



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: SEPTEMBER 17, 2019**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT      WARDS: ALL**  
**DEPARTMENT**

**SUBJECT: RESOLUTION AUTHORIZING APPLICATION FOR, AND RECEIPT OF, SENATE**  
**BILL 2 PLANNING GRANTS PROGRAM FUNDS FROM THE CALIFORNIA**  
**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, IN AN**  
**AMOUNT NOT TO EXCEED \$625,000– SUPPLEMENTAL APPROPRIATION**

## **ISSUE:**

Adoption of a Resolution authorizing the City Manager, or designee, to submit a Senate Bill 2 (SB2) Planning Grants Program application to the California Department of Housing and Community Development for an amount not to exceed \$625,000, in order to fund planning and policy development projects that streamline housing approvals and accelerate housing production, and authorizing the City Manager, or designee, to accept and receive such funds and to execute any documents necessary to secure the award and administer the grant.

## **RECOMMENDATION:**

That the City Council:

1. Adopt the attached Resolution authorizing the City Manager, or designee, to submit an SB2 Planning Grants Program grant application to the California Department of Housing and Community Development for an amount not to exceed \$625,000, and authorizing the City Manager, or designee, to accept and receive such funds and to execute any documents necessary to secure such award and administer the grant;
2. Approve the list of nine projects identified by staff as part of the SB2 Planning Grants Program grant application;
3. Upon award of the grant and receipt of the grant funds, authorize an increase in revenue in the amount awarded to account number 9340600 - 334100 and the appropriation of expenditures in the same amount to account number 9340600 - 440210; and
4. Authorize the City Manager, or his designee, to sign and execute all necessary documents to apply for the SB2 Planning Grants Program grant, and if awarded, to sign and execute all necessary documents to accept and administer the grant, including agreements and payment requests which may be necessary to complete grant funded activities, and to make any minor and non-substantive changes thereto.

## **BACKGROUND:**

In 2017 Governor Brown signed Senate Bill 2 (SB 2), the Building Homes and Jobs Act, imposing a fee to record real estate documents to create a permanent, ongoing source of funding to develop affordable housing. Under SB 2, fifty percent of fees collected in the first year (2018) was to be allocated to local governments to help streamline housing production including policy streamlining and the introduction of new residential development tools.

The California Department of Housing and Community Development (HCD) authorized up to \$123,000,000 as part of the Planning Grants Program (PGP), and on March 28, 2019, issued a Notice of Funding Available (NOFA), allowing “over the counter” allocations to jurisdictions. As a large jurisdiction, the City of Riverside is eligible for up to \$625,000 with projects adopted and completed by June 30, 2022. The NOFA requires that projects demonstrate a nexus to accelerating housing production while also:

1. Streamlining approvals for housing, for both owners and renters, at all income levels;
2. Facilitating housing affordability for all income groups;
3. Promoting development consistent with the State Planning Priorities; and
4. Ensuring geographic equity in the distribution and expenditure of allocated funds.

The application deadline for SB 2 grants is November 30, 2019. As part of the application, a City Council resolution, authorizing the City Manager or designee to sign and submit a grant application and execute an agreement with HCD when the grant is awarded, is required.

## **DISCUSSION:**

After a collaboration with other City departments, staff identified nine potential projects to include in the grant application for SB 2 funding. While the City is eligible to receive \$625,000, staff identified projects totaling \$1.29 million to allow the City flexibility in the projects to be completed. While projects have been vetted through the State’s technical assistance program, if the California Department of Housing and Community Development (HCD) later determines one or more of the projects is ineligible, the City will have additional projects to undertake to receive the full grant amount. The following provides a summary of the nine projects to be included in the Grant application (Attachment 2):

### 1. Comprehensive Housing Element Update - 6<sup>th</sup> Cycle, 2021-2029 (\$380,000)

The update of the City’s Housing Element is required by October 15, 2021. The Housing Element update will be part of the update to the General Plan, likely completed in 2022-2023. This project will accelerate the Housing Element completion. An RFQ for the Comprehensive General Plan and Zoning Code update has been drafted and will be released in early Fall 2019. Funds will be used to complete the Housing Element update and project management.

### 2. Accessory Dwelling Units (ADU) Initiative (\$150,000)

The City recently amended its ADU regulations to comply with new State laws that continue to evolve. This project will include a comprehensive review of State law changes, Title 19, and other City policies to develop a streamlined process for ADUs, small homes and small home communities. Standard plans for 400, 600, 800 and 1,200 square foot units will be prepared to facilitate their development. Educational materials will also be prepared and distributed at the One Stop Shop and other venues throughout the City.

3. Mitigation to Streamline CEQA Vehicle Miles Traveled Compliance (\$120,000)

The State requires that, by 2020, vehicle miles traveled (VMT) are evaluated as part of the California Environmental Quality Act (CEQA). This project will include policies and impact thresholds used to develop a mitigation fee program that address the State's requirement. Mitigation will allow the City to streamline CEQA and housing production within High Quality Transit Areas (HQTAs). Projects outside HQTAs can also use the established thresholds and mitigation fee program to inform project design and assess mitigation. Streamlining VMT compliance will reduce the time and uncertainties associated with CEQA review and also implement the City's Active Transportation Program (ATP).

4. Formation of a Community Revitalization and Investment Authority (\$300,000)

The City is working on creating a community revitalization and investment authority (CRIA) to establish a stable source of funding for housing projects. A CRIA provides an opportunity develop a strategic and meaningful lower income housing program using tax increment financing while setting aside 25 percent for affordable housing. This project will include public outreach, stakeholder scoping sessions, an evaluation of the CRIA's geographical area, and implementation as stipulated by State law to establish a CRIA.

5. EIR Evaluation to Streamline General Plan and Zoning Consistency (\$35,000)

Many properties in the City have inconsistent General Plan land use designations and zoning categories. Staff developed a process to address these inconsistencies and prepared amendments for the General Plan and Zoning reflecting this process. The Planning Commission recommended that City Council adopt the amendments, which was approved by City Council on August 20, 2019. SB 2 funds will be used to reimburse consultant costs associated with the environmental evaluation to create the new process.

6. Update Density Bonus Regulations (\$80,000)

The City's existing density bonus regulations are outdated and unclear. SB 2 funds will be used to evaluate new density bonus legislation to create clear and concise regulations that eliminates inconsistencies and expedites the approval process. This could include granting by-right density bonuses to affordable housing, senior housing and qualified student housing projects. The effort would also include environmental analysis and documentation as necessary to ensure CEQA compliance and streamlining.

7. Rezoning and CEQA Compliance of Housing Authority Properties (\$50,000)

The City's Housing Authority owns 12 sites that are targeted for development with affordable housing. SB 2 funds will be used to evaluate development potential for each site and streamline a General Plan Amendment and Zoning Code Amendment if needed. The environmental process will also be completed to further streamline future development of each site.

8. Small Lots and Infill Site Ordinance (\$100,000)

Opportunities for small lot and infill development exist throughout the City. This project will evaluate these lots and result in a Small Lot/Infill Ordinance to reduce development barriers. The Ordinance project will assess setbacks, greater building heights and parking to allow efficient use

of land. Small lots would be identified and criteria for their development will be prepared. Environmental documents would also be prepared to ensure CEQA compliance.

9. *Dashboard to Track and Promote Housing Development Sites (\$75,000)*

The State requires that all local jurisdictions zone for affordable and market rate housing while also tracking production. The City currently tracks housing production manually. This project will automate the process and create a publicly viewable dashboard linked to the City's new permitting software (Computronix). A new software module, linked to the City's GIS platform, will be developed to report production. When tied to the Housing Element's identified sites, the public portal provides a platform for City officials, the public, developers and the State to assess potential development sites and track progress.

**FISCAL IMPACT:**

Upon award and acceptance of the Senate Bill 2 Planning Grant, authorize an increase of revenue up to the amount of \$625,000 in account number 9340600 - 334100, and appropriate the same amount to expenditure in account number 9340600 – 440210. The SB 2 Planning Grant is a reimbursement grant and matching funds are not required for this grant.

Prepared by: David Welch, Community & Economic Development Director  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
Approved by: Rafael Guzman, Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Attachment:

1. Resolution
2. SB 2 Grant Application Projects Summary
3. Presentation