



AGENCY: City Council
MEETING DATE: September 9, 2019
DEPARTMENT: CDD
PRESENTED BY: S McCormick
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AGENDA ITEM SUMMARY

TITLE:

Receive Report, Conduct Public Hearing, and Consider: 1) Adoption of a Resolution of the Fort Bragg City Council Adopting Mitigated Negative Declaration for the Fort Bragg 2019 Housing Element; 2) Adoption of a Resolution of the Fort Bragg City Council Amending the Fort Bragg Inland General Plan by Adopting the 2019 Housing Element (GPA 1-19); and 3) Adoption of a Resolution of the Fort Bragg City Council Authorizing Submittal of a Local Coastal Program Amendment (LCP 1-19) for the 2019 Housing Element Update to the Coastal General Plan

ISSUE:

The City of Fort Bragg adopted its current General Plan in December 2002. In 2009 and 2014 the City completed an update of the Housing Element of the General Plan in compliance with California state law. In 2019, the City must again adopt an updated Housing Element as state law mandates that the Housing Element be updated every five years. After the City completes the Housing Element update, it must be "certified" (i.e., found to be in compliance with California state law) by the California Department of Housing and Community Development (HCD). An up-to-date Housing Element is necessary in order for the City to retain its eligibility for CDBG and other HUD funding. Additionally, the City has two General Plans (Coastal and Inland), and the Housing Element for the Inland area of the City is adopted locally, while the Housing Element for the Coastal Zone portion of the City is submitted to the Coastal Commission as an application for consideration.

The 2019 Housing Element is the blueprint for City actions with regard to housing over the next eight years. It is a statement of Fort Bragg's vision to address existing and future housing needs in our community. This Housing Element includes a wide array of innovative actions that the City and community partners can take, which include everything from removing regulatory or fiscal barriers, to forming deeper collaborations to address some of our more difficult challenges. It focuses on increasing housing opportunities for all types of housing throughout the community, from the tiny home to larger multi-unit projects. It takes a variety of approaches that will require the hard work of the public, non-profit and private sectors. The Housing Element has been significantly revised and updated and responds to the many innovative and outstanding ideas from community members, non-profit managers, business owners, contractors, real estate agents and City staff.

BACKGROUND:

City Staff began working on the Housing Element in the spring of 2019. We involved the public throughout the process with the following actions: 1) an online community survey; 2) one-on-one meetings with stakeholders; 3) Town Hall Community meeting; 3) Farmers Market table; 4) meeting with the Planning Commission and City Council. A complete summary of the community involvement process for the development of this Housing Element is located on pages 24-27 of the 2019 Housing Element (Attachment 1).

The City prepared the attached Housing Element in compliance with the requirements of the California Department of Housing and Community Development, community input and direction from the Planning Commission and City Council. The City received a letter of compliance for the 2019 Housing Element from the California Department of Housing and Community Development (HCD). HCD's certification letter indicates that the Housing Element is in compliance with state housing law (Attachment 3).

The City circulated an MND for the Housing Element in July and received a comment letter from California Department of Fish and Wildlife (CDFW). Staff met with CDFW and then revised and recirculated the MND to include a water analysis for potential new development that could result from the implementation of programs required by the state (Attachment 2).

On August 14, 2019, the Planning Commission adopted Resolution PC06-2019 recommending that City Council adopt the Mitigated Negative Declaration and General Plan Amendment 1-19 (Attachment 4). The Planning Commission also recommended that City Council consider changing the vacation rental policy so that it no longer prohibits vacation rentals in all zoning districts except the CBD as follows:

Program H-5.2.1 Discourage Vacation Rentals: Reconsider the following: 1) ~~Continue to The prohibition of~~ vacation rentals in all zoning districts except for the CBD; 2) ~~Undertake~~ proactive undercover code enforcement activity on a regular basis against all illegal vacation rentals in Fort Bragg; and 3) Working with the County of Mendocino at all levels to reduce or eliminate further conversions of residential units into vacation rentals as this practice has greatly increased the magnitude of the housing crisis on the Mendocino coast and in the City of Fort Bragg.

Responsibility: City Council, Community Development Department

Financing: City

Scheduling: 2020-21

ANALYSIS:

The primary goals of the 2019 Fort Bragg Housing Element are to encourage, facilitate, support and help fund:

1. New market rate and affordable housing that serves our residents and businesses in Fort Bragg;
2. New affordable housing that serves our community's special needs populations;
3. Preservation of our existing housing stock; and
4. New housing that meets our Regional Housing Needs Allocation.

The 2019 Housing Element Update includes:

1. Revisions to the Housing Element's Goals, Policies and Programs to effectively meet Fort Bragg's current housing needs and opportunities as identified in the Housing Needs Assessment and to comply with State law. A number of new programs and policies are proposed and these are noted in purple text. Additionally, some new policies and programs are required by state law and this are noted with blue text.
2. The Housing Needs Assessment provides comprehensive and updated data and analysis regarding demographic, economic, market, and regulatory trends in Fort Bragg with regard to housing conditions, availability, needs, development opportunities and constraints.
3. The Site Inventory Analysis provides details about where and how new housing may be accommodated to meet the City's Regional Housing Needs Assessment (RHNA)

- requirements of the state.
4. The Housing Constraints Analysis looks at public and private sector constraints on housing development.

Key policies and programs that address Fort Bragg's Housing have been added to the Housing Element as follows:

- Program H-1.3.3 Junior Accessory Dwelling Units
- Program H-1.3.5 Allow Tiny Homes as Second Units
- Program H-1.3.6 Alternative Designs for Second Units
- Program H-1.6.2 Planning Incentives for Infill
- Program H-1.6.3: Redevelopment of Non-Vacant Sites
- Program H-1.7.1 Permit Streamlining
- Program H-1.7.2 Site Improvements
- Program H-1.7.3 Market Study
- Program H-1.7.4 Attract Multi-Unit Developers
- Program H-1.7.5 Allow Higher Densities by Right
- Program H-1.7.6 Allow Higher Densities in Single Family Residential Districts with Use Permit Approval
- Program H-1.7.7 Simplify Design Review for Small Residential Projects
- Program H-1.7.8 Workforce Housing in Mixed-Use Zoning
- Program H-1.7.9 Live-Work Housing in Industrial Zoning Districts
- Program H-1.7.10 Tiny Home Community
- Program H-1.7.11 Public Private Partnership for Major Subdivisions
- Program H-1.7.12 Mitigation Banks
- Program H-1.7.13 Rezone a Portion of the GP Mill Site for Housing.
- Program H-1.8.1 Repair and Replace
- Program H-1.8.2 Substandard Housing Program
- Program H-1.9.1 Building Permits
- Program H-1.9.2 Reduce the Cost of Construction
- Program H.2.2.2 House Sharing
- Program H.2.2.3 Encourage Housing for Seniors with Pets
- Program H.2.2.4 Encourage Housing with Dementia Care and Assisted Living for Seniors
- Program H-2.4.3 Support SRO Housing
- Program H-2.4.4 Consider Community Land Trust
- Program H-2.4.5 Prioritize City Services for Housing Developments
- Program H-2.4.6 Support Effective Use of Housing Vouchers
- Program H-2.4.7 Supportive Housing
- Program H-2.5.8. Maximize Housing Density by Right for projects with 20%+ Affordable Units.
- Program H-2.5.9. Encourage and Support Land Divisions to Support Affordable Housing
- Program H-2.8.4 Transitional and Supportive Housing
- Program H-2.8.6 Emergency Shelter for Families
- Program H-2.8.7 Emergency Shelters Regulatory Changes
- Program H-2.8.8 Evidence-Based Homeless Services
- Program H-2.8.9 Safe Parking Pilot Program
- Program H-2.8.10 Define Group Home
- Program H-2.9.3 Revise Annexation Regulations

- Program H-4.1.2 Reduce Capacity Fees for Smaller Units
- Program H-5.2.1 Discourage Vacation Rentals
- Program H-5.3.3. Monitor Units At-Risk
- Program H-5.3.4. Replacement Program for Units that are Demolished for new Development.
- Program H-5.3.5 Work with Potential Purchasers of At-Risk Projects
- Program H-5.3.6 Maintain a List of At-Risk Projects
- Program H-5.3.7 Provide Education & Assistance to Tenants of At-Risk Projects
- Program H-7.1.1 Recycling
- Program H-7.1.2 Rainwater Capture & Drought Tolerant Landscaping
- Program H-7.1.3 Sustainable Building Techniques
- Program H-7.1.4 Passive Solar Design Strategies
- Program H-7.1.5 Energy Retrofit Program

Vacation Rentals

The Planning Commission recommended changes to Program H-5.2.1 in order to allow a discussion to reconsider the City's prohibition against vacation rentals in residential and commercial zoning districts. This policy was developed as a consequence of considerable input from the community in opposition to allowing vacation rentals within Fort Bragg.

The City of Fort Bragg has prohibited Vacation Rentals since the 2004 Land Use and Development Code was adopted. Prior to the adoption of the LUDC, vacation rentals were allowed with a Use Permit in the DTMR zone (which included the west Fort Bragg neighborhood and the area between Corry and McPherson Streets, between Pine and Walnut Streets).

Staff has developed a short list of pros and cons for legalizing Vacation Rentals in other zoning districts below, for City Council consideration.

Positive Benefits of Legalizing Vacation Rentals include:

1. The potential to increase rental income to property owners. Increased rental values have the potential to increase home values for existing property owners, as the local housing market becomes more attractive to investors and second home owners.
2. Creates additional accommodation options for tourist and business travelers or contract workforce. This also creates the potential for additional Transient Occupancy Tax (TOT) collections for the City of Fort Bragg.

Negative Impacts of Legalizing Vacation Rentals

1. Legalizing vacation rentals would likely increase housing prices. The ability to rent a housing unit as a vacation rental could increase housing prices because it make's Fort Bragg's housing stock more attractive to investors, speculators and future retirees. Generally, earnings from a vacation rental are considerably higher than from long-term rentals. As this future income can be anticipated, it results in higher prices for housing units.
2. Legalizing vacation rentals can increase rental rates. As more units are converted to vacation rental units, the number of long-term rental units will shrink on the market. Per the classic economic law of supply and demand, a reduced supply of units coupled with

tight demand will result in higher long term rental rates and less availability. This could have impacts on the ability of employers to attract new talent to our community.

3. Vacation rentals can be inconsistent with the small town character of Fort Bragg neighborhoods, causing parking and disturbance issues for neighbors. Residents may be disconcerted to have different people in the house next door on a continuous basis.
4. Vacation rentals can take away business from local hotel businesses and employers. TOT may be more difficult to collect from vacation rentals and this could have an impact on the City's General Fund.
5. Legalization of vacation rentals in some zoning districts and not others would make code enforcement against illegal vacation rentals more difficult, as it would be a challenge to differentiate legal from the illegal units on the on-line rental platforms.

Positive Benefits of Limiting Vacation Rentals in Fort Bragg to the Central Business District

1. Allowing vacation rentals only in the Central Business District incentivizes reuse of vacant second floor spaces and the installation of fire sprinklers;
2. Allowing vacation rentals only in the CBD limits the potential loss of long term rentals to a geographic area and to a relatively small number of units;
3. Allowing vacation rentals only in the CBD eliminates the effects of vacation rentals on neighborhoods.

PROPOSED ACTION:

1. Adopt a Resolution of the Fort Bragg City Council Adopting a Mitigated Negative Declaration for the Fort Bragg 2019 Housing Element.
2. Adopt a Resolution of the Fort Bragg City Council Amending the Fort Bragg Inland General Plan by adopting the 2019 Housing Element (GPA 1-19).
3. Adopt a Resolution of the Fort Bragg City Council Authorizing Submittal of a Local Coastal Program Amendment (LCP 1-19) for the 2019 Housing Element Update to the Coastal General Plan

ALTERNATIVE ACTION(S):

Provide additional recommended changes to the Housing Element and ask staff to revise and recirculate the MND.

FISCAL IMPACT:

The City \$160,000 grant application for SB 2 funding to implement a portion of the Housing Element Update has been awarded. Additionally, the City may use restricted funds in the General Plan Maintenance Fee fund which are specifically dedicated to support General Plan and zoning ordinance amendments. These funding sources will free up General Fund revenues which would normally be expended to support a portion of CDD staff time for other activities in the City.

GREENHOUSE GAS EMISSIONS IMPACT:

To the degree that implementation of the 2019 Housing Element results in more compact development patterns adjacent to employment centers and schools, the greenhouse gas emissions generated by the City will fall on a per-capita basis.

CONSISTENCY:

Implementation of the Housing Element is consistent with the City's General Plan as analyzed in the Housing Element MND. The Housing Element is also consistent with the City Council Priority of adding two hundred (200) more housing units in Fort Bragg.

IMPLEMENTATION/TIMEFRAMES:

Implementation of the Housing Element will occur over an eight-year timeframe, with many of the most important programs scheduled for implementation between 2020-2022.

ATTACHMENTS:

1. 2019 Housing Element
2. 2019 Housing Element MND - revised
3. HCD Housing Element Certification Letter
4. Planning Commission Resolution
5. Resolution of the Fort Bragg City Council Adopting Mitigated Negative Declaration For The Fort Bragg 2019 Housing Element
6. Resolution of the Fort Bragg City Council Amending the Fort Bragg Inland General Plan by adopting the 2019 Housing Element (GPA 1-19).
7. Resolution of the Fort Bragg City Council Authorizing Submittal of a Local Coastal Program Amendment (LCP 1-19) for the 2019 Housing Element Update to the Coastal General Plan
8. State CEQA Clearinghouse MND Availability
9. Fish and Wildlife Comment Letter on Draft MMND
10. Public comment letters from Planning Commission meeting
11. Public Hearing Notice

NOTIFICATION:

1. Housing Action Team
2. "Notify Me" lists: Affordable Housing, Fort Bragg Downtown Businesses, Homeless, Public Hearing Notices