



## Council Agenda Report

From: Darcy Delgado, Associate Planner

Subject: 2023 Annual Report on the Implementation of the General Plan

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: May 21, 2024

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### Facts

1. California Government Code Section 65400 requires local jurisdictions to prepare an annual report on the status of the General Plan and progress towards its implementation. This report will be submitted to the State in late May, 2024.
2. Among other things, the Housing Element component of the report must include an assessment of progress made toward meeting the City's share of the Regional Housing Need Allocation (RHNA).
3. The General Plan Annual Report is divided into two parts: the first part (Attachment 1) is a table containing brief descriptions of every Action Item of the General Plan (except those in the Housing Element), with thumbnail descriptions of the status of their implementation; the second part (Attachment 2) is the Housing Element Report, with discussions of progress toward meeting the City's share of the RHNA, and it includes a similar table of Housing Element Action Items and status.
4. The Housing Element Report highlights the number of housing units in plan check, building permits issued, units that are under construction, and the number of units completed in 2023. It also provides a discussion on the housing units proposed, rehabilitated, and/or conserved (e.g. subsidized affordable housing that may be at-risk of being converted to market-rate housing).
5. Lastly, this report provides a brief discussion of issues related to housing development constraints, and proactive initiatives the City is pursuing to remove barriers to construction of housing.
6. The Planning Commission received this report on May 14, 2024.

### Options

1. Take no action;
2. Approve the 2023 General Plan Annual Report, and direct staff to submit to the State;
3. Request modifications specified by the City Council for staff to address in the Report;
4. Provide alternative direction to staff.

### Analysis and Conclusions

The City's General Plan was adopted in 2003. There have been several amendments to the Plan over the last 18 years, including more recent updates to the Circulation Element (2019), Noise Element (2019), and more recently the Housing Element (2020). The General Plan includes 240 policy action items, not including those in the Housing Element. The City has made substantial progress on implementation of the General Plan, and the status of these actions are as follows:

- 128 actions are ongoing activities
- 88 actions are complete
- 19 actions are in process
- 5 actions are not yet scheduled for implementation

In early 2019, the City completed a comprehensive update to the Circulation Element and the Bicycle and Pedestrian Master Plan. The Circulation Element update’s primary focus was to reassess the planned road improvements in the circulation network and to determine if certain improvements should be modified or eliminated. Various changes that have been incorporated into the Traffic Impact Fee needs list and cost estimates have resulted in a \$50 million dollar reduction to future circulation improvements, which translates into an overall 24% Traffic Impact Fee reduction. These cost savings will not reduce future circulation capacity improvements; rather the City will now have a more focused list of projects that are needed to accommodate City buildout. In addition, the transportation system optimization also reduces the burden of existing residents for the City’s share of the needed improvements. In the long run, the system will be less expensive to build and maintain since unneeded projects have been removed.

The Noise Element was also updated in the Fall of 2019 to help better address complaints from noise sources that have increased in the last several years as a result of new trends seen with the music venues and short-term rentals. The key changes of the Noise Element update included revised noise standards for the community, new goals and policies acknowledging noise associated with Short-Term Rentals (STRs), and new goals and policies specifically targeted at concert and other entertainment venues.

In December of 2020, the City updated its 6<sup>th</sup> Cycle Housing Element, which has an eight-year planning period from 2021 through 2028. Key changes to the Housing Element include new policies and programs that identify the actions that will be taken to make sites available during the new planning period with appropriate land use and development standards and with services/facilities to accommodate the City’s share of regional housing need for each income level. Some of the more notable programs that stand out in the Housing Element include updating the City’s Accessory Dwelling Unit (ADU) Ordinance to promote construction of ADUs, reducing parking standards for smaller units located outside the Uptown/Town Centre Specific Plan, and utilizing fractional density units to encourage smaller units that are affordable by design.

Housing Production

The status of housing production and entitlement activity in 2023 is provided below:

<b>Activity</b>	<b>Single Family Units</b>	<b>Accessory Dwelling Units (ADU / 2<sup>nd</sup> Units)</b>	<b>Multi-Family Units</b>	<b>Total</b>
Issued Certificates of Occupancy	38	22	82	142
Units built in Uptown/Town Center Specific Plan Area	4	11	2	17
Units under construction	44	14	150	208
Units in plan check	64	25	2	91
Units entitled	455	219	159	833

Regional Housing Needs Allocation (RHNA) - 1/1/19 to 12/31/28

The purpose of the housing report is to monitor the implementation of the City’s General Plan Housing Element and progress toward meeting the City’s Regional Housing Needs Allocation (RHNA). The State Regional Housing Needs Allocation target requirement for the prior (5<sup>th</sup> Cycle) 2014-2019 planning period required the City to plan for 492 dwelling units. Under the new 6<sup>th</sup> Cycle, which has a planning period from 1/1/19 to 12/31/28, the City is required to plan for 1,446 dwelling units. It should be noted that Housing Element law does not require the City to ensure that the numbers of dwelling units identified in the RHNA are actually built within the planning period. The law does, however, require that the City provide an inventory of land suitably zoned and with available infrastructure and utilities to meet that need.

Because the planning period for the new RHNA cycle began in 2019, units built in both 2019 and 2020 have been counted towards the 6<sup>th</sup> Cycle RHNA. Details of the number of units that have received a Certificate of Occupancy during the current planning period to date are compared to the RHNA requirements in the table below.

Income Level	6 <sup>th</sup> Cycle RHNA Allocation	Completed Units by Affordability						Total Units by Income Level	Total Units Remaining by Income Level
		Year 1 (2019)	Year 2 (2020)	Year 3 (2021)	Year 4 (2022)	Year 5 (2023)	Years 6-10 (2024-2028)		
<b>Extremely Low &amp; Very Low</b>	356	52	54	0	0	0	--	106	<b>250</b>
<b>Low</b>	224	23	27	8	6	12	--	76	<b>148</b>
<b>Moderate</b>	259	90	18	14	22	92	--	236	<b>23</b>
<b>Above Moderate</b>	607	14	11	10	24	38	--	97	<b>510</b>
Total Units	1,446	179	110	32	52	142	--	515	
							<b>Total Remaining for RHNA Period</b>		<b>931</b>

Housing Constraints and Opportunities Committee

The Housing Constraints and Opportunities Committee (HCOC) was established as part of the 2014 Housing Element. The Committee was appointed by the City Council to review housing issues and make recommendations to the City Council on ways to increase housing production. Over the years, the HCOC has been instrumental in moving forward initiatives, including tailoring fees to unit size to reduce fees for smaller units, substantially reducing of water/sewer charges for new residential construction, and producing a Circulation Element update that resulted in a 24 percent reduction in the transportation impact fee associated with elimination of certain planned improvements.

During the process of updating the 6th cycle General Plan Housing Element, the HCOC met five times to discuss housing issues, identify potential sites and strategies to meet the RHNA, review best practices, provide guidance on potential Housing Element policies and implementing programs, and discuss future housing initiatives.

Since the adoption of the Housing Element, the HCOC has been utilized to provide input back to staff on implementation of the programs identified in the 6<sup>th</sup> cycle Housing Element, including updates to the Zoning Code. During 20223, the HCOC met two times and provided their input on the Comprehensive Update to the Zoning Code, as well as updates to the City's Development Impact Fees. For each of these discussion items, the HCOC has shown tremendous help in facilitating discussions around housing policies and procedures for increasing housing production.

#### Specific Plan Progress

Both the Beechwood Specific Plan and the Olsen South Chandler Ranch Specific Plans were approved in 2020. The Beechwood Specific Plan consists of 911 housing units within an overall 234-acre master planned community on the east side of the City. The Olsen South Chandler Ranch Specific Plan consists of 1,293 new residences on approximately 358 acres, also located on the east side of the City.

For Olsen South Chandler Ranch, there are multiple planning areas that have been mass graded with underground infrastructure installed, and foundations ready to be poured. Building permit stock plans were submitted in 2023 and have been waiting to be issued pending the completion of these tract improvements. The Beechwood specific plan is still working on their tentative subdivision maps, and they have grading and improvement plans for Phase 1 currently in review.

#### Summary of Progress & Issues

- Out of the 240 General Plan policy action items (not including the Housing Element), 98 percent are completed, ongoing, or are in the process of being completed.
- The City is tracking progress with the 6<sup>th</sup> Cycle (2021-2028) Housing Element including progress on new Action Items.
- The City has a 6<sup>th</sup> Cycle RHNA assignment of 1,446 residential units to be constructed between January 1, 2019 and December 31, 2028. To date, there have been 515 units constructed, or 36% units completed.
- As of December 31, 2023 there were 142 completed residential units, 208 residences under construction, 91 residential permits either ready to pick up or in plan check, and 833 units entitled.
- Overall housing development saw a decrease in the number of residential units in which permits were issued and/or under construction during 2023, dropping from 304 units in 2022 to 208 units in 2023. The reduction is due to fewer multiple multi-family residential projects being in this stage of the building permit pipeline. There was still a significant number of units under construction, considering there were only 41 units under construction in 2020 and 72 units in 2021.
- There were a total of 833 residential units that were entitled during 2023. Of these, 455 units were single-family residential and above the moderate-income level, 219 were ADUs and split evenly between the low-income and moderate-income level, and 159 units were multi-family residential units also of the moderate-income level. A large portion of these units are coming from the Olsen South Chandler Ranch and Beechwood Specific plan areas, which are both progressing forward.
- Although development trends are showing a slowdown in the number of units currently in plan review, this factor is misleading since the specific plan merchant builders will be using stock plans to pull large batches of permits in the near future. The number of entitled units increased from 2022 with 88-units, to 2023 with 833-units. The expectation is over the next several years the City will see a significant increase in housing construction.

- The Housing Constraints and Opportunities Committee made substantial progress in prior years to reducing barriers to housing development, including reducing one of the most significant development impact fees (e.g. transportation fees) and making a recommendation to City Council to reduce those fees as part of the City's comprehensive update to the Circulation Element which was adopted in early 2019. In 2023, the HCOC met two times. Topics discussed by the HCOC included reviewing the City's progress on the Comprehensive Update to the Zoning Code, which is expected to be complete by Fall 2024, and reviewing an update to the City's Development Impact Fees.

**Fiscal Impact**

There is no direct fiscal impact by directing staff to submit the General Plan Annual Report.

**CEQA**

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

**Recommendation (Option 2)**

Approve the 2023 General Plan Annual Report, and direct staff to submit it to the California Department of Housing and Community Development.

**Attachments**

1. General Plan Action Items status report
2. General Plan Housing Element status report