

## STAFF REPORT

**TO:** HONORABLE MAYOR AND CITY COUNCIL

**FROM:** BRUCE BUCKINGHAM, COMMUNITY DEVELOPMENT DIRECTOR  
JANET REESE, PLANNER II

**SUBJECT:** PUBLIC REVIEW DRAFT OF THE 2014 HOUSING ELEMENT

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### BACKGROUND

The Housing Element is one of seven State-mandated elements of the City's General Plan. It is the only element that is statutorily required to be updated and certified by the California Department of Housing and Community Development (HCD). State law requires that the Housing Element be updated every five years with the current deadline of June 30, 2014. The planning period for this fifth cycle Housing Element is June 30, 2014 to June 30, 2019.

State Housing law requires local governments to adequately plan to meet their existing and projected housing needs including their share of the regional housing need. The Housing Element contains goals, policies, and programs to achieve the quantified housing objectives, identifies community characteristics and demographics related to housing needs, discusses potential housing constraints, and evaluates the progress made in the 2009 Housing Element.

The City applied for and received funding for the Housing Element update through a Community Development Block Grant (CDBG). The City has hired Pacific Municipal Consultants (PMC) to assist with the update of the Housing Element.

The public review process for the Housing Element update is unique because of the requirement for HCD to review the document before the City Council can adopt the Housing Element. The first step is for the City Council to review the draft Housing Element and, if acceptable, direct staff to submit it to HCD for review and comment. Following HCD review, staff will identify the HCD comments and bring the draft Housing Element back to the Planning Commission and Council for final consideration and adoption.

At their April 8<sup>th</sup> meeting, the Planning Commission reviewed and commented on the draft Housing Element and recommended the Council direct staff to submit it to HCD for review and comment. Therefore, it is requested that the City Council conduct a public hearing to receive comments, and direct staff to incorporate the revisions recommended by the Planning Commission and submit the draft Housing Element to HCD (reference Attachment 1).

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### APPROVED FOR FORWARDING



ROBERT PERRAULT  
CITY MANAGER

### Please Review for the Possibility of a Potential Conflict of Interest:

- |  |                                   |
|--|-----------------------------------|
| <input checked="" type="checkbox"/> None Identified by Staff | <input type="checkbox"/> Bright   |
| <input type="checkbox"/> Peterson                            | <input type="checkbox"/> Marshall |
| <input type="checkbox"/> Lee                                 | <input type="checkbox"/> Nicolls  |

## **DISCUSSION**

The City's current Housing Element for the planning period from January 2007 through June 30, 2014 contains 41 programs to implement the goals and policies of the Housing Element. The City completed the vast majority of these implementation measures, which qualified the City for a "streamlined" review process. As a result, the Housing Element update is primarily a technical update with revisions to demographic data, the housing needs analysis, opportunities and constraints, vacant land inventory and a review of previous accomplishments. There are also a few new programs required by HCD and modifications to others, which have been shaded for easy reference. The Housing Element update also provides an opportunity to review the policies and programs and make refinements where appropriate to achieve the City's goals.

The State requires the Housing Element be updated in part to account for changes in the local housing market and to meet regional housing needs. The City's regional housing need allocation (RHNA) for the next planning period is 165 units, with the breakdown by income level as follows:

<b>Income Level</b>	<b>Housing Unit Allocation</b>
Extremely Low	20
Very Low	21
Low	26
Moderate	29
Above Moderate	69
<b>Total Units</b>	<b>165</b>

It must be emphasized that the 165 units represent the City's fairshare of the regional housing needs, but it does not require that these units be constructed. The State law simply requires communities to demonstrate that there is an adequate inventory of vacant land to accommodate the potential construction of the units and that the correct zoning is in place to allow for such development. City staff and PMC have completed an inventory of vacant lots that can accommodate 281 residential dwellings.

### **Planning Commission Review**

The Planning Commission reviewed the Housing Element at their April 8, 2014 meeting. They recommended four minor clarifications be included in the draft as shown on the next page. The page numbers referenced below are the page numbers in the public review draft (reference Attachment 1). New and replacement text is shown in double underline below. Deleted text is shown in ~~strikethrough~~.

**Chapter 2, Goals, Policies, and Programs, Quantified Objectives, page 15**

**Table 2-1 Quantified Objectives for the 2014–2019 Housing Element**

Housing Program	Quantified Objectives by Income Group					Totals
	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Above Moderate	
New Construction	20	21	26	29	69	165 <sup>2</sup>
Rehabilitation	0	10	10	0	0	20
Housing Conservation <sup>1</sup>	0	0	0	0	0	0

Source: PMC and Grover Beach 2014

Note 1: No housing units have been identified as at risk of conversion to market rate in Grover Beach within 10 years of the beginning of the 5<sup>th</sup> cycle planning period. Additional detail on the potential for at-risk units is provided in the At Risk Dwelling Units section of Chapter 3 Housing Needs Assessment.

Note 2: The 8 extremely low, very low, and low units under the objective for Program 3.2, the 5 accessible units under the objective for Program 4.1, and the 5 second units under the objective for Program 6.5 are included in this total new construction objective.

**Chapter 3, Housing Needs Assessment, page 17**

The Housing Needs Assessment identifies factors related to housing needs in Grover Beach, including population and employment characteristics, income levels, household characteristics, housing stock characteristics, affordable housing needs, the condition of housing, groups with special needs, and the Regional Housing Needs Allocation (RHNA). For the purposes of this document, a household means all persons, related or unrelated, who occupy a single housing unit. A housing unit means the place of permanent or customary abode of a person or family. A housing unit may be a single family dwelling, a multi-family dwelling, a condominium, a modular home, a mobile home, a cooperative, or any other residential unit considered real property under State law. At times housing units may not be occupied by a household due to seasonal use or vacancy.

**Chapter 3, Housing Needs Assessment, Household Income, page 24**

**Household Income**

The 2014 median income figure published by HCD for San Luis Obispo County is \$75,400 for a family of four. According to the Census, Grover Beach household income kept pace with inflation and increased 29 percent in the period from 2000 to 2010. The most significant increase was in the group with an income of \$100,000 or more, especially for those who make over \$200,000. This income group grew by 181 percent (see Table 3-11 for trends in household income).

**Chapter 3, Housing Needs Assessment, Overcrowding, page 30**

**Overcrowding**

Overcrowding can occur when housing costs are so high relative to income that families double up or reside in smaller units, which tend to be more affordable, to devote income to other basic living needs. Households with more than one person per room are considered overcrowded. According to 2011 five-year ACS information, 6 percent of owner-occupied households and 4 percent of renter-occupied households in Grover Beach have one or more persons per room and thus are considered overcrowded. See Table 3-18 for information on the number of occupants per room. Overcrowding is not an issue in Grover Beach. Generally, Grover Beach does not suffer from serious overcrowding.

## **ENVIRONMENTAL REVIEW**

A draft Initial Study and Negative Declaration will be prepared for the Housing Element update after the City Council reviews the public review draft and directs staff to submit the draft Housing Element to HCD for review. The draft Initial Study and Negative Declaration will be presented to the Commission following the 30-day public review period and HCD has commented on the draft Housing Element.

## **ALTERNATIVES**

The City Council has the following alternatives to consider:

1. Direct staff to incorporate the revisions recommended by the Planning Commission and submit the draft Housing Element to HCD for review; or
2. Provide alternative direction to staff; or

## **RECOMMENDED ACTION**

Staff recommends that the City Council direct staff to incorporate the revisions recommended by the Planning Commission and submit the draft Housing Element to HCD for review.

## **FISCAL IMPACT**

The Housing Element update is being funded entirely by a 2013 Community Development Block Grant.

## **PUBLIC NOTIFICATION**

On April 11, 2014, the public hearing notice was posted as required by City code and mailed to neighboring agencies and interested parties. A one-eighth page ad was scheduled to be published in The Tribune on April 11, 2014; however, due to circumstances beyond the City's control, was published on April 12, 2014. In addition, the agenda was posted in accordance with the Brown Act.

## **ATTACHMENTS**

1. 2014 Draft Housing Element