

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Luke Watson, Deputy City Manager

DATE: October 12, 2021

SUBJECT: Adopt a Resolution to Approve the 2021-2029 Housing Element Update (6th Cycle) and an Update to the Public Safety Element (Long Range Planning Project Number LR18-1620)

PREPARED BY: Brandon Rabidou, Senior Management Analyst

RECOMMENDATION: That the City Council conduct a Public Hearing and adopt a resolution entitled:

RESOLUTION NO. 2021-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA ADOPTING THE 2021-2029 HOUSING ELEMENT AND UPDATES TO THE PUBLIC SAFETY ELEMENT OF THE GENERAL PLAN (LONG RANGE PLANNING PROJECT NO. LR18-1620) AND APPROVING ENVIRONMENTAL IMPACT REPORT ADDENDUM NO. 2021-01 TO THE GENERAL PLAN

BACKGROUND: The original City of Temecula General Plan Housing Element was approved in 1993 and updated in 2002, 2010, and 2014, pursuant to the amendment cycle for local agencies under the jurisdiction of the Southern California Association of Governments (SCAG). A comprehensive General Plan Update was adopted by the City Council on April 12, 2005, which included an update to the City's Public Safety Element, and a Final Environmental Impact Report (FEIR) was prepared in association with the comprehensive General Plan Update. Upon the Housing Element's most recent update (2014), an Addendum to the City's General Plan FEIR was prepared.

State Housing Element Law (California Government Code Sections 65580-65589) requires all cities and counties to update their Housing Elements at least every eight years to reflect the community's changing needs. This update covers the 2021-2029 planning period, pursuant to the sixth update cycle for jurisdictions within the SCAG region.

In June 2019, the City entered into an agreement with De Novo Planning Group (De Novo) to assist in the development of the Housing Element update for the current cycle and prepare a targeted update to the City's Public Safety Element in accordance with State law. The consultant

and the City have been working diligently to engage the public, prepare the updated Housing Element and Public Safety Element, and provide a public Draft Housing Element. The City is required to send the Draft Housing Element to the California Department of Housing and Community Development (HCD) for review and comment. HCD has a maximum of 60 days to provide comments on the Administrative Draft. If HCD provides any comments that need to be addressed by the City, the City's consultant will revise the Housing Element and present the revised draft to the City Council for approval. The Housing Element will then be submitted to HCD for certification.

For agencies under the jurisdiction of SCAG, the statutory deadline to adopt an updated Housing Element is October 15, 2021. If a local government fails to adopt its Housing Element within 120 days of the statutory due date (February 12, 2022), the local government will be required to update the Housing Element every four years until it adopts two consecutive revisions by the applicable due date.

On September 15, 2021, the Planning Commission adopted a resolution recommending that the City Council adopt the updated Housing Element and Public Safety Element. There were three written comments and eight public speakers. Public speakers spoke on a wide variety of issues, including the need for affordable/workforce housing, concerns regarding water, traffic, growth, and housing for senior citizens. The Planning Commission also recommended that staff incorporate two additional policies based on public feedback from public outreach efforts. One policy would be for the exploration of a housing trust with the Western Riverside County Council of Governments (WRCOG). The second policy addition would be to explore a voluntary partnership to solicit funds from companies who may need workforce housing for employees, possibly in cooperation with a nonprofit.

Analysis

The purpose of a General Plan Housing Element is to address local and regional housing needs. A Housing Element is required to:

- Provide housing opportunities to all income segments of the population;
- Provide adequate sites to accommodate the Regional Housing Needs Assessment (RHNA);
- Remove governmental constraints in maintaining and developing housing;
- Conserve and improve the existing housing stock;
- Implement statutes under State Housing Law;
- Provide equal access to housing opportunities;
- Affirmatively furthering fair housing, and
- Preserve at-risk housing units.

In accordance with State law, staff conducted a housing needs assessment which included the following components:

- An analysis and update of Temecula's demographic, household, and housing characteristics;

- An analysis and update of Temecula’s potential constraints;
- An evaluation of land and resources to address housing needs;
- An evaluation of accomplishments under the adopted Housing Element; and
- A housing plan to address the City’s identified housing needs.

Regional Housing Needs Assessment (Proposed Housing Element, 2021-2029)

The Regional Housing Needs Assessment (RHNA) is a minimum projection of additional housing units needed to accommodate projected household growth of all income levels by the end of the Housing Element’s statutory planning period. The RHNA is developed by Southern California Association of Governments (SCAG) and allocated to cities and counties in the region. Historically, Temecula has generated thousands of units (including many that were naturally more affordable) over the past 30 years, often to the benefit of communities that have not produced adequate units (at all income levels) in major urban centers. In September 2019, the City advocated for a revision to the proposed methodology based on various concerns related to infrastructure and consistency with various regional plans and statewide goals. Many jurisdictions, like the City of Temecula, advocated for a change to the RHNA allocation, based on various similar concerns. At that time, the City projected that it would be assigned a RHNA allocation between 6,393-11,231 units. Unexpectedly, SCAG voted to reverse a historical trend of placing higher RHNA allocations on suburban/inland communities and increased the responsibility of communities near major employment/urban centers to provide units. A substantially lower RHNA allocation was provided to the City of Temecula, as described below.

The Regional Housing Needs Allocation was originally anticipated to be adopted in October of 2020. The Final RHNA allocation was not adopted until March 4, 2021 and was not adopted by the California Department of Housing and Community Development (HCD) until March 22, 2021, a six-month delay. Upon completion, SCAG distributed the sixth cycle RHNA for all local agencies under its jurisdiction. RHNA includes targets for Extremely Low, Very Low, Moderate, and Above Moderate Income categories. The City of Temecula needed to plan for 4,193 new housing units for people working in our community in the next eight years. Temecula’s 2021-2029 allocation is distributed among the five standard income categories shown below.

Income Level	Regional Housing Needs Allocation (RHNA)	% of Total Allocation (Rounded)
Extremely Low	679 Units	16%
Very Low	680 Units	16%
Low	801 Units	19%
Moderate	778 Units	19%
Above Moderate	1,255 Units	30%
Total RHNA	4,193 Units	100%

State law requires the City to provide enough suitable sites with appropriate zoning and density to accommodate the affordable housing needs for of all income levels, listed above. Any units constructed between July 1, 2021 and the adoption of the Housing Element will be credited to the 6th Cycle RHNA allocation.

5th Cycle Progress (Current Housing Element, 2014-2021)

The City's 5th Cycle Housing Element addresses housing needs for the City from 2014 through 2021. During the 5th Cycle, the City was required to accommodate 1,494 housing units under the previous RHNA allocation. The private market then constructs housing units based on market considerations. The market exceeded the total RHNA allocation goal, with 1,895 housing units being built or under construction. This equates to 127% of the City's Total 5th Cycle RHNA. However, while the market was successful in having housing built at the above-moderate income level, the market did not construct all units at the lower income levels, which is an issue that most jurisdictions face in California. Three deed restricted workforce/affordable projects (Arrive at Rancho Highlands, Las Haciendas, and Vine Creek) were approved during the 5th Cycle RHNA but are expected to be constructed in the next couple of years, during the 6th Cycle RHNA.

Suitable Sites and Capacity

An important component of the Temecula Housing Element is the identification of sites for future housing development. Equally important is an evaluation of the adequacy of this site inventory in accommodating the City's share of regional housing growth. As part of this Housing Element update, the City conducted a parcel-by-parcel analysis of vacant residential sites based on data obtained from the City's geographic information system (GIS). The vacant land inventory for the City of Temecula includes an estimated development capacity for the identified vacant parcels.

Appendix A of the Housing Element summarizes the available housing unit capacity based on vacant residential sites. Residential capacity for each vacant parcel is based on the current zoning for each parcel. Each parcel is assumed to develop at 75%-85% of its maximum capacity, which allows for setbacks, landscaping, right-of-way dedications, and other non-residential uses.

The City has found that it has adequate capacity to accommodate its RHNA allocation at all income levels. The proposed Housing Element does not include any zone changes or General Plan amendments to accommodate additional units. Currently, the City has a surplus of 5,313 units above the 4,193 units already mandated by the RHNA allocation.

Future Municipal Code Amendments

Upon certification of the Housing Element Update by the California Department of Housing and Community Development (HCD), at least six Zoning Code Amendments will be required to ensure that the Temecula Municipal Code complies with State Housing Law. City staff will work with the City Attorney's office to draft the necessary amendments, which will be brought before the Planning Commission and City Council at future hearing dates.

First, the City will update the Zoning Code to comply with Government Code Sections 65660 through 65668 in relation to low barrier navigation centers. A low barrier navigation center is a Housing First, low-barrier, service enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case manager connect individuals experiencing homelessness to income, public benefits, health services, shelter and housing. The

City's Municipal Code does not prohibit low barrier navigation centers currently, but State law requires explicit language that permits low barrier navigations by right in certain zones.

Second, the City will need to develop Municipal Code language for agricultural worker housing, consistent with Health and Safety Code Section 17021.8.

Third, the City will need to develop Municipal Code language for employee housing, consistent with State law.

Fourth, the City will need to update the Municipal Code to comply with a numerous State laws, including SB 35, SB 330, Government Code Section 65905.5, 65913.4, 65940, 65941.1, 65950 and 66300 related to streamlined housing reviews and affordable housing projects. Staff is currently working on these changes and will bring these changes forward at a future hearing date.

Fifth, the City will need to update the Municipal Code to comply with AB 139, which outlines requirements for emergency shelter parking. Staff is currently working on these changes and will bring these changes forward at a future hearing date.

Finally, the City will need to amend Planning Development Overlay Zone 2 and 7 to specifically allow Accessory Dwelling Units consistent with State law.

Upon HCD's review of the City of Temecula's updated Housing Element, it is possible that additional amendments will be identified to comply with State Housing Law.

Outreach

The City conducted significant outreach, even amongst a challenging environment related to COVID-19 restrictions. The City's outreach included:

- A dedicated website, [TemeculaCA.gov/housing](https://temecula.ca.gov/housing)
- A dedicated email list for interested parties
- A dedicated Housing Element brand/presence on social media, “#housethis?”
- 33,000 newsletter mailers that included a Housing Element article
- 63,000 social media impressions
- Over 860 survey respondents, which included printed copies for seniors/constituents without access to a computer
- A virtual workshop, conducted in English and Spanish, and made available online throughout the duration of the public outreach process
- An in-person workshop, conducted in English, with live Spanish translation available
- Virtual meetings with real estate groups
- Over 10,800 direct emails sent, with thousands of additional emails sent by partners at the Temecula Valley Chamber of Commerce, local real estate organizations, religious institutions, and nonprofits
- Direct emails sent to existing affordable housing developments within the City and prospective affordable housing developers
- Flyers in foods banks, coffee shops, and the public libraries

- Surveys and flyers at the Temecula Help Center (which serves those constituents who are at risk of becoming homeless or are already homeless)
- Advertisements and educational materials shared on Channel 3 (local broadcast) and the City's YouTube channel

Public Safety Element

Changes are proposed for the City's Public Safety Element to comply with State law. These changes include references to the City's Local Hazard Mitigation Plan (LHMP), County of Riverside Multi-jurisdictional Local Hazard Mitigation Plan, additional background information regarding fire hazards, as well as revisions to existing policies and additional policies to comply with State law. An analysis, compliant with Senate Bill 99, was also completed to identify residential development in hazard areas and evaluate access to emergency evacuation routes. Further revisions and updates to the Public Safety Element are anticipated with the City's future comprehensive General Plan Update.

FISCAL IMPACT: Adequate funds are currently programmed for the Community Development Department to adopt and implement the 2021-2029 Housing Element and Public Safety Element updates.

- ATTACHMENTS:**
1. Resolution
 2. 2021-2029 Housing Element Update
 3. 2021-2029 Housing Element Update (Appendices)
 4. Updates to the Public Safety Element of the General Plan
 5. General Plan Addendum 2021-01
 6. Senate Bill 99 Analysis
 7. Planning Commission Resolution No. 2021-28
 8. Public Correspondence
 9. Notice of Public Hearing