



## MEMORANDUM

**DATE:** August 19, 2016

**TO:** David Elias, City Manager

**FROM:** Bruce O'Neal, City Planner

**SUBJECT:** Housing Element Implementation

Fowler, along with Fresno County and 12 of the 15 cities in the County, prepared a Multijurisdictional Housing Element (MJHE) for the fifth cycle Housing Element update. The draft Housing Element was submitted to HCD in October 2015, and based on that review and revisions, the Housing Element was certified by HCD on January 28, 2016, subject to adoption by the City. Public hearings were held before the Planning Commission on March 3, 2016 and the City Council on April 5, 2016 to adopt the final Housing Element.

Housing elements must be updated every eight years, and the adopted Housing Element covers the planning period December 31, 2015 through December 31, 2023. The Housing Element identifies Fowler's current housing needs; contains goals and objectives; and includes an Action Plan with programs that the community will implement over the planning period.

This memorandum identifies Fowler's implementation responsibilities and is based on Appendix 2D – Fowler, of the adopted MJHE. The following implementation measures should be undertaken by staff and monitored for compliance.

### **A. Housing Element Annual Progress Report**

Government Code Section 65400 requires that each city prepare an annual report on the status of the housing element and progress in implementation using forms adopted by HCD. The forms to be completed annually are:

- Table A: *Annual Building Activity Report- Low-, and Very Low-Income Units and Mixed-Income Multifamily Projects*
- Table A2: *Annual Building Activity Report -Summary for Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65583.1(c)(1)*
- Table A3: *Annual Building Activity Report Summary for Moderate- and Above Moderate-Income Units*
- Table B: *Regional Housing Needs Allocation Progress*
- Table C: *Program Implementation Status*

Housing Element Annual Progress Reports are due **APRIL 1 every year**. Questions regarding these regulations or forms should be directed to HCD staff at (916) 263-7425.

**B. General Plan Update**

Two general plan elements must be updated on or before the next adoption of the housing element. The safety and conservation elements must include analysis and policies regarding fire and flood hazard management. For many jurisdictions, the land use element must also address disadvantaged unincorporated communities (DUCs), including a strategy for provisions of urban services. Fowler does not have a DUC and such amendment to the land use element is not required.

**C. Adopted Action Plan of the Housing Element**

This section summarizes the adopted Action Plan programs and the implementation responsibilities of the City (see Appendix 2D - Fowler of the MJHE).

**Programs**

1. Participate in the Countywide Housing Element Technical Committee to collaborate on implementation.
  - Fresno County with assistance from COG will coordinate the quarterly meetings.
  - The Committee will meet annually with HCD to discuss implementation and technical assistance. The next meeting is October 13, 2016 and HCD will be invited.
2. Fresno County and the cities shall work together to review standards for annexation in the MOU between the County and cities as they effect affordable housing. MOU standards require that at least 50% of annexation areas have an approved development plan. Because annexation is therefore dependent on developers with “shovel ready” projects, the ability of cities to prezone land for affordable housing is limited.
3. Maintain and annually update the inventory of residential land resources.
  - Provide the updated inventory on the City website and make copies available upon request.
  - By 2018, develop specific development standards and incentives to facilitate residential and mixed-use development in commercial zones, particularly in the Downtown Form Based Code.
4. Monitor development of sites in the land inventory to ensure that adequate sites meet RHNA obligations by developing an evaluation procedure pursuant to Gov. Code Section 65863. Should approval of a specific development result in reduction of capacity below that needed to accommodate the remaining need for lower-income households, the City will identify sufficient sites to accommodate the shortfall and ensure “no net loss” in capacity to accommodate the RHNA.

- Develop and implement a formal evaluation procedure pursuant to Government Code Section 65863.
  - Monitor and report through the Annual Progress Report.
  - If rezoning is required to replenish the sites inventory, individual sites shall accommodate at least 16 units at a minimum density of 20 units/acre and shall be rezoned within two years.
5. Encourage lot consolidation or parcelization to promote efficient use of land for residential development.
- Assist property owners in identifying opportunities for lot consolidation or parcelization.
  - Process lot consolidation/parcelization with other development reviews.
  - Annually monitor lot consolidation as part of the Annual Progress Report and evaluate if lot consolidation of small sites is effective. If appropriate, make necessary changes to facilitate lot consolidation.
6. Establish procedures by the end of 2016 for granting priority water and sewer service to developments with lower-income units in compliance with Government Code Section 65589.7.
7. Maintain a list and annually contact developers to explore affordable housing opportunities.
- Promote the State density bonus, flexible development standards, and other incentives to facilitate affordable housing by publicizing the incentives on the City website and by consultation with developers regarding incentives available.
  - Streamline the environmental review process to the extent possible, using available CEQA categorical exemptions and federal categorical exclusions, when applicable.
  - Annually pursue funding opportunities to increase the supply of affordable housing (including extremely low-income households), such as seniors, disabled, farmworkers, and the homeless.
  - Expand the City's affordable housing inventory by 50 units over the next eight years – 5 extremely low-income, 5 very low-income, 10 low-income, and 30 moderate-income units.
8. Support and encourage other agencies and housing developers, such as the Fresno Housing Authority and Self-Help Enterprises, in the application of funds for farmworker housing, including State HCD and USDA Rural Development loans and grants.
- Offer incentives such as gap financing (as funding is available), density bonus, and streamlined processing to facilitate development of farmworker housing.
  - Annually monitor the status of farmworker housing as part of the Annual Progress Report and evaluate if City efforts are effective in facilitating farm worker housing. If appropriate, make necessary changes to enhance opportunities and incentives for farmworker housing.

9. If affordable subsidized housing projects become at risk of converting to market-rate housing:
  - Monitor the status of any Notice of Intent and Plan of Action filed by property owners to convert to market-rate units.
  - Identify nonprofit organizations as potential purchasers/managers of at-risk housing units.
  - Explore funding sources available to purchase affordability covenants on at-risk projects, transfer ownership of at-risk projects to public or nonprofit agencies, purchase existing buildings to replace at-risk units, or construct replacement units.
  - Ensure the tenants are properly informed of their rights and eligibility to obtain special Housing Choice Vouchers reserved for tenants of converted HUD properties.
10. By 2019, consider fee reductions for second units and promote the opportunity for second units through the City website and at the planning counter.
11. As applicable, the City will amend the Zoning Ordinance to address the following:

**Density Bonus:** Consistent with the Government Code, a density bonus up to 35% over the maximum allowable density under current zoning will be available to developers who provide affordable housing. Developers of affordable housing will also be entitled to receive up to three incentives where the amount of density bonus and number of incentives vary according to the amount of affordable housing provided.

**Residential Care Facilities:** Comply with the Lanterman Act that allows group homes for six or fewer persons in all residential zones. The Zoning Ordinance also needs to make provisions for large residential care facilities for more than six persons.

**Farmworker/Employee Housing:** Comply with the Employee Housing Act which requires farmworker housing up to 12 units or 36 beds be considered an agricultural use and permitted in any zone that permits agricultural uses, and employee housing for six or fewer employees are to be treated as a single family structure and permitted in the same manner as other dwellings of the same type in the same zone.

**Reasonable Accommodation:** Establish a reasonable accommodation procedure to allow persons with disabilities access to housing.

**Definition of Family:** Review the definition of family to ensure it does not differentiate between related and unrelated individuals, or impose a limit on the number of persons in a family.

**Manufactured Homes:** Amend the Zoning Ordinance to subject permanently sited manufactured homes built to the HUD Code to the same rules as site-built homes in the same zones.

**Single-Room Occupancy (SRO) Housing:** Amend the Zoning Ordinance to address the provision of SRO housing.

- Amend the Zoning Ordinance to address State law requirements within one year of Housing Element adoption.
- Annually review the appropriateness of the Zoning Ordinance and process necessary amendments to mitigate potential constraints to the housing development.

12. Monitor various fees charged by the City to ensure they do not unduly constrain housing development.
  - As appropriate, consider incentives such as deferred or reduced fees to facilitate affordable housing development.
  
13. Continue to utilize code enforcement and substandard abatement processes to bring substandard housing units and residential properties into compliance with city codes.
  - Pursue funding to reinstate the City's Home Improvement Grant program (suspended with dissolution of Redevelopment) with the goal of assisting 20 households over the planning period (5 very low-income, 5 low-income, and 10 moderate-income households).
  
14. Promote available homebuyer resources on City website and public counters in 2016.
  - Annually review funding resources available at the state and federal levels and pursue as appropriate to provide homebuyer assistance.

Fowler residents have access to a number of homebuyer assistance programs offered by the California Housing Finance Agency (CalHFA):

**Mortgage Credit Certificate (MCC):** The MCC Tax Credit program may enable first-time homebuyers to convert a portion of their annual mortgage interest into a direct tax credit on their U.S. income tax returns.

**CalPLUS Conventional Program:** This is a first mortgage loan insured through private mortgage insurance on the conventional market. The interest rate on the CalPLUS Conventional is fixed through the 30-year term. The CalPLUS Conventional is combined with a CalHFA Zero Interest Program (ZIP), which is a deferred-payment junior loan of three percent of the first mortgage loan amount, for down payment assistance.

**CalHFA Conventional Program:** This is a first mortgage loan insured through private mortgage insurance on the conventional market. The interest rate on the CalHFA Conventional is fixed through the 30-year term.

CalHFA loans are offered through local loan officers approved and trained by CalHFA.

15. Consider incentives to promote green building techniques and features in 2017, and as appropriate, adopt incentives in 2018.
  - Promote and support PG&E programs that provide rebates for qualifying energy-efficient upgrades by providing a link to PG&E programs on the City website and make brochures about PG&E programs available at City counters.
  - Expedite review and approval of alternative energy devices.
  
16. Provide information on the Housing Choice Voucher (HCV – “Section 8”) program on the City website and public counters in 2016.

- Refer interested households to the Fresno Housing Authority and encourage landlords to register their properties with the Housing Authority for accepting HCVs.
  - Work with the Housing Authority to disseminate information on the HCV program throughout City neighborhoods with varying income levels to promote housing opportunities for all residents.
17. Work collaboratively with other jurisdictions in the region to provide education to lenders, real estate professionals, and the community at large.
- Advertise fair housing resources at the public counter, community service agencies, public libraries, and City website.
  - Refer fair housing complaints to HUD, DEFH, Fair Housing Council of Central California, and other housing agencies, as appropriate.

**D. City Website, Front Counter, and Zoning Ordinance Programs**

Several of the action items discussed above require immediate implementation either on the City’s website, at the front counter, or by review of the Zoning Ordinance. These programs are summarized here.

**City Website and Counter**

It is recommended that the City’s website be revised to include a tab for all Housing Element related materials, including the final copy of the Housing Element and other materials detailed below. The “counter” is considered the planning counter where other planning related materials are available. Implementation deadlines, if any, are underlined.

1. *Provide the updated parcel inventory on the City website and make copies available upon request.*
2. *Promote the State density bonus, flexible development standards, and other incentives to facilitate affordable housing by publicizing the incentives on the City website and by consultation with developers regarding incentives available.*
3. *By 2019, consider fee reductions for second units and promote the opportunity for second units through the City website and at the planning counter.*
4. *Promote available homebuyer resources on the City website and public counters in 2016.*
5. *Promote and support PG&E programs that provide rebates for qualifying energy-efficient upgrades by providing a link to PG&E programs on the City website and make brochures about PG&E programs available at City counters.*
6. *Provide information on the Housing Choice Voucher (HCV – “Section 8”) program on the City website and public counters in 2016.*
7. *Advertise fair housing resources at the public counter, community service agencies, public libraries, and City website.*

## Zoning Ordinance

1. By 2018, develop specific development standards and incentives to facilitate residential and mixed-use development in commercial zones, particularly in the Downtown Form Based Code.
2. Amend the Zoning Ordinance to address State law requirements within one year of Housing Element adoption (or April 5, 2017). As applicable, the City will amend the Zoning Ordinance to address Density Bonus, Residential Care Facilities, Farmworker/Employee Housing, Reasonable Accommodation, Definition of Family, and Manufactured Homes.
3. Annually review the appropriateness of the Zoning Ordinance and process necessary amendments to mitigate potential constraints to the housing development.