

*“Placerville, a Unique Historical Past Forging into a Golden Future “*

**City Manager’s Report**  
**July 12, 2016 City Council Meeting**  
**Prepared By: Andrew Painter, City Planner**  
**Item#: 10.1**



**Subject:** (1) Introduce an Ordinance Amending Title 10, Chapter 5 of the City Municipal Code, adding Section 24: Housing Opportunity Overlay Zone (HO) (Zone Change 2016-01); and (2) Waive the first reading of said Ordinance.

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**Discussion:** The purpose and intent of the Housing Opportunity (HO) Overlay Zone is to establish language text within the City’s Zoning Ordinance that is needed to help achieve the residential housing objectives of the Housing Element of the General Plan. These objectives include encouraging new multi-family residential development that includes housing for persons with disabilities, housing for persons with developmental disabilities, housing that supports aging in place, and affordable housing.

Upon adoption of the HO Overlay Zone, staff would then begin the process of evaluating potential parcels for the HO Overlay Zone to be applied to. This process would partially implement Program 3 of the 2013-2021 Housing Element (Cycle 5). Program 3 requires the City to rezone land in order to provide an inventory of land capable and suitable for residential development for low-income and very low-income households, consistent with State law and the City’s Regional Housing Need Allocation (RHNA).

Formal designation of any property to the HO Overlay Zone would involve amendment to the City Zoning Map, along with amendments to the General Plan Land Use and Housing Elements, and environmental review required under the California Environmental Quality Act. The process would include public hearings before the Planning Commission and City Council for approval. The request before you is to amend the text of the Zoning Ordinance only.

Full text of the draft HO Overlay Zone Ordinance, including amendments made to the draft as a result of public comment and Planning Commission review, is provided as **Attachment A**.

**Ordinance Provisions:** The Overlay Zone would allow development on a parcel that has the HO Overlay Zone either in the manner provided under the Ordinance or the manner provided in the base (underlying) zone, but not both. Once the parcel has developed in the manner provided in the base zone, the property owner would relinquish the right to redevelop the land using the HO Overlay Zone provisions. The HO Overlay Zone would therefore offer property owners increased flexibility for the future development of their properties.

Residential development provisions within the HO Overlay Zone would establish a minimum density of twenty (20) dwelling units per acre and a maximum density of twenty-four (24) dwelling units per acre. This minimum and maximum density matches the density of the R-5 (Very High Density Multi-Family Residential Zone). Qualifying housing developments under the HO Overlay Zone would be permitted by-right, therefore not requiring a use permit, planned development plan, or other discretionary action for the use or density of the development sites.

Affordability provisions include requiring that a minimum of fifty percent (50%) of all housing must be made affordable to the very low and low household income categories. Of this fifty percent (50%), thirty percent (30%) of the total units in the development must be affordable for very low-income households, with twenty percent (20%) for low-income households. Federal guidelines define the low and very-low levels of income based on family income. The low income category is 51-80 percent of the City's median income. The very-low income category is 31-50 percent of the City's median income. Households with incomes below the very-low category would qualify under the very-low income. According to the U.S. Census and the City's Housing Element, the median household income for Placerville in 2012 was \$52,216.

To ensure the continued availability of the affordable housing units to these lower income households, legal commitments mandating their affordability by income would be required for a minimum of thirty (30) years.

Incentives would be offered for the construction of affordable housing where one of the following could be selected: construction and impact fee deferments until project completion or occupancy; payment of construction and impact fees over twelve (12) months or more after project completion; and, the reduction of City generated fees for specific facilities or services when the applicant can show a connection between the lower fee and lower facility/service demand from project residents.

**Background:** The City's current Housing Element (2013-2021 Housing Element) was adopted in February 2014. As required by State housing law, the Housing Element identified an inventory of many opportunity sites (potential) sites which could accommodate the City's Regional Housing Needs Allocation (RHNA). The RHNA identifies the number of new housing units, at various income levels, with the region needed to accommodate future population growth expected over a given planning period. These units do not have to be built over the eight year planning period (2013-2021) of the Housing Element, only that there needs to be in place zoning to accommodate their development. The number of new housing units allocated to the City for this planning period is 372 as shown in **Table 1**. The City has an unmet need of 133 housing units for the Low, Very Low and Extremely Low income categories.

Program 3 contained within the Housing Element called for the rezoning of land to accommodate land inventory to support the unmet need of 239 units for lower-income households. This unmet need total includes 106 units that were not inventoried for the 2008-2013 Housing Element, and 133 units that must be inventoried to support lower-income households for the 2013-2021 Housing Element planning period.

City Council adopted Resolution 8174 on February 25, 2014 that authorized staff to initiate amendments to the City of Placerville Zoning Map, the City of Placerville General Plan Land Use Map if necessary, and to rezone twelve or more acres to implement General Plan 2013-2021 Housing Element Program 3.

The City of Placerville was notified in a March 19, 2015 letter by the Department of Housing and Community Development, Division of Housing Policy Development (HCD) that the City's 5<sup>th</sup> Cycle no longer complies with State housing law. Required rezoning of sites to accommodate 106 lower income units representing the housing need not met over the 4<sup>th</sup> Cycle Housing

Element (2008-2013) update was not completed by the October 31, 2014 due date under State housing law.

**Table 1. RHNA Allocations by Income Category for Placerville, October 31, 2013 to October 31, 2021**

Income Category	RHNA Allocation	
	Number	Percent
Extremely Low	39	10.5 %
Very Low	39	10.5 %
Low	55	14.8 %
Moderate	69	18.5 %
Above Moderate	170	45.7 %
Total	372	100%

Source: Sacramento Area Council Governments, Regional Housing Needs Plan. (November 2012)

On June 21, 2016, the Planning Commission conducted a public hearing to consider public comment then made a recommendation that the City Council should adopt the proposed HO Overlay Zone Ordinance. **Attachment 3** contains the Planning Commission staff report and exhibits.

**Environmental Document:** Staff has determined, and the Planning Commission has recommended to the City Council, that this Ordinance is not subject to the California Environmental Quality Act (CEQA) Guidelines. Under the CEQA Guidelines, CEQA only applies to projects which have the potential for causing a significant effect on the environment. Per Section 15061(b)(3) of the CEQA Guidelines, the general rule, where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment the activity is not subject to CEQA.

**Public Notice and Comment:** Public notice was posted for the Planning Commission and the City Council public hearings. One written comment was received from Larry D. Parker, dated June 14, 2016. It is provided as Attachment B.

**Options:** The following are alternatives open to the City Council:

1. Amend the ordinance, then introduce and waive the first reading;
2. Table discussion of the ordinance and provide direction to staff to revise the ordinance for consideration by the City Council;
3. Do not introduce and/or adopt the ordinance.

**Cost:** Negligible upfront costs associated with generating copies of the document for Council consideration, public notice mailing, Mountain Democrat public notice and codifying publications.

**Budget Impact:** The cost of staff time associated with the implementation of this ordinance is absorbed by the Development Services' existing operating budget.

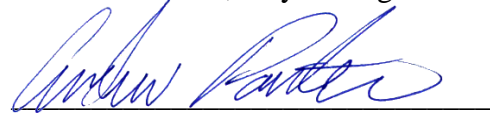
**Recommendation:** (1) Introduce an Ordinance Amending Title 10, Chapter 5 of the City Municipal Code, adding Section 24: Housing Opportunity Overlay Zone (HO) (Zone Change 2016-01); and (2) Waive the first reading of said Ordinance.



M. Cleve Morris, City Manager



Pierre Rivas, Development Services Director



Andrew Painter, City Planner

Attachments:

1. Draft Ordinance – Housing Opportunity Overlay Zone
2. Public Comment dated June 14, 2016 from Larry D. Parker
3. June 21, 2016, Staff Report for Zone Change 16-01 to Planning Commission