

SPECIAL CITY COUNCIL /PLANNING COMMISSION
MEETING/WORKSHOPAGENDA
WEDNESDAY, JUNE 16, 2019 at 6:00 p.m.
317 Broad Street
Nevada City, CA 95959
City Hall – City Council Chambers

ANY MEMBER OF THE AUDIENCE DESIRING TO ADDRESS THE COUNCIL OR COMMISSION ON ANY ITEM ON THIS AGENDA: After receiving recognition from the Mayor, give your name and address, and then your comments or questions. Please direct your remarks to the Councilmembers. In order that all interested parties have an opportunity to speak, please limit your comments to the specific item under discussion. All citizens will be afforded an opportunity to speak, consistent with their Constitutional rights. Time limits shall be at the Mayor's discretion. IF YOU CHALLENGE the Council's decision on any matter in court, you will be limited to raising only those issues you or someone else raised at the meeting or Public Hearing described on this agenda, or in written correspondence delivered to the City Council at, or prior to, the meeting or Public Hearing. Requests for disability-related modifications or accommodations may be made to the City Clerk, by telephone or in writing. Requests should be made least 24 hours prior to the meeting. Materials related to an item on this Agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Hall at 317 Broad Street, Nevada City, CA during normal business hours.

- 1. CONSULTANT OVERVIEW OF DRAFT 2019-27 HOUSING ELEMENT**
- 2. CONCLUSIONS, QUESTIONS**
- 3. ADJOURNMENT**

REPORT TO CITY COUNCIL/ PLANNING COMMISSION

June 19, 2019

City of Nevada City
317 Broad Street
Nevada City CA 95959
www.nevadacityca.gov

TITLE: SPECIAL MEETING/WORKSHOP: Housing Element Update

RECOMMENDATION: Review the draft 2019-27 Housing Element, receive public comments, and offer any comments to the consultant/staff team at the workshop

CONTACT: Gary Price, Contract Planner
Amy Wolfson, City Planner

BACKGROUND:

This is the second public workshop held on the update of the Housing Element. Please see Attachment 1; Staff Report for the April 3 Workshop which provides a background of the purpose of the Housing Element.

This second workshop is intended to obtain comments from the public, City Council and Planning Commission, regarding the initial draft of the 2019-27 Housing Element before it is submitted for preliminary review by the California Department of Housing and Community Development (HCD). This preliminary review by HCD is the first step in the City's process of preparing the Housing Element. After HCD's initial review, the document will be further amended to comply with HCD's interpretation of State Housing Law and then prepared for adoption by the City. The draft was circulated for public review on June 9, 2019, to allow some time for preliminary public review before it is submitted to HCD. This preliminary public review, prior to submittal to HCD, by no way is intended to preclude further review or public comment on the document. After preliminary review by HCD, within 60 days, the City will prepare a revised draft document, again circulate it for public comment, and then commence the adoption process. This adoption process involves noticed public hearings with the Planning Commission and City Council, with a final wrap in October, 2019 (see attached schedule). After City Council adoption, the document is then forwarded again to HCD for final certification. Once the City receives final certification, the City will be in full compliance with State housing law for the 2019-27 period, and be eligible for a number of housing related grant programs offered by the State. Please understand that this second public workshop is optional, but it was determined needed because the City had received significant public comments during the first workshop.

DISCUSSION/EVALUATION:

The New Document: Although the document has undergone significant format changes from the previous housing element, it essentially retains the original organizational structure as its two predecessors; both of which received State certifications. The draft was prepared to meet minimum State Housing law to include:

- An overview of population/housing characteristics in the City
- Performance evaluation of how the City met programs identified in the previous housing element
- Review of government and non-government constraints to the production of housing
- Identification of properties within the City that can accommodate higher density housing and meet the State mandated allocation of regional housing needs (including lower income

housing)

- A set of programs that demonstrate the City's efforts to achieve housing needs
- A summary of goals and objective for the 2019-27 6th Housing Cycle.

The draft document can be reviewed from the City's Website at:

<https://www.nevadacityca.gov/files/documents/DRAFTHEU19-271324115635061019AM.pdf>

Public Participation: As the City prepares to receive comments from HCD during preliminary review, the staff/consultant team will assemble written public comments it receives and will respond to as the document evolves. Attached is a comment response table of comments received from the June 9, 2019, circulation date. This will continue to be updated through the process. An update of this table will be distributed at the meeting, because we would anticipate receiving more written comment between the times this staff report is issued to the date of the workshop.

Based on initial public comments received during the first public workshop (see Appendix A of the draft Housing Element) many recommendations have been taken into account with the updated document. Several new programs have been created as a result of these public comments, such as:

- Program 4-g- Amend Zoning Code to complete the Cottage Dwelling Unit Ordinance to consider reduced design standards in exchange for the production of low income housing.
- Program 8- Review the feasibility of creating Universal Design (UD) regulations for new and substantially remodeled residential development in collaboration with FREED.

Some other suggestions from the public have been to create housing programs that exceed minimum State law. Some involve things that may not be practical due to State mandated timeline requirements for adoption or may involve significant resources that the City may not have. Although many are creative and could improve housing diversity in Nevada City, some are either not practical for immediate implementation or should be evaluated separately beyond this process of updating the housing element, such as:

- Complete rezoning of properties prior to adoption of the Housing Element.
Comment: This effort may or may not be required based on the results of HCD's interpretation of SB 1397; a recent statute that required rezoning in some instances. Also, such rezoning would delay housing element certification so that the City would not be eligible for an 8-year housing cycle approval (see April 2, 2019 staff report).
- Amend the Hosted Short Term Rental Ordinance to restrict conversion of second dwellings to vacation rental units.
Comment: Since these regulations were established by voter initiative, the City is prohibited from amending these regulations without voter approval.
- Consider amending the Code to allow "Tuff Sheds" for emergency shelters in the industrial zone.
Comment: This may not be practical due to the potential for conflicting land uses, but should be more carefully reviewed after the housing element is adopted.

Project Schedule: Next steps for the process after this second optional public workshop has been conducted, will be to draft a revised document (including any further changes as a result of this workshop) for submittal to HCD. Once HCD has reviewed the document and issues comments, the consultant/staff team will coordinate responses to comments and possible revisions and coordinate a revised public hearing draft housing element to make sure it complies with State Housing Law based on direction from HCD. The Planning Commission would then conduct public hearing to consider the final draft housing element and recommend action to the City Council. Following

Planning Commission action, the City Council would conduct a public hearing to adopt the Final Housing Element. The City would then send the final document back to HCD for final approval sometime in October, 2019. Once HCD receives the final adopted document, it will be certified by the State within 90 days.

ENVIRONMENTAL REVIEW: Consistent with actions taken by the City for the previous two Housing Element Update adoptions, this activity of adopting a housing policy document qualifies under the general rule of the California Environmental Quality Act Guidelines (CEQA). Section 15061(b)(3) which states that CEQA applies only to projects, “Where it can be seen with certainty there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.” As such, no formal environmental review is required. Should formal environmental review be determined to be needed, the City would need to undertake a timely process of preparing an environmental study to determine whether or not adoption of the Housing Element Update would result in a significant environmental impact and then determine whether or not an Environmental Impact Report would be required. Such additional work would impact the facilitated schedule to complete the Housing Element on time for an eight year housing cycle approval. In case of such a scenario, the delayed adoption process would result in a penalty by the State for a four (4) year housing cycle and the City would be required to update the document again in 2023.

RECOMMENDED ACTION: No action is required for this optional review. Please review the draft 2019-27 Housing Element, receive public comments, and offer any comments to the consultant/staff team at the workshop.

ATTACHMENT:

1. April 2, 2019, Housing Element Workshop Staff Report
2. Project Schedule
3. Public Comments Table

**REPORT TO CITY COUNCIL/
PLANNING COMMISSION**

April 3, 2019

City of Nevada City
317 Broad Street
Nevada City CA 95959
www.nevadacityca.gov

TITLE: SPECIAL MEETING/WORKSHOP: Housing Element Update

RECOMMENDATION (*revised from original post*): No action needed. Hold workshop.

CONTACT: Gary Price, Contract Planner
Amy Wolfson, City Planner

BACKGROUND: The Housing Element, one of seven State mandated elements that comprise the General Plan, is a policy document that provides an assessment of housing characteristics and needs in the community and establishes programs to improve housing to meet these needs. In accordance with California Government Code Sections 65580-65589, the Housing Element must be updated, periodically. Nevada City's current, Housing Element was approved by the State Department of Housing and Community Development ("HCD") for the period 2014-19 (for the 5th State Housing Cycle). The current housing cycle for Nevada City expires in August, 2019. The City needs to update the Housing Element for the 6th State Housing Cycle for 2019-27. This workshop is intended to provide an overview of the City's current Housing Element, present various State mandated requirements for bringing the document to comply with State Housing Law, and to obtain initial comments from the public, City Council and Planning Commission regarding concerns with the City's housing characteristics and needs and review the current Housing Element document for updated information.

DISCUSSION/EVALUATION: With each housing element cycle, HCD determines the number of projected housing units each jurisdiction is required to accommodate, in terms of land/zoning availability, for the projected household growth needs for all income levels as projected by HCD. The two critical income levels are Very Low and Low (affordable ranges). This allocation is called RHNA or Regional Housing Need Allocation. The upcoming RHNA allocation for the 2019-27 cycle calls an eight-year objective of 135 housing units; an overall increase four (4) units from the 2014-19 cycle. However, with this new RHNA and the methodology HCD uses to calculate development capacity at 16 units per acre, this allocation, 52 units needs to be targeted for low and very low income families. As a result, there is insufficient R-3 Zoned land to meet this requirement (refer to Table 1). The City will therefore need to identify an additional approximately one acre of land and rezone it for R-3 to meet the RHNA in the next three years.

Next steps for the process after the public workshop, will be to draft the document for submittal to HCD by next month. Once HCD has reviewed the document and issues comments, the consultant/staff team will coordinate responses to comments and possible revisions and coordinate a revised housing element draft. A second public workshop to review the draft is tentatively scheduled for June 5, 2019. This would provide an opportunity for any public, Council, Commission comments on the draft as it is being reviewed by HCD. The Planning Commission would then conduct second public hearing to consider the draft housing element update and recommend action to the City Council. Following Planning Commission action, the City Council would conduct a public hearing to adopt the Housing Element Update. The City would then send the final document back

to HCD for final approval sometime in September or at latest, October, 2019. Once HCD received the final adopted document, it will be certified by the State within 90 days (see schedule below):

The City has selected Price Consulting Services (PCS) to assist staff in updating the Housing Element. The PCS Team, consisting of Gary Price, Tom Parilo and Cindy Siegfried, who update and certified with the State, the City's last two Housing Elements, will be working with staff to update the document for 2019-27.

Table 1

| Projected Needs (Regional Housing Need Allocation) | | | | | | |
|--|----------|-------|----------|----------------|--------|-------|
| Jurisdiction | Very-Low | Low | Moderate | Above-Moderate | Total | |
| Nevada County | 834 | 656 | 622 | 1,582 | 3,695 | |
| Grass Valley | 143 | 126 | 125 | 349 | 743 | |
| <i>Percentage of Total</i> | 19.2% | 17.0% | 16.8% | 47.0% | 100.0% | 20.1% |
| Nevada City | 29 | 23 | 23 | 60 | 135 | |
| <i>Percentage of Total</i> | 21.6% | 16.8% | 16.8% | 44.8% | 100.0% | 3.7% |
| Truckee | 187 | 140 | 128 | 300 | 755 | |
| <i>Percentage of Total</i> | 24.8% | 18.5% | 16.9% | 39.8% | 100.0% | 20.4% |
| Unincorporated Nevada County | 475 | 367 | 346 | 874 | 2,062 | |
| <i>Percentage of Total</i> | 23.0% | 17.8% | 16.8% | 42.4% | 100.0% | 35.4% |

ENVIRONMENTAL REVIEW: Consistent with actions taken by the City for the previous two Housing Element Update adoptions, this activity of adopting a housing policy document qualifies under the general rule of the California Environmental Quality Act Guidelines (CEQA). Section 15061(b)(3) which states that CEQA applies only to projects, "Where it can be seen with certainty there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." As such, no formal environmental review is required. Should formal environmental review be determined to be needed, the City would need to undertake a timely process of preparing an environmental study to determine whether or not adoption of the Housing Element Update would result in a significant environmental impact and then determine whether or not an Environmental Impact Report would be required. Such additional work would impact the facilitated schedule to complete the Housing Element on time for an eight year housing cycle approval. In case of such a scenario, the delayed adoption process would result in a penalty by the State for a four (4) year housing cycle and the City would be required to update the document again in 2013.

RECOMMENDED ACTION: Review current 2009-14 Housing Element and offer any comments to the consultant/staff team at the workshop. The public, City Council, and/or Planning Commission members should review the Housing Element and consider any housing characteristic changes that should be reflected in the updated document. The Housing Element document can reviewed from the City's Website at <https://www.nevadacityca.gov/files/documents/HousingElement1324021605042016PM.pdf> or hard copies of the document can be obtained from the Planning Department

ATTACHMENT: Housing Element Update Schedule

**Attachment 2
NEVADA CITY HOUSING ELEMENT UPDATE
SCHEDULE
June 19, 2019**

| MILESTONES & CRITICAL PATH | ANTICIPATED DATE |
|---|-------------------------|
| Conduct Public Review of Draft Housing Element Update; Joint Meeting with the Planning Commission and City Council (Noticed Public Hearing) | June 19, 2019 |
| Submit Draft Housing Element Document to HCD (60 day review) | June 26, 2019 |
| Receive preliminary comments from HCD on Draft | August 26, 2019 |
| Complete final revisions of Draft for final publication. | September 4, 2019 |
| Conduct public hearing with Planning Commission for approval. | September 19, 2019 |
| Possible second meeting with Planning Commission on Housing Element Document | September 26, 2019 |
| Conduct public hearing on Housing Element Document by City Council | October 9, 2019 |
| Possible second meeting with City Council | October 23, 2019 |
| Prepare and Finalize Housing Element Document and Submit to HCD for Certification (90 days) | November 1, 2019 |
| Prepare and submit Notice of CEQA Exemption for Housing Element Update | November 1, 2019 |
| Final Date to Submit Adopted Housing Element to HCD for 8-year Cycle | December 13, 2019 |
| HCD Certification of Housing Element* | February 1, 2020 |

* Letter from HCD certifying housing element compliance usually is completed and submitted within 30 days of submittal of the final adopted document which would be by December 2, 2019.

**Attachment 3
Public Comments Table**

| Comment email June 8, 2019 from Pauli Halstead : | Response |
|---|--|
| <p>1. Expand the uses in the Light Industrial Zone to also include Transitional and Supportive Housing, since we already have Emergency Shelters allowed in that zone anyway. I think the community might rather have all this type of housing in Light Industrial rather than Residential. You can keep Transitional and Supportive Housing in Residential zones, too, but it would be better to have it in Light Industrial.</p> | <p>Transitional and supportive housing is allowed in this zone with a use permit. Allowing these by right could result in some incompatibility between industrial and residential uses. The use permit allows the Planning Commission the ability to condition these uses for compatibility of deny.</p> |
| <p>2. Workforce Housing could also be included in the permitted uses in the Light Industrial Zone. I am saying this because, with my property, many people who are employed on New Mohawk would be able to live on my property if I built 8 unit studio apartments.</p> | <p>Workforce housing is not defined by State law, so what you are asking is if the City would expand regulations beyond minimum State standards. Suggest that this be a separate discussion for regulations that are created outside the State mandated housing element.</p> |
| <p>3. You have verbiage in the draft which refers to innovative housing for very-low income. We have zero very low income housing <i>because it's not affordable to build</i>. This is one of the reasons Reinette and I proposed a Tuff Shed supportive housing or workforce training program. It would fulfill the cities need to provide some very low income housing. You could just expand the uses in the Light Industrial zone to include "one" such permitted program within the city limits. Instead of declaring the emergency shelter crisis, just modify your Cottage Development Ordinance to include the upgraded Tuff Sheds. You have other components in the Cottage Development Ordinance that would also be part of the program, (bicycle racks, lighting, setbacks, parking etc.). Just put the things you would want to see into the ordinance. The Tuff Sheds would have to be fully insulated, three windows for ventilation, smoke detectors, etc.). This is what they did in Marysville and it worked</p> | <p>The rental survey, Appendix B of the Housing Element, identifies a number of lower income housing units. A proposal to create "Tuff Shed" housing for very low and extremely low income in Nevada City, would be beyond the minimum State mandated housing laws, and should be created outside the Housing Element. As noted in Program 4 of this housing element, there is support to complete and adopt the Cottage Development Ordinance as proposed. Anything that would involve further amendments as suggested should be separate from this State mandated Housing Element.</p> |

| Comment email June 8, 2019 from Pauli Halstead : | Response |
|---|--|
| out just fine. We are only talking about 12 units max, for the whole city. | |
| <p>4. I know there is a way to make things work in Nevada City, both for the community, and also for trying to get some of the homeless into a supportive housing situation where they can be trained and then move on to a more productive life. I hope we can still work together on achieving this goal. It can be done....and very esthetically as well. Just have the planning commission also put their ideas forward as to what it will look like and how it will operate. Everyone Happy!</p> | <p>There are a number of policies and programs in the draft Housing Element to encourage the production of housing for homeless. Comments are noted.</p> |