



# CITY MEMORANDUM

**DATE:** 9/24/19

**TO:** Mayor and Council Members

**FROM:** David Mohlenbrok, Community Development Director  
Laura Webster, Director of Long Range Planning

**SUBJECT:** Regional Housing Needs Allocation (RHNA) - Site Recommendations/Resolution of Intent (ROI)

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## **Recommendation**

Approve as proposed or with revisions the following Resolution of Intent (ROI):

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROCKLIN OF INTENT TO INITIATE AN AMENDMENT TO THE ZONING ORDINANCE TO CREATE HIGHER DENSITY ZONES SPECIFYING A MINIMUM OF UNITS PER ACRE, CREATION OF MIXED USED ZONE(S) AND TO COMPLETE ASSOCIATED GENERAL PLAN AMENDMENTS AND REZONES FOR CERTAIN PROPERTIES TO MAINTAIN AND UPDATE THE CITY'S HOUSING ELEMENT AVAILABLE SITES INVENTORY

It should be noted that this action directs staff to initiate and complete documentation necessary to process General Plan Amendments (GPA's) and Rezones for specific sites, but does not in itself complete those actions.

All GPA's and Rezones will be processed in accordance with the California Environmental Quality Act (CEQA) and include public hearings before the Planning Commission and City Council. Property owners will receive notice prior to the Planning Commission hearing, and again prior to City Council consideration of the proposed GPA's and Rezones.

Factoring in mandatory consultation periods and preparation/processing of CEQA documents, and hearings before the Planning Commission, City Council consideration and possible action on the GPA's and Rezones is expected to occur in April and May 2020.

## **Background**

On July 23, 2019 Staff conducted an informational presentation highlighting the collective work efforts and recommendations from the RHNA Ad Hoc Committee. The material also included presentation of a Land Use Balance Assessment prepared by Bender Rosenthal Inc/CBRE as background. No formal actions were taken by the City Council at the July 23<sup>rd</sup> meeting.

As part of the “Next Steps” component of the July 23<sup>rd</sup> staff report packet staff noted it was likely that the City would receive new preliminary RHNA numbers from SACOG for the next Housing Element cycle in August/ September 2019 and then be prepared in conjunction with the work of the Committee to provide informed recommendations for specific General Plan Amendments (GPA’s) and Rezones.

The remainder of this report and package will focus on technical information and presentation of a proposed sites list intended to maintain compliance for the City’s current and upcoming Regional Housing Needs Allocation (RHNA) Available Sites Inventory requirements.

## **New Preliminary RHNA Numbers**

The Sacramento Area Council of Governments (SACOG) is in the process of selecting the RHNA methodology for the 2021-2029 Housing Element Cycle. There are 4 methodologies under consideration and SACOG staff has recommended that “Methodology C” ultimately be selected by the SACOG Board as the final methodology, subject to and following completion of a 60 day review period for the public and the State Department of Housing and Community Development (HCD).

The City of Rocklin’s proposed RHNA allocation under Methodology C would be the construction of 5,661 total residential units within the eight year timeframe. Of that total, 3,060 of the units would need to be for sale or have rental prices that are affordable to Lower Income Categories (i.e., Households earning 80% or less of Area Median Income (AMI)).

The Lower Income Category will ultimately be broken down further into Low (51 to 80% AMI) Very Low (50% or less AMI) and Extremely Low (30% or less AMI), but those distinctions do not pertain to densities associated with the Available Sites Inventory. The Available Sites Inventory is only required to address the collective Lower Income Category as a whole.

Under current state law, the City is not required to construct the units, however, it is required to develop and maintain an Available Sites Inventory of land at densities considered to theoretically accommodate units within that collective Lower affordability category.

City staff's focus is currently on meeting/maintaining RHNA compliance for "Lower Income Category" as this is typically the most difficult component to address.

Although the City has already currently exceeded construction of its 2013-2021 RHNA requirement for the Moderate Income Category, it should be noted that final allocations for units within the Moderate Income Category associated with the future 2021-2029 Housing Element Update will likely create the need for additional sites to be identified for that category as well. That effort will be addressed at a later date and/or during upcoming preparation of the 2021-2029 Housing Element Update.

### **Minimum Density Assumptions and Associated Acreage**

Because the SACOG region contains a population over 1,000,000 individuals, the state has assigned a default density of 30 dwelling units per acre as the assumed minimum density needed to construct products in the Lower Income Category.

Because of Rocklin's past successes in getting development projects with Lower Income units constructed at lesser densities (largely through the use of former and now eliminated Redevelopment Housing Set Aside Funding) the City was able to demonstrate to HCD that the minimum density needed in City's 2013-2021 Housing Element was 22 units per acre.

However, to date, no new projects have been constructed in the Lower Income Category in Rocklin during the 2013-2021 Housing Element Cycle. Although we have some promising developments which either have or are in the process of receiving entitlements (e.g., Rocklin Gateway and Quarry Place), if no new developments meeting the Lower Income Category at densities less than 30 units per acre have pulled building permits, the City will not have any recent real world examples to cite and it is likely that HCD will insist that the regional default density of 30 dwelling units per acre be applied.

Assuming that current Draft RHNA numbers generated by SACOG's Methodology C are ultimately adopted, the following minimum acreage would be needed for the City's Available Sites Inventory. It should be noted that the figures below would apply if the entire inventory were designated as High Density Residential.

In past Housing Element Cycles, the state has allowed a portion of the Inventory to consist of lands designated as "Mixed Use" as long as the required minimum density is applied. However, only 50% of the Mixed Use site acreage was allowed to be counted. Therefore, if some portion of the inventory is proposed to be Mixed Use, additional acreage would be required. Staff recommends that application of the Mixed Use category be applied very judiciously.

3,060 / 30 dwelling units per acre = 102 acres

If projects began construction in the near term and the City attempted to retain the current 22 unit per acre minimum, even more acreage would be required.

$3,060 / 22 \text{ dwelling units per acre} = 140 \text{ acres.}$

It is fairly unlikely that the current minimum will be allowed by HCD in the 2021-2029 Housing Element Cycle, therefore, staff is suggesting that the City's efforts going forward assume that a minimum of 30 dwelling units per acre in the Available Sites Inventory be applied.

### **Importance of a Surplus**

Although not required, the RHNA Committee agreed that having a reasonable surplus of acreage on the Available Sites Inventory is recommended to provide the City with flexibility moving forward.

State law requires that the City maintain an inventory that can accommodate the entire allocation for the Lower and Moderate Income Categories. Sites "come off the inventory" as they are newly developed and ongoing monitoring of remaining available acreage is necessary. Findings are required to be made as part of project approvals regarding consistency with the Housing Element and Available Sites Inventory as development of properties on the inventory occurs.

Some unanticipated and desirable development opportunities generated by unanticipated market forces may also come forward from time to time involving sites on the inventory. In light of the state's evolving "no net loss" provisions, having a reasonable surplus of sites on the inventory would avoid having to continually identify and re-designate/rezone new sites in conjunction with development of a site on the inventory which could streamline project reviews and approvals in those instances.

Finally, although Draft RHNA numbers have been provided by SACOG, state review and SACOG Board selection of the final methodology has not occurred. Within the current framework, an even higher RHNA allocation could be assigned. For example, Rocklin's allocation under "Methodology A" would be 3,139 units in the Lower Income Category.

Additional adjustments to RHNA methodologies may also still come forward as a result of state or public comments. SACOG Board action of the final methodology is expected to occur by November 21, 2019 at the earliest.

In light of the above factors, staff recommends that a minimum surplus of 25% be considered.

At 30 dwelling units per acre (if it were all HDR) a total of 128 acres would be needed to meet the 2021-2029 estimated RHNA and create a 25% surplus. That figure would also go up depending upon the component of Mixed Use acreage that is incorporated.

### **Legislative Parameters for Site Selection**

There are some state requirements (both existing and new as of 2017) that must be considered as we identify sites for the inventory.

**At least 50% of the sites must be “hard designated” as High Density Residential (HDR).** However, for the reasons cited previously staff is recommending that a majority of the sites identified be redesignated as HDR.

**At least 50% of the sites must be vacant** as defined by the state which is essentially no existing development.

**Sites (and/or zoned areas) are to be 0.5 to 10 acres in size** unless specific findings and examples can be made demonstrating that affordable units have been constructed in the City of parcels outside of that range. The City does not currently have any examples of units in the Lower Income Category being constructed outside of this range. Modifications to the City's zoning ordinance will also likely be needed to allow multiple zoning designations on a site, and / or parcel maps may need to be processed in some instances to create sites meeting this criterion.

**Limitations on inclusion of sites from prior Available Sites Inventories.** There is also going to be a higher level of scrutiny and documentation required for sites that have been listed on prior Available Sites Inventories, so some sites that were accepted by the state in the past may not be able to be retained.

### **Analysis of Potential City Owned Sites**

As part of this analysis, Staff in the GIS Division prepared an overview map of City owned parcels to help in the evaluation of whether or not any City owned land has the potential to be added toward the RHNA Available Sites Inventory (See Staff Report Attachment 1).

As noted in the overview map, the majority of City owned parcels (1,379 acres) consist of Open Space/Conservation and park lands. Another 32.44 acres consists of City Facilities (e.g., Fire and Police stations, City Hall Complex, the Rocklin Events Center, Corporation Yard, etc.).

Based upon input from the RHNA Committee, these lands have not been included for consideration due to either their resource value and/or current active uses related to City

functions, see below for further discussion on sites that could be viewed as having some development potential.

There is a 0.98 acre vacant Light Industrial parcel on West Oaks Boulevard that is already the subject of a Purchase and Sale Agreement (PSA) where a future office development is anticipated.

The remaining sites consist of vacant Mixed Use parcels in the Downtown core area, several of which are former railroad rights-of-way that could only be developed for parking type facilities. The Big Gun site on Pacific Street and vacant lots at the corner of Pacific Street and Rocklin Road are currently involved in PSA's with Brentwood.

The site recently purchased by the City at Oak/Pine and Pacific Streets is already on the City's Available Sites Inventory for the Moderate Income Category and could be changed to High Density Residential, although it is considered desirable to retain the option of ground floor commercial development at that location because of its position in the heart of the Downtown area. Affordable units in the Lower Income Category are also expected to be developed on that site in any case due to the funding source that was utilized for its purchase. The Oak/Pine and Pacific Streets site had been included on the Proposed RHNA Committee Sites list as Mixed Use / MU-30+

The City has purchased the Sunset Whitney Recreation Area (SWRA) property. It is currently designated as Recreation-Conservation and some portions are already previously disturbed. Should the Council wish to consider any portion of the SWRA property as potential acreage for RHNA, the portion located closest to Sunset Boulevard (up to 10 acres) would make the most sense as it is closest to shopping, services and on a transit route. If considered desirable, the Council could direct staff to include the addition of such a site as part of its actions on the ROI.

Based upon the analysis above and absent any differing direction from the City Council, only the Oak/Pine and Pacific Streets site is being recommended for inclusion on the Proposed Sites Inventory at this time.

### **Viability of Alternative Methods to Address RHNA Requirements**

During the RHNA Committee's work, the concept of allowing an overlay on some or specific Commercial areas wherein High Density Residential development would be allowed by right was identified as a potential strategy that should be explored to meet the City's Available Sites Inventory requirements.

It was also suggested that a portion of the obligation might also be able to be met through reliance on projected increases in the development of Accessory Dwelling Units (ADU's).

The Community Development Director requested that the City Attorney's Office prepare a memo regarding the viability of these approaches. The full memorandum from the City Attorney's Office is provided as Attachment 2 to this staff report.

Primary conclusions from the evaluation are:

- Adding the potential for High Density Residential uses by right in existing Commercial zones is a deviation, but also largely a duplication of what is already allowed in the City's Mixed Use Designation.
- HCD is taking a much narrower view about the viability of non-vacant sites. Most existing Commercial development areas in Rocklin, not already designated as Mixed Use, are relatively new and in good condition. Convincing HCD that these areas are prime for redevelopment in the near term is not likely to be successful.
- Similar to HCD's treatment of Mixed Use sites, any Commercial land that was successfully accepted would only likely receive partial credit, if any, for the acreage identified.
- Historic development of Accessory Dwelling Units (ADU's) in Rocklin to date has been very low, on average less than one per year since 1998. Actual development of ADU's in Rocklin cannot be documented in a manner that would allow this type of development to be counted as a significant portion of the City's Available Sites Inventory strategy.

### **Landowner Participation and Feedback**

Staff has provided direct mail notice to all property owners with lands under consideration.

In addition to letters already shared with City Council as part of the 7-23-19 Staff Report Packet, staff has received written correspondence from representatives for one specific site (Site 24). That letter has been included in Attachment 3 to the staff report.

Staff's recommendation related to that site has not deviated from what was proposed by the RHNA Committee. The site that they refer to north of the creek is already on the City's current inventory for the Moderate Category. Since sites are also needed to address that category, staff did not concur with the suggestion that densities be increased only in that area.

In general most other land owner feedback to date has either been opposed to their site being included or retained on the City's available sites list, and /or some have expressed willingness if a Mixed Use designation is applied.

Given the amount of units and associated acreage that the City will need to address, as well as the other legislative parameters established by the state (vacant vs. non-vacant, the amount that must be HDR, etc.) the desire to engage with only willing land owners and identify adequate available sites is not feasible.

Proposed site recommendations are based in large part on sites identified through the work of the RHNA Committee which were undertaken over many months in a public setting based in part on objective criteria and thoughtful consideration of each property identified and discussed.

### **Proposed Revised RHNA Committee Recommended Sites List**

Staff is working toward identifying “the universe” of parcels that could be incorporated into a site inventory designed to meet the anticipated RHNA numbers that will need to be addressed to meet the Lower Income Category as part of the next Housing Element Update.

Items listed in Exhibit A to the ROI consist of all sites recommended by the RHNA Committee.

Some of these sites are on the current RHNA Inventory, but have not been rezoned. Some would be new to the inventory and were vetted extensively by the Committee. A few are also part of current development applications, so may be addressed individually as Council takes action on them.

Staff has incorporated all on the list with recommendations as to whether an HDR or Mixed Use designation is suggested and whether they are vacant or developed to provide data regarding what the list in total could yield and how it would conform to state mandated parameters.

All sites recommended by the Committee are noted, however, it is suggested that existing Mixed Use (MU) parcels owned by William Jessup University (roughly 12.72 acres) be removed in exchange for designation of a new 10 acre HDR site on property also owned by the University.

Similarly it is suggested that the recommendation for the proposed designation of sites on properties owned by Sierra College be reduced from 10 acres each (Mixed Use) to 5 acres each (total of 10 acres) as HDR.

Maps that correlate to all Proposed RHNA Committee Recommended Sites with the suggested revisions noted above have been included as Attachment 4 to the staff report.



### **Additional Sites for Consideration**

During the last meeting with the City Council on this topic, a question was raised regarding whether or not there were any other sites that could be considered for RHNA, beyond what the Committee had recommended?

Because RHNA numbers are still in some flux and not all sites identified by the Committee may be moved forward by the City Council, staff has also provided a list of sites some of which did not receive full Committee support, but are nonetheless considered viable potential options to be revisited. Some also involve requests from willing land owners. Others are already on the City's existing inventory for the Lower Category, so were not discussed in depth with the Committee, but recommended by staff to be carried forward and rezoned.

All owners of these sites also received direct mail notification of this meeting.

Staff has identified the sites and potential yields in Exhibit B to the ROI for the Council's consideration. Maps highlighting their location and immediate surroundings are included in Attachment 5 to the staff report.

### **Sites on Existing Inventory**

Land use changes were made several years ago as part of the 2013-2021 Housing Element Implementation and a companion Ordinance adopted that stated during the timeframe that the Land Use and Zoning designations differ, the Land Use designation would supersede. There are a number of development applications involving sites on the Current 2013-2021 Inventory that will need to be addressed (in terms of findings of "no net loss") and be dealt with on a case by case basis during the interim period before general plan amendments and rezones outlined in the ROI are completed and a new sites list is established formally in the City's 2021-2029 Housing Element Update. The actions the Council directs through the ROI under consideration will assist in the ability to continue processing those applications and make necessary findings.

### **Recommendation**

Staff recommends that the City Council approve the attached Resolution of Intent including Exhibit A (Proposed Revised RHNA Committee Recommended Sites) and Exhibit B (Additional Staff Recommended Sites).

As summarized in the following table, this would put 203.90 acres under consideration. The minimum acreage that the City would need if all were HDR is 102 acres. Adding in a 25% surplus (again if all HDR) would bring the minimum total need to 128 acres.

The combined list of recommended sites within the scope of the Draft ROI would give the City additional options to move forward with (approximately 76 acres) should some sites fall out through further evaluation of environmental constraints, processing of separate development projects, and other factors. Staff believes such latitude is needed at this early stage of the process.

<b>Summary Table ROI Sites</b>						
ROI Exhibit	Assumed Net Acreage	Vacant Acreage	Developed Acreage	HDR Acreage	MU Acreage	Potential Yield (Units)
Exhibit A – Proposed Revised RHNA Committee Sites	136.09	78.77	57.32	119.48	16.61	3,834
Exhibit B – Additional Staff Recommended Sites	67.81	50.58	17.23	45.77	22.04	1,704
Totals	203.90	129.35	74.55	165.25	38.65	5,538
Estimated RHNA Requirement – No Surplus (If all HDR)	102.00					3,060
Recommended 25% Surplus (If all HDR)	26.00					780
Minimum Acreage and Yield Recommended	128.00					3,840
Difference	+75.90					+1,698

### **Fiscal Impacts**

Preparation and processing of documents related to the General Plan Amendments and Rezones will largely be conducted in house by City staff. The City's FY 19/20 Budget included approximately \$90,000 to cover the costs of technical studies necessary to support preparation of environmental documents.

### **Attachments**

1. City Owned Sites Analysis (Maps)
2. City Attorney's Office Memorandum – Viability of Alternative Methods to Address RHNA Requirements
3. New Correspondence - Landowner Letter(s)
4. Proposed Revised RHNA Committee Sites (Maps)
5. Additional Staff Recommended Sites (Maps)