiction to the State Attorney General’s Office due to failure to identify enough sites to accommodate its RHNA. In the worst case scenario, a jurisdiction could lose its land use authority (i.e. unable to issue planning and building permits) until it identifies enough land for housing development to account for its RHNA allocations.

C) Density Requirements and RHNA

In identifying sites to accommodate the RHNA allocation, the city needs to consider density requirements and assumptions for each income level. HCD sets the baseline minimum density requirements for the Low Income and Very-Low Income levels for each county in the State, but allows each jurisdiction to set its own density assumptions for the Moderate and Above Moderate income levels. For the jurisdictions within the County of San Bernardino, the default minimum density set by HCD for Low and Very-Low income levels is 30 dwelling units per acre (30 DU/acre). The City will use the State’s default minimum density of 30 dwelling units per acre for the Low and Very-Low income RHNA sites, as was the case for the City’s 4th and 5th Cycle Housing Elements.

Table 3 shows the income range for all income level categories within the City. Table 4 shows the density requirements for all income levels that will be utilized in preparing the draft Housing Element.

Table 3: Income Level Categories by Household Income.	
Income Level Category	Income
Very-low income (below 50% AMI)	2 person household: \$30,150
	3 person household: \$33,900
	4 person household: \$37,650
Low income (50% - 80% AMI)	2 person household: \$48,200
	3 person household: \$54,250
	4 person household: \$60,250
Moderate income (80% - 120% AMI)	2 person household: \$72,300
	3 person household: \$81,300
	4 person household: \$90,350
Above moderate income (Over 120% AMI)	2 person household: >\$72,300
	3 person household: >\$81,300
	4 person household: >\$90,350

Source: [HCD Official State Income Limits for 2020](#)

Income Levels	Min. Density (DU/acre)
Very-low income	30
Low income	30
Moderate income	12 to 30
Above moderate income	1 to 12

D) Assumptions for Lower and Moderate Income Sites

In reviewing local Housing Elements for compliance, HCD has the authority to reject RHNA sites proposed by the City if it deems any site to be not suitable for housing development. HCD also has the authority to request that a jurisdiction identify additional sites if it determines the proposed sites are unlikely to yield the target number of housing units (due to various reasons such as the zoning designation, development standards, existing use, or physical constraints such as irregular lot shape). In order to increase the likelihood for the City's proposed RHNA sites to be accepted, the following assumptions are incorporated for the Low Income and Moderate Income sites.

- A 20% buffer will be added to the low and very-low income RHNA to account for potential net loss units if any site should become unavailable for housing development, or when the sites are developed for housing but at a lower number of units than identified in the Housing Element, or when a site was developed for market-rate housing.
- Lower income sites must be zoned for 30 DU/acre or greater.
- Actual development density is assumed to be 24 DU/acre for lower income sites.
- 70% calibration factor will be applied to all parcels in the TVSP area due to mixed-use zoning (e.g., no more than 70% of the site will be assumed to be available for housing development).
- All Low Income and Very Low Income parcels outside the TVSP will be designated for Very High Density Residential (R-3), with a density of 30 DU/acre.
- All Moderate Income parcels outside the TVSP will be designated for Medium Density Residential (R-2), except for properties with current zoning that already allows for densities above 15 DU/acre.

After adding the 71 units of carryover from the 5th Cycle and then applying a 20% buffer, the total number will be 1,969 units for Low and Very Low income households.

E) Inventory Sites for RHNA

With the assumptions applied to Lower and Moderate Income sites, staff has identified an more than sufficient potential housing sites, including a safe margin of surplus RHNA sites for all income levels, as summarized in Table 5 (next page).

Table 5. Number of Dwelling Units on Potential Housing Sites, by Income Category.

	Low & Very Low Income	Moderate Income	Above Moderate Income	Total
RHNA Requirement (with buffer)	1,969	782	1,538	4,289
DU Capacity on Identified Sites	3,061	1,518	233	4,812
Accessory DUs (or "ADU")	69	42	9	120
Recently Entitled Projects	80	0	564	644
Pending Projects	0	0	1,134	1,134
Total Identified Capacity	3,210	1,560	1,940	6,710
Surplus (above minimum RHNA requirement)	1,241	777	402	2,421

This inventory includes 157 acres of land for which General Plan Amendment and Zone Change will be required in order to make residential use the primary permitted use on those parcels. State law allows the City up to three years after the adoption of the Housing Element to complete the necessary General Plan Amendment and rezoning actions. This three-year time frame allows the City adequate time and flexibility to make these land use changes in a programmatic way, and evaluate which sites are more appropriate for housing developments.

In total, 177 acres have been identified for low and very-low income RHNA, 118 acres have been identified for moderate income RHNA, and 201 acres have been identified for above moderate income. Some of the potential sites are within the TVSP area. Most of the sites identified for potential housing development are vacant parcels. Staff and the consultant team will show the Planning Commission the locations of the identified housing sites at the Study Session.

F) Public Outreach

Public Outreach for this project includes a new [Housing Element Update website](#) on the Planning Division's webpage, an [online housing needs survey](#) (available in English and [Spanish](#)), individual interviews with 15 stakeholder groups in the City and region, and two community workshops that will be held in the next two months. In February 2021, the City issued a press release for the Housing Element Update, and has been periodically publishing posts on the City's social media platforms. As a result, as of March 24th, a total of 259 completed online survey responses have been received (and continue to be received). The online survey will close on April 23, 2021.

The stakeholder groups are the following:

1. Redlands Unified School District
2. San Bernardino County - Homeless Partnership Interagency Council on Homelessness
3. Redlands Area Interfaith Council
4. Northside Redlands Visioning Committee
5. Family Services Association of Redlands
6. Inland Valley Association of Realtors
7. Building Industry Association
8. Inland Housing Solutions
9. Inland SoCal United Way
10. University of Redlands
11. Redlands Chamber of Commerce
12. Inland Fair Housing and Mediation Board
13. Housing Authority of County of San Bernardino County-- Redlands Affordable Housing Office,
14. California Department of AMVETS

15. Plymouth Village.

Interviews have been conducted with 10 of the 15 stakeholder groups. The city's consultant is leading the interview effort and will continue to pursue opportunities to speak with the remainder of the stakeholder groups.

Staff plans to hold virtual community workshops on April 26 and May 13, 2021, in the evening hours so that it will be most convenient for most residents and other interested persons to participate. Staff will utilize a newspaper display advertisement, social media posts, as well as the City's TV channel to promote the community meetings. The pandemic and restrictions on gathering pose limitations on how public outreach can occur.

G) Project Schedule

The project schedule is as follows:

Months	Tasks
February – April	Public outreach through online housing needs survey and stakeholder interviews
March	RHNA site inventory completed
April 13	Planning Commission study session
April 26	First community meeting
May 13	Second community meeting
End of May	Admin. Draft available for staff internal review
June	Joint PC/CC study session or CC study session (TBD), staff and consultant work on preparing the Draft Housing Element
July	Submit Draft Housing Element to HCD for review prior to local adoption
September	City staff receives comments from the HCD
October – November	Planning Commission and City Council hearings to adopt the 2021-2029 Housing Element

HCD recommends that each jurisdiction submit its draft Housing Element for review prior to local adoption. While staff is committed to the project schedule above, it should be noted that there are uncertainties involved with HCD review, and it is not uncommon for jurisdictions to undergo multiple rounds of reviews with the HCD (and revisions may be required prior to re-submittal). Nevertheless, with the assistance and experience of our consultant team, and by staying afresh with the latest State laws on housing policies in addition to being conservative on the RHNA site selections, staff is hopeful for a smooth process.

ENVIRONMENTAL REVIEW

The City's consultant will be preparing the environmental review for the Housing Element Update in the next few months.

RECOMMENDATION

Staff and the city's consultant seeks input from the Planning Commission on the Housing Element Update.

MOTION

No motion is required for this item.
