

The City of Carlsbad Housing & Neighborhood Services
**A REPORT TO THE HOUSING
COMMISSION**

Staff: Scott Donnell
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Item No. 1

DATE: September 22, 2016

SUBJECT: 2017 Housing Element Update Workshop

I. RECOMMENDATION

The purpose of this meeting is to provide information to and receive input from the community and Housing Commissioners. Therefore, no recommendation is proposed as staff is not requesting the Housing Commission take action at this time.

II. BACKGROUND AND DISCUSSION

A. Overview

The city is updating its Housing Element, one of seven state-mandated elements of the General Plan. To publicly begin the update, staff has scheduled this workshop before the Housing Commission. The purpose of the workshop is to discuss the proposed update and housing program progress and to seek input from housing stakeholders, the public and commissioners. Accordingly, no action is requested of the Housing Commission.

Over the next several months, the city will hold other meetings on the 2017 Housing Element Update, including hearings to consider its adoption, which are planned in early 2017. Adoption will require hearings before the Housing Commission, Planning Commission, and City Council.

The current Housing Element was approved as part of the General Plan in September 2015. Although the Housing Element provides an eight-year housing plan for the planning period 2013-2021, state law (SB 575, Steinberg) requires the city to develop a mid-planning period (four-year) Housing Element Update. Thus, the current element provides the housing plan for the first half of the planning period, or through April 29, 2017. The proposed update will provide the housing plan for the second half of the planning period, or from April 30, 2017 through April 29, 2021.

At the workshop, staff will overview the housing element process, discuss changes contemplated for the draft update, review programs and policies, and report on the city's accomplishments, including its performance in meeting the Regional Housing Needs Assessment (RHNA), a significant requirement of state housing law. This staff report is intended to support the information that will be presented.

Furthermore, as required by current Housing Element Program 3.18, the city has specifically invited to the workshop housing stakeholders, such as service providers and developers, as well

as other interested parties to gain their input on housing development, policy, and issues in Carlsbad.

After the workshop and considering any testimony given, the city will release the draft 2017 Housing Element Update document for public review. Staff anticipates the document will be available the week of October 3. The city will post the Housing Element on its website and at various city facilities, such as the libraries.

B. Background

The Housing Element is designed to provide the city with a coordinated and comprehensive strategy for promoting the production of safe, decent, and affordable housing within the community. A priority of both state and local governments, Government Code Section 65580 states the intent of creating housing elements:

The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian family is a priority of the highest order.

Per state law, the Housing Element has two main purposes:

1. To provide an assessment of both current and future housing needs and constraints in meeting these needs; and
2. To provide a strategy that establishes housing goals, policies, and programs.

As noted, the Housing Element provides an eight-year housing plan (April 30, 2013 – April 29, 2021), which differs from the city's other General Plan elements that cover a much longer period. The Housing Element serves as an integrated part of the General Plan, but is updated more frequently to ensure its relevancy and accuracy. It also requires review by the California Department of Housing and Community Development (HCD) for a finding of compliance with statewide Housing Element law.

The Housing Element identifies strategies and programs that focus on:

1. Conserving and improving existing affordable housing;
2. Maximizing housing opportunities throughout the community;
3. Assisting in the provision of affordable housing;
4. Removing governmental and other constraints to housing investment; and
5. Promoting fair and equal housing opportunities.

The current Housing Element has the following major components:

- An introduction to review the requirements of the Housing Element, public participation process, and data sources (Section 10.1);
- A profile and analysis of the city's demographics, housing characteristics, and existing and future housing needs (Section 10.2);
- A review of resources available to facilitate and encourage the production and maintenance of housing, including land available for new construction, financial and

administrative resources available for housing, and opportunities for energy conservation (Section 10.3);

- An analysis of constraints on housing production and maintenance, including market, governmental, and environmental limitations to meeting the city's identified needs (Section 10.4);
- An evaluation of accomplishments under the previous and current 2005-2010 Housing Element (Section 10.5); and
- A statement of the Housing Plan to address the city's identified housing needs, including an assessment of past accomplishments, and a formulation of housing goals, policies, and programs (Sections 10.6 and 10.7).

The current Housing Element is provided as an attachment to this staff report. The element includes a series of appendices that provide additional documentation. Appendix A supports the assessment of the 2005-2010 Housing Element synthesized in Section 10.5. Appendix B describes the sites inventory introduced in Section 10.3.

C. 2017 Housing Element Update

1. Schedule

The Housing Element review and approval process is lengthy and requires state review and certification. Public input is expected and encouraged. Following is a tentative schedule:

- Housing Commission workshop – September 22
- Draft Housing Element posted for public review – early October
- City Council meeting to seek authorization to submit draft Housing Element to state Department of Housing and Community Development (HCD) – late October
- HCD 60-day review – November through December
- Revised Housing Element posted for public review and adoption hearings – early 2017
- Housing Commission adoption hearing – early 2017
- Planning Commission adoption hearing – early 2017
- City Council adoption hearing – early 2017
- Deadline to submit adopted Housing Element to HCD – April 30, 2017
- HCD 90-day review – May through July 2017

2. Contemplated Revisions

Overall, staff does not anticipate the 2017 Housing Element Update will result in any significant changes to the current Housing Element. Organization, contents, and the programs and objectives that make up the Housing Plan will largely remain the same. This is primarily because the current General Plan and Housing Element were adopted just over a year ago and remain largely relevant and effective.

A summary of changes expected to each Housing Element section and its appendices follows. The summary helps underscore that the proposed element is truly more an update than comprehensive overhaul.

- Section 10.1 (Introduction) – Before the city adopts the 2017 Housing Element Update, it needs to address new state laws; these laws will be identified; also, a new section is proposed to describe the public participation (e.g., this workshop) and review process planned for this update.
- Section 10.2 (Housing Needs Assessment) - The significant amount of demographic information in this section, based on the Census, the American Community Survey and various state and local sources, is generally a few to several years old and will be updated; other information, such as homeless counts and a list of homeless shelters and services providers, also will be revised.
- Section 10.3 (Resources Available) – As with Section 10.2, some information is outdated and will be revised to reflect new projects and improvements. This section also identifies how the city, through recently constructed and approved projects and available vacant land, complies with its RHNA growth estimates;
- Section 10.4 (Constraints and Mitigating Opportunities) – Again, revisions are primarily proposed to update facts and figures, such as the cost for vacant residential property in Carlsbad and the city’s development fee schedule, and clarify and expand existing text;
- Section 10.5 (Review of Previous Housing Element) – Revisions are planned to focus on the city’s progress toward its RHNA as well as updates on efforts to preserve housing. More information on RHNA is provided below.
- Section 10.6 (Housing Plan) and Section 10.7 (Goals, Policies, and Programs) – These two sections form the Housing Plan. Primarily, changes planned are updates and clarifications, which demonstrates the Housing Plan remains effective. However, one program (Program 1.5: Preservation of At-Risk Housing) will be recommended for deletion in the draft Housing Element Update document since it is no longer necessary. Please see further discussion below.
- Appendix A (2005-2010 Accomplishments) – This appendix reviews the city’s accomplishments toward the Housing Plan contained in the 2005-2010 Housing Element (the element prior to the current, 2013-2017 Housing Element). Staff has already revised this appendix with a review of accomplishments from 2013-2015, or the first three, complete years of the current Housing Element. The revised Appendix A is attached to this report as Attachment 1.
- Appendix B (Sites Inventory Supporting Documentation) – This appendix comprehensively identifies vacant and underutilized parcels available for lower, moderate, and above moderate-income housing development. Appendix B will be updated through April 30, 2016; current appendix data was prepared in 2013 and adjusted in September 2015 with adoption of the General Plan and corresponding land use changes.

The changes described above will appear in the draft Housing Element document to be released next month.

3. RHNA

The Regional Housing Needs Assessment developed by the state and allocated by SANDAG is expressed as the numbers of housing units needed to accommodate estimated growth over an 11-year period (January 1, 2010 through December 31, 2020) and for all economic segments.

As reported in the current element, the City of Carlsbad's share of the RHNA is 4,999 units, which is about 3 percent of the overall regional housing need for the county. While RHNA does not obligate jurisdictions to build housing, it does require local governments to demonstrate availability of residential sites at appropriate densities and development standards to accommodate these units. Further, a city must show it can accommodate the units according to the following income distribution:

- Very Low Income: 912 units (18 percent)
- Low Income: 693 units (14 percent)
- Moderate Income: 1,062 units (21 percent)
- Above Moderate Income: 2,332 units (47 percent)

Generally, the state considers vacant and underutilized land zoned for multi-family housing at densities of 20-30 units per acre or more as appropriate for development of housing affordable to lower income families. (Underutilized sites refer to properties whose residential capacity is not fully realized, such as an older home on a lot designated for apartments.) Therefore, the city must prove it has sufficient high density land to accommodate over 1,600 units of very low and low income housing based on the RHNA above. Some constructed units, typically those that are income restricted and required due to the city's Inclusionary Housing Ordinance, also can help fulfill RHNA.

Current Housing Element Table 10-30 in Section 10.3 demonstrates the city's compliance with RHNA for the 2013-2017 housing plan period. City staff projects Carlsbad will continue to meet its RHNA obligations in the second half of the planning period as well. This is demonstrated in a draft revision of Table 10-30 below. This revised table is based on recently approved and constructed projects and an inventory of vacant and underutilized land through April 30, 2016 (and expressed as dwelling units of capacity). Note that the deficit in moderate-income residential capacity can be fulfilled by the surplus in very low and low-income sites.

Draft Table 10-30: Adequacy of Sites in Meeting RHNA, by Household Income

SITE TYPE	VERY LOW	LOW	MODERATE	ABOVE MODERATE	TOTAL
Development Projects	46	319	182	2,098	2,645
Vacant Land Capacity	112	376	580	880	1,948
Underutilized Land Capacity	1,070	93	209	377	1,749
TOTAL (d.u.)	1,228	788	971	3,355	6,342
RHNA	912	693	1,062	2,332	4,999
Surplus/Deficit	316	95	(91)	1,023	1,343

4. Programs and Policies

Goal 10-G.1 of the current Housing Element, listed at the beginning of Section 10.7, states, “Carlsbad’s existing housing stock preserved, rehabilitated, and improved with special attention to housing affordable to lower-income households.” Housing Program 1.5 helps implement this goal by focusing on the preservation of at-risk housing. At-risk housing can include apartments subject to losing their affordability restrictions and converting to market rate rents. Table 10-21 in Section 10.2 inventories assisted rental housing projects in Carlsbad presently affordable to lower income families, with affordability assured pursuant to the city’s Inclusionary Housing Ordinance or other requirement. As the table shows, the affordability restrictions for all but one of these projects is guaranteed through at least the year 2051, enabling the majority of Carlsbad’s affordable rental stock to be in compliance with this goal.

However, Santa Fe Ranch, an apartment project near Stagecoach Park with 64 low-income units, is noted in text accompanying Table 10-21 as being “at risk.” This project was approved prior to the effective date of the city’s Inclusionary Housing Ordinance and thus was not subject to affordability restrictions. In 2016, this project converted to market rate upon repayment of tax-exempt bonds, which the city issued in exchange for the affordability restrictions. While the city was unsuccessful in preserving the Santa Fe Ranch affordable housing (the owner had the option to pay off the bonds at any time and without notice to the city), it was able to assist in the rent negotiations for 26 of the 64 households affected so that these households could remain despite the rent increases.

As there are no other affordable housing projects in danger of converting, Program 1.5 is recommended for deletion.

5. Accomplishments

Despite the loss of affordable rental units at Santa Fe Ranch, Carlsbad's housing programs, such as its inclusionary housing ordinance, continue to assist in the production of housing affordable to all economic segments. Housing highlights from 2013 through April 30 of this year include the following:

- Since passage of the Inclusionary Housing Ordinance in 1991, nearly 2,500 affordable units have been developed in Carlsbad. Projects contributing to the city's affordable housing stock and completed since 2013 include Tavarua (50 units) and Costa Pointe (nine units).
- In addition to those units already completed, the construction of additional affordable housing will continue. Approved, but not yet built affordable projects include 101 senior restricted, low-income units and 56 moderate income units approved in 2015, both to be built at Robertson Ranch. In addition, 64 low income apartments were approved for construction at the Preserve (formerly Quarry Creek) in March 2016.
- Catholic Charities completed a 50-70 bed expansion of La Posada de Guadalupe, an existing 50-bed facility for farmworkers in 2013. A Community Development Block Grant and a \$2 million grant from the city's Agricultural Conversion Mitigation Fund helped fund the project. Additionally, the city's funding grant stipulated that the farmworker portion of the shelter expansion be converted to accommodate homeless persons, including families, should agriculture in Carlsbad ever diminish to the point that farmworker housing is unnecessary.
- Following a two-year trial period beginning in 2013, the ability to defer specified development impact fees was made a permanent developer option in 2015. This option can be an economic stimulator as it offers builders flexibility in how and when certain fees are paid.
- Through development projects and vacant and underutilized parcels, the city continues to provide adequate housing sites at appropriate densities and for all economic segments consistent with its RHNA.

IV. ATTACHMENTS

1. Draft Housing Element Appendix A: 2013-2015 Accomplishments
2. Current General Plan Housing Element for 2013-2017