



**PLANNING COMMISSION HEARING DATE: AUGUST 18, 2022
AGENDA ITEM NO.: 3**

SUMMARY

Case Numbers	PR-2022-001391 (Zoning Text Amendment)
Request	<p>Proposal by the City of Riverside to consider amendments to Title 19 (Zoning) of the Riverside Municipal Code, including but not limited to Articles VII (Specific Land Use Provisions), VIII (Site Planning and General Development Provisions), IX (Land Use Development Permit Requirements and Procedures) and X (Definitions) of Title 19. The proposed amendments are intended to:</p> <ol style="list-style-type: none"> 1) Establish Chapter 19.535 (Inclusionary Housing) to implement Housing Element (General Plan) policies to facilitate the production of housing affordable to very low-, low- and moderate-income households in new residential development projects; 2) Repeal and replace Chapter 19.545 (Density Bonus) to clarify and streamline existing provisions and align the City's Density Bonus program with recently adopted State law; and 3) Complete clean-up items for Title 19 to: <ol style="list-style-type: none"> A. Clarify side and rear yard setback requirements for the Industrial and Air Industrial Zones; B. Clarify setback requirements and permit exemptions for on-sale of alcoholic beverages associated with bona fide full-service public eating places; C. Adjust parking requirements and allowances for the provision of off-site, off-street vehicle parking for certain land uses; and D. Revise the required findings of fact for the granting of Fair Housing Requests for Reasonable Accommodation to comply with State law and affirmatively further fair housing. E. Establish definitions related to the Inclusionary Housing and Density Bonus Ordinances.
Applicant	City of Riverside, Community and Economic Development Department

Project Location	Citywide
Ward	Citywide
Staff Planner	Matthew Taylor, Senior Planner 951-826-5944 mtaylor@riversideca.gov

RECOMMENDATIONS

That the Planning Commission:

1. **Recommend** that the City Council determine that Planning Case PR-2022-001391 is exempt from further California Environmental Quality Act (CEQA) review pursuant to Section 15061(b)(3) (General Rule), as it can be seen with certainty that approval of the project will not have an effect on the environment;
2. **Recommend Approval** of the Planning Case PR-2022-001391 (Zoning Text Amendment) as outlined in the staff report and summarized in the Findings section of this report.

BACKGROUND

Inclusionary Housing

In recent years, the State of California has identified the shortage of housing, particularly affordable housing, as a legislative priority. A housing shortage negatively impacts the State's economic competitiveness, contributes to homelessness, and results in long commutes, increasing production of greenhouse gas emissions, air pollution, and poor public health. A household is considered able to afford its housing if its total housing-related expenses do not exceed 30-35% of its gross income. Affordable housing frequently refers to housing that is priced so that it does not exceed this threshold for households who earn at or below 80% of the Area Median Income (AMI), which in Riverside is \$70,400 for a family of four in 2022.

Given the existing housing conditions, on May 18, 2021, the City Council authorized hiring a consultant to explore the feasibility of implementing an inclusionary housing policy in the City of Riverside. Inclusionary housing policies typically require a portion of newly constructed residential units to be set aside, for sale or rent, to lower- or moderate-income households to increase the availability of affordable housing for all income levels.

Over the past year, City staff and the consultant have prepared a study of the feasibility of implementing such a policy in Riverside, with input and direction from the City Council Housing & Homelessness Committee (HHC). On May 23, 2022, the HRC reviewed a draft policy and feasibility analysis and directed staff to develop an ordinance to implement the policy for Planning Commission and City Council consideration (Exhibit 1).

Density Bonus

California Government Code §65915-65918, otherwise known as the Density Bonus Law, requires local jurisdictions to grant a density bonus and relief from selected development standards for residential and mixed-use development projects that include units reserved for lower-income households. In recent years, additional legislation has expanded the types of projects that qualify for a Density Bonus and increased the bonus density that eligible projects may receive.

Zoning Cleanup

Planning staff continuously tracks the applicability and accuracy of the Riverside Municipal Code (RMC) Title 19 (Zoning Code) to ensure the regulations are consistent with State Law, provide clear direction, and are not in conflict. Staff identifies inaccuracies, vagueness, and/or conflicts and tracks this information so that periodic Zoning Text Amendments can be made. This builds on the "Streamline Riverside" initiative that continually identifies and implements strategic changes to City processes. The proposed changes will provide clarity and reduce ambiguity in the Zoning Code including minor updates, revisions, and technical corrections to several Chapters and Sections.

PROPOSAL

The proposed amendments to Title 19 (Zoning) of the Riverside Municipal Code are included as Exhibit 2 and can be separated into 3 components:

1. Establishment of Chapter 19.535 (Inclusionary Housing), to implement the proposed inclusionary housing policy as recommended by the Housing & Homelessness Committee;
2. Repeal and replacement of Chapter 19.545 (Density Bonus) to update the existing Density Bonus Ordinance to reflect recent changes to State law to improve clarity and usability of the Chapter; and
3. Zoning Clean-Up items:
 - a. Regulations related to landscaped setbacks, on-sale of alcohol at restaurants, off-site parking, and requests for Reasonable Accommodation and Fair Housing; and
 - b. Establishment of definitions for various terms related to the Inclusionary Housing and Density Bonus ordinances.

The following is a summary of each of the components described above.

1) INCLUSIONARY HOUSING

The proposed amendments would establish a new Chapter 19.535 (Inclusionary Housing), which would implement the draft inclusionary housing program developed by the consultant and recommended by the Housing and Homelessness Committee.

The proposed inclusionary housing program would apply to any development that creates three or more residential units or lots and will include the following requirements:

1. For-sale single family developments (up to a density of 10.9 dwelling units per acre) will include **five percent** of total units at sale prices affordable to **Moderate-Income** households earning up to 110 percent of the AMI.
2. For-sale townhome and condominium developments (densities between 10.9 and 14.5 dwelling units per acre) will include **10 percent** of total units at sale prices affordable to **Low-Income** households earning up to 70 percent AMI.
3. Rental developments of all types will include **10 percent** of total units at rents affordable to **Low-Income** households earning up to 70 percent AMI.

Developers may instead elect to build or finance building affordable units off-site but will be required to provide a higher proportion of affordable units – **eight percent** of total units in for-sale single family developments, and **15 percent** of total units in for-sale townhome and condominium developments and rentals.

Alternatively, developers will have the option to pay a fee in lieu of building the affordable units either on- or off-site. In-lieu fees would be assessed in an amount equal to the number of affordable units required if they were to be constructed off-site and deposited in a dedicated affordable housing fund managed by the City's Housing Authority to facilitate the construction, acquisition and preservation of affordable housing. Fees will be calculated based on a nexus study performed by the consultant and set by resolution of the City Council.

The proposed Chapter 19.535 also includes requirements and regulations for:

1. Minimum duration of affordability restrictions (45 to 55 years);
2. Provisions limiting the resale of for-sale affordable units to income-qualified households or, alternatively, requiring equity sharing arrangements to preserve affordability;
3. Requirements for equitable distribution, size and fixtures and finishes of affordable units compared to market-rate units;
4. Procedures for appealing for an adjustment or waiver of inclusionary requirements; and
5. Procedures for ensuring ongoing compliance and monitoring of affordability restrictions, administration and enforcement.

2) DENSITY BONUS

The proposed amendments would repeal and replace the existing Chapter 19.545 (Density Bonus), the Density Bonus Ordinance (DBO). The two primary purposes of this amendment are to:

1. Bring the City's existing DBO into compliance with recently adopted State Law governing density bonuses (Cal. Gov. Code §65915-65918); and
2. Reorganize and streamline the DBO to improve readability and ease of use.

Major changes to the State's Density Bonus law enacted with recent legislation including, but not limited to, Senate Bill 290 (Exhibit 3) and Assembly Bill 2345 (Exhibit 4) increase the maximum amount of bonus density for which a project may qualify from 35% over the allowed base density to 50% over the allowed base density in most cases. To qualify for a density bonus, the development must set aside a minimum proportion of units for lower- or moderate-income households or various special needs populations. The allowable density bonus is set on a sliding scale that increases with the proportion of units that are set aside, up to the maximum bonus amount.

Beyond this, projects that are 100% affordable to lower- and moderate-income households may qualify for a density increase of up to 80%, as well as allowances for additional building height. Projects that are both 100% affordable to lower-income households and located within proximity to public transportation are not subject to any maximum controls on density.

Other changes in State Law reflected in the revised Chapter include:

1. Expansion of the types of housing development that may qualify for a Density Bonus to include housing for low-income students;
2. Changes in the amount of affordable housing required for developments to qualify for concessions and incentives (such as reduction of development standards); and
3. A reduction in the amount of parking a local jurisdiction may require for eligible projects, including no required parking for 100% affordable projects in proximity to high-quality public transit.

3) ZONING CLEAN-UP

1. Chapter 19.130 – Industrial Zones

Table 19.130.030.A (Industrial Zones Development Standards) is amended to eliminate a conflict between the table and table notes related to interior side and rear landscaped setback requirements for the General Industrial (I) and Airport Industrial (AIR) Zones and to clarify the method for measuring distances from residential zones or uses.

2. Chapter 19.450 – Alcohol Sales

Amendments to this Chapter resolve an ambiguity between general site location, operation and development standards for the sale of alcoholic beverages for on-site consumption ("on-sale") and specific exemptions for on-sale in conjunction with bona fide public eating places (i.e., restaurants). If a restaurant meets the specific exemption criteria of 19.450.020.B, it shall not be subject to the site location and operational requirements of 19.450.030.C. This amendment only clarifies, and does not change, the exemption criteria for restaurants.

3. Chapter 19.580 – Parking and Loading - Table 19.580.060 – Required Spaces:

- a. Table Notes 10 through 13, related to allowances for the satisfaction of parking requirements for certain uses through the provision of off-site spaces within a specified distance, are consolidated to create a single requirement allowing those uses to meet their required parking with spaces within 300 feet of the site.
- b. A reduction in required parking from 1.1 spaces per bed to 0.5 spaces per bed is provided for student housing developments within one-quarter mile (1,320 feet) of major transit stop or a college or university campus. This is consistent with reduced parking requirements provided in State density bonus law for this type of development established by AB 2345.

4. Chapter 19.850 – Fair Housing and Reasonable Accommodation

This chapter is amended to align procedures and findings for granting a Request for Reasonable Accommodation with State and Federal Fair Housing Laws. Specifically, references to processing procedures and findings required for the granting of a Variance are eliminated, as these are inconsistent with Fair Housing laws, which require that cities accommodate reasonable requests for deviation from established standards for special needs persons or households. This amendment affirmatively furthers fair housing by ensuring that special needs households have an avenue for requesting necessary accommodations for

accessibility purposes and is an implementation action of the 2021-2029 Sixth-Cycle Housing Element.

5. Chapter 19.910 – Definitions

This chapter is amended to add definitions for terms used in the proposed Chapters 19.535 (Inclusionary Housing) and revised 19.545 (Density Bonus).

PUBLIC OUTREACH AND COMMENT

Details of stakeholder outreach and engagement for the Inclusionary Housing Program can be found in the report to the Housing and Homelessness Committee meeting of February 28, 2022 (Exhibit 5). In addition to monthly updates to the Committee during preparation of the feasibility study, the following stakeholder engagement efforts should be noted:

1. November 5, 2021 – Virtual stakeholder meeting with affordable housing developers and advocates.
2. November 16, 2021 – Virtual stakeholder meeting with market-rate housing developers and businesses.
3. January 12, 2022 – Virtual community webinar.
4. January 25, 2022 – Virtual webinar with the Greater Riverside Chambers of Commerce.
5. June 28, 2022 – Stakeholder meeting with the Greater Riverside Chambers of Commerce Economic Development Council.

On July 19, 2022, Planning staff also sent an email notification to applicants of record for all ongoing housing development applications with three or more proposed units. This included all applicants with Conceptual Development Review (preliminary) applications processed within the past year. The notice informed them of the proposed Inclusionary Housing Program and invited their participation in upcoming Planning Commission and City Council Hearings. The program summary that was provided to developers in included as Exhibit 6.

ENVIRONMENTAL REVIEW

The proposed amendments are exempt from additional California Environmental Quality Act (CEQA) review pursuant to Section 15061(b)(3) of the CEQA guidelines, as it can be seen with certainty that the proposed amendments will have no effect on the environment.

FINDINGS

Zoning Code Amendment Findings pursuant to Chapter 19.810.040:

- 1) The proposed Zoning Code Amendments and Rezoning are generally consistent with the goals, policies, and objectives of the General Plan including the updated Housing Element;
- 2) The proposed Zoning Code Text Amendments and Rezoning will not adversely affect surrounding properties; and

- 3) The proposed Zoning Code Text Amendments and Rezoning will promote public health, safety, and general welfare and serves the goals and purposes of the Zoning Code.

ENVISION RIVERSIDE 2025 STRATEGIC PLAN ALIGNMENT

The proposed amendments align with Strategic Priority No. 2 – Community Well-Being, and more specifically with Goal 2.1 – Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels. In addition, the project aligns with the five Cross-Cutting Threads as follows:

1. **Community Trust** – The process included an extensive community and stakeholder engagement process.
2. **Equity** – The proposed amendments will expand the availability of affordable housing options for all Riversiders.
3. **Fiscal Responsibility** – The proposed amendments create a new stream of revenue for affordable housing projects in the City.
4. **Innovation** – The proposed amendments incorporate latest best practices for streamlining and promoting housing development and promote equitable communities.
5. **Sustainability & Resiliency** – The proposed promote infill development that will help reduce greenhouse gas emissions by reducing vehicle miles traveled, as well as providing an alternative to greenfield sprawl development.

APPEAL INFORMATION

Actions by the City Planning Commission, including any environmental finding, may be appealed to the City Council within ten calendar days after the decision. Appeal filing and processing information may be obtained from the Planning Department Public Information Section, 3rd Floor, City Hall.

EXHIBITS LIST

1. Housing and Homelessness Committee Report – May 23, 2022
2. Proposed Title 19 Amendments
 - a. Chapter 19.130 – Industrial Zones
 - b. Chapter 19.450 – Alcohol Sales
 - c. Chapter 19.535 – Inclusionary Housing
 - d. Chapter 19.545 – Density Bonus
 - e. Chapter 19.580 – Parking and Loading
 - f. Chapter 19.850 – Fair Housing and Reasonable Accommodation
 - g. Chapter 19.910 – Definitions
3. Senate Bill 290 Text
4. Assembly Bill 2345 Text
5. Housing and Homelessness Committee Report – February 28, 2022
6. Inclusionary Housing Recommendation Summary
7. Presentation

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