

NOTICE OF SPECIAL MEETING

Pursuant to Section 54956 of the Government Code of the State of California, a Special Concurrent Meeting of the **Tracy City Council** and the **Tracy Planning Commission** is hereby called for:

Date/Time: **Wednesday, March 22, 2023, 5:00 p.m.**
(or as soon thereafter as possible)

Location: **Tracy City Hall**
333 Civic Center Plaza, Tracy, CA.

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Tracy City Council on any item, before or during consideration of the item, however no action shall be taken on any item not on the agenda.

This meeting will be open to the public for in-person and remote participation pursuant to Government Code Section 54953(e)

For Remote Public Comment:

During the Items from the Audience, public comment will be accepted via the options listed below. If you would like to comment remotely, please follow the protocols below:

- *Comments via:*
 - **Online by visiting** <https://cityoftracyevents.webex.com> and using the following **Event Number: 2559 223 2001** and **Event Password: Planning**
 - ***If you would like to participate in the public comment anonymously***, you may submit your comment via phone or in WebEx by typing “Anonymous” when prompted to provide a First and Last Name and inserting Anonymous@example.com when prompted to provide an email address.
 - Join by phone by dialing +1-408-418-9388, enter 25592232001#8722922# Press *3 to raise the hand icon to speak on an item

- *Protocols for commenting via WebEx:*
 - *If you wish to comment under “Items from the Audience/Public Comment” portion of the agenda:*
 - *Listen for the Mayor to open “Items from the Audience/Public Comment”, then raise your hand to speak by clicking on the Hand icon on the Participants panel to the right of your screen.*
 - *If you no longer wish to comment, you may lower your hand by clicking on the Hand icon again.*
 - *Comments for the “Items from the Audience/Public Comment” will be accepted until the public comment period is closed.*

1. CALL TO ORDER
2. ACTIONS, BY MOTION, OF CITY COUNCIL PURSUANT TO AB 2449, IF ANY
3. ROLL CALL
4. Items from the audience - *In accordance with Council Meeting Protocols and Rules of Procedure*, adopted by Resolution 2019-240, a five-minute maximum time limit per speaker will apply to all individuals speaking during “Items from the Audience/Public Comment”. For non-agendized items, Council Members may briefly respond to statements made or questions posed by individuals during public comment; ask questions for clarification; direct the individual to the appropriate staff member; or request that the matter be placed on a future agenda or that staff provide additional information to Council.
5. DISCUSSION ITEMS
 - 5.A. The City Council and Planning Commission, concurrently, receive an informational presentation regarding the City’s General Plan Housing Element Update, the “Builder’s Remedy” as provided for in the State Housing Accountability Act, and on-going City initiatives to help encourage housing production.
6. COUNCIL ITEMS AND COMMENTS
7. ADJOURNMENT



Mayor

Posting Date: March 17, 2023

The City of Tracy is in compliance with the Americans with Disabilities Act and will make all reasonable accommodations for the disabled to participate in employment, programs and facilities. Persons requiring assistance or auxiliary aids in order to participate, should contact the City Manager’s Office at (209) 831-6000 at least 24 hours prior to the meeting.

Agenda Item 5.A

RECOMMENDATION

Staff recommends that the City Council and Planning Commission, concurrently, receive an informational presentation regarding the City’s General Plan Housing Element Update, the “Builder’s Remedy” as provided for in the State Housing Accountability Act, and on-going City initiatives to help encourage housing production.

EXECUTIVE SUMMARY

The City initiated the State-required update to the City’s Housing Element after approving a Professional Services Agreement with Veronica Tam and Associates. The purpose of this Special Concurrent Meeting is to receive a presentation on the status of the Housing Element update, highlight key issues and opportunities regarding the update, and receive information related to the Builder’s Remedy, which is part of the State’s Housing Accountability Act as well as on-going City initiatives to help encourage housing production.

BACKGROUND AND LEGISLATIVE HISTORY

Each city and county in California is required by State law to periodically review and revise the General Plan Housing Element. During the review, the City is required to evaluate the goals and policies to attain State housing goals, the effectiveness of the Housing Element in attaining housing goals, and the progress of the City in implementing the Housing Element. Veronica Tam and Associates (VTA) was hired by the City in June 2022 to help with the Housing Element review and update process for the 2023 to 2031 planning period.

ANALYSIS

The Housing Element, a State-required chapter of the General Plan, is the only element of the General Plan with a statutory requirement to be reviewed by the State and the only element with a requirement for a specific, regular update schedule. The State Department of Housing and Community Development (HCD) is required to review each jurisdiction’s Housing Element and determine if the element is in substantial compliance with State housing law.

In general, the Housing Element is required to (1) identify and analyze housing needs for all income levels; (2) contain goals and programs to preserve and develop housing; (3) identify adequate sites for housing; and (4) analyze governmental and nongovernmental constraints upon the maintenance and development of housing.

VTA and their subconsultant, Michael Baker International, will present during the meeting to summarize the Housing Element requirements, its review process, and specific topics related to Tracy’s Housing Element update that may require particular attention or follow-up efforts. A copy of the presentation is attached to this report as Attachment A. Some of the topics will include potential amendments to the City’s Zoning Map or Zoning Regulations to help provide for the City’s Regional Housing Needs Allocation (RHNA) – the number of new housing units the State concludes Tracy must accommodate during the next Housing Element Cycle. The presentation will also include information regarding the Builder’s Remedy (part of the State’s Housing Accountability Act) and on-going City initiatives to help encourage housing production.

FISCAL IMPACT

This agenda item does not request any expenditure of funds. On June 7, 2022, the City Council approved a Professional Services Agreement (Resolution No. 2022-066) with VTA for the Housing Element Update. City consultant costs to prepare the Housing Element update are paid by SB 2, REAP (Regional Early Action Planning), and LEAP (Local Early Action Planning) Planning Grant funds provided by the State through the State Department of Housing and Community Development. City staff time to work on this project is included in the City's FY 2022/23 operating budget.

Additional direct City costs may be incurred if, through the Housing Element update process, the City concludes there are insufficient sites to accommodate the RHNA. City resources could be required to initiate Zoning Map amendments, related General Plan Map amendments, CEQA (California Environmental Quality Act) documentation, and associated costs.

PUBLIC OUTREACH / INTEREST

Notice regarding this Special Concurrent City Council and Planning Commission meeting was sent to housing advocacy groups, housing developers, public and private housing resource agencies, service providers, and other potentially interested parties. Direct interviews will be conducted with developers, housing advocates, and service provider stakeholders. Public outreach related to Housing Element policies and the draft Housing Element, including a web-based interactive program with public participants, will be broadly published on the City's web site, social media, and sent directly to interested parties.

COORDINATION

The City will coordinate with the State Department of HCD to comply with draft policies and reviewing timeframes.

FOLLOW-UP

Following this Special Concurrent Meeting of the City Council and Planning Commission, City staff will undertake community outreach to receive public input regarding housing policy goals and actions. City consultants and City staff will prepare a draft Housing Element. The Planning Commission and City Council will conduct public hearings to review and approve the draft Housing Element. After review by the City Council, the draft Housing Element will be sent to the State Department of HCD for a 90-day review period. There may be more than one round of review and comments between the City and HCD. Upon completion of a final Housing Element, the City Council will conduct its final review and adopt the Housing Element. HCD will have another 60 days to review and find that the Element is in substantial compliance with State housing law.

STRATEGIC PLAN

This item relates to City Council Strategic Priority Goal Number 4, Implement Affordable Housing Initiatives.

ACTION REQUESTED OF THE CITY COUNCIL AND PLANNING COMMISSION

Staff recommends that the City Council and Planning Commission, concurrently, receive an informational presentation regarding the City's Housing Element update, Builder's Remedy, and on-going City initiatives to encourage housing production. No formal action is requested of the City Council or Planning Commission.

Prepared by: Alan Bell, Senior Planner

Reviewed by: Bill Dean, Assistant Director of the Development Services Department
Jaylen French, Director of Development Services Department
Sara Cowell, Finance Director

Approved by: Midori Lichtwardt, Acting City Manager

ATTACHMENTS

Attachment A – PowerPoint Presentation



City of Tracy

6th Cycle Housing Element Update

Concurrent Planning Commission and City Council Meeting

March 22, 2023

Tonight's Topic

- Introductions
- Housing Element Requirements
- Strategy for Regional Housing Needs Allocation

Consultant Team

Veronica Tam and Associates

Michael Baker International, Inc.



Think Inside the Triangle™

What is the Housing Element



One of nine required elements of the General Plan



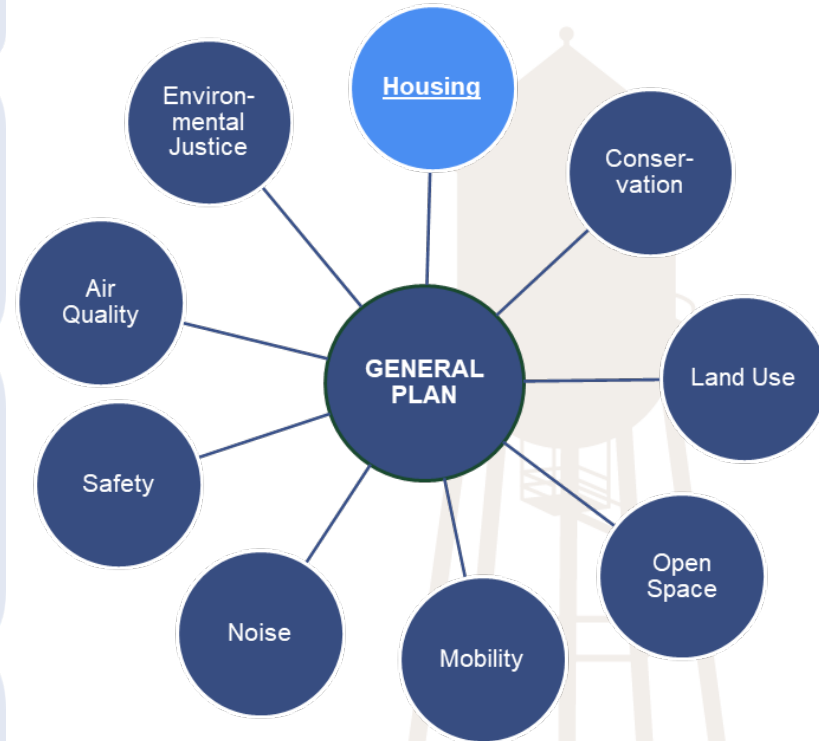
Assessment of City's housing needs and policies and how best to accommodate existing and future housing needs



Update required every eight (8) years – **Deadline for 6th cycle: December 31, 2023**

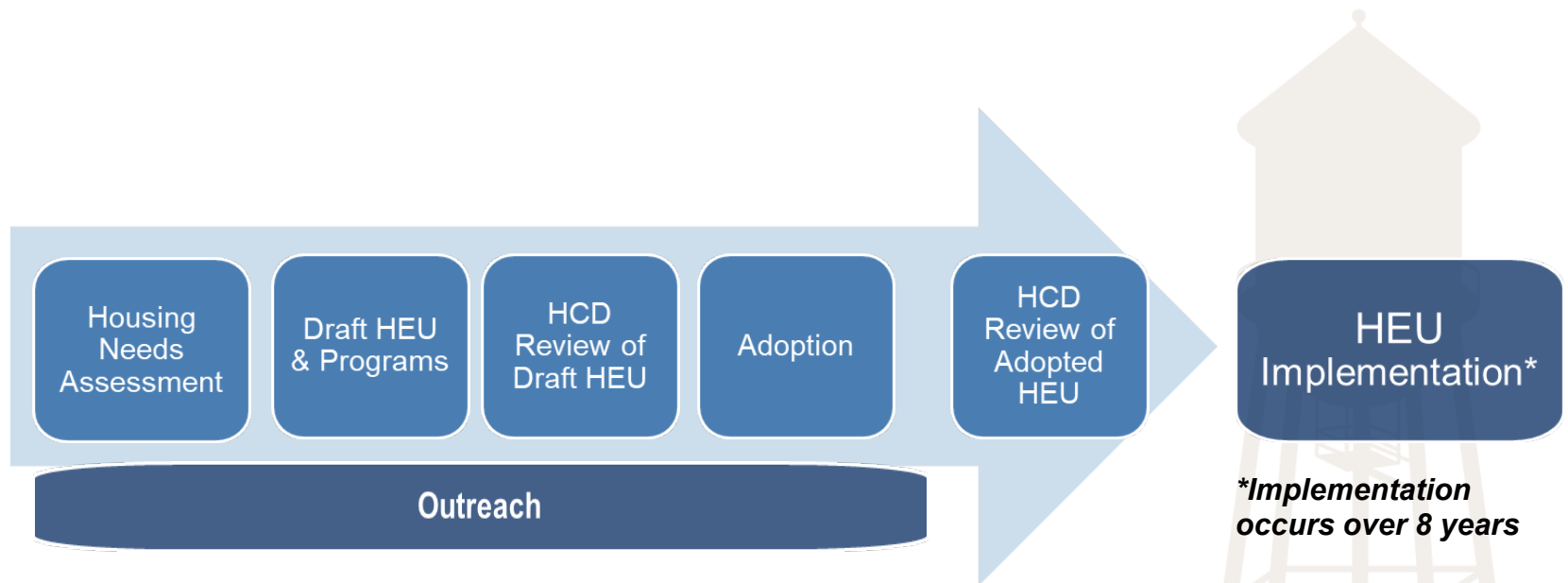


Reviewed for compliance by California Dept. of Housing and Community Development (HDC)



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Housing Element Update Process



State HDC Compliance

ENFORCEMENT AND COMPLIANCE CONSEQUENCES

- Maintain eligibility for **grant funding**
- Avoid **rezoning limitation** of one year
- Avoid **risk of litigation** (AB 72, AB 101)
- Avoid **suspension of City's authority** to issue building permits
- Avoid **“Builder's Remedy”** (City can't deny an affordable housing project based on inconsistency with the General Plan or zoning)

“Builder’s Remedy”

- Housing Accountability Act
- Decades old provision – never been used until 6th cycle HE and never been tested in court
- Without a certified Housing Element, a jurisdiction cannot use the following finding to deny an affordable housing project:
 - The project is inconsistent with both the zoning ordinance and the land use designation as specified in any general plan element.
- Affordable housing project is one with 20% set aside for lower income or 100% for moderate income



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Regional Housing Needs Allocation (RHNA)

- Most critical component of HCD review of Housing Element compliance
- Planning goal – must provide capacity with appropriate land use policy and development standards
 - A density of 20 du/ac is feasible for facilitating lower income housing
- Not a production obligation



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Significant Changes to State Law Since 5th Cycle

- **AB 1397 (Adequate Sites)**
 - Sites for lower income RHNA – not smaller than 0.5 acre and not larger than 10 acres
 - Higher standard of what is considered vacant
 - Substantial evidence that existing uses on site would not impede redevelopment



Think Inside the Triangle™

Significant Changes to State Law Since 5th Cycle

- **AB 1397 (Adequate Sites)...continued**
 - By right approval if 20% of project is set aside for lower income households on sites:
 - Reuse from 5th cycle
 - Rezoning required and after statutory deadline – December 31, 2023
 - Replacement requirement – for demolished existing affordable units or occupied by lower income households



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Significant Changes to State Law Since 5th Cycle

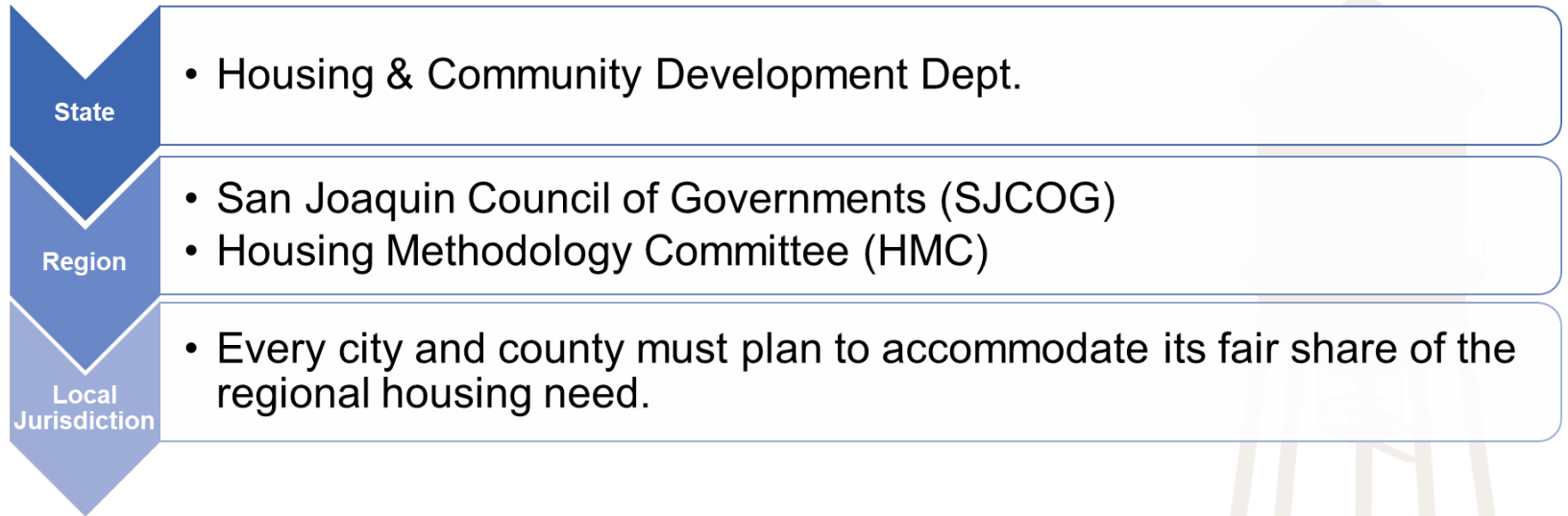
- **SB 166 (Not Net Loss)**
 - Maintain adequate sites throughout 8 years
 - If development produces fewer units than assumed in HE, must ensure remaining sites are adequate for remaining RHNA
 - HCD recommends a buffer for lower income RHNA – 15-30%

Not Meeting RHNA Means....

- **Not providing adequate sites for RHNA**
 - Housing Element will not be certified by HCD
 - Renders overall General Plan inadequate
 - RHNA shortfall is carried over to next cycle



Regional Housing Needs Allocation (RHNA)



San Joaquin County= 52,719 units
City of Tracy = 8,830 units

RHNA & No Net Loss Buffer



The City must always maintain enough sites to meet the RHNA during the planning period

**8,830-unit
RHNA**
(4,873 very to low income)



Any site developed at lower density or different income than was projected must replace (rezone) the lost capacity within 6 months (SB 166)



Buffer Sites

Buffers are not mandated by law, but strongly encouraged by HCD

20% buffer is recommended to protect the City from continuously rezoning to replace "lost" units

Regional Housing Needs Allocation

Tracy's 6th Cycle (2023-2031) vs 5th Cycle (2015-2023) RHNA

	Very-Low Income	Low Income	Moderate Income	Above-Mod Income	Total RHNA
5th Cycle RHNA	980	705	828	2,463	4,976
6th Cycle RHNA	2,994	1,879	1,175	2,782	8,830
6th Cycle + 20% Buffer	3,593	2,255	1,410	3,338	10,596
Percent Change*	+206%	+167%	+42%	+13%	+77%

Source: Tracy 5th Cycle Housing Element. SJCOG Regional Housing Needs Plan

* Does not account for buffer

Regional Housing Needs Allocation Breakdown

The City's obligation is to provide sufficient land, zoned appropriately, to accommodate the RHNA.

Income Category	2021 Annual Income 4-person household	RHNA City of Tracy	RHNA + Buffer (20% of allocation)
Very Low Income < 50% of Median Income	≤ \$37,000	2,994 units	+599 = 3,593
Low Income 50 - 80% of Median Income	\$37,000 - \$59,200	1,879 units	+376 = 2,255
Moderate Income: 80-120% of Median Income	\$59,200 - \$88,800	1,175 units	+235 = 1,410
Above Moderate Income >120% of Median Income	>\$88,800	2,782 units	+556 = 3,338
TOTAL		8,830 units	10,596 units

Source: HCD 2021 Income Limits. SJCOG Regional Housing Needs Plan

Income Levels and Minimum Density

Minimum density to meet low and Very-Low-income levels is 20 dwelling units per acre (du/acre).

Income Levels	Minimum Density (DU/acre)
Very Low income	20
Low income	20
Moderate income*	12*
Above Moderate income	N/A

* Not a statutory requirement

Site Inventory Requirements

Capacity

- Use a “realistic capacity” that accounts for multiple factors

Size

- Lower Income sites must be between 0.5 and 10 acres.

Infrastructure

- Served by Water, Wastewater, and Dry Utilities

Developable Land

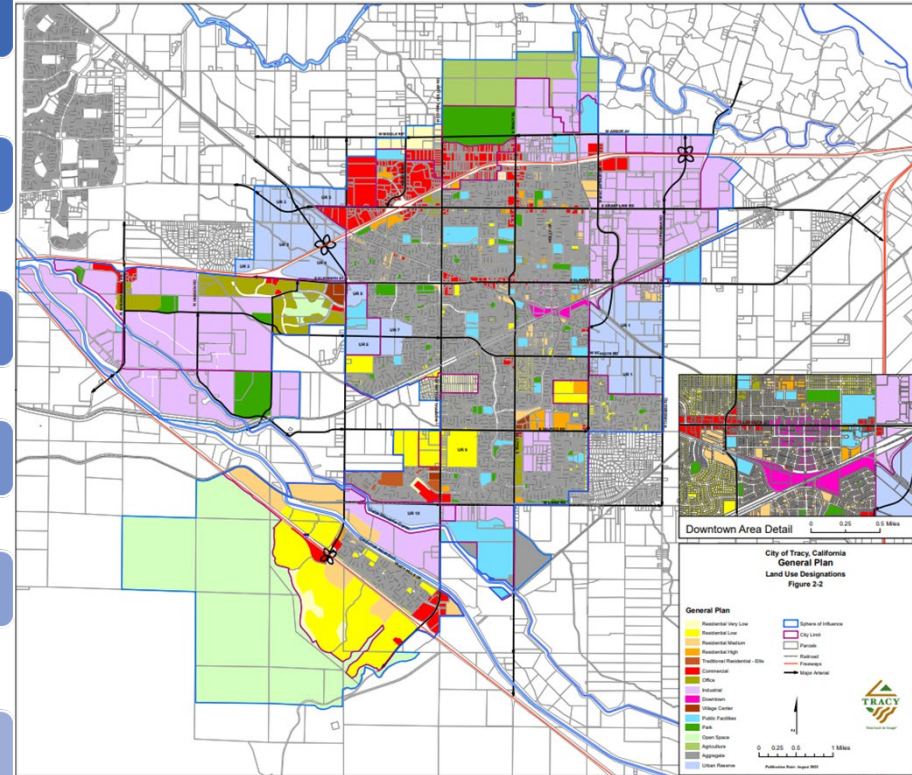
- Account for Environmental Constraints

Near Term Development Opportunity

- Owner or Developer Interest
- Vacant or Underutilized Land

Further Fair Housing

- The City must demonstrate that the sites further fair housing conditions



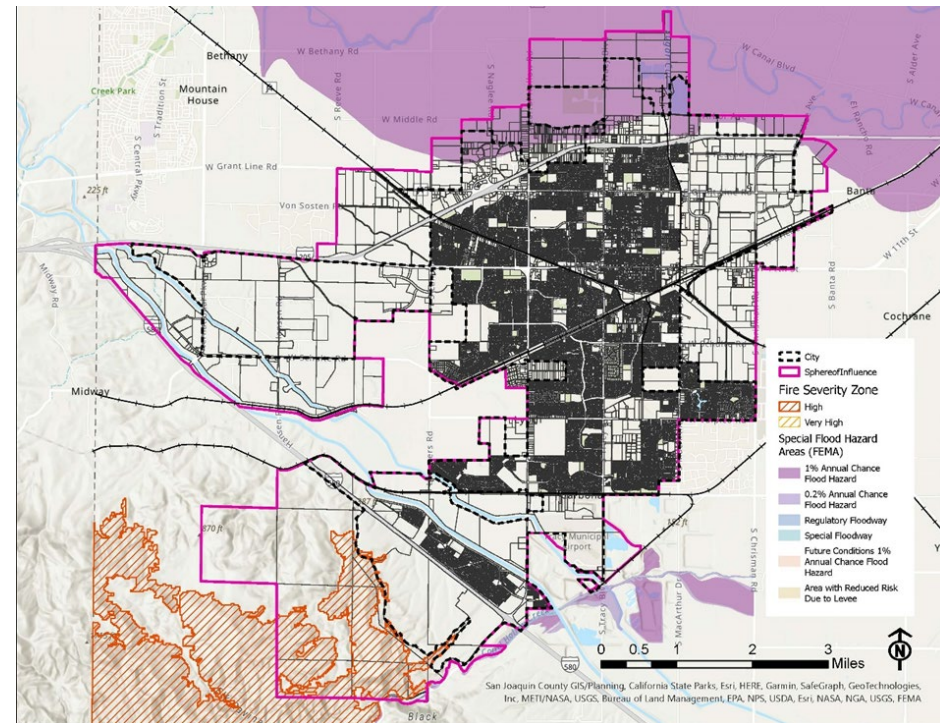
Constraints to Site Capacity and Selection

Land Use / Zoning

- Densities
- Limited Vacant Land
- Parking
- Setbacks

Environmental

- Terrain
- Flood
- Fire hazard
- Habitat



Accessory Dwelling Units

Based on Historic Trends, the City may use ADUs towards RHNA

Year	ADUs (permits issued)
2018	7
2019	18
2020	10
2021	54
2022	120



Average ADU Production:
41/year



6th Cycle RHNA:
328 units

Distributed between Lower, Moderate, and Above Moderate Incomes

	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
RHNA	2,994	1,879	1,175	2,782	8,830
ADUs*	98	98	98	34	328
Remaining RHNA Needs	2,896	1,781	1,077	2,748	8,502



Rezoning Factors & Considerations

Required acreage includes factors to reflect likelihood of construction within 8 years and actual development yield (typically less than 100% of maximum allowed) – assumed combined factor of 70%

Row Identifier	Category	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
A	RHNA Requirement	2,994	1,879	1,175	2,782	8,830
B	Pending Projects	23	23	70	9,196	9,312
C	ADUs	98	98	98	34	328
D	Potential RHNA Sites (preliminary)	1,129	1,164	3,816	1,598	7,707
E	Total Capacity (B + C + D)	1,250	1,285	3,984	10,828	17,347
F	<i>Unmet RHNA (A - E)</i>	<i>1,744</i>	<i>594</i>	<i>-</i>	<i>-</i>	<i>2,338</i> <i>Very Low + Low Income</i>
G	<i>Unmet RHNA + No Net Loss Buffer (F x 1.20%)</i>	<i>2,093</i>	<i>713</i>	<i>-</i>	<i>-</i>	<i>2,806</i> <i>Very Low + Low Income</i>
H	Required Acres: Unmet RHNA @ 20 du/ac, 70% yield (F / 0.70 / 20)	125 acres	42 acres	-	-	167 acres
I	Required Acres: Unmet RHNA + No Net Loss Buffer @ 20 du/ac, 70% yield (H / 0.70 / 20)	150 acres	51 acres	-	-	201 acres

RHNA Site Approach

1. Existing General Plan & Zoning
2. Recent / Pending Projects
3. ADUs
4. Vacant & Underutilized Sites
5. Commercial corridors and Downtown
6. Access to:
 - Transit
 - Services and amenities (schools, parks, grocery stores etc.)
 - Employment center
7. RHNA Site Distribution per AFFH Factors
8. Rezoning: Increase permitted density of existing zoning districts (e.g., 25 du/ac to 30+ du/ac in the HDR Zone)

Tracy's 5th Cycle – Required only one site to be rezoned (31 acres at the intersection of Valpico Road and Mission Court)

Tracy's 6th Cycle – Potentially requires rezoning of dozens of sites including 10's or over 100 acres



Tentative Schedule

- Concurrent CC/PC Mtng March 22, 2023
- Community Outreach and Engagement Study sessions, on-line survey, stakeholder interviews, virtual community workshop, Balancing Act exercise March – June, 2023
- Housing Element Preparation Ongoing thru May 2023
- PC, CC, and public review Draft HE May – June, 2023
- HCD 90-day review July – September, 2023
- Revise HE in response to HCD comment October, 2023
- Planning Commission hearing final HE November 15, 2023
- City Council hearing final HE December 5, 2023
- State Certification

This is a best-case forecast, assumes only one round of review with HCD, seamless public coordination with Draft HE prep, etc.



Status of Implementing Council's 2021 Housing Implementation Tasks

Council directed work on action items

- Created six standard, pre-approved ADU designs for off-the-shelf use to obtain building permits
- 2/15/22: Council rezoned Third St/Evans St property to High Density Residential
- October 26, 2022: PC workshop on ADU zoning regulations

Upcoming items:

- April 12th: Update to ADU Ordinance to PC
- May 2023: Inclusionary Zoning feasibility study to PC
- Fall 2023: Update to various zoning standards



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Housing Implementation Tasks

Action Item	Status
Amend Zoning Ord to Permit high-density housing "by right" in certain commercial zones	Tentatively scheduled for public review in fall 2023
Update TMC with most recent State law changes regarding ADUs	Planning Commission conducted a workshop to review new ADU zoning regulations on 10/26/22. Planning Commission currently scheduled to consider new ADU regulations on 4/12/23
Rezone two sites, currently zoned industrial, to accommodate the City's Regional Housing needs allocation	Third St/Evans St site rezoned by City Council on 2/15/22. Planning Commission recommended approval to rezone Valpico Rd/Mission Ct site on 11/17/21; City Council has not yet considered.
Increase max densities in higher density residential zones	Likely candidate for inclusion with the City-wide General Plan update – due to scale of project and CEQA costs
Remove min lot size in favor of floor area ratio and/or units per acre in residential zones	Tentatively scheduled for public review in fall 2023
Modify City standards regarding building height, lot coverage, and setbacks in medium and high-density residential zones	Tentatively scheduled for public review in fall 2023
Increase minimum density in medium density residential zones	Tentatively scheduled for public review in fall 2023
Allow and encourage duplexes, triplexes, and fourplexes in new single family home subdivisions	On going with new specific plans. State law changes re ADUs, SB 9, and SB 10 allow multiple units in single-family zones. City to amend zoning regulations for SB 9 and SB 10

Status of Implementing Council's 2020 Workforce/Affordable Housing Plan Cont.

Create and apply an overlay zone that allows clusters of tiny homes	Tentatively scheduled for public review in 2024
Amend the City's parking ordinance to reduce the number of off-street parking spaces required for new multi-family development projects	Tentatively scheduled for public review in 2024
Develop objective design standards for multi-family development	Tentatively scheduled for public review in 2024
Assist City staff to prepare a ballot initiative for voter consideration to amend the City's Growth Management Ordinance to allow additional market-rate dwelling units for projects that include a specified percentage of affordable units, and/or to count Residential Growth Allotments on a per-building basis rather than a per-unit basis for multi-family development	No work has been initiated. Currently not calendared.
Create up to four "off-the-shelf" accessory dwelling unit plans that property owners would be able to employ to building accessory dwelling units on their property	Six off-the-shelf plans have been created and are on the City's web site; ranging in size from 600 to 1,200 sq ft and from one to three bedrooms
Consider inclusionary housing program	First public meeting to review feasibility analysis tentatively scheduled for Planning Commission in June 2023

