

What Can Count Toward the Regional Housing Needs Allocation

Issue Brief

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This brief addresses the issues of:

- What does the State require in the analysis of “adequate sites”?
- What are examples in Davis that would count toward the RHNA?
- What are examples in Davis that may count toward the RHNA, subject to further analysis and justification?
- What are other affordability programs that would count toward the RHNA?
- What are examples in Davis that would not count toward the RHNA?

This is staff's interpretation of state law based on information available to date. Further discussions and confirmations with the State Department of Housing and Community Development (HCD) and the City Attorney may be needed.

What does the State require in the analysis of “adequate sites”?

State law was amended in 2004 to clarify land inventory requirements and to provide greater certainty of the residential development. The requirements affect what can count toward the Regional Housing Needs Allocation (RHNA). The amendments are attached to this paper and are summarized below.

- A. Land inventory. Suitable land includes:
- Vacant residential zoned sites.
 - Vacant non-residential zoned sites.
 - Underutilized residential zoned sites which are capable of being developed at a higher density or with greater intensity.
 - Non-residential zoned sites that can be redeveloped for, and /or rezoned for, residential use.
- B. Land inventory analysis. The analysis must include:
- Capacity: To justify how many units can be potentially accommodated on each site.
 - Affordability: To demonstrate how the identified site's zoning / densities facilitate housing for lower-income households.
 - Suitability analysis for non-vacant sites: To demonstrate the realistic development potential within the planning period including:
 - Extent to which existing uses are an impediment.
 - Recent development trends.
 - Market conditions.
 - Existing or proposed incentives.

What are examples in Davis that would count toward the RHNA?

The following examples in Davis would be considered suitable land and would count toward the RHNA requirement:

Vacant residential zoned sites:

- Willowbank 10 subdivision lots.
- Woodbridge land dedication site.
- Willowcreek Commons (north of Oasis).

Vacant non-residential zoned sites:

- Lillard property southwest of Drummond and Cowell (requires a use permit approval by Planning Commission).
- Grande school site (requires a General Plan amendment approval by City Council).
- Simmons Estate E. Eighth St. (requires approval of a rezoning from agriculture to residential by City Council).

Underutilized residential zoned sites which are capable of being developed at a higher density or with greater intensity:

- 726 B Street (zoned R-3).
- Callori site on Olive Drive (49 units in Gateway/Olive Drive specific plan).
- Avalon project on Valdora Street (zoning allows 8 more units to be built).

Non-residential zoned sites that can be redeveloped for, and /or rezoned for, residential use:

Sites in this category must have a Housing Element policy calling for rezoning within a specified time period.

- Wildhorse horse ranch (requires a General Plan amendment and rezoning approval by City Council and Measure J voter approval).
- Lewis cannery site (requires a General Plan amendment and rezoning approval by City Council).
- PG& service center site, Fifth and L (requires a General Plan amendment and rezoning approval by City Council).

What are examples in Davis that may count toward the RHNA, subject to further analysis and justification?

This section contains examples in Davis that may count toward the RHNA requirement, but the number of units would be dependent upon further analysis and justification. The City's ability to count such units would be affected by these factors:

1. Sites with zoning which allows additional development (such as in the downtown area) are subject to analysis of:
 - Recent development trends.
 - Feasibility of redevelopment and/or additions to existing buildings given current market conditions.
 - Compatibility of residential uses with the existing site use.
 - Local incentives to promote residential uses at the locations being included.
2. Sites that require zoning changes, general plan amendments, or Measure J ratification in order to make the residential use an option by-right would need to be part of a program within the Housing Element that demonstrates the City's intent to carry out the necessary actions of providing these parcels for residential development no later than two years before

the end of the current planning period (that is, no later than 2011 in the period which ends in 2013).

HCD is most concerned that land entitlements be in place for sites for low and very low income units. Design review and environmental review are considered acceptable as outstanding requirements for these sites.

Second units. The law allows the City to include the number of second dwelling units that were developed during the prior Housing Element period, as an indication of what is likely to be developed.

The City of Davis changed its second unit requirements on June 28, 2003 including small second units as permitted by right. Since that time, the City has issued building permits for 11 second units, or approximately 3 per year (11 divided by 3.5 years). Staff anticipates that the Housing Element can assume an additional three or four second dwelling units per year from 2006 to 2013. To increase this assumption, the City would need to take other actions such the creation of new incentives to further promote the development of second units.

School sites. The majority of the public school parcels, including Grande and Nugget Fields in Wildhorse, as well as the School District's B Street offices and Davis Parent Nursery School (DPNS) site on Eighth Street, are all zoned residential. All but the DPNS site have General Plan designations of "Public/Semi-Public / School." Converting any of these facilities to residential use would require a General Plan Amendment. Staff's understanding is that no additional action would be required to "count" the DPNS site on Eighth Street, but staff would have to provide evidence that the existing use could accommodate residential units and that the site is feasible for residential development. The other sites could be included as locations for possible residential development if the General Plan land use map is revised to re-designate the properties and the same evidence can be provided to show the practicality and likelihood of residential development at these locations.

Corporation yard sites. The City and DJUSD corporation yards on E. Fifth Street are zoned Commercial Service and designated Industrial in the General Plan. The PG&E service center at Fifth and L Streets is zoned and designated Industrial. Staff's understanding is that these sites could be included as locations for possible residential development if the General Plan land use map is revised to re-designate the properties. In addition, the Housing Element would also need to include a policy calling for rezoning the sites, within the first few years of the Housing Element term. The analysis of the sites must describe the jurisdiction's justification for assigning potential units to the sites given the site's existing uses, the need to relocate the those uses, and any other impediments to residential development at the site.

Downtown parcels. Numerous parcels in the Core Commercial and Mixed Use zoning districts have older structures that could be removed or relocated to allow more intense development. Residential or mixed-use development is allowed by right, with only design review required for projects up to two stories and a conditional use permit required for three story or higher structures. Multifamily densities up to 30 units per acre are permitted.

As stated above, the City can claim credit for sites in the downtown based on recent development trends and the feasibility of redevelopment / additions to existing buildings given current market conditions. The City's recent planning efforts concerning the 3rd Street and B Street corridors would likely justify the inclusion of sites in that area.

Existing neighborhood shopping center sites. The majority of the City's neighborhood shopping centers do not allow residential uses. Housing is permitted at University Mall, Davis Manor, and Alhambra Center. An analysis of parking and floor area ratio limitations would be required to determine whether there is capacity for additional development at these centers.

Staff believes that the sites inventory could possibly include housing development at the other centers if: 1) there were a program action to initiate the necessary changes to the C-N zoning district by a specified date; and 2) findings can be made that demonstrate the ability for residential development at these sites.

Sites subject to Measure J. Measure J, the "Citizen's Right to Vote on Future Use of Open Space and Agricultural Lands Ordinance," requires voter approval for General Plan map changes that re-designate property from agriculture to urban uses. Housing to meet RHNA requirements is exempt from Measure J if it is permanently affordable. If amendments to the Housing Element and General Plan land use map are proposed to designate new land for residential development, at least those portions would be subject to voter approval. Affordable housing would be exempt but would likely require a significant commitment of City resources for financial feasibility.

Possible need for "fall back" strategies. If underutilized sites (such as the downtown or corporation yard sites) are made part of the adequate sites to meet the RHNA requirement but do not proceed as projected over the first few years of implementation (for example, Measure J entitlements are not ratified by the citizens), "fall back" strategies may be needed. Such strategies might include alternative sites, provision of incentives and/or public outreach.

What are other affordability programs that would count toward the RHNA?

The RHNA requirements are divided by household income: very-low income, low-income, moderate income, and above-moderate income. The jurisdiction must accommodate the fair-share requirement in total, and by each income category. The very-low and low-income requirements are combined. The following other programs would count toward the RHNA requirements:

Sites which allow high density development (20 units per acre). Sites that allow at least 20 units per acre are automatically considered to meet the need to accommodate low-income housing units. This credit is possible even if the units have the potential to be sold or rented at market prices that do not accommodate low-income households. Subject to the analysis requirements described above, this could include properties designated "High Density" on the General Plan map or in the downtown Core Area.

Sites which have a deed restriction for affordable housing. In previous years, the City has also counted inclusionary affordable units as meeting the requirement for low-income housing; it is assumed that these units will continue to count. Examples are the city-owned land dedication

sites or required inclusionary units within private developments, both of these unit types have affordability covenants that require the ongoing affordability of the units.

Making existing units affordable through City financial assistance. Another opportunity that may be considered for a portion of the RHNA requirement does not directly involve land or sites, but making existing units permanently affordable. The City may meet some of its RHNA requirement through commitments to provide financial assistance to existing housing projects in order to make them affordable to low-income households. This option requires an identified source of funds and may be used for no more than 25% of the fair-share requirement for low-income housing. Units must be substantially rehabilitated, converted from non-affordable to affordable, or preserved through the purchase of affordability covenants that are near expiration. It is not expected that many existing projects in Davis would be made affordable under this option. Newly constructed projects meeting these affordability requirements are more likely.

What are examples in Davis that would not count toward the RHNA?

The City would not be in a position to get “credit” for residential sites or units toward RHNA requirements in such cases as the following:

1. Where the site is developed outside of the City of Davis jurisdiction in the unincorporated Yolo County area or another municipality (such as the UCD West Village site if it remains unincorporated).
2. Where the site is zoned for residential use but the assumed residential development would be:
 - Infeasible due to zoning constraints (such as a high density assumption would not be feasible given parking, building height, or other requirements).
 - Inconsistent with known development trends (such as assumptions for downtown development or for new second units which would far exceed the city’s track record).
 - Infeasible with current market conditions (such as a mixed use project that would not likely be built in terms of economics).
 - Incompatible with other existing site uses (such as existing industrial uses without assurance that these would be discontinued).
3. Where a conditional use permit requirement may make the approval of an assumed residential use or building height (for density assumptions) questionable.
4. Where the site is not currently zoned for residential and the City does not demonstrate a strong policy commitment to zone the site for residential use (such as projects requiring Measure J ratification). *Staff is researching the type of policy commitment that would be required.*

Additional information from HCD

Attached is additional information provided by the State Department of Housing and Community Development (HCD) regarding what sites can qualify for the purpose of the Housing Element’s land inventory.