



STAFF REPORT – CITY COUNCIL MEETING

February 07, 2024

TO: Honorable Mayor and City Council Members

FROM: David Loya, Director of Community Development

PREPARER: David Loya, Director of Community Development

DATE: January 31, 2024

TITLE: **Consider Gateway Overlay Zone and Affordable Housing Policies in the General Plan Comprehensive Update.**

RECOMMENDATION:

Staff recommends the Council receive a staff report, open public comment, and provide direction as necessary.

INTRODUCTION:

The Planning Commission recommendations as of December 12, 2023, comprise the draft General Plan for environmental review. On January 3, 2024, the Council confirmed the EIR should be circulated based on the December 12, 2023, version with the knowledge that policy changes that do not affect the environmental review could be made prior to adoption in early 2024. This meeting is being held to consider the use of overlay zones to implement the Gateway Area Plan and Code, as well as citywide measures to increase homeownership.

DISCUSSION:

The Council asked to consider several topics at its January 3, 2024, meeting. This report addresses two of the topics requested: overlay zoning in the Gateway and homeownership.

The December 12 version of the General Plan is available at <https://www.cityofarcata.org/974/General-Plan-Updates>. And the Draft EIR is available at <https://www.cityofarcata.org/1067/Environmental-Impact-Report>.

Gateway Overlay Zones

The Commission reviewed the proposed amendments to the Gateway Area Plan and made recommendations on December 12, 2023. In their recommendation, some policies were retained in the Plan, some were moved to various elements of the General Plan, and others were deleted.

To operationalize the policies that were moved into the General Plan in the Gateway Area, the Commission recommended keeping the four Gateway land use designations (Gateway Barrel, Gateway Corridor, Gateway Hub, and Gateway Neighborhood) as overlay zones and redesignating the underlying land use of the Gateway Area as Commercial-Mixed Use. This allows the policies

that were moved into the General Plan to be effective in the Gateway Area.

The Gateway specific land use designations combine with the base Commercial-Mixed Use land use designation to effectuate the standards in the Gateway Code. In this way, all the Commercial-Mixed Use policies apply in the Gateway Area unless Gateway Plan has more specific policy language. And, the Gateway Code that has been developed will apply in each of the sub-areas through the Gateway specific land use designations.

Many of the newly moved policies do not apply anywhere else in the City. The policies specifically tie to the overlying Gateway Zoning designations. None of the community benefits, building heights, design standards, or requirements specific to the Gateway Area apply anywhere else in the City.

The City Council could choose which of these planning principles and policies to apply in other areas after going through engagement, outreach, and a separate CEQA process in those other areas. It is highly likely that some of these policies will apply in other Infill Opportunity Zones in the future. But those decisions will be made independently.

Housing and Homeownership

The Planning Commission received a staff report on homeownership on January 23, 2024, and did not recommend changes to the General Plan or Gateway Code to further address homeownership. They were satisfied that there are a number of City programs that work to improve homeownership, that homeownership is largely driven by market factors, that the City cannot require homeownership in most cases, and that the anticipated increase in supply associated with the current long-range planning work is likely to increase ownership opportunities.

The City Council and the Planning Commission have both asked staff to bring forward ways in which the City can increase homeownership opportunities. Homeownership can have a positive impact on both families and communities, and encouraging opportunities for ownership has been a key concern from the community. Homeownership benefits families by helping them build economic security and stability as well as a sense of belonging, and it's beneficial to communities because it contributes to vibrancy, economic growth, and job creation. In Arcata, single family housing (detached/attached) makes up approximately 48% of the total housing stock, however only 33.2% of Arcata's housing is owner-occupied (*2022 American Community Survey 5-year Estimates*).

There are several ways that the City has encouraged homeownership, and several new ideas the City is looking to implement to support homeownership opportunities in the future. The State also recently passed new laws that have the potential to also increase opportunities for ownership.

Community Land Trust

The City, using inclusionary zoning as well as funding from the former Redevelopment Agency, partnered with the non-profit Housing Humboldt to create the Humboldt Community Development Land Trust which developed 22 Community Land Trust (CLT) units (Plum Village, Janes Creek Meadows, and Windsong). The land trust retains ownership of the land and sells the homes to qualified income-eligible households. In exchange for the opportunity to buy the home at an affordable price, the homeowner agrees to sell the home at an affordable price to the next buyer. Most CLT buyers utilize the City's Homebuyer Assistance Program for downpayment assistance.

Low-income Homebuyer Projects

The City assisted two homeownership projects, unrelated to the CLT program, using HOME and Community Development Block Grant funding. These were the 18 Courtyard townhomes, 8 of

which were sold to income-qualified buyers, and the 16 Sandpiper Park mobilehome units which were sold to very-low-, low-, and moderate-income buyers.

Homebuyer Assistance Program

Since 2002, Arcata's Homebuyer Assistance Program has helped 129 families/individuals purchase a home, most of which were first-time homebuyers.

In the past few years there have been several factors hindering the success of the Homebuyer Assistance Program including high home prices, lack of homes on the market, increasing interest rates, and one of the City's primary grant funding sources, HOME, pausing their program for multiple years. Even with these challenges the City has been adept at finding ways to continue to assist homebuyers in our community. The community development department currently runs a Homebuyer Downpayment Assistance Program for Community Land Trust acquisition.

Manufactured/Mobilehome Ownership

The City was recently awarded a CalHome grant in order to provide funding to assist home buyers with the purchase of a manufactured home.

Another recent award the City received is the Manufactured Housing Opportunity and Revitalization (MORE) grant which is focused on rehabilitation or replacement of older mobilehomes in parks.

Community Benefits Program

Owner-occupancy is included in the Design Element as part of the Community Benefits Program to encourage the development of owner-occupied housing.

Policy D-8d Owner-occupied affordable housing as a community amenity. Encourage new home ownership opportunities to households of all income levels. Include deed-restricted affordable housing opportunities for low- and moderate-income households. Encourage a range of ownership opportunities including condominiums, townhouses, and other alternative ownership models. Provide strong incentives through community benefits program for owner occupancy.

Inclusionary Zoning Policy

Inclusionary zoning requires a percentage of new housing units to be affordable to people of various income levels. The Planning Commission has discussed details of an inclusionary zoning policy at their meetings on August 8, 2023, October 10, 2023, and November 14, 2023. Inclusionary zoning was also discussed at the joint study session with the City Council on September 26, 2023. The City Council decided at their January 17th meeting to follow the percentage established by the Planning Commission recommendation with a threshold trigger of 15, instead of 30, units.

State Density Bonus

State Density Bonus law changed as of January 1, 2024, with the passage of AB 1287. It now requires cities to grant four incentives or concessions for a project that includes at least 16% of the units for very low-income households or at least 45% for persons and families of moderate income in a development in which the units are for sale. It also allows the density bonuses for different categories to be added to one another allowing for a potential doubling of density.

New State Housing Laws

There are several new state housing laws aimed at increasing ownership. Staff has not yet fully reviewed all the newly passed housing laws, but some that have potential to increase ownership opportunities include:

SB 684 Ministerial approval of up to 10-unit housing projects on small sites

AB 1033 Local governments can allow property owners to sell Accessory Dwelling Units (ADUs) separately as condos

AB 1287 Additional density bonuses for very-low or moderate income units

ENVIRONMENTAL REVIEW:

The City released the Draft Environmental Impact Report on January 26, 2024. The formal circulation period runs from January 31, 2024, to March 18, 2024. Additional information on the Draft EIR process, conclusions, mitigations, and other requirements of CEQA can be found at <https://www.cityofarcata.org/1067/Environmental-Impact-Report>.

BUDGET/FISCAL IMPACT:

This work has primarily been funded by grants to the City and reserve funds specifically collected for updating the General Plan. The General Fund impact has been minimized due to these outside sources.

ATTACHMENTS:

A. Email Correspondence_Redacted (PDF)