

**RESOLUTION NO.**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF CAPITOLA RECOMMENDING THAT THE CITY COUNCIL ADOPT AN ADDENDUM TO THE GENERAL PLAN UPDATE ENVIRONMENTAL IMPACT REPORT AND ADOPT A GENERAL PLAN AMENDMENT REPLACING THE 2015-2023 HOUSING ELEMENT WITH AN UPDATED 2023-2031 HOUSING ELEMENT, INCLUDING POLICIES AND PROGRAMS AFFIRMATIVELY FURTHERING FAIR HOUSING**

WHEREAS, the California legislature has found that “California has a housing supply and affordability crisis of historic proportions. The consequences of failing to effectively and aggressively confront this crisis are hurting millions of Californians, robbing future generations of the chance to call California home, stifling economic opportunities for workers and businesses, worsening poverty and homelessness, and undermining the state’s environmental and climate objectives.” (Gov. Code Section 65589.5.); and

WHEREAS, the legislature has further found that “Among the consequences of those actions are discrimination against low-income and minority households, lack of housing to support employment growth, imbalance in jobs and housing, reduced mobility, urban sprawl, excessive commuting, and air quality deterioration.” (Gov. Code Section 65589.5.); and

WHEREAS, the legislature adopted the Housing Crisis Act of 2019 (SB 330) which states that “California needs an estimated 180,000 additional homes annually to keep up with population growth, and the Governor has called for 3.5 million new homes to be built over 7 years”; and

WHEREAS, State Housing Element Law (Government Code Sections 65580 et seq.) requires that the City Council adopt a Housing Element for the eight-year period 2023-2031 to accommodate the City of Capitola’s (City’s) regional housing need allocation (RHNA) of 1336 housing units, comprised of 430 very-low income units, 282 low-income units, 169 moderate-income units, and 455 above moderate-income units; and

WHEREAS, to comply with State Housing Element Law, the City has prepared the Capitola 2023-2031 Housing Element (the Housing Element); and

WHEREAS, as provided in Government Code Section 65350 et. seq., the Housing Element constitutes a General Plan Amendment; and

WHEREAS, as provided in Government Code Section 65352.3, the City contacted California Native American tribes on the contact list provided by the Native American Heritage Commission and informed them of the opportunity for consultation under SB 18; and

WHEREAS, no California Native American tribe requested consultation; and

WHEREAS, as provided in Government Code Section 65352, the City referred the Housing Element to appropriate agencies;

WHEREAS, the City has prepared the Housing Element in accordance with State Housing Element Law; and

WHEREAS, State law requires that the City take meaningful steps to promote and affirmatively further fair housing (Gov. Code Section 65583(c)(5)); and

WHEREAS, the Housing Element must be adopted to comply with State law, accommodate the RHNA, affirmatively further fair housing, and facilitate and encourage a variety of housing types for all income levels, including multifamily housing (Gov. Code Sections 65583.2 and 65583(c)); and

WHEREAS, the preparation, adoption, and implementation of the Housing Element requires a diligent effort to include all economic segments of the community; and

WHEREAS, the City conducted an extensive community outreach program including an conducting an online housing needs survey from November 2022 through March 2023, conducting stakeholder interviews in November 2022, engaging the development community and housing advocates, facilitating community workshops on February 16, 2023 and May 16, 2023, and holding study sessions with the Planning Commission and City Council on February 2, 2023, February 9, 2023, and March 16, 2023; and

WHEREAS, staff published a draft Housing Element on May 10, 2023, for a 30-day public review and comment period. During the public review and comment period, the draft was presented during a virtual community meeting on May 16, 2023, a Planning Commission meeting on June 1, 2023, and a City Council meeting on June 8, 2023; and

WHEREAS, staff received comments and made extensive revisions to the draft in response to public input; and

WHEREAS, in accordance with Government Code Section 65585(b), on July 5, 2023, the City submitted the draft Housing Element to the State Department of Housing and Community Development (HCD) for its review; and

WHEREAS, on July 26, 2023, the City met with HCD to review the draft Housing Element prior to HCD's issuance of its findings letter; and

WHEREAS, on August 29, 2023, the City posted the second draft of the Housing Element on its website, with redlined modifications for public review.

WHEREAS, on September 6, 2023 the City met with HCD to review the draft Housing Element prior to HCD's issuance of its findings letter; and

WHEREAS, on September 19, 2023, the City posted the third draft of the Housing Element on its website, with all additional modifications highlighted in yellow for public review; and

WHEREAS, on October 3, 2023, the City received a letter from HCD providing its findings regarding the draft Housing Element. The findings stated that while the draft Housing Element addressed many statutory requirements, revisions would be necessary to comply with State Housing Element Law (Article 10.6 of the Government Code); and

WHEREAS, on October 5, 2023, the City provided a briefing to the Planning Commission on HCD's findings, and on October 12, 2023 the City provided a briefing to the City Council on HCD's findings, including opportunities for public comment; and

WHEREAS, the City systematically analyzed HCD's findings and identified areas needing responses or revisions; and

WHEREAS, the City has responded to each of these issues and revised the Housing Element so that it substantially complies with all Government Code requirements; and

WHEREAS, the City notified all interested parties of the availability of the updated draft, the opportunity to provide comments, and the dates of upcoming public hearings; and

WHEREAS, the City provided notice of the October 19, 2023 Planning Commission special meeting as required by law; and

WHEREAS, a Planning Commission recommendation is required prior to City Council action; and

WHEREAS, on June 26, 2014 the City Council certified a Final Environmental Impact Report (SCH 2013072002) (FEIR) for the General Plan Update, adopting the Mitigation Monitoring and Reporting Program and Statement of Overriding Considerations; and

WHEREAS, an EIR Addendum (Addendum) to the FEIR has been prepared in accordance with Section 15162 of the California Environmental Quality Act (CEQA) Guidelines, which demonstrates that none of the conditions requiring preparation of a subsequent EIR or negative declaration have occurred, and that the changes that are part of the Housing Element update would not result in any significant impacts not considered under the original EIR; and

WHEREAS, on October 19, 2023, the Planning Commission conducted a duly and properly noticed public hearing to take public testimony and consider this Resolution regarding the Addendum and the proposed Housing Element, reviewed the Housing Element and all pertinent maps, documents and exhibits, including HCD's findings, the City's response to HCD's findings, the staff report and all attachments, and oral and written public comments.

NOW, THEREFORE, BE IT RESOLVED, that the Planning Commission hereby finds that, based on substantial evidence in the record:

1. The foregoing recitals are true and correct and are incorporated by reference into this action.
2. The Planning Commission has reviewed and considered the Addendum to the General Plan Update Environmental Impact Report for the Housing Element, and recommends that none of the conditions requiring preparation of a subsequent EIR or negative declaration have occurred, and that the changes that are part of the Housing Element update would not result in any significant impacts not considered under the original EIR.
3. Based on substantial evidence in the record, the Housing Element is consistent with state and local law, including the City of Capitola General Plan and municipal code.
4. Based on substantial evidence in the record, the non-vacant sites identified in the Housing Element site inventory to accommodate the RHNA do not constitute an impediment to planned residential development on the site during the planning period.

Section 65583.2(g)(2) of the Government Code requires that any jurisdiction relying on non-vacant sites to meet more than 50 percent of the RHNA for lower-income households must make findings that the existing use on the non-vacant site is not an impediment to residential development during the planning period. The findings must be made on substantial evidence that the existing use is likely to be discontinued during the planning period. The City has provided such substantial evidence in the Housing Element that the existing uses have already been or will be discontinued during the planning period. This is based on the physical characteristics, existing uses, redevelopment potential (including improvement to land value ratio, floor area ratio, and known developer interest), location and context, local knowledge, and environmental and infrastructure constraints.

The sites inventory analysis demonstrates that all of the selected sites represent the best opportunities to add significant numbers of units to the City's housing stock and possess the highest potential for becoming available for residential development over the 8-year planning period. Several non-vacant parcels selected to accommodate lower-income units where a property owner or developer has stated recent interest to the City in developing residential uses include:

- Six parcels along 41st Avenue
- 3720 Capitola Road
- 1404 38th Avenue
- 4148 and 4160 Clares Avenue
- 1098 38th Avenue
- 1840 41st Avenue
- 4243 Capitola Road
- Two sites at 4401 Capitola Road
- 4450 Capitola Road
- 1430 41st Avenue

The sites inventory analysis has also identified at least eight non-vacant parcels, selected to accommodate lower-income units, that already contain discontinued uses (which have a greater likelihood of being redeveloped with residential units):

- 1430 41st Avenue
- 1210 41st Avenue
- 3825 Clares Street
- 1098 38th Avenue
- Four sites at 911 Capitola Avenue

The sites inventory analysis has also identified approximately 23 non-vacant parcels selected to accommodate lower-income units which have the potential for lot consolidation based on adjacency with like properties. Further, sites with newer business or known long-term leases were not included, as they have a lower probability of redeveloping within the next housing cycle. The age of construction, potential for lot consolidation, vacancy rate, under-developed/under-utilized nature of the site, and owner interest where applicable indicate that reuse of these sites with housing or mixed use mixed-use development during the planning period is likely.

4. As required by Government Code Section 65585(e), the Planning Commission has considered the findings made by HCD in HCD's letter to the City dated October 3, 2023, as required by Government Code Section 65585(f). The City has revised the draft Housing Element to address each of the findings in the HCD letter. As such, the Housing Element now substantially complies with all requirements of State Housing Element Law as interpreted by HCD.

5. The Housing Element substantially complies with Housing Element Law, as provided in Government Code 65580 et seq. and contains all provisions required by State Housing Element Law.

6. The Planning Commission recommends that the City Council:

- a. Adopt the Addendum to the General Plan Update Final Environmental Impact Report as prepared in compliance with the California Environmental Quality Act, attached hereto as Exhibit "A", and direct the City Clerk to file or cause to be filed a Notice of Determination in compliance with State law.
- b. Repeal the 2015-2023 Housing Element in its entirety.
- c. Approve the Housing Element update in substantially the form attached hereto as Exhibit "B".
- d. Authorize the Community Development Director to submit the Housing Element and all supporting documentation to HCD no later than December 15, 2023, with a request for a compliance determination.
- e. Authorize the Community Development Director to make any non-substantive changes to the Housing Element that may be required by the State to achieve

certification or that may be necessary to ensure internal consistency with other planning documents.

- f. Authorize the Community Development Director to distribute and make available copies of the Housing Element in the manner provided in Government Code Sections 65357 (requiring that copies be provided to specific public entities and persons submitting comments, as well as made available to the general public) and 65589.7 (requiring that copies be submitted to water and sewer service providers).

ADOPTED by the Planning Commission of the City of Capitola, California, at a special meeting thereof this 19<sup>th</sup> day of October, 2023 by the following vote:

**AYES:**

**NAYS:**

**ABSTAIN:**

**ABSENT:**

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Chair

ATTEST:

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Katie Herlihy, Community Development Director