



CITY COUNCIL AGENDA REPORT



DEPARTMENT: Community Development

MEETING DATE: August 6, 2019

PREPARED BY: Craig Jimenez, Director

AGENDA LOCATION: AR-1

TITLE: Application for SB 2 Planning Grant Program to implement the Planning Housing Opportunities for Monrovia Project; Resolution No. 2019-39

OBJECTIVE: To authorize the submittal of an application for a State SB 2 Planning Grant and directing staff to move forward with implementation of the Planning Housing Opportunities for Monrovia (Planning HOME) project

BACKGROUND: Housing policy has been a longstanding priority in California. Over the past half century, the State Legislature has approved numerous measures requiring local governments to adequately plan for housing needs within their communities. In 1969, the Housing Element became one of the mandated components of the General Plan, and since that time, State housing law has been amended and strengthened, considerably expanding the scope of the Housing Element.

The Housing Element has significantly more statutory requirements than the other mandated Elements of the General Plan. It is the only part of the General Plan that is required to be updated on a specific schedule as well as the only element requiring State review. Local agencies must submit their draft Housing Elements to the State Department of Housing and Community Development (HCD) for review. To be “certified,” HCD must determine that the Housing Element is in substantial compliance with Housing Element law.

Monrovia’s Housing Element

Currently in its 5th required “cycle,” Monrovia’s Housing Element was adopted by the City Council in February, 2014 and covered the planning period from 2014 through 2021. With the exception of the 4th cycle, each of Monrovia’s Housing Elements has been certified by HCD. (Note: the City received a conditional approval on the 4th cycle draft; however, due to staff reductions during the Great Recession, the final Housing Element was not adopted).

The Housing Element is the comprehensive policy statement for the City of Monrovia regarding its current and future housing needs, and contains the City’s goals, policies and programs related to housing to encourage the preservation and development of housing opportunities for all Monrovians. Of note, the loss of redevelopment in 2012, which included losing our set-aside funds for housing, has removed the City’s only dedicated revenue stream dedicated to housing. Previously, these funds were the primary tool used by the City to facilitate affordable housing development. This change has essentially curtailed the City’s ability to provide financial assistance in the development of affordable / subsidized units.

The current Housing Element reflects this loss and documents a shift of the City’s housing programs from providing direct funding for affordable housing to a role that focuses on accommodating and facilitating housing production. Through a series of strategies and programs, Monrovia’s 2014-2021 Housing Element focuses on:

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- Preserving Housing and Neighborhood Assets
- Providing Housing Affordable to Monrovia
- Removing Governmental Constraints
- Equal Housing Opportunities and Special Needs
- Environmental Sustainability

California's Housing Shortage

The pace of housing production in California has not kept up with the population growth. Based on long term projections, unless there are significant gains in the creation of more dwellings, the available supply will continue to dwindle which in turn drives housing costs up, both for sale and rental rates.

Until recently, Housing Element law concentrated on *planning for* and the *ability to accommodate* a community's anticipated housing needs primarily through land use policies such as zoning. Over the past few years, State law has significantly shifted its focus from *planning to production*. This is a direct response to the critical housing shortage facing the state. Although this issue has been on the Legislature's radar for a while, over the past few years, the State has passed numerous housing related laws, substantial both in quantity and scope in order to address this issue. Many of these new laws (as well as legislation currently working its way through the process) have significantly eroded local control over land use regulation within their own jurisdictions.

In 2017, Governor Brown signed a comprehensive 15-bill housing package aimed at addressing the State's housing shortage and high housing costs. Specifically SB 2, known as the *Building Homes and Jobs Act*, established a \$75 recording fee on real estate documents to provide a funding stream for grants to local governments to facilitate a significant increase in the supply of affordable housing in California.

SB 2 Grants

SB 2 will be implemented in two phases: Year 1 (2019), and Year 2 and beyond. During Year 1, half of the revenues are dedicated to local governments to provide funding and technical assistance to "prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production."

The state Department of Housing and Community Development (HCD) released the Notice of Funding Availability (NOFA) on March 28, 2019 for \$123 million for the SB 2 Planning Grants Program. For applications submitted through November 30, 2019, the grants are noncompetitive, meaning that all *eligible* cities and counties that submit applications meeting the *SB 2 Planning Grant Program Year 1 Guidelines* will receive some funding. In order to be eligible, a local government must meet the following criteria:

- Have a certified and compliant Housing Element
- Have submitted a recent Annual Progress Report (APR)
- Demonstrate a nexus to accelerating housing production through the submitted plan
- Demonstrate that the applicant is consistent with State Planning Priorities

With the availability of planning funds for all jurisdictions, City staff wanted to take advantage of this opportunity and has developed a program to implement various aspects the City's current housing policies. The proposed program takes a holistic approach to reviewing and adjusting the City's housing regulatory framework. Monrovia already meets the first two criteria and staff believes that the proposed work program exceeds the requirements of the additional criteria. Pursuant to the *Guidelines*, Monrovia is classified as a "small locality" (population of 60,000 or less) therefore eligible for up to \$160,000 in grant funding. The proposed program, Planning Housing Opportunities for Monrovia (Planning HOME) is a collection of tasks that is intended to further implement the City's housing policies and help establish the framework for the 6th cycle Housing Element.

ANALYSIS: Monrovia has a solid track record for housing production and addressing housing needs within our means. Certainly, the number of dwelling units in the development pipeline illustrates the City's willingness to provide its fair share.

The intent of the Planning HOME project focuses on the implementation of adopted policies, not to ‘reinvent the wheel.’ In the identification and development of the components of this project, staff began with a review of the City’s “housing constitution,” the Housing Element of the Monrovia General Plan. Following the direction established in that document, the proposed tasks focus on reducing governmental constraints or otherwise help streamline processes to facilitate housing production in a balanced, “Monrovia-centric” approach. Planning HOME proposes strategies primarily comprised of tasks that:

- Implement programs adopted as part of the Monrovia Housing Element
- Respond to recent state legislation
- Complete tasks already on staff’s long term work program

Further, some of the components of this project address issues that have been raised by the City Council, Planning Commission and the public related to housing. Components of this project include study and analysis of potential future policy considerations. The results of this will come back to the City Council and Planning Commission for consideration in the future. Additionally, the framework of the project will also begin to lay the groundwork for the 2021 update of the Housing Element.

Activities paid for using grant funds should fall into one of the six policy objectives and must show a nexus between the proposed activity and the acceleration of housing production through timing, cost, approval certainty, entitlement streamlining, feasibility, infrastructure capacity, or impact on housing supply and affordability. Projects that fall into one of the following categories have been determined to meet the required nexus and are automatically deemed to accelerate housing projection.

- Rezone to Permit By-Right
- Objective Design and Development Standards
- Specific Plans or Form Based Codes Coupled with CEQA Streamlining
- Accessory Dwelling Units or Other Innovative Building Strategies
- Expedited Processing
- Housing Related Infrastructure Financing and Fee Reduction

Using the categories established in the grant program, staff identified a mixture of strategies which are organized within each of the policy areas. The proposed work program is outlined on the attached program overview. While not all of the proposed tasks will be included in the SB 2 Grant application, staff believes that each is an important facet of a comprehensive approach. Those components that are anticipated to be included in the grant application are indicated with an asterisk (*).

Through this grant, it allows the City to leverage grant monies to fund tasks that the City has previously committed to in the Housing Element, already in works or on staff’s work program (including responding to legislative mandates). It is anticipated that this work will be completed by City staff using existing resources and will be implemented over the next two and a half years. All grant funded activities need to be completed by June 30, 2022.

Next Steps

At this point, staff is requesting authorization from the City Council to finalize the program, and prepare and submit an application. While there is an expectation that the City supports the concepts included on the project list (or accepts those state mandates which must be carried out), it is important to note that the Council’s approval of the Planning HOME project does circumvent any required process for implementation. Code amendments will still need to go through the public hearing process as well as any amendments to the General Plan. It also does not encumber any additional funds, but it does provide a funding source to the City that would not otherwise be available.

Planning HOME is a holistic and a multi-prong approach to facilitate the production of housing through a variety of strategies. It is also a policy direction statement of the City of Monrovia that reaffirms housing issues as a priority. Not all tasks will be funded by the SB 2 grant, however, these strategies collectively form a comprehensive approach in reviewing and updating Monrovia’s regulatory framework in order to lessen governmental constraints and facilitate the production of housing through

the review of regulatory controls, provision of incentives, and increased public education and information. The SB 2 monies will provide funding for some of the staff work that is currently underway or is planned for the near future.

FISCAL IMPACT: The City is eligible to receive up to \$160,000 in SB 2 Grant funds. Staff proposes to apply for the maximum grant. With the exception of future amendments to the Monrovia General Plan, the Planning HOME project will be implemented by existing City staff over the next two and a half years. No additional funding or staffing is requested.

SB 2 Grants are on a reimbursement basis. Applicants can submit reimbursement quarterly upon completion of the deliverables. Funds must be expended by June 30, 2022.

OPTIONS: Three alternatives have been identified for the consideration of the City Council:

1. Adopt the resolution authorizing staff to submit the SB 2 Planning Grant application as presented.
2. Adopt the resolution authorizing staff to submit the SB 2 Planning Grant application with specified modifications to the proposed plan.
3. Reject the resolution and direct staff not to apply for the SB 2 Planning Grant.

RECOMMENDATION: Staff recommends that the City Council adopt Resolution No. 2019-39 and direct staff to submit an application for the SB 2 Planning Grant.

COUNCIL ACTION REQUIRED: If the City Council concurs the appropriate action would be a motion to adopt Resolution No. 2019-39.



Planning Housing Opportunities for Monrovia is a holistic and a multi-prong approach to facilitate the production of housing through a variety of strategies. This work program includes tasks are organized within the SB 2 Planning Grant Categories. Not all tasks will be funded through SB 2 monies, however, these strategies collectively form a comprehensive approach in reviewing and updating Monrovia's regulatory framework in order to remove governmental constraints and facilitation the production of housing through regulatory controls, incentives, and education and information.

- (HE-#) – Tasks identified in the City's Housing Element (HE) along with their HE project number.
- (*) – Tasks anticipated to be included in the SB 2 Grant.

Rezone to Permit By-right - *Rezoning for significant additional housing capacity without or lesser discretionary review or establishing zoning to permit residential development by-right, particularly multifamily, without discretionary action pursuant to Government Code Section 65583.2(h) and (i).*

- **Development Standards Amendments**
 - Remove CUP requirement for multifamily (HE-19) *
 - Update/amend small lot subdivision regulations; remove CUP requirement (HE-19) *
 - Reduce minimum dwelling unit sizes (attached and detached) (HD-18) *
 - Parking requirements review (HD-18) *
 - Develop/provide affordable housing zoning incentives (HE-14) *
- **Special Needs Housing Requirements Review** (HE-17)
 - Update to reflect recent legislative changes (supportive-AB 2162, transitional) *
 - Supportive housing ordinance *
 - Amend Reasonable Accommodation Ordinance to remove discretionary review *

Objective Design and Development Standards - *Develop objective design standards or pre-approved site and architectural plans that facilitate non-discretionary permitting.*

- **Objective design standards/guidelines**
 - Develop objective design standards/compatibility guidelines for multifamily projects consisting with the HAA (HE-6)

Specific Plans or Form Based Codes Coupled with CEQA Streamlining – *Designating and rezoning for additional housing capacity or preparing specific plans or form codes that include zoning and development standards and plan-level environmental analysis that can be used to streamline future housing projects and facilitate affordability.*

- **Add Housing Capacity Through Zoning in "transit rich" areas**
 - Facilitate development in Station Square (east) with LUE/PD-12 update (HE-11)
 - Expand SSTV through the rezoning/adoption of Station Square West PD Area (HE-11) *
- **Update General Plan and CEQA Guidelines to Facilitate Housing Development**
 - Circulation Element LOS to VMT (SB 743)
 - LUE, Noise, Safety, Conservation, Program EIR



- Review and update CEQA Guidelines for streamlining opportunities through clarified exemptions to reflect SB 35/SB 1515 (HAA) *
- **Update 1970s Subdivision Ordinance**
 - Adopt Lot Merger Ordinance (HE-13) *

Accessory Dwelling Units or Other Innovative Building Strategies - Encourage ADUs and other innovative building types through actions above state law such as, outreach, fee waivers, pre-approved plans, website zoning clearance assistance, and other homeowner tools or finance tools. Also, establish other approaches to intensify existing lower density residential areas and “missing model” typologies to encourage significantly more residential development (e.g., duplexes, triplexes) in lower density residential areas.

- **Accessory Dwelling Units**
 - Update ADU Ordinance (HE-12), remove CUP requirement for HFZ areas. Explore use in MFR zones. (SB1069) *
 - Develop and disseminate educational information on second units. (HE-12) *
 - Create standard template for ADU processing *
 - Develop pre-approved ADU site/floor plans *
- **Expand housing opportunities for Adaptive Reuse** (HE-8)
 - Identify potential sites, adopt development standards, amend nonconforming ordinance to allow conversions, especially for buildings with historic value *
- **Update Density Bonus Ordinance** (HE-20) *
- **Explore inclusionary ordinance or inclusionary incentives**
- **Explore alternative housing types and adopt standards**
 - Mini House/SRO/micro apartment/live-work regulations.

Expedited Processing

Speeding up approvals and permit processing, including instituting programs that streamline or consolidate the review process or create a separate process for expedited review of housing projects.

- **Streamline Development Services process and expand one-stop counter**
 - Implement a building self-inspection/certification program for simple, low-risk permits *
 - Expand plan check options; implement electronic plan review system *
 - Explore priority processing for specified project types (e.g. affordable)
- **Facilitate customer information/education**
 - Implement eTRAKiT online portal for monitoring and submittals *
 - Create submittal checklists (ADU, plan check) *
- **Improve internal processing capacity**
 - Data collection/reporting on permit tracking metrics to identify processing problems *
 - Staff training on 2020 Building Codes *
 - Multi department Development Services coordination bi-monthly meetings *

- **Develop specific plan template** (HE-11) *

Community Outreach and Education Strategies

- **Increase online presence**
 - Create online Development Services handbook *
 - Online fee calculator *
 - ADA/Accessibility portal *
 - Community/developer support *
 - Sustainable Development and Green Programs (HE-24) – Create developer/resident education portal *
 - Update sites inventory (HE-10) *
 - Create interactive, online inventory (HE-10) *
- **Create online housing opportunity program portal/social media**
 - Develop home buyers program brochure/web info (HE-15) *
 - Section 8 referral (HE-16) *
- **Facilitate housing opportunity workshops through MAP**
 - ADU, CDBG grants *
- **Housing Displacement Response Plan**

Housing Related Infrastructure Financing and Fee Reduction Strategies - Develop and implement approaches to local, regional or sub-regional housing related infrastructure financing. Create plans and programs to finance and increase infrastructure with accompanying enhanced housing capacity, such as enhanced infrastructure financing districts. Fee reduction and rationalization approaches, such as reassessing fees to adhere to best practices in reducing costs, deferrals, sliding scales or proportionate impacts fees (e.g., ADUs, transit oriented, and infill development, special needs housing), or fee transparency measures including publicly available fee calculators.

- **Overhaul of Development Services Fee Schedule**
 - Flat rate building fee structure (simple, predictable and fair!) *
 - Impact Fee program to exclude affordable/special needs housing (HE-14) *
 - Fee reduction for affordable units (pro-rated) *

RESOLUTION NO. 2019-39

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONROVIA, CALIFORNIA, AUTHORIZING APPLICATION FOR AND RECEIPT OF SB 2 PLANNING GRANTS PROGRAM FUNDS

RECITALS:

(i) The State of California, Department of Housing and Community Development (Department) has issued a Notice of Funding Availability (NOFA) dated March 28, 2019, for its Planning Grants Program (PGP); and

(ii) The City Council of the City of Monrovia has directed City staff to prepare a project application for the PGP program to accelerate the production of housing and will submit a 2019 PGP grant application as described in the Planning Grants Program NOFA and SB 2 Planning Grants Program Guidelines released by the Department for the PGP Program; and

(iii) The Department is authorized to provide up to \$123 million under the SB 2 Planning Grants Program from the Building Homes and Jobs Trust Fund for assistance to Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2)) related to the PGP Program.

NOW, THEREFORE, The City Council of the City of Monrovia hereby finds, determines and resolves as follows:

1. The City Council of the City of Monrovia is hereby authorized and directed to apply for and submit to the Department the 2019 Planning Grants Program application in the amount of \$160,000.
2. In connection with the PGP grant, if the application is approved by the Department, the City Manager is authorized to enter into, execute, and deliver a State of California Agreement (Standard Agreement) for the amount of \$160,000, and any and all other documents required or deemed necessary or appropriate to evidence and secure the PGP grant, the City of Monrovia obligations related there to, and all amendments thereto (collectively, the "PGP Grant Documents").
3. The City of Monrovia shall be subject to the terms and conditions as specified in the Standard Agreement, the SB 2 Planning Grants Program Guidelines, and any applicable PGP guidelines published by the Department. Funds are to be used for allowable expenditures as specifically identified in the Standard Agreement. The application in full is incorporated as part of the Standard Agreement. Any and all activities funded, information provided, and timelines represented in the application will be enforceable through the executed Standard Agreement. The City Council hereby agrees to use the funds for eligible uses in the manner

presented in the application as approved by the Department and in accordance with the Planning Grants NOFA, the Planning Grants Program Guidelines, and 2019 Planning Grants Program Application.

4. The Director of Community Development is authorized to execute the City of Monrovia Planning Grants Program application, the PGP Grant Documents, and any amendments thereto, on behalf of the City of Monrovia as required by the Department for receipt of the PGP Grant.

PASSED, APPROVED AND ADOPTED this 6th day of August, 2019

Tom Adams, Mayor
City of Monrovia

ATTEST:

APPROVED AS TO FORM:

Alice D. Atkins, MMC, City Clerk
City of Monrovia

Craig A. Steele, City Attorney
City of Monrovia