



STAFF REPORT

DATE: MAY 26, 2021
TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS
FROM: BILL SMITH, CITY MANAGER
PREPARED BY: MARK TOMICH, DIRECTOR
SUBJECT: JOINT CITY COUNCIL AND PLANNING COMMISSION
WORKSHOP: 2021 HOUSING ELEMENT UPDATE.

RECOMMENDED ACTION

Staff recommends that the City Council take the following action:

1. Receive presentation on Housing Element update process, including land use policy options under consideration.
2. Provide comments and direction to staff regarding properties to include in Vacant Sites and Underutilized Sites Inventories to accommodate the City's Regional Housing Needs Assessment (RHNA) allocation.

BACKGROUND

The Housing Element is one of the eight elements of the Colton General Plan. State law requires all cities within the Southern California Association of Governments ("SCAG") region to update the Housing Element of the General Plan in 2021. For additional background information regarding the Housing Element, please refer to the City's Housing Element web page at <https://www.ci.colton.ca.us/992/Housing-Element-Update>.

On February 18, 2021 the City conducted an online public workshop to provide interested persons with an overview of the 2021 Housing Element update process. The workshop was attended by approximately 10 persons.

State Housing Element Requirements

State law requires each city to adopt a General Plan to guide land use and development. Among the various “elements” of the General Plan is the Housing Element, which establishes City policies and programs for maintaining and improving existing housing, as well as accommodating development of new housing to meet the City’s assigned share of housing needs under the Regional Housing Needs Assessment (“RHNA”).

In addition to the Housing Element, the Colton General Plan includes the following elements:

- Land Use
- Mobility
- Open Space and Conservation
- Safety
- Noise
- Cultural Resources
- Air Quality

While most elements of the General Plan have a time horizon of approximately 20 years into the future, State law requires that the Housing Element be updated every 8 years. Housing Element planning periods are sometimes referred to as “cycles.” The City’s current Housing Element covers the planning period extending from 2013 to 2021, which is referred to as the “5th Housing Element cycle” in reference to the five required updates that have occurred since the comprehensive revision to State Housing Element law in 1980. Every city within the Southern California Association of Governments (“SCAG”) region is required to prepare a Housing Element update for the 6th planning cycle, which spans the 2021-2029 period, regardless of when the other elements of the General Plan were adopted.

HCD Review and Certification

An important difference between the Housing Element and other elements of the General Plan is the extent of State oversight. Under California law land use and development is generally within the authority of cities through the adoption of development policies and regulations in their General Plans and municipal codes. However, State law establishes many specific limitations on city land use authority with regard to housing.

The State legislature has also declared an adequate supply of housing to be a matter of statewide importance and has delegated authority to the California Department of Housing and Community Development (“HCD”) to review local government Housing Elements and issue opinions regarding their compliance with State law. A finding of Housing Element compliance by HCD is referred to as “certification” of the Housing Element. Certification is important to enhance cities’ eligibility for grant funds and also to support local land use authority.

HCD review of Housing Elements is required both at the draft stage and after formal adoption by the City Council.

Typically, the most critical issue in HCD’s review is whether the Housing Element demonstrates compliance with State law regarding the Regional Housing Needs Assessment (“RHNA”).

Regional Housing Needs Assessment (RHNA) Requirements

One of the most important requirements of State Housing Element law is that each city must adopt land use plans and regulations that create opportunities for sufficient residential development to accommodate its assigned share of statewide housing need. The RHNA is the process by which each city’s need for additional housing is determined. Prior to each Housing Element planning cycle the region’s total housing need is established by HCD based primarily on population growth trends and existing housing problems such as overcrowding and overpayment. The total housing need for the Southern California region is then distributed to cities and counties by the Southern California Association of Governments (“SCAG”) based upon criteria established in State law. The SCAG region includes Los Angeles, Orange, Riverside, San Bernardino, Imperial and Ventura counties.

In late 2019 HCD issued a RHNA determination of 1,341,827 additional housing units for the SCAG region during the 2021-2029 period. Following HCD’s RHNA determination, SCAG prepared a methodology for distributing the total RHNA to jurisdictions in the SCAG region consistent with criteria established in State law. In early 2020 SCAG’s Regional Council adopted the RHNA methodology and draft RHNA allocations were published last September. SCAG adopted the final RHNA Plan on March 4, 2021.

Housing needs allocated through the RHNA process are distributed among the income categories as shown in the following table.

Table 1. RHNA Income Categories

Income Category	% of county median income
Extremely low*	Up to 30%
Very low*	31-50%
Low	51-80%
Moderate	81-120%
Above moderate	Over 120%

Source: California Government Code Sec. 65584(f)
 *RHNA allocations for the extremely-low and very-low categories are combined into a single number

Affordable housing rents and purchase prices are determined based on State policy that households should not pay more than 30% of their gross income for housing. Affordable housing

costs for all jurisdictions in Orange County that correspond to the various income categories are shown in Table 2. Affordability numbers are adjusted each year based on the countywide median income and family size. Table 2 provides the current figures for a 4-person family in Orange County.

Table 2. Affordable Housing Costs: San Bernardino County

Income Category	Maximum Income	Affordable Rent	Affordable Price (est.)
Extremely low	\$26,200	\$655	*
Very low	\$37,650	\$941	*
Low	\$60,250	\$1,506	*
Moderate	\$90,350	\$2,259	\$365,000
Above moderate	Over \$90,350	Over \$2,259	Over \$365,000

Assumptions:

- Based on a family of 4 and current State income limits
 - 30% of gross income for rent or principal, interest, taxes & insurance plus utility allowance
 - 10% down payment, 3.75% interest, 1.25% taxes & insurance, \$300 HOA dues
 - * For-sale affordable housing is typically at the moderate-income level
- Source: Cal. HCD; JHD Planning LLC

Table 3 shows the 6th cycle RHNA allocations for Colton, San Bernardino County, and the entire SCAG region.

Table 3. 6th Cycle RHNA: Colton, San Bernardino County and SCAG Region

	Colton	San Bernardino County	SCAG Region
Housing allocation 2021-2029	5,434	138,110	1,341,827

Source: SCAG, 3/4/2021

The RHNA also allocates total housing need to the income categories described in Table 2 (the extremely-low and very-low categories are combined for RHNA purposes). The 6th cycle RHNA allocation by income category for Colton is shown in Table 4.

Table 4. 6th RHNA by Income Category: Colton

Very Low	Low	Moderate	Above Moderate	Total
1,318	668	906	2,542	5,434

Source: SCAG, 3/4/2021

The RHNA identifies the amount of additional housing at different price levels a jurisdiction would need to fully accommodate its existing population plus its assigned share projected growth over the next 8 years while avoiding problems like overcrowding and overpayment. The RHNA is a planning requirement based upon housing need, *not a construction quota or mandate*. The primary significance of the RHNA is that jurisdictions are required to adopt land use plans and development regulations that create sufficient opportunities for different types of housing development commensurate with the RHNA allocation. Under current law, cities are not penalized if actual housing production does not achieve the RHNA allocation, but cities may be required to streamline the approval process for qualifying housing developments that meet specific standards (such as affordability and prevailing wage labor requirements) if housing production falls short of the RHNA allocation.

ISSUES/ANALYSIS

The Housing Element must demonstrate compliance with the RHNA by analyzing the city's capacity for additional housing based on an evaluation of land use patterns, development regulations, potential constraints (such as infrastructure availability and environmental conditions) and real estate market trends. The analysis must be prepared at a parcel-specific level of detail and identify properties (or "sites") where additional housing could be built under current regulations. State law requires that the sites analysis demonstrate that city land use plans and regulations provide adequate capacity to fully accommodate its RHNA allocation in each income category. If insufficient capacity currently exists to fully accommodate the RHNA, the Housing Element must describe proactive steps the City will take to increase housing capacity commensurate with the RHNA – typically through amendments to land use plans and development regulations that could facilitate production of additional housing. Such amendments generally include increasing allowable residential densities, modifying other development standards, or allowing housing to be built in areas where residential development is not currently allowed, such as areas zoned for commercial use. *It is important to note that neither cities nor property owners are required to develop additional housing on the sites identified in the Housing Element, or to provide funding for housing development.*

Based on staff's preliminary analysis it appears that the City's current land use plans and development regulations do not provide adequate sites to accommodate the amount of additional housing allocated to Colton in the RHNA. Therefore, as part of the Housing Element update process the City will need to identify candidate areas where changes to land use and zoning designations could create additional opportunities for housing development. State law then allows up to three years for cities to evaluate the candidate areas and adopt zoning amendments on sufficient sites to accommodate the RHNA allocation. Such amendments could include allowing higher densities on residentially zoned properties or allowing housing on properties where residential use is not allowed under current regulations. Under State law, an allowable density of 30 units per acre is considered appropriate for housing assigned in the very-low and low income RHNA categories.

Future accessory dwelling units (ADUs) can also satisfy a portion of the RHNA allocation based on permit trends and city ADU regulations.

Potential Sites to Accommodate Additional Housing

Because the City's current land use plans and zoning regulations do not provide sufficient capacity to fully accommodate the RHNA allocation of 5,434 housing units, the Housing Element update must identify candidate properties where land use regulations could be amended to create additional capacity for housing. It is important to recognize that the Housing Element would not change any zoning designations; rather, it must identify potential properties where future zone changes could accommodate additional housing in order to comply with State RHNA requirements. Subsequent zone changes and General Plan amendments would be processed after adoption of the Housing Element and would include additional public review, CEQA review, and public hearings by the Planning Commission and City Council. Cities have up to three years to complete any required zone changes.

One of the main purposes of this Workshop is to provide the City Council, Planning Commission, property owners and the public an opportunity to review potential areas where additional housing could be accommodated through changes to the City's current zoning.

Staff has conducted a review of potential areas where zoning changes could accommodate additional housing (see attached exhibits). ***It is important to note that City staff is not recommending changes to the current zoning for these properties at this time, but rather identifying potential areas where the Planning Commission and City Council may consider zoning changes in the future in order to comply with State housing mandates. More thorough review would need to be conducted, including CEQA analysis and public hearings, prior to the approval of zoning and General Plan amendments for any properties.***

During the meeting, staff will provide additional information regarding potential properties, and feedback and direction is requested from the City Council and Planning Commission. Based on the discussion, staff will incorporate appropriate properties into the draft Housing Element for further review at the next public meeting. ***Please note that no final decisions or zoning/General Plan amendments are proposed at this Workshop.***

FISCAL IMPACTS

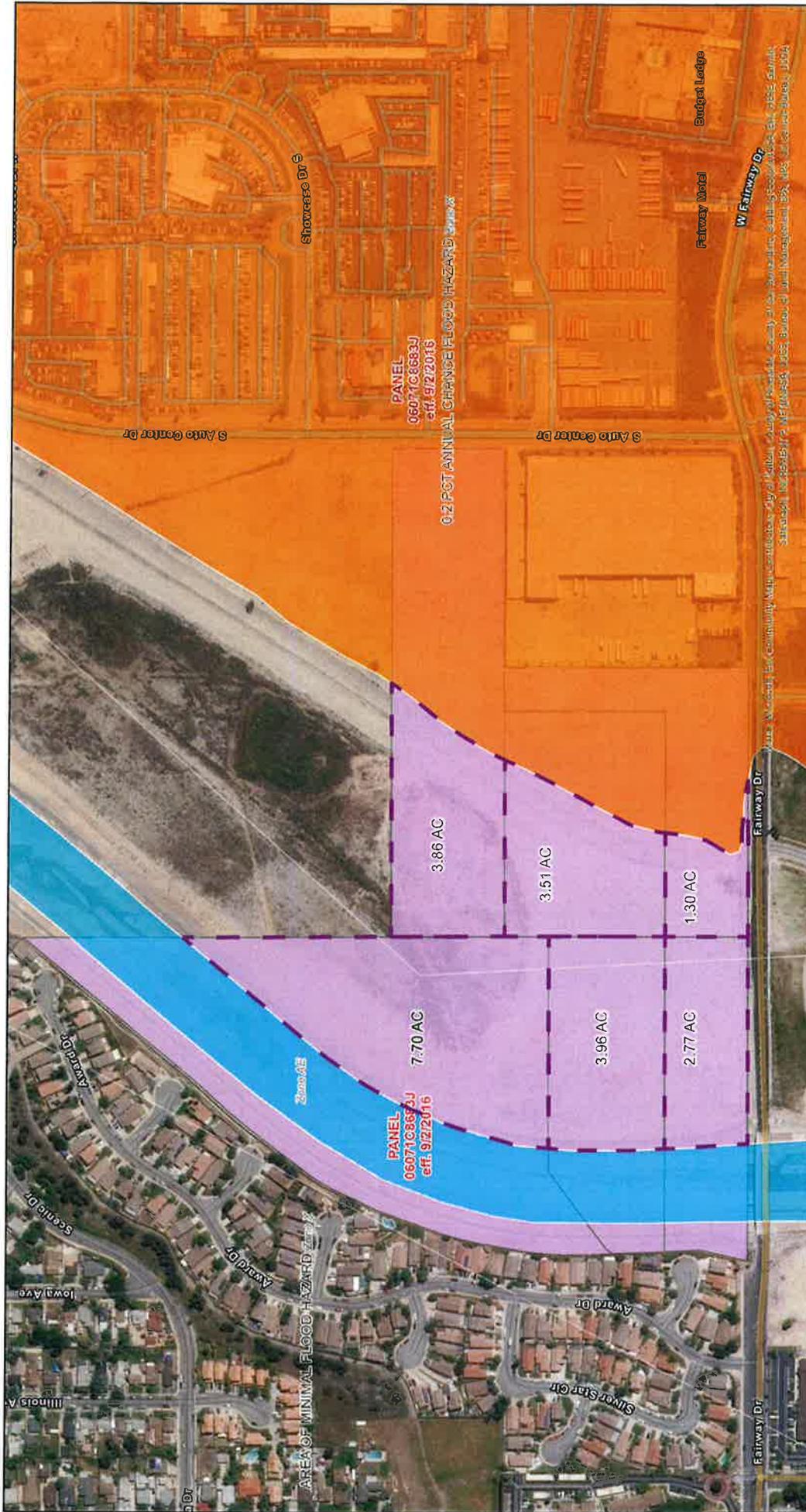
No fiscal impact has been determined at this time. Land use policies and programs incorporated into the Housing Element Update, including changes of zone/General Plan land use designations, may result in long-term effects on the cost of City services and sources of revenue.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS

1. Fairway Drive Area (SB County Flood Parcels)
2. Cooley Ranch-Reche Canyon SP
3. Downtown Area
4. Downtown Area_Underutilized
5. Hub City Centre SP
6. Hub City Centre_Underutilized
7. North of Downtown
8. Northeast Colton
9. Roquet Ranch
10. South Colton



Legend

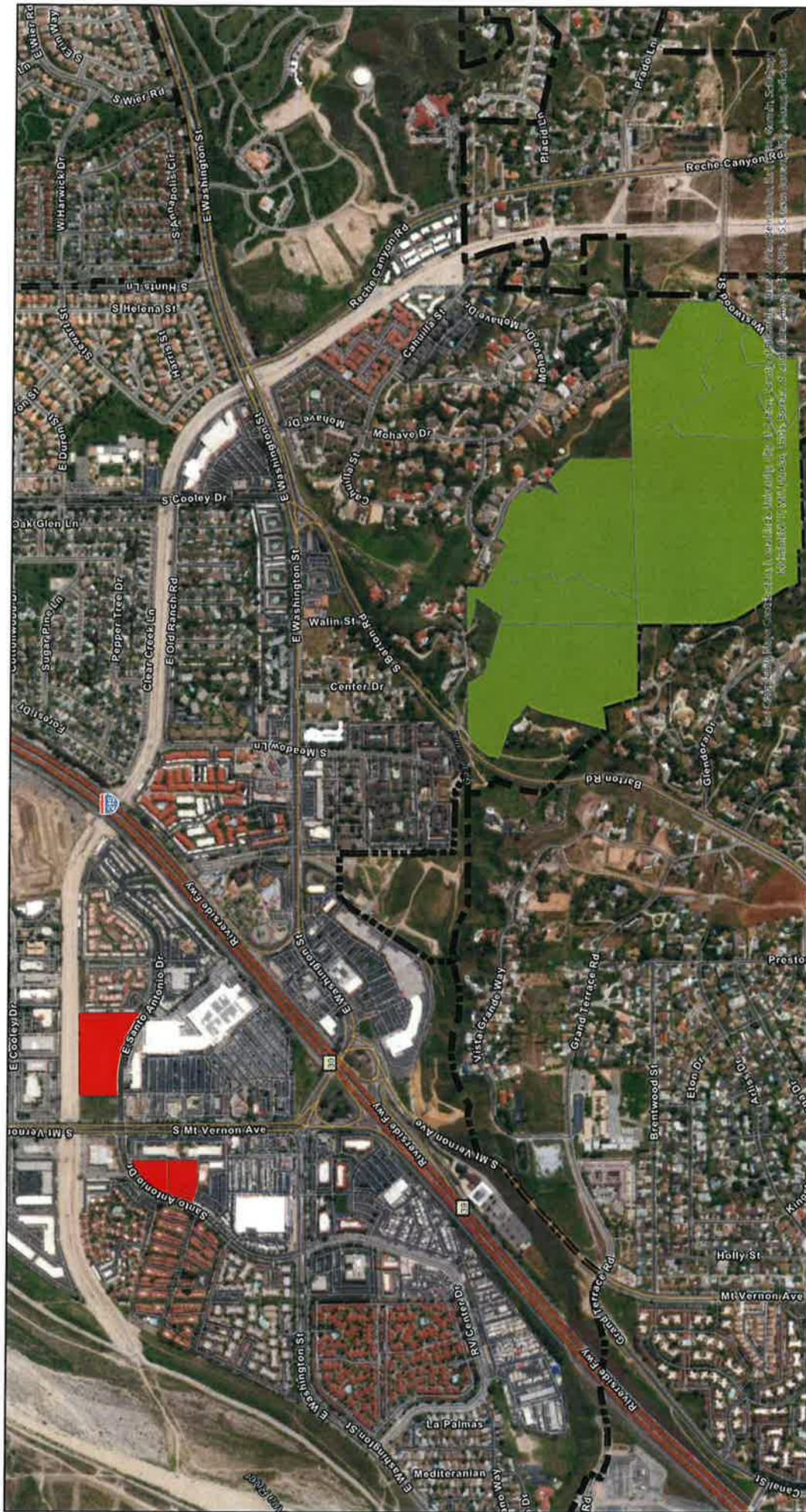
Zoning Designation

- [Orange Box] [I-P] Industrial Park (6)
- [Purple Box] Developable Land

City of Colton
 Housing Element Analysis- Vacant Sites
 May 12, 2021

APN: 016418112 (AC 4.18), 016428111 (AC 6.85), 016428101 (AC 8.89),
 016418108 (AC 4.70), 016428102 (AC 5.79), 016428109 (AC 5.47)





Legend

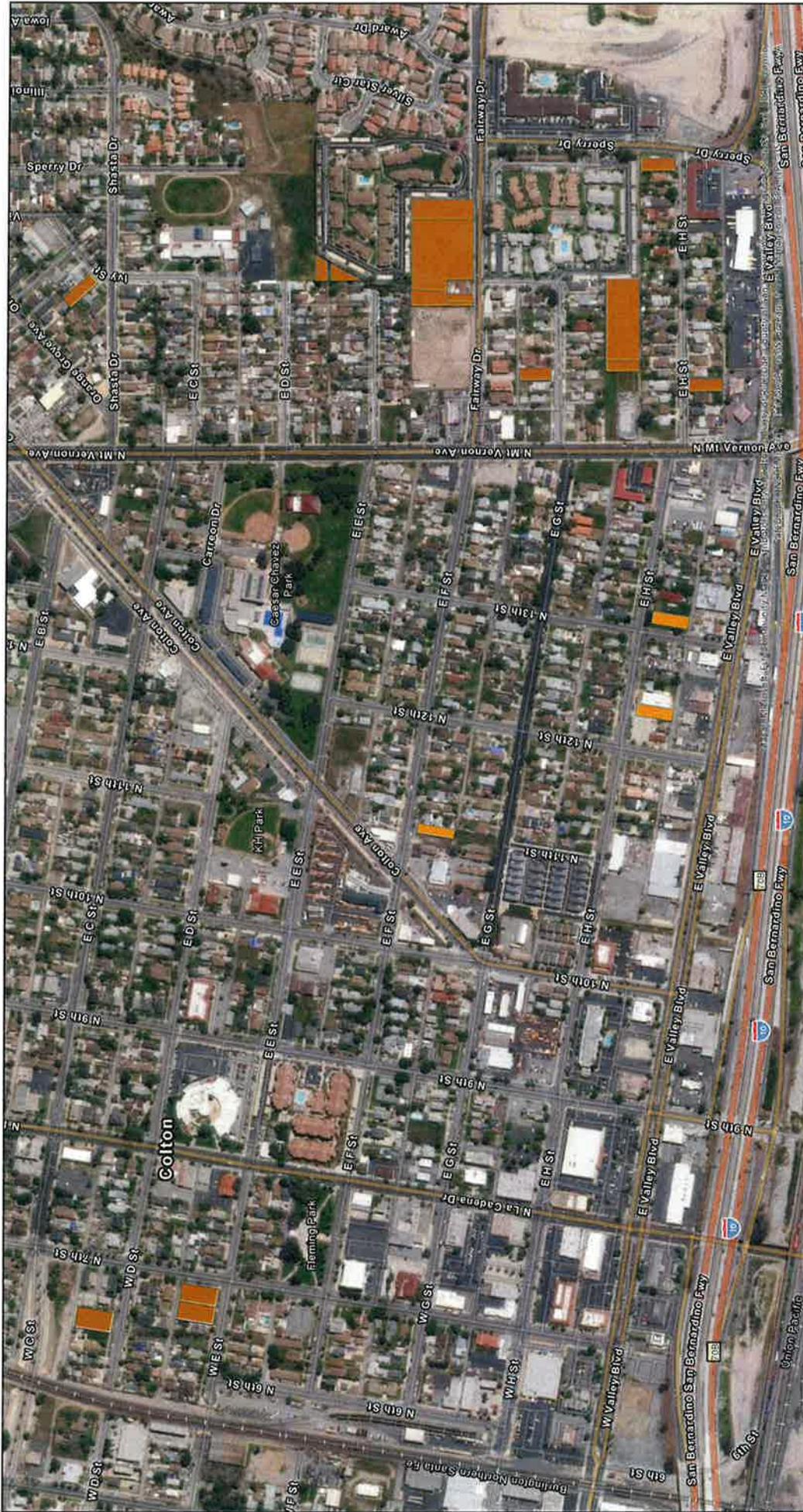
Zoning Designation

- (C-2) General Commercial (3)
- Reche Canyon Specific Plan (9)

City of Colton
 Housing Element Analysis- Vacant Sites
 May 12, 2021



APNs: 027650115 AC 1-24, 02761431 AC 7-29, 027653116 AC 1-10, 016424124 AC 7-5, 9, 016417101 AC 2-10, 027637209 AC 1-68, 028219221 AC 1-39, 028219215 AC 1-99, 028219216 AC 3-87, 028219223 AC 3-99, 028219209 AC 1-20, 028219215 AC 0-10



Legend

Zoning Designation

- [R-2] Medium Density Residential (3)
- [R-3/R-4] Multiple Family Residential (15)

City of Colton
 Housing Element Analysis- Vacant Sites
 May 12, 2021



APN: 016414301 (AC 0.09), 016416127 (AC 0.24), 016418102 (AC 0.45), 016418103 (AC 1.55), 016418102 (AC 0.08), 016414328 (AC 0.10), 016123220 (AC 0.29), 016219204 (AC 0.17), 016416302 (AC 0.14), 016416301 (AC 1.02), 016408203 (AC 0.17), 016417205 (AC 0.16), 016220301 (AC 0.17), 016211124 (AC 0.13), 016204124 (AC 0.25), 016204125 (AC 0.25), 016416240 (AC 0.14), 016417123 (AC 0.16)



City of Colton
 Housing Element Analysis- Underutilized Sites
 May 12, 2021

- Legend**
- Underutilized Sites
 - Zoning Designation
 - Mixed-Use Downtown (11)

APN: 016210402 (0.11 AC), 016210403 (0.25 AC), 016210405 (0.17 AC), 016210415 (0.81 AC), 016210401 (0.22 AC), 016210701 (0.60 AC), 016210414 (0.77 AC), 016210409 (0.17 AC), 016210412 (0.25 AC), 016205601 (2.21 AC), 016206225 (1.18 AC)



Legend

Zoning Designation

- [R-1] Low Density Residential (1)
- Colton's Hub City Centre Specific Plan (7)

Vacant APN: 025406130 (AC 1.38), 025407162 (AC1.06), 025407163 (AC1.07), 025407165 (AC 0.96), 25407164 (AC 0.96), 25407161 (AC 4.86), 5405114 (AC0.62), 5407158, 016030139 (AC 0.55)

City of Colton
 Housing Element Analysis- Vacant Sites
 May 12, 2021



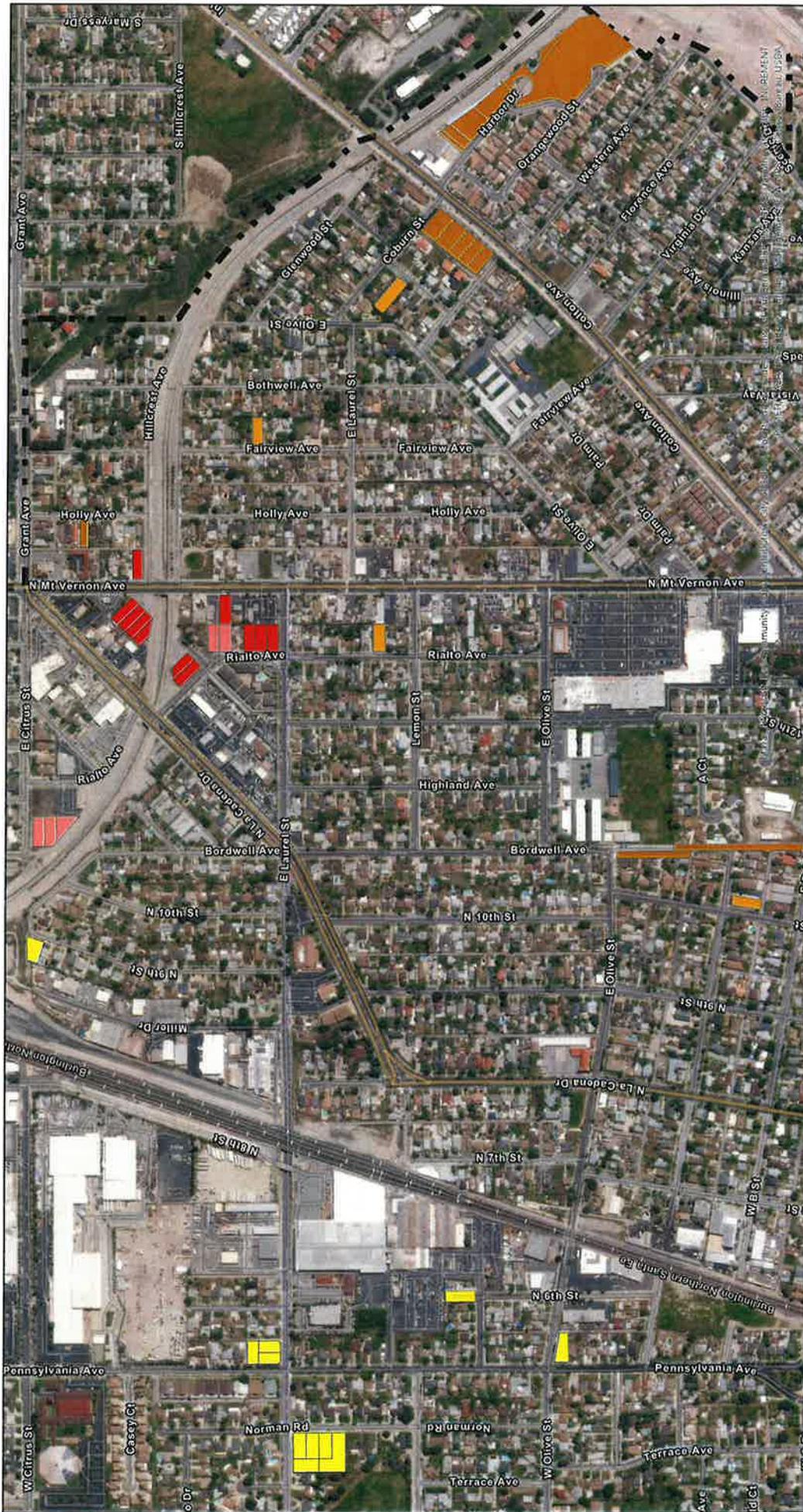


Legend
 Underutilized Sites
 Zoning Designation
 Colton's Hub City Centre Specific Plan (8)

APN: 016206225 (2.21 AC), 025407149 (1.09 AC), 025407147 (0.27 AC), 025407127 (4.07 AC),
 025407150 (0.34 AC), 025407143 (0.48 AC), 025407144 (0.75 AC), 025407125 (0.33 AC),
 025405113 (0.80 AC)

City of Colton
 Housing Element Analysis- Underutilized Sites
 May 12, 2021

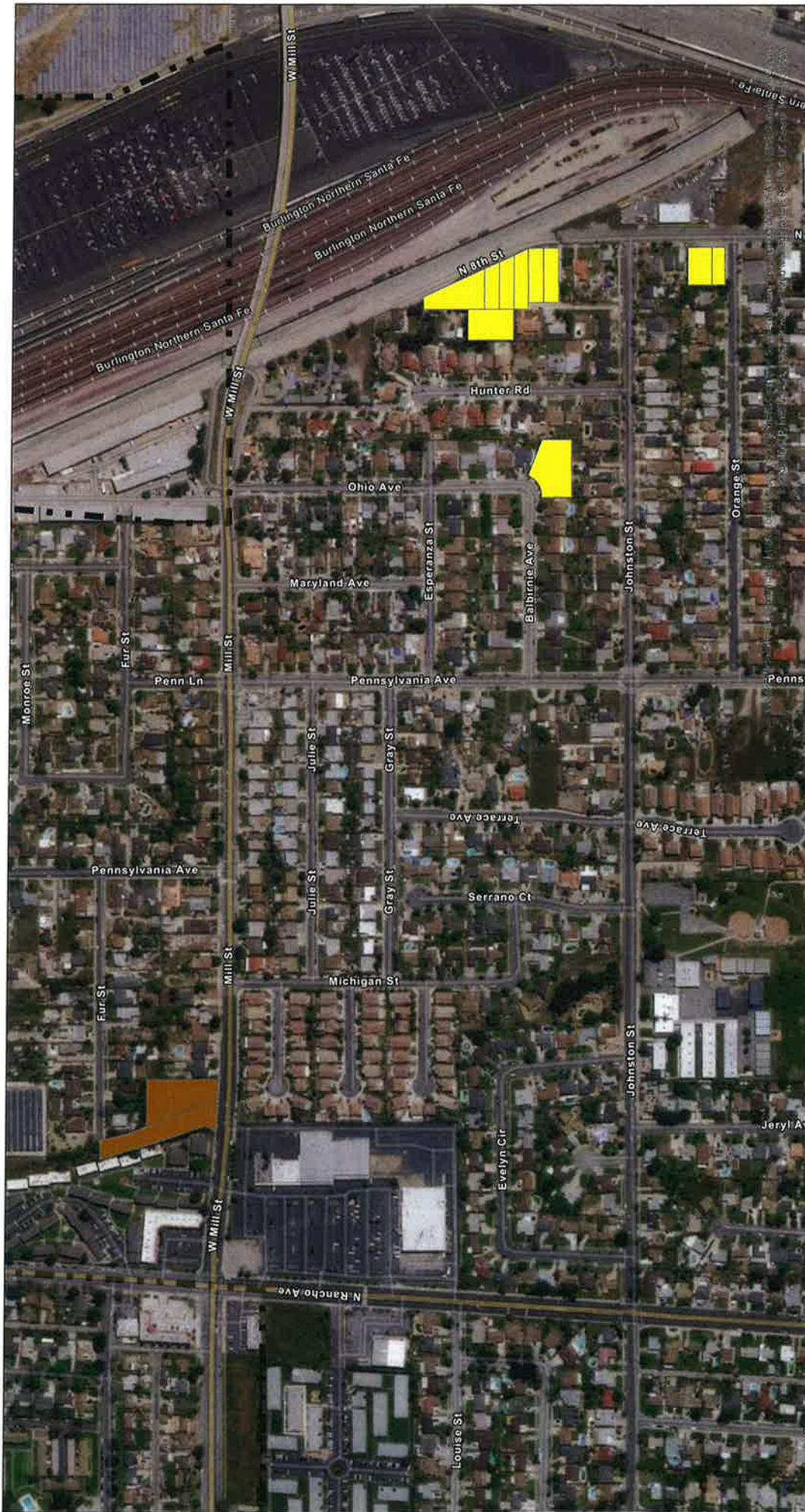




- Legend**
- Zoning Designation
- [R-1] Low Density Residential (11)
 - [R-2] Medium Density Residential (4)
 - [R-3/R-4] Multiple Family Residential (13)
 - [C-1] Neighborhood Commercial (5)
 - [C-2] General Commercial (11)
 - [I-P] Industrial Park (1)

City of Colton
 Housing Element Analysis- Vacant Sites
 May 12, 2021





Legend

Zoning Designation

- [R-1] Low Density Residential (2)
- [R-2] Medium Density Residential (2)
- Colton's Hub City Centre Specific Plan (7)

APN: 016007120 (AC 0.12), 016007120 (AC 0.56), 016013324 (AC 0.12), 016013324 (AC 0.56), 016007103 (AC 0.18), 016007104 (AC 0.21), 016007105 (AC 0.20), 016006434 (AC 0.51), 016007102 (AC 0.16), 016007169 (AC 0.40), 016013323 (AC 0.22), 016007127 (AC 0.20)



City of Colton
 Housing Element Analysis- Vacant Sites
 May 12, 2021



City of Colton
 Housing Element Analysis- Vacant Sites
 May 12, 2021