



# STAFF REPORT – CITY COUNCIL MEETING

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December 15, 2021

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

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

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

**DATE:** December 03, 2021

**TITLE:** **Consider Introducing Ordinance No. 1554 Amending the Housing for Homeless Combining Zone Allowing Permanent Supportive Housing at Two Locations in the Valley West Neighborhood.**

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## **RECOMMENDATION:**

Staff recommends the City Council:

- 1) Receive a staff report and public comment;
- 2) Introduce Ordinance No. 1554, An Ordinance of the City Council of the City of Arcata Amending the Housing for Homeless Combining Zone, waive reading of the text, and consent to read by title only; and
- 3) Direct staff to place the ordinance for adoption on the January 5, 2022, City Council agenda.

## **INTRODUCTION:**

In 2009, the City adopted a combining zone to allow various forms of housing for homeless individuals and those at risk of homelessness. This Housing for Homeless (:HH) Combining Zone was adopted to be consistent with California Government Code Section 65589.5, which required local jurisdictions to establish zones where emergency shelters, transitional shelters, and permanent supportive housing would be principally permitted. The City has recently been approached by two Project Homekey proponents to redevelop the Red Roof Inn and the Days Inn to permanent supportive housing. The proposed amendment to the :HH Combining Zone would permit Permanent Supportive Housing at the subject sites. It would not extend the Emergency Shelter and Transitional Shelter uses to these sites. Ordinances require two readings at two separate meetings. This action will introduce Ordinance No. 1554 (Attachment A to the staff report). The second reading, on January 5, 2022, will amend the :HH Combining Zone.

## **BACKGROUND:**

The City of Arcata adopted the :HH Combining Zone in 2009. Since that time, the Arcata Bay Crossing Permanent Supportive Housing project has been built on one of the Combining Zone parcels. Many of the other parcels are in private ownership that are unlikely to develop housing for homeless. The approach to serving homeless individuals' housing needs has changed considerably since 2009. The Code needs amendments to reflect these changes.

## **DISCUSSION:**

The current Combining Zone has several limiting restrictions. The code requires the housing component be above or behind other uses to qualify for the principally permitted pathway. This was designed primarily with community input and fears around street frontage dedicated to emergency shelter use. In addition, there are significant management restrictions on “clients” intersection with the community.

These restrictions on location and management were largely based on public concerns over and perceptions of Emergency and Transitional Shelters. Despite the differences between shelters and permanent housing, the standards were applied to all Combining Zone uses. Permanent supportive housing, however, has significant operational differences that the Code should address.

Permanent Supportive Housing is similar in most regards to any other multi-family or single-family housing. Tenants obtain the same legal rights to housing as renters at unrestricted housing. And, the units are the homes of the individuals that live there. While many are still working towards stabilization, the tenants at Permanent Supportive Housing are, by and large, the same as their neighbors in unrestricted units with the supportive services rendered by the service provider. The Combining Zone amendment reflects this distinction from Emergency and Transitional Shelter operations.

The City was approached by DANCO Communities and Arcata House Partnership to establish two Homekey projects in the Red Roof Inn and the Days Inn. Project Homekey is a grant program administered by the State Housing and Community Development Department (HCD). The program provides funding to convert hotels to permanent housing for chronically homeless, homeless, and at-risk individuals. Applications are funding on an ongoing first come basis. And the state has indicated it will likely be oversubscribed. There are bonus funds available for applications received before January 31, 2022.

The projects will provide approximately 138 housing units; there are 78 units at the Red Roof Inn and 60 units at the Days Inn. Both will have on-site management and supportive services provided to the residents. The Days Inn has been largely occupied for the last year and a half by homeless individuals as temporary housing through the Project Roomkey program. The Roomkey program was established to provide housing for homeless during the pandemic.

Arcata House Partnership, DANCO Communities, and the City held two public meetings on December 1. The first was focused on the houseless community to establish target population needs that could be incorporated into the project. Approximately 20 unhoused individuals and 20 other community members attended the meeting. A zoom meeting was held for general public outreach. Feedback from the two meetings (Attachment B) and public comment on the proposed rezone (Attachment C) informed the Homekey projects and the rezone. Comment was largely positive and focused on integrating and accepting individuals into the larger community. There were concerns over attracting new homeless individuals, safety, and crime, as well. A recording of the meeting is located at <https://www.cityofarcata.org/152/Housing>.

The proposed revisions in Ordinance 1554 are targeted with respect to the proposed Homekey projects. First, the Ordinance expands the Combining Zone to include the Red Roof Inn and Days Inn parcels. In addition to expanding the geography of the zone, the changes establish separate standards for Permanent Supportive Housing. Specifically, the amendments limit many of the standards to Emergency and Transitional Shelters, allowing permanent supportive housing to meet standard multi-family housing standards.

## **POLICY IMPLICATIONS:**

This action may result in the addition of 138 units of affordable housing to extremely-low income individuals. This action is supported by several Housing Element Policies.

## **COMMITTEE/COMMISSION REVIEW:**

The Planning Commission hearing for a recommendation was held on December 14, 2021. This staff report was drafted before the Commission hearing. Staff will provide Council an oral report of the Commission's action.

## **ENVIRONMENTAL REVIEW (CEQA):**

This Ordinance is Categorically Exempt from CEQA. The proposed zone change would allow a change in use consistent with existing or allowed uses on the sites. On the parcels added by Figure 2-23.2, current short-term hotel stays would continue to be allowed. Permanent Supportive Housing as a new use would allow for long-term residency. As such, the project does not significantly change the baseline environmental condition, and qualifies under the common sense exemption since the zoning change and authorized uses do not have an impact on the environment. In addition, the project will use existing buildings and built environment. All construction will be internal or minor external, including potentially adding small accessory structures. As such, the projects that may arise from the zone amendment qualify for Class 1, Existing Facilities (CEQA Guidelines Sec. 15301); Class 3, New Construction or Conversion of Small Structures (CEQA Guidelines Sec. 15303); and Class 11, Accessory Structures (CEQA Guidelines Sec. 15311). Lastly, the rezone for parcels located in Figure 2-23.2 are subject to CEQA exemption pursuant to Health and Safety Code Section 50675.1.4 for Project Homekey Round 2 projects.

## **BUDGET/FISCAL IMPACT:**

The adoption and implementation of the ordinance has a de minimus impact on the budget. Between staff time, noticing costs, and amending the code with Code Publishing, the budget impact is estimated to be less than \$5,000. This work is part of the Community Development Department's General Funded Planning Activities. There is no other offsetting revenue.

## **ATTACHMENTS:**

- A. Ord 1554 HH Combining Zone Amend (PDF)
- B. Public Meeting 12-01-21 (PDF)
- C. Public Comment (PDF)