

AFFORDABLE HOUSING INCENTIVE DISCUSSION

City of Encinitas
Development Services Department
August 29, 2019



PURPOSE

- ❑ Further strengthen & refine incentives discussed at May 30, 2019 Roundtable***
- ❑ Present ideas to City Council for consideration

**** Roundtable discussion focused on increasing affordability in R30 Zone (Housing Element Sites) and City-wide ****



Cantebria Senior Apartments
Built 2005

FORMAT OF ROUNDTABLE

- ❑ Introductions
- ❑ Public comment
- ❑ Overview of strategies from *May 30th Roundtable*
- ❑ Incentive Development Discussion
 - Flush out Policies, Incentives, Funding, Programs
- ❑ Public comment
 - Time period (want to wrap-up at 5:30 p.m.)

Advisory: This meeting is being audio recorded

ADMINISTRATIVE ISSUES

- ❑ Public comments - 3 minute max.
- ❑ Sign-in and Name tags
- ❑ Restrooms and Refreshments
- ❑ Hold questions for incentive development discussion

INTRODUCTIONS

PUBLIC COMMENT

MAY 30 ROUNDTABLE: SUMMARY

Incentives and Other Ideas

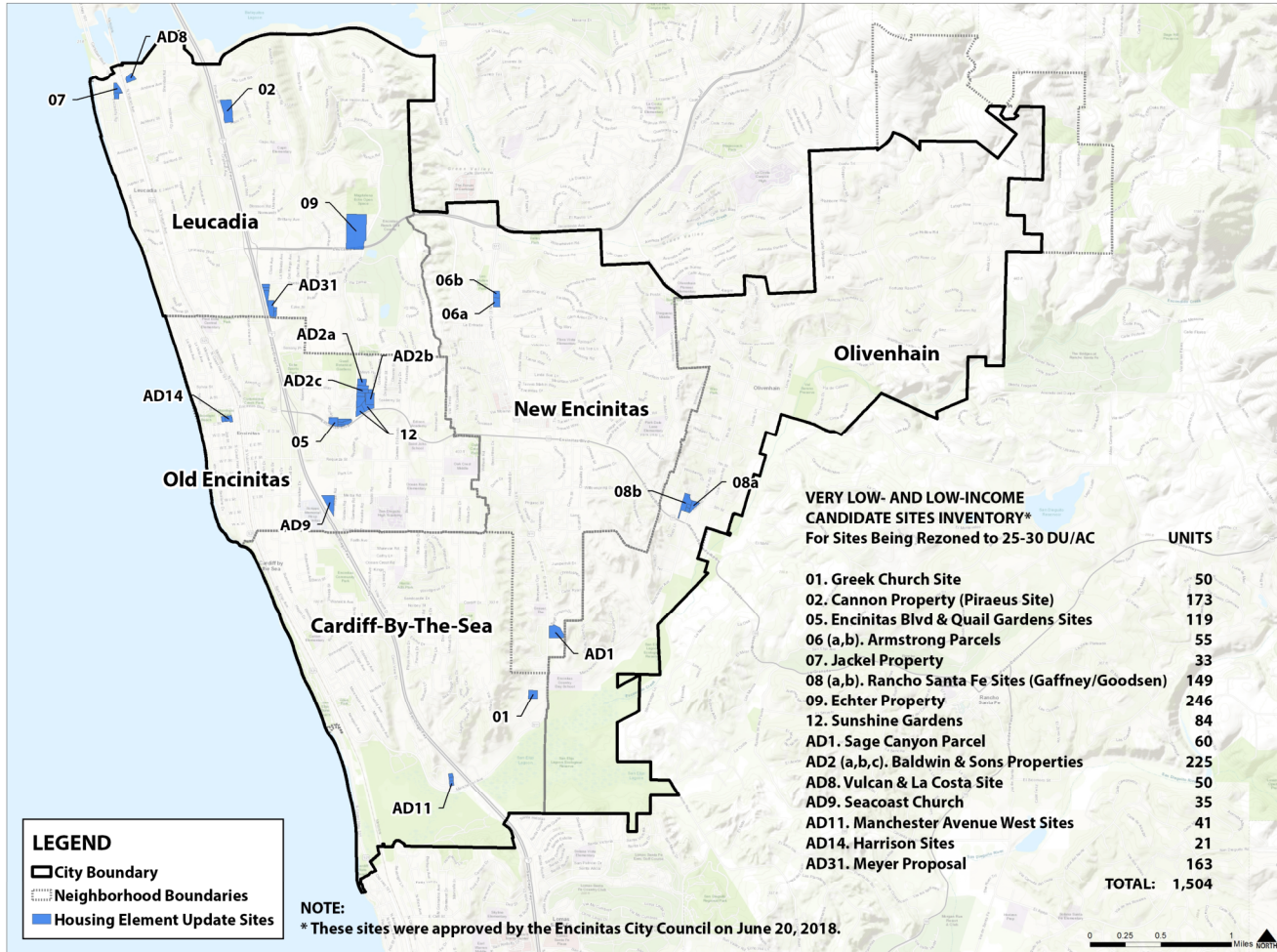
- 1) Expedited Approval Process
- 2) Financial Incentives
- 3) Development Standards
- 4) “By Right” Specific/Master Plan Areas
- 5) Assist developers with finding qualified tenant/buyers
- 6) Affordable Housing in-lieu fee option



5TH CYCLE HOUSING ELEMENT R-30 SITES

- R30 Overlay Zone Sites
 - 15 sites; approximately 63 net acres
 - R30 Overlay Zone Development Standards
 - 30.16.010(E) (New, adopted in Ord. 2019-04)

R30 OVERLAY ZONE SITES



R30 OVERLAY ZONE SITES

SITES AVAILABLE TO MEET REMAINING VERY LOW AND LOW INCOME RHNA Approved by the Encinitas City Council on June 20, 2018				
Site Number	Site Name	Gross Acreage	Net Acreage	Unit Yield
<i>Vacant</i>				
02	Cannon Property (Piraeus)	6.93	6.93	173
05	Encinitas Blvd & Quail Gardens Sites	4.91	4.78	119
06a	Armstrong Parcels	1.92	1.06	26
08a	Rancho Santa Fe Parcels (Gaffney/Goodsen)	1.75	1.45	36
AD1	Sage Canyon Parcel	5.23	2.40	60
AD2a	Baldwin & Sons Properties	3.14	2.98	74
AD2b	Baldwin & Sons Properties	6.66	4.86	121
<i>Subtotal</i>		<i>30.54</i>	<i>24.46</i>	<i>609</i>
<i>Non-vacant</i>				
01	Greek Church Parcel	2.50	2.00	50
06b	Armstrong Parcels	1.32	1.16	29
07	Jackel Properties	2.97	2.97	33 ¹
08b	Rancho Santa Fe Parcels (Gaffney/Goodsen)	4.88	4.57	113
09	Echter Property	21.49	9.85	246
12	Sunshine Gardens Parcels	3.39	3.39	84
AD2c	Baldwin & Sons Properties	1.79	1.21	30
AD8	Vulcan & La Costa	2.00	2.00	50
AD9	Seacoast Church	4.45	1.41	35
AD11	Manchester Avenue West Sites	1.67	1.67	41
AD14	Harrison Sites	1.91	1.91	21 ¹
AD31	Meyer Proposal	6.62	6.52	163
<i>Subtotal</i>		<i>54.99</i>	<i>38.66</i>	<i>895</i>
Total		85.53	63.12	1,504
Notes:				
1. Unit Yield anticipates that this site will be developed for mixed-use.				

CITY HOUSING PROGRAM UPDATE

- ❑ Inclusionary Technical Studies
 - Feasibility
 - Nexus

- ❑ SB2 Planning Grant
 - Objective Standard Review
 - Expedited Housing Approval

- ❑ 6TH Cycle Housing Element

1) EXPEDITED APPROVAL PROCESS

- ❑ Expedited approval for projects that exceed inclusionary **and** density bonus requirement
- ❑ Educational materials to explain “how to” of expedited vs. standard process
- ❑ “Housing Liaison” to expedite housing development
- ❑ SB 2 Planning Grant



WHAT IS DENSITY BONUS?

Density Bonus is a State law that allows a property owner to increase density (the number of new homes) on their property above the maximum set under a city's local land use plan (referred to as the General Plan). In exchange for this increase, a certain number of the new homes must be reserved for very low, low or moderate income households or for seniors. [Government Code §65915]

ARE THERE CRITERIA FOR WHERE DENSITY BONUS PROJECTS MUST BE LOCATED (I.E. NEAR MASS TRANSIT)?

No. For a project to be eligible for density bonus, State law only requires that the maximum density established under the local General Plan results in five or more homes. Any project meeting State law requirements can qualify for density bonus and be located anywhere in the City. [Government Code §65915(b)(1); §65915(i)]

IS THE CITY REQUIRED TO FOLLOW ALL ASPECTS OF THE DENSITY BONUS LAW (STATE LAW)?

Yes. A jurisdiction may not enact local laws that conflict with State law or prohibit what the legislature intends to authorize. [Cal Const Art XI, Section 7; Northern Cal. Psychiatric Soc'y v. City of Berkeley (1986) 178 CA 3d 90]

HOW DOES DENSITY BONUS WORK?

Jurisdictions are required to grant a density bonus and other incentives or waivers to housing projects that contain one of the following [Government Code §65915(b)(1)(A)-F]; §65915(g)(1):

- At least 10 percent of the total units in a for-sale common interest development (such as a

condominium) are restricted to moderate income residents.

- At least 10 percent of the total units are restricted to lower income residents.
- At least 5% of the total units are restricted to very low income residents;
- Senior citizen housing development with at least 35 units or a mobile home park that limits residency based upon age for older persons.
- 10 percent of the total units are restricted to transitional foster youth, disabled veterans or homeless persons.
- 20 percent of the total units are restricted to lower income students in a student housing development (effective January 1, 2019).
- At least 1 acre of land, or land of sufficient size to permit at least 40 units, is dedicated to the City for very low income units, and the land is appropriately zoned and includes access to necessary public utilities and infrastructure needed for such housing.

WHAT IS THE DENSITY BONUS AMOUNT?

The amount of additional units allowed under this program is set on a sliding scale, based upon two factors:

- The percentage of units in the project that will be set aside as affordable; and
- The household income category of those affordable units (very low, low, or moderate household income).

Refer to the chart located on page 5 of this FAQ sheet for the sliding scale. [Government Code §65915(f); §65915(g)]

2) FINANCIAL INCENTIVES

Develop financial incentive program for projects that exceed the inclusionary and density bonus requirement:

- ❑ Financing City fees over time with interest
- ❑ Financing City owned property over time with interest
- ❑ Financial tax incentives
 - Reduced property tax by percentage and level of affordability (County Assessors Office)
 - Must partner with non-profit
- ❑ Other financial incentives

3) MODIFIED DEVELOPMENT STANDARDS

- ❑ Consider smaller units/lot sizes (“affordable by design” concept)
- ❑ Alternative housing construction
- ❑ Reduced parking ratio
 - Must prove nexus
- ❑ Additional concessions for increased affordability
- ❑ SB 2 Planning Grant - Develop objective development standards



Shipping container construction



Mixed-use modular construction

4) SPECIFIC PLAN/MASTER PLAN

- ❑ Redevelopment of existing commercial centers into mixed use, mixed income
- ❑ Housing density must support development
- ❑ Allowed “by right” if a project meets the development standards



5) HOUSING INCENTIVES

- ❑ Assistance with finding qualified buyer and renters
- ❑ Lease-to-own for-sale units
- ❑ Facilitate non-profit ownership of existing/future scattered site affordable units
- ❑ Develop or identify financing sources to support above programs



6) AFFORDABLE HOUSING IN-LIEU FEE

- ❑ Develop an Affordable Housing In-lieu Fee option for non-R-30 sites
 - Must be reasonable
 - Funds used for affordable housing
 - Payment option at City's discretion

- ❑ Nexus Study Underway
 - Results TBD



CURRENT CITY CODE ON AFFORDABLE HOUSING FUND

Encinitas Municipal Code Section 30.41.110 Affordable Housing Fund.

A. All in-lieu fees, promissory note repayments, or other funds collected under this chapter shall be deposited into the City's Affordable Housing Fund.

B. The moneys in the Affordable Housing Fund and all earnings from investment of the moneys in the Fund shall be expended exclusively to provide housing affordable to extremely low-income, very low-income, lower-income, moderate-income households and any special needs populations in the City, consistent with the goals and policies contained in the City's Housing Element, and for administration and compliance monitoring of the affordable housing program, as approved by the City Council. (Ord. 2018-03)

Q&A/DISCUSSION

PUBLIC COMMENT

NEXT STEPS

- ❑ Presentation and audio recording will be posted on City website: <http://encinitasca.gov/I-Want-To/Housing-Plan-Update-2019/Timeline>
- ❑ Fall/Winter 2019: Roundtable Results/Policy Discussion at City Council
- ❑ TBD: Draft Ordinance Amendments/Affordable Housing Policy Documents

THANK YOU!

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