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APPROACH, WORK PROGRAM, AND ASSUMPTIONS

Proposal for City of Capitola Housing Element Update







APPROACH

The City of Capitola is poised to commence the preparation of the 6th Cycle Housing Element. The Association of Monterey Bay Area Governments (AMBAG) has estimated 1,336 dwelling units for Capitola in the 6th Cycle Regional Housing Needs Assessment (RHNA) numbers. In contrast, the previous 5th Cycle Housing Element addressed an RHNA of 143 units. Key challenges that must be navigated for successful Housing Element adoption include not only a substantially higher RHNA allocation but also strict site eligibility requirements focusing on development feasibility, an expanded assessment of fair housing conditions, and a fast-pasted changing housing legislation landscape.

In preparing this work program, we carefully reviewed the issued RFP, the existing Capitola Housing Element and General Plan, and other available City documents. Proposed tasks generally follow those outlined in the issued RFP, with City Council adoption of the updated Housing Element anticipated ahead of the statutory deadline of December 2023. We have tailored our proposed work program based on our knowledge of the project context and extensive experience preparing Housing Element updates. However, we are prepared to refine tasks as necessary to best satisfy City objectives, budget, and timeframes.

WORK PROGRAM

TASK 1: PROJECT ADMINISTRATION

PROJECT KICKOFF

RRM Design Group, with Veronica Tam Associates (VTA) and Morse Planning Group (MPG), will prepare for and conduct an initial kickoff meeting with City staff. This task is anticipated to be conducted as a conference call and includes the following topics:

- Identification of key project contacts and information exchange
- Review and refinement of project objectives, scope of work, and project timeline
- Discussion of issues to be focused on during the project
- Identification of optimal working relationships (such as turnaround times)
- Review and refinement of the public outreach strategy

Deliverables:

- Meeting agenda and list of data/material needs
- Meeting summary with project goals, objectives, and action items

PROJECT SCHEDULE

The RRM team will work with City staff to finalize a project schedule within ten working days after the kickoff meeting and include tasks and milestones for HCD certification of the Housing Element. The refined schedule will address the following:

- Planning Commission and City Council study sessions
- Community engagement opportunities
- Delivery of analysis, findings and recommendations for the inventory of the site
- Delivery of analysis, findings, and recommendations for the Housing Element Update
- Response to HCD reviews and City staff review times
- Delivery of draft and final draft Housing Element
- Planning Commission and City Council public hearings

Deliverables

- Refined final project schedule (project schedule may be modified during the project to account for possible changes in State law, which may affect project timing)

PROJECT MANAGEMENT

Project management and coordination include regular communication between the project manager and the City. The project manager will coordinate the overall project schedule. This task is intended to allow for necessary coordination between the project team members and city staff, including teleconferences, meetings, correspondence, record-keeping, electronic file management, and additional necessary coordination. This task includes the review of deliverables and coordination of strategy with VTA as needed.

Deliverables:

- Ongoing project management and coordination (assumes 4 hours per month over the course of 20 months)
- Meeting summaries with action items
- Maintain an internet-based folder for all project materials accessible to City staff and consultants (via MS Sharepoint or other another acceptable platform)

TASK 2: HOUSING ELEMENT UPDATE COMPONENTS

REVIEW OF EXISTING CONDITIONS AND NEEDS

The Capitola 2015-2023 Housing Element and General Plan will be evaluated to determine the revisions that must be made to comply with current state law and HCD requirements. This evaluation will be submitted as a written outline with recommended changes or annotated documents with areas for improvement, programs that should be considered, and any other relevant housing issues that might be included in this update. Obsolete sections shall be identified for removal. In collaboration with City staff, the consultant team will prepare an analysis of results from the 2015-2023 Housing Element's identified goals, policies, and programs and their cumulative effectiveness. The issued RFP suggests using HCD's streamlined update process; however, the State does not offer this type of review for 6th Cycle Housing Elements. This task will include a review of documents, data, and materials relevant to the Housing Element update:

- 2015 - 2023 Housing Element
- All past communication with HCD, including any findings letters
- Land Use Element
- General Plan
- Housing Element Annual Progress Reports
- Adopted and draft specific plans and zoning amendments
- Municipal code/zoning code
- Code enforcement data
- Consolidated Annual Performance and Evaluation Report (CAPER)
- 2013 - 2022 Annual Action Plans (AAP)

Deliverables:

- *Evaluation of the existing Housing Element, General Plan, Zoning Ordinance, and other supporting materials in comparison to current State housing law*

PUBLIC OUTREACH

To facilitate preliminary budgeting for the project, we have outlined a general approach for the Housing Element Update public outreach process to inform and seek input. The budget estimate assumes a combination of web conferencing and online engagement, considering COVID-19 constraints. This approach can be further refined with City staff to accommodate changes to local health protocols. The consultant team will consult with City staff to develop a tailored outreach approach that meets HCD requirements and engages the communities throughout the City. For the Housing Element update process, we recommend the following potential activities for outreach to yield constructive education and input:

- Online housing needs survey
- One (1) set of stakeholder meetings held over the course of one day
- Two (2) community meetings (via Zoom or another acceptable platform)
- One (1) joint City Council/Planning Commission study session

Over the course of the project, this task also includes the provision of materials for posting on the City's website, such as project scope, schedule, and completed products as they are developed. To support additional meetings, City staff may wish to conduct with decision makers or stakeholders. Briefing materials would be provided under this task. It is assumed City staff will be responsible for meeting notification, facilities (if any), and logistics. Public hearings with the Planning Commission and City Council are provided under Task 3.

Deliverables:

- *Refine public outreach plan with City staff and conduct agreed-upon activities*
- *Electronic copies of all branded outreach materials for distribution and communication/advertising purposes*

HOUSING ASSESSMENT AND NEEDS ANALYSIS

A housing assessment and needs analysis will be prepared pursuant to State housing law. The consultant team will obtain and analyze demographic, economic, infrastructure and housing data needed to complete this task. The housing assessment and needs analysis will contain the following topics to satisfy Government Code Section 65583(a) and Senate Bill 379 requirements:

- Population, demographics, income, and employment trends
- Housing cost, affordability, housing characteristics, housing stock, and market conditions
- Housing stock characteristics, including at-risk units and vacant and underutilized land
- Special housing needs (e.g., large families, female-headed households, seniors, homeless, people with disabilities, employee housing, etc.)
- Regional housing needs assessment data provided by AMBAG

Deliverables:

- *Draft housing assessment and needs analysis (in both PDF and Word format)*

HOUSING RESOURCES AND OPPORTUNITIES

In collaboration with City staff, including members of the Economic Development Division, the project team will identify housing resources, including available programmatic, physical and financial resources.

Deliverables:

- *Draft housing resources and opportunities analysis for integration into the Housing Element Update (in both PDF and Word format)*

HOUSING PRODUCTION CONSTRAINTS ANALYSIS

Potential governmental and non-governmental constraints to housing production will be identified, including environmental and infrastructural constraints. This analysis must contain a review of factors that may potentially constrain the development, improvement, and preservation of housing in Capitola. New housing element laws require the assessment of non-governmental constraints, including NIMBYism, lending practices, shortage of labor, and other economic factors. This work will include a review of existing city regulations, codes, and standards related to housing. Where constraints exist, strategies will be proposed to address them.

Deliverables:

- *Draft housing constraints analysis, formatted for integration into the Housing Element update (in both PDF and Word format)*

HOUSING SITES INVENTORY

AMBAG has estimated 1,336 dwelling units for Capitola in the 6th Cycle Regional Housing Needs Assessment (RHNA). The previous 5th Cycle Housing Element addressed an RHNA of 143 units. RRM will use the inventory of the current site as a starting point and work with the City to determine sites citywide that may be viable RHNA sites based on the following new State law requirements bulleted below:

- Conduct additional analysis for sites larger than one-half acre or smaller than 10 acres assumed to accommodate lower-income households
- Conduct additional analysis for underutilized sites
- Identify sites included in the past two housing element cycles that are now required to allow affordable housing by-right
- Identify if sites are publicly owned
- Indicate whether a site has available or planned and accessible infrastructure

RRM will update the site selection criteria to identify new sites and reevaluate sites identified for the 5th Cycle Housing Element land inventory. We will consider the General Plan policies and land use density range, zoning, available infrastructure, and opportunities within approved specific plans as part of the site selection process. We will formulate General Plan and zoning strategies that will address additional housing unit capacity.

- **Document potential sites** - RRM will prepare an inventory, map, and analysis clearly illustrating the City’s capacity to accommodate the 6th Cycle RHNA. In keeping with State law, we will document the realistic development capacity of each site and prepare a map showing all identified sites. The sites inventory will be compiled using the HCD template.
- **Housing development concepts for residential capacity** - In collaboration with City staff, RRM will analyze and prepare residential concepts to create greater housing options and density opportunities. These concepts are intended to illustrate development potential to inform decision-makers and the community at large. While such concepts are not identified in the issued RFP, we find them extremely useful in our work with other cities to support analysis, review, and discussion of potential residential intensification needed to meet raised RHNA requirements.
- **Investigate alternative RHNA credits** - This includes analyzing the capacity for alternative RHNA credits for accessory dwelling units, preservation of existing at-risk affordable housing projects, and other similar, nontraditional RHNA credit opportunities.
- **Underutilized sites analysis** - RRM will complete an analysis of nonvacant sites to address a portion of the RHNA. As part of this task, we will analyze the realistic development potential within the planning period by considering the extent to which a nonvacant site’s existing use impedes additional residential development, the jurisdiction’s past experience

converting existing uses to higher density residential development, market trends and conditions, and regulatory or other incentives or standards that encourage additional housing development on any nonvacant sites.

- **Analyze the feasibility of applicable densities to meet the lower-income RHNA** - Typically, this is done by reviewing similarly situated built projects in the vicinity, contacting local developers, and reviewing pro formas/development applications submitted to the City to infer development feasibility.
- **Infrastructure analysis** - With supporting GIS data provided by the City, we will work to determine if parcels included in the inventory have sufficient water, sewer, and dry utilities supply available and accessible to support housing development. This analysis is not required to be parcel specific. We will review existing General Plan programs or other mandatory programs or plans to secure sufficient water, sewer, and dry utilities supply to support housing development on the site.

Deliverables:

- *Draft summary of analysis findings (in Excel format)*
- *Final housing sites inventory using the HCD standard template*
- *Preparation of up to two (2) housing development concepts to illustrate potential residential capacity*

AFFIRMATIVELY FURTHERING FAIR HOUSING ANALYSIS

The RRM team will utilize data collected from HCD’s Affirmatively Furthering Fair Housing (AFFH) Data and Mapping Resources website to analyze current and historical federal, State, regional, and local AFFH data in assessing fair housing conditions, policies and programs pursuant to State law, Assembly Bill 686 (AB 686). State law defines “affirmatively furthering fair housing” to mean “taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free

from barriers that restrict access to opportunity” for persons of color, persons with disabilities, and other protected classes. Pursuant to AB 686, we will prepare an assessment of fair housing to the Housing Element, which includes the following components:

- Analysis of fair housing issues and assessment of the City’s fair housing enforcement and outreach capacity
- Analysis of segregation patterns and disparities in access to opportunities
- Consideration of local data and knowledge from local planners and city administrators, and city records and reports
- Assessment of contributing factors to fair housing issues
- Identification of fair housing goals, actions, metrics, and milestones

We will also work with City staff to determine if the sites identified in the inventory are located throughout the community in a manner that affirmatively furthers fair housing. In addition, RRM will seek support from City staff to identify past trends and local knowledge to incorporate into the AFFH analysis.

Deliverables:

- *Draft AFFH assessment, including associated GIS mapping, formatted for integration into the Housing Element Update (in both PDF and Word format)*

IMPLEMENTATION PROGRAM

A Housing Element implementation program will be formulated, inclusive of quantifiable objectives and programs, to address housing needs for all income levels, the elderly, veterans, and populations with disabilities, special needs or experiencing homelessness. This may also include establishing a rezoning plan to identify potential areas for rezoning if properties are needed to address an RHNA allocation shortfall.

Deliverables:

- *Draft implementation program formatted for integration into the Housing Element Update (in both PDF and Word format)*

GENERAL PLAN AMENDMENT

The project team will identify sections of the City’s General Plan that may need to be amended to be in compliance with State law.

Deliverables:

- *Brief memorandum summarizing recommended General Plan revisions*



TASK 3 HOUSING ELEMENT UPDATE REVIEW AND HCD COORDINATION

SCREENCHECK DRAFT AND PUBLIC REVIEW DRAFT

Integrating draft components developed under Task 2, The project team will prepare and submit a Screencheck Draft Housing Element to the City for review. The Screencheck Draft will be a complete draft and include all required components of a Housing Element pursuant to State law, including all tables, maps, and graphics. Following receipt of the single set of consolidated City comments, RRM will produce a Screencheck Draft document. City staff will review and provide a consolidated, redlined set of comments and changes to RRM for revision.

The Public Review Draft Housing Element will be prepared based on the City staff's comments on the Screencheck Draft. City staff will provide the project team with comments on the Screencheck Draft within 14 days for preparation of the Public Review Draft. City staff will provide a consolidated, redlined set of comments and changes to RRM for revision.

Deliverables:

- *Screencheck Draft Housing Element Update (one electronic copy and three hard copies)*
- *Public Review Draft Housing Element Update (one electronic copy and twelve hard copies)*

HCD COORDINATION

With support from VTA, RRM will serve as the City's liaison with HCD throughout the Housing Element Update process. The project team will support HCD communications and review, such as answering questions and resolving any issues that may arise during the review process, including:

- Pre-submittal consultation with HCD staff, as necessary, depending on any issues that arise during preparation of the Public Review Draft
- Submittal of Public Review Draft Housing Element to HCD, in accordance with State law (Assembly Bill 215)

- Preparation of changes to the Public Review Draft Housing Element required for HCD certification
- Submission of the Final Housing Element to HCD for review and certification

Deliverables:

- *Coordination with HCD staff, as described above*
- *Support up to three (3) rounds of HCD review*

FINAL HOUSING ELEMENT

Following the public review and comment period, the project team will prepare the final Housing Element in response to comments from HCD, responsible agencies, City staff, the Planning Commission, City Council, and the public.

Deliverables:

- *Final Public Review Draft of Housing Element in electronic format (PDF and Word) and twelve bound hard copies*

PUBLIC HEARINGS

The project team will support the City review and approval of the Housing Element Update and will virtually attend up to four public hearings. A revision matrix may be used between public hearings to track recommended document edits and changes. Final edits to the Housing Element Update resulting from the hearing process will be accommodated under this task.

Deliverables:

- *Prepare PowerPoint presentation for Planning Commission and City Council hearings and provide review of other hearing materials as requested*
- *RRM will virtually attend two (2) Planning Commission public hearing and two (2) City Council public hearing. If requested, the costs of additional or in-person hearing attendance would be on a mutually-agreeable per meeting cost*

TASK 4 ENVIRONMENTAL ANALYSIS

Morse Planning Group (MPG) will lead the environmental review and compliance task. As background, the City certified a Final Environmental Impact Report (FEIR) for the General Plan Update in March 2014 (General Plan Final EIR). It adopted a Negative Declaration for the 2014 - 2021 Housing Element in January 2014. The General Plan FEIR analyzed the following projected General Plan growth: 80 dwelling units, 280 new residents, and 1,200 new jobs. The Housing Element analyzed the 2015-2023 Regional Housing Needs Assessment (RHNA) numbers: 34 extremely low-/very low-income, 23 low-income, 26 moderate-income, and 60 above moderate-income; 143 total units.

AMBAG estimates 1,336 dwelling units for Capitola in the 6th Cycle RHNA numbers. The 2014 General Plan does not have sufficient projected capacity to accommodate the 6th cycle RHNA numbers.

ASSUMPTIONS

1. It is assumed that the CEQA document will tier off the City of Capitola General Plan Update Final EIR (General Plan EIR) and any relevant adopted CEQA documents. These CEQA documents allow for the use of information relative to the identified housing opportunity sites or sites identified for rezoning in the Housing Element Update and applicable mitigation measures.
2. No technical analyses are included as part of this scope of work for either option. If determined necessary, a separate scope and fee would be prepared.
3. Effective January 1, 2022, Assembly Bill (AB) 819 (Levine) requires electronic filing of specified environmental documents and notices to the Office of Planning and Research (OPR) by Lead Agencies. https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB819. This scope assumes City will be responsible for electronic filing of environmental documents and notices via CEQAnet.

ENVIRONMENTAL NOTICING AND OUTREACH

- **Native American Tribal Consultation Per SB 18 and/or AB 52** - MPG will prepare the Local Government Tribal Consultation List Request form for the City to contact the Native American Heritage Commission (NAHC) for a list of Native American tribes to consult with respect to SB 18 and/or AB 52. Upon receipt of the NAHC letter from the City, MPG will support the City by providing draft letters for City review and to be put on City letterhead. Upon receipt of the signed letters back from the City, MPG will transmit letters via email initiating the consultation process under SB 18 and/ or AB 52 18. It is assumed that City staff would meet with requested tribes in person or by phone. MPG would assist City staff in drafting a summary of the consultation process.
- **CEQA Notices** - MPG will prepare CEQA public notices required for the project for City review and signature: Negative Declaration, Notice of Intent to Adopt a Negative Declaration, and Notice of Determination. The City will be responsible for transmitting/ filing notices to the Santa Cruz County Clerk and documents and notices to the State Clearinghouse (SCH) online portal, as applicable. It is assumed that the City will be responsible for public noticing to comply with City requirements, such as posting notices or newspaper notices. This scope of work excludes payment of any California Department of Fish and Wildlife (CDFW) filing fees, if applicable. The City will be responsible for paying any fees for such filings.

DRAFT ENVIRONMENTAL ANALYSIS

This scope of work assumes preparation of a Negative Declaration for the 2024-2031 Housing Element, and other General Plan amendments identified to comply with State law.

- **Initial Study/Environmental Assessment** - MPG will prepare an Initial Study in accordance with CEQA, the CEQA Guidelines, and the City of Capitola’s CEQA Guidelines. The Initial Study will include detailed explanations of all checklist determinations, discussions of potential environmental impacts, and mitigation measures, if applicable. The Initial Study analysis shall be in accordance with all applicable sections of CEQA and the CEQA Guidelines. The environmental document will be presented with the following sections: Introduction, Project Description, Initial Study Checklist, Environmental Analysis, and Initial Study Determination. MPG’s approach to the document’s analysis portion is to provide thorough, detailed, and conclusive impact analysis. The topics to be reviewed include all topics included in the most current version of CEQA Guidelines Appendix G.
- **Administrative Draft Initial Study** - MPG will submit the Administrative Draft Initial Study for review and comment by City Staff. MPG will also submit a Second Administrative Draft Initial Study (“check copy”), which will incorporate one complete set of comments received from City staff.

FINAL ENVIRONMENTAL ANALYSIS AND ADOPTION

- **Public Review Draft Initial Study** - MPG will submit the Public Review Draft Initial Study to the City, which will be distributed for public review.
- **Response to Comments** - MPG will respond to written comments received on the Public Review Draft Initial Study during the public review period and prepare thorough, reasoned and sensitive responses to relevant environmental issues. MPG will prepare the Administrative Draft Responses to Comments for review and comment by City staff. MPG will submit one “check copy” of the final Responses to Comments document, which will incorporate one complete set of comments

received from City staff on the Administrative Draft Responses to Comments. For budgeting purposes, a maximum of 8 hours has been assumed for MPG to prepare the Responses to Comments. Should the comments be excessive and require more than the budgeted time, this task and associated costs would be revisited.

- **Adoption** - Following City Council approval of the CEQA document, MPG will prepare a final environmental document, which will consist of the revised Public Review Draft Initial Study text, as necessary to address the comments received during the public review period.

MEETINGS AND PUBLIC HEARINGS

- **Meetings** - MPG Staff will attend up to two meetings with City staff, including the kickoff meeting. This task assumes a budget of four hours per meeting for a total of eight hours.
- **Public Hearings** - MPG will attend up to four virtual public hearings, two each with the Capitola Planning Commission and City Council. This task assumes a budget of six hours per meeting for a total of 24 hours. The costs of additional or in-person hearing attendance would be on a time and materials basis if requested.

Deliverables:

- *One (1) electronic copy (Word and PDF) of Native American Consultation Letters*
- *One (1) electronic copy (Word and PDF) of Native American Consultation Summary*
- *One (1) electronic file (Word and PDF) of Administrative Draft IS/ND*
- *One (1) electronic file (Word and PDF) of “Check Copy” of Draft IS/ND*
- *One (1) electronic copy (Word and PDF) of Draft IS/ND*
- *One (1) electronic copy (Word and PDF) of Final IS and ND*
- *MPG assumes that the City will provide one set of consolidated City comments on draft work products*

WORK PROGRAM ASSUMPTIONS

- **City Data and Materials.** The City is responsible for providing city data and materials necessary for RRM to conduct required analysis in preparation for the Housing Element update. City resources may include records and information from various city departments/divisions, as well GIS parcel data from the City or County.
- **Meeting Notices.** RRM Design Group will provide website content to notice upcoming meetings and workshops. The City is responsible for printing and distributing physical meeting and workshop notices. The costs of providing printing and/or distribution of physical meeting and workshop notices would be on a time and materials basis if requested.
- **Meeting Attendance.** The project budget includes attendance at public meetings and workshops identified in the work program. The costs of additional meeting attendance would be on a time and materials basis if requested. Meeting attendance is generally assumed to be virtually conducted for the project's duration due to COVID-19 conditions. The costs of additional or in-person meeting attendance would be on a time and materials basis (or other mutually-agreeable approach) if requested.
- **Draft Documents.** A draft of each document will be provided to staff and revised based on a single set of consolidated City comments in track changes providing clear direction.
- **Printing.** The project budget assumes the City will be responsible for printing and distributing documents unless otherwise indicated (e.g., transmitting physical documents to HCD as required by State law)
- **Coastal Commission.** The City is responsible for any coordination, document preparation, and meeting attendance required for Coastal Commission review and consideration during the Housing Element Update process.
- **Fees.** Filing fees such as for environmental documentation agency filings, if required, would be the responsibility of the City.