



MEMORANDUM

**DATE:** September 3, 2019

**TO:** David Mohlenbrok, Community Development Director

**FROM:** Daniel Cucchi, Assistant City Attorney

**SUBJECT:** Viability of Alternative Methods to Address RHNA Requirements

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**Background:**

Community Development Department staff has held several workshops, public meetings and other means of soliciting input on identifying “adequate sites” to accommodate affordable housing within the City of Rocklin as required by State Housing Laws. Staff has largely presumed that the City will need to identify a mix of sites that range in size from 0.5 acres to 10 acres in size and are designated as either Mixed-Use or High Density Residential. You have requested our office to evaluate the viability of some of the more common concepts proposed by members of the public that have some potential to assist the City with meeting its RHNA obligations: (1) allowing for some high-density residential development on existing commercially-zoned properties; and (2) incorporating accessory dwelling units as affordable housing opportunities.

**Discussion:**

While there is some flexibility for local agencies to meet its RHNA requirements, the State Housing Laws largely define the primary methods that must be accepted by the State Housing and Community Development Department (“HCD”) staff. The State Housing Laws define “adequate sites” as sites that “can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction’s share of the regional housing need.” (Gov. Code § 65583.2(a).) These laws further define the characteristics of an “adequate site” that is presumed to be “appropriate for lower income housing,” such as minimum and maximum acreage for a site (*Id.* §65583.2(c)(2)), and minimum residential density requirements (*Id.* §65583.2(c)(3)). When agencies choose to use an alternative method and select sites that do not meet these requirements, the burden falls on the local agency to demonstrate how the selected site will accommodate lower income housing using evidence such as market data, sales and rental figures, and financial analyses. (*See, e.g., Id.* §65583.2(c)(3)(A).)

*Allowing High Density Residential Development on Commercially-Zoned Sites*

This proposal commonly consists of either: (1) amending the Zoning Ordinance to allow high-density residential development as a permitted use for certain commercial zoning districts; or (2) selectively identifying large commercial sites within a local jurisdiction and placing an “overlay zone” designation to accomplish the same. It has some merit, given its similarity to the approaches already utilized by City staff, as well as its historical acceptance by HCD as recently as the mid-2000s/early-2010s. In the current “California housing crisis” environment, however, the only likely viable version of this approach is essentially redundant of the “mixed-use designation” already employed by City staff.

HCD has more recently put significantly greater emphasis on the statutory phrase “can be developed for housing within the planning period” to take a much narrower view about the viability of non-vacant sites. To receive some credit as an “adequate site” for housing, the non-vacant site must show some potential for redevelopment within the planning period of the City’s Housing Element. Partial credit or even no credit at all is a much likelier outcome now than it would have been in previous housing cycles. This is not to say that non-vacant sites cannot be included in a sites inventory. Such locations can play an important role in a diverse inventory, particularly when relying on sites that have some potential for redevelopment. Relying on non-vacant, commercially-zoned sites, however, can be a risky approach absent some data showing that the commercial center has some redevelopment potential.

On the other hand, vacant commercially-zoned sites or sites that have some undeveloped acreage that could be used for housing, can be a viable option. To the extent a commercial property is vacant, rezoning to allow for some residential development would support its use as an “adequate site,” though this is essentially the “mixed-use designation” approach already used by staff. Staff could avoid adding complexity to the Zoning Code by simply identifying any additional undeveloped commercial sites as mixed use, rather than adding new rules for some commercial sites. For those sites that are developed but include some amount of acreage that could support high-density housing, a mixed-use designation would likely allow for partial credit. However, from a risk reduction perspective it would be much more effective to simply rezone that vacant portion of the property to a high-density residential zone in order to get full credit on the sites inventory.

*Counting Accessory Dwelling Units*

This proposal is straightforward – project how many accessory dwelling units (“ADUs”) will be built in the City during the Housing Element cycle and account for them as potential affordable housing units. As an alternative method for identifying sites, however, the burden falls on the City to demonstrate their viability as affordable housing. Staff has reviewed Building

Department data and found that only sixteen (16) building permits for ADUs have been issued within the City since 1998, an average of less than one per year. Since 2017, only three (3) ADUs have been built and finalized. In addition, City staff would also need financial data to show that the ADUs are typically rented at rates appropriate for lower-income households. It is my understanding staff has been unable to find any data which showed that ADUs were viable lower-income housing, but if such data were found, the number of units that could be assumed would likely be in the 10-15 total units range. These kinds of estimates make this approach impractical for use as a part of the City's adequate sites inventory strategy.

*End of memorandum*

cc: Laura Webster, Director Office of Long Range Planning