



STAFF REPORT

Community Development Department
 Planning Division
 6360 Fountain Square Dr.
 Citrus Heights, CA 95621
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 (916) 727-4740

Hearing Date: July 13, 2022

File Number: PLN-22-16

Application Type: Zoning Ordinance Update

Assessor's Parcel Number(s): Citywide

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Project Name: Zoning Code Update – Density Bonus Chapter

Project Address: N/A

Gross Acreage: N/A

Net Acreage: N/A

Net Density: N/A

Current Zoning: N/A

Proposed Zoning: N/A

Surrounding Zoning:

Surrounding Land Use Designation

Actual Use:

On-site:

North:

South:

West:

East:

Not Applicable
Citywide

Environmental Status:

- Exempt Section 15061(b)(3)
- Negative Declaration
- Mitigated Negative Declaration

- Previous Negative Declaration
- Environmental Impact Report
- Previous Environmental Impact Report

Planning Department Recommendations:

- Recommend approval and forward to the City Council for final action
- Approve with conditions
- Denial

Applicant:

City of Citrus Heights
 Planning Division

Property Owner:

Citywide Ordinance

REQUEST

The Planning Division requests the Planning Commission review the attached proposed Zoning Code Amendments. The proposed amendments include changes to the Affordable Housing Incentives Chapter of the Zoning Code to remain in compliance with current state law. The Planning Commission's decision will be forwarded to the City Council for final action.

SUMMARY RECOMMENDATION

The Planning Division recommends the Planning Commission make the following motions:

Motion 1: Recommend the City Council adopt a Resolution to find the proposed amendments are exempt from the California Environmental Quality Act (CEQA) under Section 15061(b)(3) of the Guidelines in that adoption of the proposed Ordinance will not result in any impacts on the physical environment; and

Motion 2: Recommend the City Council adopt an Ordinance amending sections of Chapter 106.32 of the City of Citrus Heights Municipal Code (Zoning Code Section) as shown in Exhibit A.

BACKGROUND

The City's land use and zoning regulations are contained in Title 106 (Zoning) of the City's Municipal Code (hereinafter referred to as the Zoning Code). The Zoning Code carries out the policies of the General Plan by providing standards and guidelines for the continuing orderly development of the City.

On occasion, refinements to the Zoning Code are necessary to clarify existing standards, implement new ones, reflect changes in law, and address changing business types and their activities. Staff proposes to modify section 106.32 (Affordable Housing Incentives) of the Zoning Code to reflect changes in state law. The approval of these amendments does not approve any development project. Rather, they amend and clarify the certain sections of the Zoning Code for consistency with state law.

PROJECT DESCRIPTION

This staff report includes a table of the proposed changes. The table lists the code section number, the topic and a brief discussion of the change. Exhibit A includes a complete list of the zoning amendments in underline/strikeout text format.

Below is a summation of all of the 2022 changes to the California Density Bonus law, which have been incorporated into Zoning Code Chapter 106.32:

- *Limits on Impact Fees:* AB 571 prohibits local governments from charging affordable housing impact fees, including inclusionary zoning fees and in-lieu fees, against affordable units in density bonus housing developments.
- *Longer Affordability Periods:* AB 634 allows a local government to adopt an ordinance requiring an affordability period of more than 55 years in density bonus housing projects. However, these local ordinances cannot impose affordability periods of more than 55 years in developments financed with low income housing tax credits.
- *Incentives & Concessions; Parking; Qualifying Units:* SB 290 makes several changes to density bonus law, including:
 - Provides one incentive or concession for density bonus projects that include at least 20% of the units for lower income students in a student housing development.
 - Eliminates the ability of local governments to disapprove a developer's request for an incentive or concession, or a waiver or modification of development standards, on the grounds that it would have a specific adverse impact on the physical environment.

- Provides parking standards of one-half space per bedroom for housing developments which include at least 40% moderate income units that are located within a half mile of a major transit stop.
- Eliminates the requirement that for-sale units for moderate income households must be in a “common interest development” in order to qualify for a density bonus.
- Clarifies that for purposes of qualifying for a density bonus, the “total units” in a housing development include affordable units that are designated to satisfy local inclusionary housing requirements.
- Clarifies that for purposes of qualifying for a density bonus, affordable units for very low or lower income households can be either rental or for-sale units. (Affordable units for moderate income households still must be for-sale units and may not be rental units)
- **Sale of Affordable Units to Nonprofit Corporations:** SB 728 allows developers in for-sale density bonus housing developments to sell affordable units to nonprofit housing corporations instead of selling the units directly to a low or moderate income homebuyer. The nonprofit housing corporation must then sell each home to a lower income buyer subject to affordability requirements with a term of at least 45 years, an equity sharing agreement, and a repurchase option in favor of the nonprofit corporation. The nonprofit corporation may be permitted by the local agency to retain the initial subsidy and share of appreciation which is produced from the resale of the affordable unit, so long as the funds are used to promote homeownership for lower income households within the jurisdiction of the local agency.
- **Required Submission of Pro Formas:** An appellate court ruled in 2021 that local agencies cannot require density bonus applicants to submit pro formas or other documentation required to prove that requested incentives and concessions are necessary to make the housing development financially feasible. The court found that a City of Los Angeles ordinance requiring density bonus applicants to submit information to show incentives and concessions are needed to make the project economically feasible was preempted by state density bonus law because the requirement was based on a former version of the law that has since been revised. However, local agencies can require applicants to show that requested incentives and concessions will result in cost reductions for the project. *Schreiber v. City of Los Angeles*, 69 Cal. App. 5th (2021).

SUMMARY OF ALL CHANGES

The table below includes all the changes proposed for the Zoning Code Update.

Article 3 – Site Planning and Project Design Standards		
<i>Code Section</i>	<i>Topic</i>	<i>Change</i>
106.32.020	Eligibility for Bonus, Incentives, or Concessions	<ul style="list-style-type: none"> ➤ Adds one category of eligibility for density bonus if project donates at least one acre of land to city or county for Very Low Income/Low Income units ➤ Eliminates the requirement that for-sale units for moderate income households must be in a “common interest development” in order to qualify for a density bonus
106.32.030	Allowed Density Bonuses	➤ Reformatted density bonus charts for legibility and clarity
106.32.040	Allowed Incentives or Concessions	➤ Removed section allowing the City to deny a developer’s request for an incentive/concession

		<p>based on grounds it would have specific adverse impact on physical environment</p> <ul style="list-style-type: none"> ➤ Provides one incentive or concession for density bonus projects that include at least 20% of the units for lower income students in a student housing development ➤ Reformatted number of incentives chart for legibility and clarity
106.32.050	Parking Requirements in Density Bonus Projects	<ul style="list-style-type: none"> ➤ Provides parking standards of one-half space per bedroom for housing developments which include at least 40% moderate income units that are located within a half mile of a major transit stop ➤ Reformatted parking ratio charts for legibility and clarity
106.32.100	Density Bonus Agreement	<ul style="list-style-type: none"> ➤ Adds language that allows developers in for-sale density bonus housing developments to sell affordable units to nonprofit housing corporations instead of selling the units directly to a low or moderate income homebuyer

CONCLUSION

The proposed Zoning Code amendment is consistent with the General Plan and will not be detrimental to the public interest, health, safety, convenience, or welfare of the city. The proposed modifications are intended to update the Zoning Code based on updates to state law; therefore, staff recommends approval of the amendments.

ENVIRONMENTAL DETERMINATION

This project is categorically exempt from the California Environmental Quality Act (CEQA Guidelines Section 15061(b) (3)) in that adoption of the proposed Ordinance will not result in any impacts on the physical environment; and under the general rule that the proposed amendments to the Municipal Code do not have the potential to have a significant effect on the environment.

RECOMMENDATION

The Planning Division recommends the Planning Commission make the following motions:

Motion 1: Recommend the City Council adopt a Resolution to find the proposed amendments are exempt from the California Environmental Quality Act (CEQA) under Section 15061(b)(3) of the CEQA Guidelines; and

Motion 2: Recommend the City Council adopt an Ordinance amending sections of Chapter 106.32 of the City of Citrus Heights Municipal Code (Zoning Code Section) as shown in Exhibit A.

Exhibit A: Redline of Zoning Code Text