



STAFF REPORT – CITY COUNCIL MEETING

October 24, 2023

TO: Honorable Mayor and City Council Members

FROM: David Loya, Director of Community Development

PREPARER: Kiko Barr, Community Development Specialist

DATE: October 16, 2023

TITLE: **Adopt Resolution No. 234-14 Authorizing an Application for the Department of Housing and Urban Development’s Pathways to Removing Obstacles to Housing Grant.**

RECOMMENDATION:

It is recommended that the Council adopt Resolution No. 234-14 authorizing an application for the Department of Housing and Urban Development’s Pathways to Removing Obstacles to Housing Grant.

INTRODUCTION:

BACKGROUND: The purpose of the U.S. Department of Housing and Urban Development’s (HUD) Pathways to Removing Obstacles to Housing (PRO Housing) is to empower communities that are actively taking steps to remove barriers to affordable housing and seeking to increase housing production and lower housing costs for families over the long term. It funds removal of barriers to affordable housing, which includes zoning decisions, land use policies, or regulations; inefficient procedures; gaps in available resources for development; deteriorating or inadequate infrastructure; lack of neighborhood amenities; or challenges to preserving existing housing stock such as increasing threats from natural hazards, redevelopment that reduces the number of affordable units, or expiration of affordability requirements. The grant is based on the Community Development Block Grant statutory and regulatory framework. HUD will be disbursing \$85 million in 2023 with projects ranging from \$1 million to \$10 million. The City of Arcata is eligible to apply.

DISCUSSION: The City has been working through a comprehensive update to the General Plan with the intent to adopt these amendments by the Spring of 2024. To implement the policy changes, there are several amendments to the City’s zoning ordinance, the Land Use Code, that will be necessary. Currently, funding for that work has not been identified. The zoning amendments are eligible for funding through the HUD PRO Housing Grant.

Specifically, staff recommends the grant be used to (1) update the City’s Land Use Code to align with updates to the General Plan 2045, (2) create an Accessory Dwelling Unit ordinance that is compliant with State law, (3) and create zoning codes based on objective design standards for at least two of the remaining Infill Opportunity Zones. The Land Use Code was adopted in 2008 and

has had several minor amendments. The Land Use Code is not consistent with the changes proposed in the General Plan 2045. In addition, there are a few sections of the Land Use Code that could function better with minor revision. Updating the City's zoning ordinance to comply with the General Plan 2045 will remove barriers to housing development that exist because of current zoning. The HUD grant is an ideal funding source for this work.

Accessory Dwelling Units are a steady source of additional housing in the City. While the density of accessory units is relatively low, they do provide a regular source of additional units added to the housing stock each year. State law regulating accessory units has changed several times over the last five years. The City made a strategic decision during a period of rapidly changing law to eliminate its "Second Unit" ordinance, which was not compliant with State law, and rely on State law instead of a local ordinance. The period of rapid change in this body of law has passed, and the City would benefit from having a clear Accessory Dwelling Unit ordinance that is compliant with State law and reflects the local implementation in a local ordinance. This ordinance would promote accessory unit development, which makes it eligible for the HUD PRO Housing grant.

The third PRO Housing grant component proposed is the development of design standards for at least two of the remaining Infill Opportunity Zones identified in the 2019 Housing Element. The Housing Element identified the Downtown, the Craftsman's Mall/St Louis Blvd, and the Valley West Infill Opportunity Zones, in addition to the Gateway Area. Each of these areas may warrant specific design standards and special zoning considerations. These can be specified in zoning ordinances that focus on design standards specific to those areas. This type of zoning, known as Form-Based Codes or Form Codes, can be effective at regulating housing development in spite of the myriad changes in state law that restrict local discretion in review of housing projects. Staff recommends the Valley West and the Downtown, which includes the Union Town Shopping Center, Infill Opportunity Zones for funding with the HUD PRO Housing Grant.

Before submitting to HUD, applicants must publish their PRO Housing application or amendment in its entirety for public comment. Through the Times Standard, "Notify Me" listserv, and a press release, the City posted notice that the application would be available on October 20th on the City's website. On October 20th the application was posted on the City's website and sent through the "Notify Me" listserv. In addition, in an effort to provide outreach to Arcata's Spanish speaking community members, the grant application was published on the City's website in Spanish.

ENVIRONMENTAL REVIEW (CEQA): The grant application and award process will not result in a physical change to the environment. If awarded, the City will conduct environmental review on the project descriptions developed for the proposed zoning amendments. Staff anticipates the development and adoption of a Negative Declaration that tiers off the Environmental Impact Report conducted for the General Plan 2045 comprehensive update. The zoning amendments envisioned primarily implement the policy adopted in the proposed General Plan 2045. Therefore, the environmental impacts associated with the zoning is expected to conform to the impacts identified in the policy review.

BUDGET/FISCAL IMPACT: The grant request is for \$1,323,967. The admin portion is \$150,000 of the full amount.

ATTACHMENTS:

- A. Resolution No. 234-14 (DOCX)
- B. PRO Housing Summary Sheet (PDF)