



REPORT TO CITY COUNCIL

To: Honorable Mayor and Members of the City Council

From: Grant Yates, City Manager

Prepared by: Richard J. MacHott, Planning Manager

Date: November 12, 2019

Subject: Resolution Authorizing Application for and Receipt of SB 2 Planning Grant Program Funds

Recommendation

adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, AUTHORIZING APPLICATION FOR, AND RECEIPT OF, SB 2 PLANNING GRANTS PROGRAM FUNDS

Background

In 2017, Governor Brown signed a 15-bill housing package aimed at addressing the state's housing shortage and high housing costs. One of the bills, Senate Bill 2 (SB 2), also referred to as the "Building Homes and Jobs Act," established a \$75 recording fee on real estate documents. As a one-time component of SB 2, 50% of the fees collected from all counties in 2018 were allocated to the SB 2 Planning Grant Program (PGP) Funds. These funds have been set aside to provide funding and technical assistance to all local governments in California to help cities and counties prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production. The other 50% were placed in a fund made available to the California Department of Housing and Community Development (HCD) to assist persons experiencing or at risk of homelessness.

On March 28, 2019, HCD released a Notice of Funding Availability (NOFA) for SB 2 PGP funds for approximately \$123 million, the statewide revenue earmarked for local government grants and are available through a noncompetitive, "over-the-counter" process. The purpose of the PGP is to provide financial and technical assistance to local governments to update planning documents that would:

- Accelerate housing production;
- Streamline the approval of housing development affordable to owner and renter households at all income levels;
- Facilitate housing affordability, for all income groups;
- Promote development consistent with the State Planning Priorities; and
- Ensure geographic equity in the distribution and expenditure of allocated funds

Under this grant program, local governments are provided an eligibility allowance based on community population. For a city the size of the City of Lake Elsinore (population of 60,000 to 200,000), the maximum grant amount available is \$310,000.

Discussion

To qualify for the PGP, the City must propose eligible activities as identified in the PGP guidelines with a nexus to accelerating housing production.

- Demonstrate a nexus to accelerating housing production; and
- Demonstrate that the applicant is consistent with State Planning Priorities (Government Code Section 65041.1) or other planning priorities

The Notice of Funding Availability for the PGP identifies Priority Policy Areas that are deemed to accelerate housing production without any documentation. Examples of eligible activities include establishing zoning to allow multi-family zoning by-right or lesser discretionary review, form based codes combined with CEQA streamlining, accessory dwelling unit incentives, expedited processing, and housing related infrastructure financing and fee reduction strategies.

Other programs are considered eligible activities if the application demonstrates a nexus to accelerating housing production. These eligible activities include:

- Updates to general plans or specific plans;
- Updates to zoning ordinances;
- Environmental analyses that eliminate the need for project-specific review;
- Local process improvements that improve and expedite local planning;
- Zoning for by-right supportive housing);
- Zoning incentives for housing for persons with special needs, including persons with developmental disabilities;
- Rezoning efforts to facilitate supply and affordability;
- Environmental hazard assessments; data collection on permit tracking; feasibility studies, site analysis, or other background studies that are ancillary and part of a proposed activity with a nexus to accelerating housing production; and
- Other planning activities demonstrating a nexus to accelerating housing production.

As part of the planned General Plan and Housing Element updates, that will be initiated in early 2020, the Community Development Department proposes to utilize PGP funds to support the preparation of a Program Environmental Impact Report that will facilitate CEQA streamlining for future residential development projects. Use of some of the PGP funds will also be proposed for partial funding of the consistency zoning/zoning code update, which will follow adoption of the General Plan and Housing Element updates. As a requirement of the PGP, these programs must adopted no later than June 30, 2022.

The PGP application requires a fully executed resolution authorizing application for, and receipt of, PGP funds. The attached resolution was prepared using the wording of HCD's sample SB 2 PGP resolution, in order to assure it meets HCD content requirements.

Staff is preparing a grant application for submittal to HCD before the November 30, 2019 deadline. Upon Council approval of the attached resolution, staff will finalize the grant application and execute any necessary grant agreements between the City and State.

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Fiscal Impact

The grant request of \$310,000 is the maximum amount a city our size can request. The State Grant will provide funding for the direct costs associated with these activities and will reduce the General Fund obligation towards these efforts. There is no match requirement from local jurisdictions requesting grant funds.

Exhibits

A. SB 2 City Council Resolution