



# STAFF REPORT – CITY COUNCIL MEETING

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November 28, 2023

**TO:** Honorable Mayor and City Council Members

**FROM:** David Loya, Director of Community Development

**PREPARER:** David Loya, Director of Community Development

**DATE:** November 20, 2023

**TITLE:** **Consider Draft Elements of the General Plan.**

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## **RECOMMENDATION:**

Staff recommends the Council and Commission discuss the Vision Statement, updates to an inclusionary zoning policy that can be applied citywide, and the Circulation Element and provide direction as necessary regarding these or other General Plan update topics.

## **INTRODUCTION:**

The Council and Commission have held three study sessions to discuss various aspects of the General Plan. This fourth Study Session provides additional opportunity to discuss the policies and programs in the General Plan 2045 update.

### Vision Statement

The City's Vision Statement recommended by the Planning Commission (Attachment A) is a reorganization of the original redrafted Vision Statement developed with community input (Attachment B). Staff used several engagement methods to gain insight into the community's vision for Arcata (Attachment C). The Council and Commission should consider any amendments to the Vision Statement, work through a visioning exercise with the participants, and provide direction to staff as necessary.

### Circulation and Mobility Element

The Circulation and Mobility Element (Attachment D) provides updated policy and programs based on community input and updates in best practices. The policy places a heavy emphasis on alternative modes while ensuring the existing vehicular infrastructure works well for Arcata residents, businesses, and visitors. The Commission and Council may also wish to consider the circulation policy originally proposed for the Gateway Plan that would be applicable citywide (Attachment E). The Council and Commission should discuss the Circulation and Mobility Element and provide direction to staff as necessary.

Inclusionary Zoning

The Commission recommended modifying the percentage of affordable units required of the inclusionary zoning program and adding a workforce inclusionary zoning requirement based on Area Median Income (Table 1). The program would require that projects triggering inclusionary zoning provide either low-income or very low-income and median income restricted units. The Commission recommended reducing the percentage of lower income units required to avoid overlapping with the provisions of State Density Bonus Law, which would reduce the effectiveness of the City’s zoning and community benefits programs wherever in the City they are applied.

Table 1. Planning Commission Recommended Inclusionary Zoning Nov. 14, 2023.

<b>Household Income</b>	<b>% Affordable</b>	<b>Requirement</b>
Very-Low (50% AMI)	4%	Pick one
Low (80% AMI)	6%	Pick one
Median Income (AMI)	10%	Required

This recommendation was based on Council’s direction to evaluate a workforce program. For the purposes of developing a workforce housing inclusionary zoning rent limit, we define the upper income limit as median income. A median-income household earnings and housing costs at the upper limit can pay market rents (Table 2). But the median income category floor is 80% AMI. So a median income program would provide rent limits for those earning anywhere from 80% AMI up to AMI. So a workforce housing program targeting the lower end of AMI

Table 2. Income and rents affordable to median income households.

Household Size	1	2	3	4	5
Unit Size	OBR	1BR	2BR	3BR	4BR
Median Monthly	\$4,887	\$5,587	\$6,283	\$6,983	\$7,541
30% Median Monthly	\$1,466	\$1,676	\$1,885	\$2,095	\$2,262
Less Utility Allowance	\$1,346	\$1,556	\$1,765	\$1,975	\$2,142
Hourly Wage (2080hr/yr)	\$28.20	\$32.24	\$36.25	\$40.29	\$43.51

Staff recommended a workforce median income rent limit following the statewide low-income program adjusted for income. Staff proposed using the formula 30% of 75% of AMI less a utility allowance to establish rent limits adjusted for household size (Table 3). The HOME Rent Limits use 30% as an approximation of the proportion of household gross income that should be used for housing costs to be considered affordable. The HOME Rent Limits then use 65% of AMI for low-income rent limits and 50% of AMI for very low-income rent limits. The rent is the amount the household would pay in a rent restricted unit for both base rent and utilities. Because the programs are generalized, the household is afforded a utility allowance; they are not reimbursed for their actual utility use. The utility allowances are set by local housing authorities. The utility allowance used in this example is set at \$120 and is not adjusted for household size.

Table 3. Comparison of various rent programs and market rent.

Household Size	1	2	3	4	5
	OBR	1BR	2BR	3BR	4BR
Low HOME Rent	\$722	\$773	\$928	\$1,072	\$1,196
High HOME Rent	\$812	\$907	\$1,183	\$1,360	\$1,498
Fair Market Rent Countywide	\$812	\$907	\$1,183	\$1,681	\$2,015
Market Rent Arcata*	\$975	\$1,195	\$1,350	\$2,000	\$2,424
<b>Proposed Workforce Housing Limits</b>	<b>\$980</b>	<b>\$1,137</b>	<b>\$1,294</b>	<b>\$1,451</b>	<b>\$1,577</b>

<https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/income-limits-2023.pdf>

\* Data collected and analyzed by Community Development staff for current market conditions.

The Commission recommended this approach. If the Council wishes to continue, the City’s legal team will need to assess the program and staff will develop rent limits that adjust by household size. The Council should review the Planning Commission staff report and the November 14, 2023, meeting for background on the inclusionary zoning recommendation.

**ATTACHMENTS:**

- A. Vision Statement\_Planning Commission Rec (DOCX)
- B. Revised Vision Statement v2\_03.01.23 (PDF)
- C. Vision Method Memo (PDF)
- D. Circulation and Mobility Element (2045)\_2023.11.28 (PDF)
- E. Transportation Policies (PDF)