

Capitola City Council

Agenda Report



Meeting: October 12, 2023
From: Community Development Department
Subject: Housing Element Update

Recommended Action: Accept presentation and direct staff to incorporate Planning Commission and the California Department of Housing and Community Development recommendations into the Draft Housing Element update in preparation for adoption hearings.

Background: In accordance with applicable State housing law, local jurisdictions are legally required to adopt plans and programs for housing that provide opportunities for, and do not unduly constrain, housing development. The Housing Element, which is one of seven State-mandated components of the City's General Plan, is a mechanism by which the State requires local jurisdictions to provide a variety of housing options and strive toward reaching regional housing needs. The Housing Element should also maintain civic and local responsibility toward economic, environmental, and fiscal factors and community goals stated within adopted General Plan documents.

Housing Elements are required to be updated every eight years. The City's current Housing Element was adopted by the Capitola City Council in 2015 and certified by the State of California in 2016 and will be in effect through December 2023. The City is required by law to update the Housing Element for the 2023-2031 planning period (also known as the sixth cycle) and have the updated Housing Element adopted and sent to the California Department of Housing and Community Development (HCD) for certification by December 15, 2023.

On May 12, 2022, the City Council authorized an agreement with RRM Design Group (RRM) for the preparation of the 2023-2031 Housing Element. Staff has worked with RRM to assess existing and projected housing needs, review the existing Housing Element, and commence work on the updated Housing Element.

Pursuant to applicable State housing law, the City solicited public input from all segments of the community in the preparation of the Housing Element. This included stakeholder meetings (November 2022), two community workshops (February 16, 2023 and May 16, 2023), an online housing survey (November 2022 – March 2023), Planning Commission meetings (February 2, May 4, and June 1), City Council meetings (February 9 and June 8), and a joint Planning Commission and City Council work session (March 16, 2023). Each of the public meetings provided an opportunity for public comment.

On May 10, 2023, a draft of the Housing Element was published for public review. Following the thirty-day publishing period (during which the draft Housing Element was mentioned during a Planning Commission meeting and a City Council meeting), the initially published draft was updated to incorporate additional information as requested during the public review period.

On July 5, 2023, Capitola's Housing Element was submitted to the State of California Department of Housing and Community Development (HCD), initiating the required 90-day review process. Since submission to HCD, staff has received two rounds of preliminary comments from the State. In response to each round of comments, the Housing Element was updated, republished for public review, and resubmitted to HCD (August 29, 2023, and September 19, 2023).

On October 3, 2023, final comments from the HCD were received (Attachment 1). The letter included requests for additional information and incorporating new strategies that go beyond AB9 and ADU laws to create additional housing mobility opportunities within single-family neighborhoods. In response to the request, the housing element consultant team is suggesting a program to allow duplexes on corner lots

in single-family neighborhoods. This program has been accepted by HCD in other jurisdictions with certified Housing Elements.

On October 5, 2023, the Planning Commission received an update on the Housing Element and directed staff to incorporate HCD recommendations as well as edits to state lands, the shopping center program, and community benefits incentives program into the draft and prepare the document for adoption hearings. The Commission recommended adding a new program to work with State during the 6th Cycle to initiate discussions and possible planning for housing opportunities on state lands including the DMV site and New Brighton State Park. They also asked staff to modify the shopping center program and community benefits incentives program to ensure deliverables are based on the outcome of the current mall redevelopment land use study. A special Planning Commission meeting is scheduled for October 19, 2023, for review and formal recommendation on the Housing Element.

Discussion: The purpose of this agenda item is to provide the City Council with an update on the HCD review of the Housing Element review.

The latest draft, published on September 19, 2023, is available in hard copy at Capitola City Hall and the Capitola Library. The Housing Element is also available at the City's website at the link below: https://www.cityofcapitola.org/sites/default/files/fileattachments/community_development/page/21944/capitola_he_hcd_draft_september_19-2023_with_appendices-rev1.pdf.

Revisions to HCD's first response can be found in blue font. Revisions to HCD's second response can be found in blue font with yellow highlight.

As mentioned above, City staff received two rounds of comments and attended two meetings with HCD during the 90-day review period. The HCD comments varied from minor edits and requests for additional information, to requiring greater commitments to programs, adding new programs, and modifying the sites inventory. With regards to the sites inventory, the City received comments from HCD and the public related to overreliance on the mall site, distribution of sites City-wide, and no net loss. The City's experienced Housing Element team, comprised of RRM Design and Veronica Tam & Associates, worked diligently to address all HCD comments, publish updates in compliance with the required 7-day minimum public review period, and resubmit to HCD. Typically, staff would bring each round of modification to the Planning Commission and City Council for review, but in an effort to comply with the required December 15th deadline for submitting an adopted Housing Element and avoid the state penalizations for not doing so, all modifications were made at a staff level to stay on schedule. Attachment 2 is a list of modifications completed during the 90-day review period.

The following identifies the next steps for the Housing Element update.

<u>Next Steps</u>	<u>Date</u>
Receive final HCD Comments from 90-day review	October 3, 2023
Planning Commission Update on HCD review	October 5, 2023
City Council Update on HCD review	October 12, 2023
Conduct Planning Commission and City Council adoption hearing	October/November 2023
Submit Housing Element to HCD for Certification	Prior to December 15, 2023

CEQA: The housing consultant is currently drafting the CEQA documents for public hearings.

Fiscal Impact: There is no fiscal impact associated with this update.

Attachments:

1. HCD Comment Letter October , 2023
2. Summary of Modifications from HCD 90-day review period

Report Prepared By: Katie Herlihy, Community Development Director

Reviewed By: Julia Gautho, City Clerk; Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager