



CITY OF POMONA COUNCIL REPORT

October 7, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Anita D. Gutierrez, AICP, Development Services Director

**SUBJECT: 2013-2021 HOUSING ELEMENT ANNUAL PROGRESS REPORT FOR
THE 2018 REPORTING PERIOD (MISC-012689-2019)**

RECOMMENDATION:

It is recommended that the City Council review the 2018 Annual Progress Report (APR) for the 2013-2021 Housing Element and direct staff to submit the report to the California Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research (OPR).

EXECUTIVE SUMMARY:

Staff continues to work to bring the 2013-2021 Housing Element into compliance with State housing law. HCD is expected to provide the City with a determination of compliance with State law and certification of the Housing Element by October 9, 2019. Due to the delay in certification, this is the first report that the City will submit to HCD for the 2013-2021 Housing Element, which identifies Pomona's progress towards its Regional Housing Needs Assessment (RHNA) allocation. Having a certified Housing Element and submitting annual progress reports is critical to remaining eligible and competitive to receive funding available through recent legislation.

PREVIOUS RELATED ACTION:

On February 3, 2014, the City Council reviewed General Plan Amendment No. 14-001 and voted 7-0-0-0 to adopt the 2013-2021 Housing Element Update and directed staff to submit the document to HCD for certification. HCD reviewed the 2013-2021 Housing Element and provided findings related to its review in a letter dated January 31, 2014 and a subsequent letter dated May 19, 2014, but did not issue a letter certifying the 2013-2021 Housing Element.

On May 17, 2016, and April 28, 2017, the City of Pomona received letters from certain individuals and groups requesting that the City of Pomona bring their adopted 2013-2021 Housing Element into compliance with state law and on May 15, 2017, a petition for Writ of Mandate and Complaint for Declaratory and Injunctive Relief was filed alleging the City's Housing Element was not in compliance with state housing element law. In June 2018, the City entered into a Settlement Agreement on this matter, requiring the City to make certain amendments its 2013-2021 Housing

Element to bring it into compliance with State Housing Element law and other requirements described in the Settlement Agreement.

Since that time staff worked diligently with HCD and public commenters to find reasonable solutions and draft policy language that met the intent of both HCD requirements and outstanding items pursuant to the settlement agreement. On December 3, 2018, the City Council directed staff to remove the vacant lot scenario for potential homeless shelters that staff presented and to move forward with specific sites that were either already being developed as a homeless shelter (Hope for Hope) or could be reasonably developed in the future. Subsequently, a Draft Housing Element (dated December 4, 2018) was transmitted to HCD for review.

In January 2019, staff worked with the legal counsel to provide supplemental information (Follow-up Letter) to HCD to emphasize and further demonstrate the City's efforts to provide zoning for sites to permit emergency shelters without discretionary review action in a sufficient amount to accommodate the City's need for emergency shelters. Subsequently, HCD requested that certain information contained in the Follow-up Letter be incorporated into the December 4 Draft Housing Element, which would also provide the public with additional time to review. The City agreed to do so and provided those changes to HCD on February 1, 2019 (February 1 Draft Housing Element). Rather than continue with the 60 day review of the previously submitted December 4 Draft Housing Element, HCD requested that the revised February 1 Draft Housing Element be treated as a new submittal in order to provide interested parties additional time to comment.

On April 2, 2019, HCD issued a conditional letter of approval, stating that the Draft Housing Element will comply with housing element law once the City completed the following: 1) revise the Housing Element to include clarifications on two of the homeless shelter overlay sites, 2) adopt the updated Draft Housing Element with clarifications, and 3) adopt zoning ordinances to implement the emergency shelter requirements, which were incorporated into a revised Draft Housing Element Update.

On June 17, 2019, the City Council voted 7-0-0-0 to adopt the revised Draft 2013-2021 Housing Element and introduce an ordinance amendment (Ordinance No. 4263) to amend the Pomona Zoning Code, Pomona Downtown Specific Plan, Pomona Corridors Specific Plan, and Emergency Shelters Ordinance in compliance with HCD's conditional letter of approval. On July 1, 2019, at second reading of the ordinance the City Council voted 7-0-0-0 to adopt the Ordinance No. 4263. On July 3, 2019 the adopted revised 2013-2021 Housing Element and approved Ordinance NO. 4263 was transmitted to HCD for review. HCD confirmed receipt of those documents on July 15, 2019, which gives HCD until October 9, 2019 to review the submitted Housing Element. Staff has been in communications with HCD since document submittal and anticipates a determination of compliance with State law and certification of the Housing Element within the next two weeks.

FISCAL IMPACT:

There is no budgetary impact. Costs associated with the preparation and processing of the 2013-2021 Housing Element Annual Progress Report are included in the Development Services Department's adopted FY 2019/20 budget.

DISCUSSION:

The Housing Element is one of the many chapters of the City's General Plan. The General Plan is a State-mandated comprehensive, long-term planning document that addresses a multitude of land use-related issues designed to provide policy guidance. The General Plan represents the community's view of its future; it is a blueprint for a city or county's growth and development. City councils, boards of supervisors, and planning commissions use the goals and policies of the General Plan as a basis on which to make their land use decisions. The General Plan consists of several topic specific elements, such as the Land Use, Circulation, and Safety Elements.

The Housing Element is a State-required component of the General Plan that addresses present and future (through 2021) housing opportunities for Pomona residents. The Housing Element provides the primary policy guidance for local decision-making related to housing. The Housing Element is the only General Plan Element that requires review and certification by HCD. Additionally, State law requires local jurisdictions to update the Housing Element every eight years and to file a Housing Element progress report to HCD and OPR each year. State law also requires the City Council to consider these progress reports during a public meeting so that members of the public may provide oral testimony or written comments.

Staff continues to work to bring the 2013-2021 Housing Element into compliance with State housing law. Due to the delay in certification of the 2013-2021 Housing Element, this is the first reporting year for this housing cycle. HCD has also communicated to staff that only one Annual Progress Report needs to be submitted for previous years to qualify the 2013-2021 Housing Element for compliance with State law.

The report (submitted on forms provided by HCD) identifies Pomona's Regional Housing Needs Assessment (RHNA) allocation and the progress made towards meeting these goals, quantified by the total number of building permits issued for new housing units during the reporting year. For the 2018 reporting year (January 1, 2018 through December 31, 2018), the City issued 240 building permits for new housing units.

The report also describes the status of other action items outlined in the Housing Element's Implementation Program. Because of the State's efforts to boost the production of housing units, the City may now count accessory dwelling units towards its RHNA allocation. In addition, HCD has revised the reporting forms in 2018 (Attachment 1) to require additional information in an effort to track the City's housing production activities. Specifically, HCD is requesting the information in Table 1 for this reporting year.

Table 1: Reporting Forms Requirements for Reporting Year 2018		
Requirement	Reporting Forms Table	Units Reported
New units proposed	A	246
New units entitled	A2	916
New certificates of occupancy issued for housing units	A2	158
Sites identified or rezoned to accommodate shortfall housing needs	C	0
Commercial development applications that received development bonuses in exchange for providing affordable housing	E	0

In addition to the total number of housing units proposed, entitled and certificates of occupancy received, HCD is requesting information on sites that the City has identified or rezoned to accommodate any shortfalls from the projected unit yields of the current Housing Element cycle,

as required under the “no net loss” State law. The City has nothing to report with respect to this requirement. HCD is also requesting information on development bonuses granted for commercial development in exchange for providing housing, as permitted by State law. The City did not receive any such applications in the reporting year.

RHNA Allocation

The City’s RHNA allocation represents the number of housing units that the Southern California Association of Governments (SCAG) estimates will be necessary to accommodate the City’s projected population growth for the 2013-2021 planning period. SCAG establishes the RHNA allocation for cities and counties during each Housing Element cycle. Additionally, SCAG divides each jurisdiction’s RHNA allocation into four income categories. Table 2 below lists the income categories and the qualifying income ranges for a family of four.

Table 2: RHNA Income Categories	
Income Category	Income Range for a Family of Four
Very Low-Income (up to 50% of MFI)*	\$31,300 - \$52,200
Low-Income (51% to 80% of MFI)	\$52,200 - \$83,500
Moderate-Income (81% to 120% of MFI)	\$83,500 - \$87,700
Above Moderate-Income (more than 120% of MFI)	\$87,700 and above

*Los Angeles County’s current Median Family Income (MFI) for a family of four is \$73,100

The current RHNA cycle (5th cycle) had a regional determination of 412,137 spread over the six county SCAG region. Pomona’s fair share allocation was 3,626, of which the City has currently met approximately 24 percent of that need. Table 3 below provides the RHNA income categories, respective RHNA allocation, permits issued, and remaining RHNA allocation. As of December 31, 2018, the City had issued permits to construct 1,016 residential units for the current cycle. Therefore, the City’s remaining RHNA allocation is 2,610 units, including 708 units for very low-income residents, 484 units for low-income residents, 582 units for moderate-income residents, and 836 for above moderate income residents.

Table 3: Building Permits Issued			
Income Category	RHNA Allocation for 8-Year Planning Period	Permits Issued 2013-2018 (5 years)	Remaining RHNA Allocation (3 years to complete)
Very Low-Income	919	211	708
Low-Income	543	59	484
Moderate-Income	592	10	582
Above Moderate-Income	1,572	736	836
TOTAL:	3,626	1,016	2,610

HCD recently released the 6th cycle RHNA regional determination for the SCAG region, which was determined to be 1,304,344. SCAG has started efforts to determine each jurisdiction’s RHNA allocation for the 2021-2029 planning period and the City recently provided a letter to SCAG for determining the allocation of RHNA numbers. The letter advocates for the allocation to be equitable and reasonable based on a balance of high quality transit area impacts and a social equity adjustment as outlined in the three methodologies under consideration. HCD requires SCAG to submit its final allocation plan to HCD by October 31, 2020. Local jurisdictions are subsequently required to submit updated Housing Elements that reflect these allocations to HCD by October 31, 2021.

Housing Production Strategies

The 2013-2021 Housing Element emphasizes a shift toward the infill development of existing vacant and underutilized parcels in the Downtown Pomona area and along the City's major corridors where high density residential and mixed-use projects are allowed and encouraged. The Downtown Pomona Specific Plan (DPSP) was recently updated to implement the density thresholds established in the 2014 City of Pomona General Plan, which are among the highest housing unit per acre standards in the City. The City has also developed the Pomona Corridor Specific Plan (PCSP) that provides opportunities for development and redevelopment along the City's main corridors providing for minimum densities and design standards for mixed use development. Finally, on September 16, 2019, the City Council adopted the City's Accessory Dwelling Unit (ADU) ordinance, bringing the City's Zoning Code into compliance with State law pertaining to ADUs and providing a clear path for adding additional housing units to the City's housing stock.

In addition to these initiatives, there are a myriad of other housing strategies that the City Council has expressed an interest to explore to help address the housing shortage. These include density bonus law, which provides housing developers with the tools to encourage the development of much needed affordable housing; an inclusionary housing ordinance, which requires market rate for-sale and rental housing developments to include a specified percentage of homes affordable to very low, low and moderate-income households; and a rental inspection program to improve compliance with health and safety standards and preserve the stock of high-quality rental housing.

Recent State Housing Legislation

Recognizing that the State of California is experiencing an affordable housing crisis, the State Legislature adopted a number of housing bills over the last few years. One of these bills is Senate Bill 35 (SB 35), which requires local governments that have not met their RHNA allocations to expedite and approve "by-right" (streamline) affordable housing development projects that provide a prescribed amount of affordable units on an infill site and comply with existing residential and mixed-use zoning. SB 35 requires Pomona to streamline the approval process for housing development projects that designate 10 percent of units available for households with incomes below 80 percent of the Area Medium Income (AMI). Senate Bill 3 (SB 3), approved by California voters in November 2018, is a bond measure that its proponents estimate would generate up to \$4 billion for affordable housing purposes. California voters also approved Propositions 1 and 2. Proposition 1 authorized \$4 billion statewide in funding for existing affordable housing programs for low-income residents, veterans, farmworkers, manufactured and mobile homes, infill, and transit-oriented housing. Proposition 2 provides \$2 billion statewide to fund housing for homeless individuals with mental health issues.

The State legislature also adopted a number of administrative bills in 2018 that became effective on January 1, 2019. These new bills continue to place increased pressure on local governments to facilitate the development of affordable housing and achieve their RHNA allocations. One of these bills is Senate Bill 1333, which requires that charter cities follow the same Planning and Zoning provisions of State law as general law cities regarding general plans, specific plans and the adoption of housing elements. This bill, in essence, requires the City to ensure that its zoning, specific plans and development agreements are consistent with its housing element. Having a certified Housing Element and submitting annual progress reports is critical to remaining eligible and competitive to receive much of the funding available through these new laws.

COUNCIL PRIORITIES & GOALS:

Submittal of the 2018 Annual Housing Progress Report supports the 2019-2020 City Council Priorities and Goals; Priority 2: Economic Development; Goal J: Encourage the development and maintenance of quality housing opportunities for all; Step 2: Obtain State approval for the City's Housing Element by September 2019.

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ATTACHMENTS:

Attachment No. 1 – HCD Reporting Forms