



NEVADA COUNTY PLANNING COMMISSION
STAFF REPORT

APPLICANT: Nevada County

HEARING DATE: May 23, 2019

FILE NO: PLN19-0021; GPT19-0001; EIS19-0001

PROJECT: Recommendation to the Board of Supervisor for proposed amendments to the Nevada County General Plan Chapter 8, Housing Element (2019-2027 Housing Element Update).

PROJECT LOCATION: Unincorporated area of Nevada County

ASSESSOR'S PARCEL NUMBER: N/A

PROJECT PLANNER: Matt Kelley, Senior Planner

ATTACHMENTS:

1. ~~Draft Board Resolution and Initial Study / Negative Declaration (EIS19-0001)~~
2. ~~Draft Board Resolution and 2019-2027 Housing Element Update (GPT19-0001)~~
3. ~~Goals, Policies and Programs in Track Changes~~
4. ~~Public and Agency Comments~~
5. ~~May 10, 2019 HCD Comment Letter~~
6. ~~Nevada County 2019-2027 Final Regional Housing Needs Determination~~

RECOMMENDATIONS:

- I. Environmental Action: Recommend that the Board of Supervisors after reviewing and considering the proposed Negative Declaration, adopt the attached draft Resolution approving the proposed Negative Declaration (EIS19-0001), finding that the adoption reflects their independent judgment that the project will not result in a physical change to the environment (*Attachment 1*).
 - II. Project Action: Recommend that the Board of Supervisors adopt the attached draft Resolution approving the proposed amendments to the Nevada County General Plan Chapter 8, 2019-2027 Housing Element update (GPT19-0001) (*Attachment 2*).
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BACKGROUND:

Pursuant to Article 10.6 of the California Government Code, commencing with Section 65583, staff has prepared a draft Housing Element update for consideration by the Planning Commission and the Board of Supervisors (*Attachment 2*). The draft 2019-2027 Housing Element update was prepared by the Planning Department with collaboration of County departments and incorporated cities, along with input by the public. The Housing Element examines Nevada County's housing needs, as they exist today, and projects future housing needs. It sets forth statements of community

Goals, Policies and Programs for the development of housing throughout unincorporated Nevada County.

Every jurisdiction in California must adopt a General Plan, and every General Plan must contain a Housing Element. While jurisdictions review and revise all or individual elements of their General Plan regularly to ensure that the documents remain up to date and relevant, California Law is much more specific in regards to the scheduling for updating the Housing Element. However, in conformance with California State Law, which requires an update at least every five years, the County has been moved by the State Department of Housing and Community Development (HCD) to an eight year update cycle. The County last adopted an updated Housing Element on June 24, 2014, which was certified by HCD as meeting the minimum requirements of State Housing Element law on July 17, 2014. Under California Law (Government Code §65583 (e) (3)), Nevada County Housing Element is due to HCD for review and certification prior to August 15, 2019. The County submitted its first review draft of the 2014-2019 Housing Element update to HCD on March 11, 2019.

As set forth in Section 65583 (Housing Element Content) of the California Government Code, the Law is also specific in terms of the issues that the Housing Element must address, including:

1. An evaluation of the results from the housing programs implemented during the previous planning period (as a result of the previous Housing Element)
2. An assessment of the County's existing and projected housing needs based on housing, land use, population, demographic and employment trends;
3. An analysis of housing opportunities within the County, including an inventory of suitable sites and the County's capacity to meet the regional housing needs allocations for all segments of the population (Extremely Low, Very-Low, Low, Moderate and Above-Moderate income groups, and special needs housing including Female Head of Households, Persons with Disabilities, Farmworkers, and Homeless Person and Families);
4. An analysis of Constraints, both Governmental and Non-Governmental, providing housing and mitigating opportunities for those constraints; and
5. A set of Goals, Policies and Programs for the development, preservation, maintenance, and improvement of housing.

Failure to secure certification of the Housing Element from HCD can result in loss of funding for housing and infrastructure related projects and potential legal challenges. The Department of Health and Human Services Agency/the County have several potential grant and loan applications that require a certified Housing Element for eligibility. The ramifications of a legal challenge range from court-mandated actions to a moratorium on development until the County's Housing Element is certified by the State.

HOUSING ELEMENT UPDATE:

Regional Housing Need Allocation

The projected housing for Nevada County during this planning cycle were determined through the Regional Housing Need Allocation (RHNA) process. State of California Housing Element law (Section 65583 of the California Government Code) requires that the Housing Element of each jurisdiction include an estimate of its “fair share” of the regional housing needs. For Nevada County, the regional allocation is developed by HCD, which acts as the Council of Governments, pursuant to Section 65584 of the California Government Code for countywide regions who are not represented by a Council of Governments. In October of 2018, HCD provided notice to the County of its Final Regional Housing Need Allocation Determination, pursuant to State of California Housing Element Law. The State determined that Nevada County, the City of Grass Valley, the City of Nevada City and the Town of Truckee must accommodate for 3,695 units during the 2019-2027 6th Planning Cycle (*Attachment 6*). Unincorporated Nevada County was assigned 55.8% of

the total units or 2,062 units after the transfer of 172 units to the City of Grass Valley from the County as required by the Loma Rica Ranch Transfer Agreement (City Agreement #2012-07 and County Resolution No. 12-106. Table 1 (left) provides a comparison of the current and past RHNA for the unincorporated area. The County’s allocation of 2,062 units was an increase in RHNA units when compared to the 764 units required by the 2014-2019 5th Planning Cycle RHNA in which the County was

**TABLE 1
 RHNA COMPARISON**

<i>Income Category</i>	<i>2014-2019</i>	<i>2019-2027</i>
Very-Low	174	475
Low	126	367
Moderate	150	346
Above Moderate	314	874
Total	764	2,062

assigned 41% of the total units. The increase in RHNA units was due in part to a recovery in the economy over the 5th Planning Cycle as well as a change from a 5-year to an 8-year Housing Element Update cycle.

The RHNA plan allocated 2,062 units as the fair share for Nevada County to accommodate for the 2019-2027 Housing Element Planning Cycle. Of the 2,062 units, 475 units are to be affordable to the Very-Low Income Households, 367 units are to be affordable to the Low-Income Households, 346 units are to be affordable to the Moderate Income Households and 874 units are to be affordable to the Above-Moderate Income Households. The RHNA plan does not mandate that these units be constructed; it does however, require that the County demonstrate adequate zoning and available vacant lands to meet this projected need. To demonstrate that the County has sufficient land available to meet the projected need, the County performed a comprehensive analysis of vacant lands in Nevada County with appropriate zoning and land use designations to accommodate housing for all income categories. The primary source of information for the land inventory was the County’s Geographic Information Systems (GIS) database. The inventory of available vacant lands, demonstrated that the County has more than adequate land resources with appropriate zoning to meet the County’s fair share of the RHNA.

The intent of the allocation is to ensure that the County provides adequate sites and adequately zoned land to accommodate the RHNA. Nevada County is required to describe in its Housing Element how it will provide capacity in its General Plan Land Use and Zoning districts to accommodate the 2,062-units within the Planning period.

Plan Update

The 2014-2019 Nevada County Housing Element, adopted on June 24, 2014, was the original guide for the 2019-2027 Housing Element update. The Nevada County 2019-2027 Housing Element update was prepared consistent with Housing Element Law (Government Code Section 65580 (et. seq.)). Overall the layout, form and content in the 2019-2027 Housing Element are essentially the same as the prior element. Much like the 5th cycle, the 6th revision to the County's Housing Element utilized data for the Community Profile section that was provided through a variety of sources including but not limited to 2010 Census, 2012-2016 American Community Survey and State Department of Finance. HCD has provided this information to the County because the short form questionnaire utilized for Census 2010 data collection was not as comprehensive as the data collected in the past and because 9 years have passed since the completion of the 2010 Census and the next Census will not be until 2020. The intent was to provide the County with a comprehensive set of data to ensure the Community Profile section met the requirements of State Housing Element law, even though it was not as comprehensive as past versions of the Housing Element. With the exception of the maps and graphs, staff made every effort to utilize a black and white color scheme within the tables to save overall printing costs. The final version will include additional color figures as well as shading in the tables for a more visually appealing document. The next section of this Staff Report summarizes the individual updates that were made to the proposed 2019-2027 Housing Element update.

Summary of Updates

As discussed above, the Nevada County 2019-2027 Housing Element update was prepared consistent with Housing Element Law (Government Code Section 65580 (et. seq.)) and was based on a significantly increased RHNA compared to the previous element. As a result the Quantified Objectives of this update are substantially more than those outlined in the prior Housing Element. Due to the implementation efforts of the County, several programs have been removed and/or revised to reflect this increased RHNA. Subsequently, the 2019-2027 Housing Element also incorporates Environmental Justice (EJ), Goals, Policies and Programs into the updated Element, which promote safe and sanitary homes as well as those which seek to prioritize programs which address the needs of Disadvantaged Communities as well as the development of affordable housing for all low-income households. This is due to the passage of SB1000 (Leyva) in 2016, which requires the County, on or after January 1, 2018 or on the next concurrent revision of two or more General Plan Elements to adopt an Environmental Justice Element to its General Plan, or to incorporate related Goals, Policies and Programs into an updated Element. Information is provided below that summarizes the changes to the individual sections of the updated Housing Element.

Introduction

The Introduction section of the Housing Element remained virtually the same with a few exceptions. An updated subsection was added to reflect how the Housing Element update was consistent with recent legislation, primarily SB244 Planning for Legacy Communities, SB1241 Revisions to the Safety Element and SB1000 inclusion of Environmental Justice. The Use of Relevant and Current Data section was revised to reflect the fact that the update relied upon demographic and housing data supplied by HCD that was derived from the 2010 Census and more recent data. The Citizen Participation subsection was updated to reflect efforts that County

has made to get the public, as well as other agencies and special interest groups, involved in the update process.

Review of Previous Element

The Review of the Previous Element section was updated to reflect the progress the County has made to meet the prior element's Quantified Objectives and implement the various Policies and Programs contained in the prior element. An updated status of each program contained in the prior element was provided that included a status update, an evaluation of the progress or accomplishments made as a result of the specific program, and a recommendation on what should be done with that program, including removing, retaining or modifying the program. A discussion of the County Rezone Program from the prior element was also included in this section which discusses the outcome of the Rezone Program which created the potential for an additional 532-units of new multi-family housing in the unincorporated area of Nevada County.

Community Profile

The Community Profile section provides the demographic and housing data that is meant to assist that County in determining present and future housing needs. The section was completely updated with more recent information as provided by HCD that was derived from the 2010 Census and other more recent and relevant data. Updated tables and figures were provided and the text portion was updated to be consistent with this new information. HCD has provided this information to the County because the short form questionnaire utilized for Censuses 2010 data collection was not as comprehensive as the data collected in the past because 9 years has passed since the completion of the 2010 Census and the next Census will not be until 2020. The intent was to provide the County with a comprehensive set of data to ensure the Community Profile section met the requirements of State Housing Element law, even though it was not as comprehensive as past versions of the Housing Element.

Housing Needs Assessment

The Housing Needs Assessment section was revised to provide new projected housing needs based on the most recent RHNA and population and housing trends. The At-Risk Housing Analysis subsection was updated to provide information on the County's existing subsidized affordable housing stock focused on two five year segments (2019-2024 and 2024-2029). This section was updated to include a discussion of the Courtyards at Penn Valley and that it would be at-risk prior to the year 2029. In order for the project to continue to provide for affordable housing with the County, an acquisition and rehabilitation proposal had been submitted to the projects investors which puts these subsidized units at risk for conversion to market rate by 2019 due to the maturity of the Community Development Block Grant loan and a desire to rehabilitate the 42 units. Under the proposal, ownership of the apartment complex would transfer to new owners with the Nevada County Housing Development Corporation (NCHDC) continuing to act as the general managing partner. The terms of the proposal also include a request for the extension of terms of the Promissory Note between NCHDC and the County of Nevada. Once approved, the Promissory Note would be modified to extend the maturity date to December 31, 2039, and continue to allow forgiveness of the debt should the units maintain affordability as qualified low-income housing under CDBG guidelines throughout the life of the loan. At their meeting of March 26, 2019 the Nevada County Board of Supervisors approved Resolution No. 19-127 which approved modification of the terms of the Community Development Block Grant

Promissory Note between Nevada County Housing Development Corporation and the County of Nevada. The modification extended the terms of the Promissory Note and the maturity date to December 31, 2039. Therefore, the 42-units at not at risk for conversion to market rate rents during this Housing Element Update cycle.

In addition this section was updated to provide current information about the cost of rehabilitation verses new construction or replacement and the resources that assist in the preservation of these housing units. The Housing Needs Assessment was also reviewed and updated, where necessary, to reflect current financing resources for the preservation of affordable housing and existing programs for the preservation and construction of affordable housing. Existing financing resources and programs that are still in existence were retained and new financing resources and programs were added that were not available during the last element update.

Resource Inventory

The Resource Inventory section provides an analysis of the County's ability to provide housing for all income segments of the County's population and the ability to provide for a variety of housing types to meet the housing needs of the County's citizens. The primary component to the Resource Inventory is the Vacant Land Inventory. The purpose of the Vacant Land Inventory is to demonstrate that the County has adequate sites with appropriate zoning and infrastructure to accommodate the most recent RHNA. This section was revised based on current Assessor/GIS data, showing parcel specific information regarding the allowed density of properties that were shown to be vacant or undeveloped that could provide adequate sites to meet the County's current RHNA. In addition to providing updated data regarding zoning and the availability of undeveloped property, new maps are provided to show the location of these properties. Similar to the previous Land Inventory, the 2019-2027 Land Inventory Methodology used data based on Zoning Designations. Other revisions that were made included the addition of sites which were zoned Medium Density Residential (R2) – Mobile Home (MH) – Planned Development (PD) to account for parcels which are located within an existing Mobile Home Park. In addition parcels that are zoned Urban High Density (R3) - Regional Housing (RH) Need Combining District that was developed specifically to implement the Housing Element Rezone Program were also included. As a result of HCD's review of the draft update, the Land Inventory Methodology for R3 zoned parcels with the exception of APN 021-730-087 was further revised to show undeveloped parcels having a realistic capacity of 80% of the maximum density allowed by the R3 Zoning District. Furthermore, the Land Inventory Methodology for R3 zoned parcels was further revised to include Assembly Bill 1397 (Low) by adding Program HD-8.1.12 to accommodate the development of Low and Very-Low Income housing units, on vacant sites which have been identified in two or more consecutive Housing Element Planning Periods. The Program would allow owner or renter occupied single or multifamily residential development as a by-right use in which at least 20 percent of the units are affordable to lower income households. This includes Assessor Parcel Number's 048-110-011 and 048-110-012 that were identified to be included in the past two Housing Element Planning Periods (2009-2014 and 2014-2019).

Some other minor revisions were made to the approach to the Vacant Land Inventory Methodology to simplify the distribution of units per income category compared to the more complex methodology utilized in the prior element. Other updates to this section included but

were not limited to: providing updated statistical information regarding the County's affordability assumptions for Manufactured Homes and Accessory Dwelling Units; providing an update on the County's amendments to the Accessory Dwelling Unit Ordinance (Nevada County Land Use and Development Code Section L-II 3.19.1); and reviewing and updating the funding availability subsection to remove any discontinued programs and to add any new programs. The results of the Resource Inventory are discussed under the "Accommodating the RHNA" section below.

Housing Constraints

The Housing Constraints section of the Housing Element contains information on both Governmental Constraints on the development of housing, such as fees and permit processing times and Non-Governmental Constraints on the development of housing, such as land costs and financing availability. Similar to the rest of the document, this section was comprehensively reviewed and updated, where necessary, to reflect current information. For example to remove constraints on the development of a variety of housing types and encourage the development of affordable housing for all income levels, the prior Element contained a Removing Constraints program that required the County to repeal Land Use and Development Code Sections L-II 3.16.G and L-IV 3.12, that required Inclusionary Housing in the USF, UMD and UHD General Plan Land Use Designations. This program was implemented through the adoption of Ordinance No. 2402 on December 8, 2015 by the County Board of Supervisors, which repealed the above Nevada County Land Use and Development Sections by removing Inclusionary Housing Requirements for all Unincorporated Areas out of the Town of Truckee Sphere of Influence due to the unique housing situation in eastern Nevada County. Since the program was implemented, it has been removed from this update.

Quantified Objectives

The Quantified Objectives section documents how the County anticipates it will meet its RHNA through the next eight years (6th planning cycle). This section was updated to reflect current and past building trends in Nevada County and provides a very conservative estimate of how many units may be constructed over the next eight years. The prior element estimated that the County could meet 60 percent of RHNA through new construction. The current element estimates that the County will meet 50 percent of the RHNA Extremely Low and Very- Low and 63 percent of the Low Income categories through new construction and 66 percent of the RHNA Moderate and 67 percent of the Above Moderate income categories through new construction. The quantified objectives are only a projection of new construction and do not mandate that a specific number of units will actually be built.

Goals, Policies and Programs

This section of the Housing Element sets forth the County's Goals, Policies and Programs relative to the element's identified housing needs and objectives. This section was thoroughly reviewed and updated to reflect progress in the implementation of the Housing Element and to revise or remove less successful polices or programs. The following information summarizes the proposed changes that have been made to for the 2019-2027 Housing Element update.

Goals

As reflected in the 2019-2027 Housing Element update, the specific categories and their corresponding Goals have been kept the same as the prior element, with the exception of the addition of Environmental Justice. Included as part of the updated to the Housing Element, the County reviewed each Goal from the previous element and determined that they are adequate and effective to meeting the County's identified housing needs and objectives. As such, the categories in the updated element include: Housing Development (HD), Maintenance and Improvement of Housing (MI), Retention of Existing Affordable Housing (AH), Removing Constraints (RC), Equal Opportunity (EO), Energy Conservation (EC), Environmental Justice (EJ) and Implementation and Monitoring (IM). With the addition of Environmental Justice, pursuant to SB1000 (Leyva, 2016), Goal EJ-8.1 has been included which is summarized to ensure that all residents have access to healthy and affordable housing opportunities. In addition, Goal EJ-8.2 has also been included to encourage a range of housing opportunities for all segments and income levels of the Citizens of Nevada County.

Policies

As a part of the 2019-2027 Housing Element update, the County reviewed all of the existing Policies and Programs. As a result of this review and as part of the update, five Programs were converted to Policies, five new Polices were added to various program categories and one Policy was relocated from Energy Conservation to the new Environmental Justice program category. The Policies that were converted to Programs included existing Housing Development Programs which required the County to review the feasibility of providing incentives to Accessory Dwelling Unit Owners who maintain their units as affordable housing to the Low and Very-Low Income groups. During the 2014-2019 Housing Element the County Board of Supervisors approved a number of Ordinances related to Accessory Dwelling Units (ADU's) which implemented these Programs. The Ordinances amended County Land Use and Development Code to include a prohibition on short-term rentals, subject to deed restriction with the exception of agritourism activities. The Ordinance allowed short-term rentals on parcels located within the Soda Springs Rural Center or the Town of Truckee Sphere of Influence and also removed the requirement for owner occupancy and provided for road and sewer mitigation fee deferrals. An additional Ordinance which was approved updated the Land Use and Development Code amended the definitions of Transitional and Supportive Housing to include Accessory Dwelling Units and allowed the development of ADU's in the R2 Zoning District and made other housekeeping changes. The conversion of these Programs to Policies allows the County to continue to support and provide incentives to ADU owners as ways to provide more affordable housing for all income levels. Another Program that was converted to a Policy was one that states that to the extent feasible, the County will partner with existing non-profit and for-profit groups and corporations who are interested and able to construct and mange Very-Low and Low-Income Households throughout the County. This was done because the Program allowed the County to provide technical and/or financial assistance, such as site identification, site acquisition and identification of subsidy sources. This Program was converted to a Policy as both the County Health and Human Services Department and the Planning Department are continuing seek to identify and work with interested non-profit and for-profit organizations who are interested in developing affordable housing projects throughout Nevada County. In addition, other minor revisions were made to policies to reflect changing roles of Housing and Community Services Agencies that reference the appropriate agency. Policy language was added in a few instances

for consistency with actions taken by the County or to expand and clarify the intent of the policy. An example would be the addition of the RHNA numbers to Policy HD-8.1.1 which clarifies that the County shall provide adequately zoned sites during the 2019-2027 Housing Element Planning Cycle to implement the Regional Housing Need Allocation. Lastly, Housing Development Policy HD-8-1.26 was added based on public comment received which requires that County to review all residential subdivisions and multi-family housing developments for consistency with applicable fire safety polices of the County Circulation and Safety Elements (additional public comments received are discussed below).

Programs

Several revisions were made to the Programs section based of efforts made by the County to implement the prior housing element. In addition to those changes, which will be discussed in more detail below, basic revisions to retained programs included changing the agency responsible to implement the program to reflect the current structure of the County, changing the anticipated implementation date to reflect activities that are anticipated to occur during the 6th planning cycle (2019-2027), and minor language changes to clarify the intent of the original program. The information below provides details on programs that are proposed to be removed or added as a part of this Housing Element update. A stand-alone discussion is provided below dedicated to the prior and current Housing Element's Rezone Programs.

Removed Programs

As a result of actions taken by the County to implement the prior Element, several programs have been removed because they either have been implemented or were unsuccessful in their implementation. A brief summary of each program that is being removed is provided below (program numbers reflect those shown in the 2014-2019 Housing Element).

Implemented

- HD-8.1.1: To accommodate the unmet housing need of 699 low and very-low income units identified in Program HD-8.1.4 of the 2009-2014 Nevada County Housing Element, the County will rezone at approximately 43.7-acres suitable and available for development in the planning period through either: 1) rezones within the cities' sphere of influence to a density of 20 units per acre (R3-20); or 2) rezone a sufficient amount of land outside of the cities' sphere of influence to a minimum density of 16 units per acre; or 3) a combination of rezoned land within and outside of the cities' sphere of influences at the identified densities may also be used to satisfy the unmet need of 699 units. (Ordinance No. 2401, adopted October 27, 2015 and Ordinance No. 2455, adopted October 9, 2018).
- HD-8.1.6: Request the City of Grass Valley to enter into a Memorandum of Understanding (MOU) to coordinate with the County on affordable housing programs and issues. (Program converted to Policy HD-8.1.16).
- HD-8-1.8: Where feasible, County will partner with existing non-profit and for-profit groups and corporations who are interested in and able to construct and manage Very-Low and Low-Income Households throughout the County. (Program converted to Policy HD-8.1.23).
- HD-8.1.12: Review the feasibility of providing incentives to second unit owners and builders who volunteer to maintain their second unit for an unspecified duration as

- affordable to the Low and Very Low-Income groups. (Program converted to Policy HD-8.1.24).
- RC-8.4.1: County will continue to implement the Permit-Streamlining Program for affordable residential projects and follow the established pre-set hearing schedule. (Program Converted to Policy RC-8.4.11).
 - RC-8.4.2: County will expedite the development review process for senior housing, very low, low, and moderate-income housing projects. (Program Converted to Policy RC-8.4.11).
 - RC-8.4.5: Repeal Land Use and Development Code Section L-II 3.16.G and L-IV 3.12. (Ordinance No. 2402, adopted December 8, 2015).
 - EO-8.5.4: Encourage Transitional and Supportive housing, amend Zoning Ordinance in accordance with Government Code Section 65583(a) (5) to permit as a residential use, subject only to those regulations that apply to other residential dwellings. (Ordinance No. 2441, September 12, 2017)

Not-implemented

- HD-8.1.9: Identify financial institutions that fall under the requirements of the Community Reinvestment Act and request that they develop specific programs for providing financing for Low and Moderate-Income housing. With outsourcing of the County's Housing and Community Services Division, implementation of this Program is not feasible.
- HD8-1.14: Once feasible incentives have been developed and adopted for Second Dwelling Units as housing for Low and Very-Low Income residents or Transitional/Emergency Housing, send notification to homeowners, potentially through tax bills or other annual mailings. This program was not feasible to implement during the past 5-year Housing Element Cycle.
- EC-8.6.8: Prioritize funding for affordable housing for projects that provide cost-effective energy efficiency measures that exceed State standards. This program was not feasible to implement during the past 5-year Housing Element Cycle.

New Programs

There are eight new programs being added to this Housing Element update. The first program (Program HD-8.1.11) is tied to the Board of Supervisor's direction to expand opportunities to address housing affordability issues for all target populations in Nevada County through partnerships with other jurisdictions, potential developers and the housing authority. The Program calls out the research and adoption of an Ordinance which identifies incentives for the development of housing which is affordable to the Above-Moderate (Missing Middle) income range, 120-195 percent above Area Median Income throughout unincorporated Nevada County.

The next programs are included based on review by HCD of the proposed Housing Element and included programs HD-8.1.12 and EO-8.5.7. Program HD-8.1.12 allows for the development of Low and Very-Low Income housing units on vacant sites which have been identified in two or more consecutive Housing Element Planning Periods to allow residential development by right for housing developments in which at least 20 percent of the units are affordable to lower income households. The next program, Program EO-8.5.7 is included to require the County to review its Zoning Ordinance for consistency with AB2162 as it pertains to supportive housing. The

Program requires the County to amend its Zoning Ordinance to allow the development of qualifying supportive housing as a by-right use in all zones where multifamily and mixed uses are permitted.

The next new programs include those which are part of the new Environmental Justice (EJ) category, including Programs EJ 8.7.1 through EJ 8.7.5. The Environmental Justice program category is added for this proposed Housing Element, pursuant to SB1000 (Leyva), passed in 2016, which requires that County, on or after January 1, 2018 or on the next concurrent revision of two or more General Plan Elements, to adopt an Environmental Justice Element to its General Plan, or to incorporate related Goals, Policies and Objectives into other Elements. As part of this update to the Housing Element, the County is also concurrently processing an update to the Safety Element, thus, Environmental Justice Goals, Policies and Programs have been incorporated into this Housing Element update. A major emphasis of Environmental Justice is ensuring that people have a healthy home environment. Low-income and minority populations are disproportionately affected by home health hazards as their limited incomes reduce housing choices and their options for maintenance and repairs. Housing-related environmental hazards include exposure to indoor air pollution, lead-based paint, asbestos, mold and mildew. These toxins can cause developmental delays, asthma and allergies and other health risks. Ensuring that all residents have access to healthy homes is an important way to achieve Environmental Justice.

The first Program EJ-8.7.1, seeks to encourage development of medium and high-density multi-family residential development along transit corridors, thus this Program requires the County Public Works Department to review all subdivision maps to ensure access to bus tops and public transit services within Community Regions. The second Program EJ-8.7.2, requires the County to consider adopting an Ordinance that provides for a reduction in transportation fees in return for pedestrian-oriented design features and /or transit-oriented design. This Program was carried forward from the current Housing Element as Program EC-8.6.3. The third Program EJ-8.7.3, requires the County to consider adopting an Ordinance with reduces parking standards for larger subdivisions that are within walking distance of nearby services. This Program was also carried forward from the current Housing Element as Program EC-8.6.4. The last two EJ programs include EJ-8.7.4 and EJ-8.7.5, which require the County to continue to partner with local non-profit agencies and for-profit developers to assist in the rehabilitation of existing residential structures to provide affordable housing opportunities as well as to seek State and Federal Grants to support the production of affordable housing.

Staff has prepared a “track changes” version of the Goals, Policies and Programs section to assist in deciphering the revisions discussed above provided as *Attachment 3*.

Rezone Programs

The 2014-2019 Nevada County Housing Element contained one Program that required the County to rezone properties to high density residential or the equivalent. This was a result of the lack of available undeveloped sites that had a density of 15-units per acre or greater identified in the 2009-2014 Housing Element (699-units). On October 27, 2015, via Ordinance No. 2401 the Nevada County Board of Supervisor's certified the project's Environmental Impact Report (EIR) and re-designated six properties to create the potential for 532-units of new multi-family housing

in the unincorporated area of Nevada County. To complete the County Rezoning Program, the County Board of Supervisors adopted Ordinance No. 2455 on October 9, 2018 and re-designated two additional properties to create the potential for 189-units of additional multi-family housing in the unincorporated area of Nevada County. Therefore, the County has completed the Regional Housing Need requirements for meeting the prior RHNA.

Accommodating the RHNA

One of the most important aspects of the draft Housing Element is to identify sufficient sites and provide land that is properly zoned to accommodate the County's current Regional Housing Need Allocation. The Resource Inventory section of the Housing Element identifies vacant land that is suitable and available within unincorporated Nevada County for meeting the County's RHNA. In performing a review of the County's vacant residentially zoned lands, staff found that the County had more than sufficient sites that were considered vacant with appropriate residential zoning to accommodate all income categories. As can be seen in Table 8.29 on the following page, which comes directly from the draft Housing Element update, the County has determined that approximately 10,040 additional housing units could be constructed on the available sites. Of these units, 674 could be affordable to Very Low-Income Households (assumed 50% would be affordable to Extremely Low-Income Households), 547 could be affordable to Low-Income Households, 3,800 could be affordable to Moderate-Income Households, and the balance of 5,019 units, would be affordable for Above Moderate-Income Households. These allocations of Very Low, Low, Moderate and Above Moderate housing units are approximations and may change once developed. The sites identified in Table 8.29 shows that the County has determined that it can support housing development in excess of the estimated needs, by income category, through the year 2027.

**TABLE 8.29
INVENTORY OF SITES SUITABLE TO ACCOMMODATE THE
2019-2027 REGIONAL HOUSING NEED**

<i>Base Zoning</i>	<i>General Plan Designation</i>	<i>Acres</i>	<i>Very Low</i>	<i>Low</i>	<i>Moderate</i>	<i>Above Moderate</i>	<i>TOTAL</i>
Residential Agriculture (RA)	RES, RUR, EST	9,793.99	0	0	1,146	1,793	2,939
Single Family Residential (R1)	USF, PRC, RES, EST	705.19	0	0	1,285	1,199	2,484
Medium Density Residential (R2)	UMD	84.14	0	0	250	240	490
Medium Density Residential (R2)- Mobile Home (MH); Medium Density Residential (R2)- Mobile Home (MH)- Planning Development (PD)	UMD	8.11	30	30	0	0	60
High Density Residential (R3)	UHD	58.74	552	377	0	0	929
Interim Development Reserve (IDR)	SDA, PD	6,456.85	0	0	1,004	1,484	2,488
Planned Development (PD)- Continuing Care Retirement Community (CCRC)	PD	214.56	12	52	46	235	345
Office Professional (OP); Business Park (BP); Neighborhood Commercial (C1); Community Commercial (C2); Highway Commercial (CH)	MIXED-USE	34.12	0	0	69	68	137
Approved but not Built Affordable Inclusionary Units	USF, UMD, UHD	varies	30	30	0	0	60
Manufactured/Mobile Homes	Varies	n/a	25	29	0	0	54
Accessory Dwelling Units	Varies	n/a	25	29	0	0	54
TOTAL		17,355.70	674	547	3,800	5,019	10,040

Source: Nevada County Assessor's Data c/o Nevada County GIS Parcel Layer, 2018.

Public Input

The 2019-2027 draft Housing Element Update was developed through the combined efforts of County staff, the County's Planning Commission and the County's Board of Supervisors. Citizen input was received through workshops conducted by County Staff. To ensure that all economic segments of the community were involved in the Housing Element update, all local non-profit housing groups and other social service organizations serving the County's special needs groups were provided notice of public hearings and workshops. Public hearings and workshops were subsequently advertised in the local newspaper, at the County Offices (Eric Rood Center in Nevada City), local public libraries and invitations were circulated to community non-profit housing and special needs groups serving the County's population, local homeowners associations, special interest groups who focus on housing issues, the Board of Realtors, as well as Planning Commissioners and Board of Supervisors members.

In early October 2018, the County sent out a request for comments and Housing Element update kick-off letter that was sent to all agencies, homeowner and special interest groups on the Planning Departments distribution list. In all, two-hundred and seventy different groups were sent this letter. In addition to this outreach, the County also sent local Native American tribes a request for consultation letter pursuant to Senate Bill 18 (Burton) and Assembly Bill 52 (Gatto) in July 2018. Following this outreach, the Planning Department held a series of evening public workshops to go over the Housing Element update. The same groups that were sent the “kick-off” letter were sent a notice of this workshop and legal notice of the workshops was provided in the local newspaper.

The first public workshop was conducted on the evening of October 17, 2018 and provided an introduction to the key components of a Housing Element. A second workshop was held on December 3, 2018, which focused on the draft updated Goals, Policies and Programs. The first workshop was lightly attended and did not result in any recommendations or changes to be incorporated into the draft update. The second workshop held on December 3, 2018 was moderately attended and focused on a discussion of the draft updated Goals, Policies and Programs. Comments received at the meeting and in the form of a letter from the Community Environmental Advocates focused on home energy usage, fire safety, Accessory Dwelling Units, Multi-Family Building Design and Inclusionary Zoning. In addition, written comments were also received from private citizens regarding rezoning of parcels along West Hacienda Road, in South Nevada County. Based on comments received at the workshop, Programs and Policies were updated in the draft Housing Element update where appropriate. In addition, at this time the County is not proposing to rezone any parcels are part of the proposed draft 2019-2027 Housing Element as there is enough vacant residentially zoned lands to meet the RHNA.

A public review draft of the updated Housing Element was posted on the County’s website on March 27, 2019 and a Notice of Availability was sent to the individual agencies and groups mentioned above. Hardcopy’s of the updated Housing Element were also placed on reserve at the County Libraries as well as at the County Offices (Eric Rood Center in Nevada City) Additional revised drafts were also posted on the website. Written feedback that included recommendations for potential changes was received from Community Environmental Advocates. The County also received a standard letter from the California Water Boards, Central Valley Regional Water Quality Control Board outlining when their agency requires a permit. The public comments that were received which requested revisions are discussed below.

The County received a letter from Community Environmental Advocates (CEA), which outlined several programs and policies they were in support of and also made recommendations regarding Housing Element Implementation/Mitigation Fund, Energy Usage and Conservation, Fire Safety, Location of Affordable Housing, Accessory Dwelling Units and Vacation Rentals, Multi-Family Building Design and Preserving Existing Affordable Housing. Staff has summarized the letter below:

Housing Element Implementation/Mitigation Fund

The letter provides comments on the Implementation and Monitoring (IM) Program (Program IM-8.8.1). The comments include that they are in agreement with the requirements of the program and that an individual should be charged with overseeing and coordinating the implementation of the

Housing Element including submission of the Annual Monitoring Report to HCD. As with the 2014-2019 Housing Element, the 2019-2027 Housing Element includes Program IM-8.8.1 which requires that submission of the Annual Monitoring Report to HCD, which is due every year on April 1st. The Planning Department staff are charged with performing this function and coordinating with other County Departments and outside agencies to ensure that all Housing Element Programs are implemented.

The letter also discuss several of the proposed 2019-2027 Housing Element Programs and Policies contained with the Removing Constraints Programs Section including Policies RC-8.4.2 and RC-8.4.9. The letter discusses the recommendation changes to these Policies which would eliminate development fees for multi-family and single-family housing projects which are affordable to qualified low income residents. Pursuant to Nevada County Land Use and Development Code Section L-II 3.16, the County offers incentives to developers for providing housing that is affordable by families of Very-Low or lower income and senior citizens as required by California Government Code Section 65915 as well as Sections 65302, 65913 and 65580, et seq. Pursuant to the Ordinance, the form of the density bonus and incentives is the ability to construct at least 25% more residential units than normally allowed by the applicable zoning district. The Ordinance also includes a density bonus of up to 15% more residential units to allow the construction of moderate income housing units as well. In order to be eligible for a density bonus and other incentives, the residential development project is required to consist of 5 or more rental units or dwelling units offered for sale and include 20% of the total units for lower income households or 10% of the total units for very low income households or 50% of the total units for seniors at any income level or 15% of the total units for moderate income levels. Among the incentives allowed, the Ordinance allows for reduction by 50% of all County permit fees for projects that develop housing for Very-Low income households, or housing for persons with disabilities.

Fire Safety

The letter provides comments that there are no policies on the subject of fire safety which relates to housing supply and affordability. As a result of this feedback, Policy HD-8.1.25 under Housing Development (HD) has been added which requires that the County shall review all residential subdivisions and multi-family housing developments, for consistency with applicable fire safety policies of the County Circulation and Safety Elements and apply the standards of the Land Use and Development Code Fire Safety Regulations, including Chapter II: Zoning Regulations, Chapter V, Article 5: Fire Safety Standards and California Fire Code Amendments, Chapter VII: Street Addressing and Naming, Chapter XVI: Fire Safety Regulations, and Chapter XVII: Road Standards. While this is a standard practice, the County saw the importance of adding this Policy in light of recent wildfire events.

Location of Affordable Housing

The letter provided by CEA provides comments and recommendations to a number of Housing Development (HD) Goals, Policies, and Programs which seeks to add additional consistency language for the development of affordable housing within incorporated cities/town Sphere of Influence. The letter makes recommendations to revise Goal HD-8.3, Programs HD-8.1.2 and HD-8.1.3, Policies HD-8.1.7 and HD-8.1.1 as well as Policy RC-8.4.10. In reviewing the draft 2019-2027 Housing Element as well as the Land Use Element of the General Plan, it is the policy of the County to coordinate with the Cities of Grass Valley, Nevada City and the Town of Truckee in

land use planning and development within their spheres of influence. Specifically within the Land Use Element, Policy 1.8.3 requires that within the City/Town Spheres of Influence, the General Plan Land Use Maps will generally reflect the City's/Towns General Plan land use mapping. The Policy goes on to say that in some instances the County may provide for a less intensive land use due to infrastructure capability, environmental constraints or effect on land use and development patters outside the city's sphere. In addition, Policy 1.8.4 of the Land Use Element requires that for all discretionary projects within the City's/Town's Sphere, the County shall first request that the City/Town determine whether or not it desires to annex the project. If the City/Town does desire annexation, they the application will be directed to the City/Town. If the City/Town does not desire annexation, the application will be referred to the City/Town for review and comment. This is also reflected in the draft Housing Element as discussed on page 8-112 under Basic Infrastructure that the County's General Plan specifically directs higher density residential development to the Incorporated Areas Sphere of Influences and to areas identified as Community Regions or Villages Centers. This was intentionally done due to the fact that these areas typically have adequate streets to serve the development and either has access to or is in close proximity to water and sewer mains and other infrastructure and services necessary to support higher density residential development. It should also be noted that Government Code Section 65589.7 requires that sewer and water providers establish specific procedures and grant priority water and sewer service to developments with units affordable to lower-income households. As discussed above, this practice is consistent with Goal HD-8.4 and Policies HD-8.1.7 and HD-8.1.15 as well as Policy RC 8.4.10.

Accessory Dwelling Units/Vacation Rentals

The letter provided by CEA provides comments on Accessory Dwelling Units to ensure that these units are not used as short term vacation rentals and that a program should be included to prohibit this. Based on this feedback as well as from comments received from HCD, the draft Housing Element has been updated to include Policies HD-8.1.23 and HD-8.1.24 as well as revisions to Program HD-8.1.8, which reflect recent amendments to the County's Accessory Dwelling Unit Ordinance which were adopted by the County Board of Supervisors on March 26, 2019 through Ordinance No. 2462. The Ordinance amended Nevada County Land Use and Development Code, Section L-II 3.19.1 related to Accessory Dwelling Units. The Ordinance prohibited the short term rental of Accessory Dwelling Units, subject to a deed restriction with the exception of agritourism activities, on properties within the Soda Springs Rural Center and on properties located within the Town of Truckee Sphere of Influence subject to the Town of Truckee Zoning Ordinance. The Ordinance also removed the requirement that one of the units be owner occupied and also provided a road and sewer mitigation fee deferral process when certain criteria are met. In addition, the Ordinance further provided for additional affordable housing opportunities by allowing the construction of an Accessory Dwelling Unit on parcels containing Employee Housing in addition to a primary single-family dwelling and also allowed detached units on parcels less than 1-acre to be consistent with California State Law.

Based on the public input received appropriate revisions were made to the Element that were the result of these outreach efforts (*Attachment 4*).

HCD Review

The County Planning Department submitted a draft of the 2019-2027 Housing Element update to the State HCD on March 11, 2019. State Law dictates that the State has 60-days to provide comments as to the adequacy of the draft in meeting the State Housing Element Law. On April 12, 2019, the County and HCD held a conference call to discuss their review. HCD outlined specific areas that needed revision or additional details. These revisions included a revision to the Land Inventory Methodology for R3 zoned parcels with the exception of Assessor Parcel Number 021-730-087 to show undeveloped parcels having a realistic capacity of 80% of the maximum density allowed by the R3 Zoning District. In addition, the Land Inventory Methodology for R3 zoned parcels was further revised to include Assembly Bill 1397 (Low) by adding Program HD-8.1.12 to accommodate the development of Low and Very-Low Income housing units on vacant sites which have been identified in two or more consecutive Housing Element Planning Periods to allow residential development by right for housing developments in which at least 20 percent of the units are affordable to lower income households. As a result, Assessor Parcel Number's 048-110-011 and 048-110-012 were identified as having been included in the past two Housing Element Planning Period (2009-2014 and 2014-2019).

Revisions also included the addition of Program EO-8.5.7 to require the County to review its Zoning Ordinance for consistency with AB2162 as it pertains to supportive housing. The Program requires the County to amend its Zoning Ordinance to allow the development of qualifying supportive housing as a by-right use in all zones where multifamily and mixed uses are permitted. Further revisions included adding recent amendments to the Accessory Dwelling Unit Ordinance under "Affordability Assumptions for Manufactured Homes and Accessory Dwelling Units" to reflect the recent adoption of Ordinance No. 2462. Additional revisions included the addition of Housing Development Policies HD-8.1.23 and HD-8.1.24 as well revisions to Program HD-8.1.8 (discussed under "Public Input" above). The County also included Table 8.37 and a discussion on Permit Requirements for Transitional / Supportive Housing within Commercial Zones. In addition, requested updates also included additional Non-Governmental Constraints which included "Requests to Develop at Densities Below Those Permitted", "Length of Time between Application Approval and Building Permit Issuance", "Community Opposition to Housing Development", and "Local Efforts to Remove Non-Governmental Constraints". Furthermore, it was requested to update some of the program timeframes from ongoing to a specific date or milestone and to add additional certainty by changing "should" to "shall". Following the conference call, staff prepared the required revisions, as discussed above and provided them to HCD for consideration. On May 10, 2019, the County received a comment letter from HCD stating that the County draft Housing Element update was compliant with State Law and that the State would certify the Housing Element update upon adoption by the County Board of Supervisors (*Attachment 5*).

IMPORTANCE OF HOUSING ELEMENT CERTIFICATION:

Housing elements have been mandatory portions of local general plans in California since 1969. This reflects the statutory recognition that the availability of housing is a matter of statewide importance and cooperation between government and the private sector is critical to attainment of the State's housing goals. Housing Element Law is the State's primary market-based strategy to increase housing supply, affordability and choice. The Law recognizes that in order for the private sector to adequately address housing needs and demand, local governments must adopt land-use plans and regulatory schemes that provide opportunities for, and do not unduly constrain, housing

development. As discussed above, State Law requires jurisdictions to have a certified Housing Element and subsequently, when a jurisdiction's Housing Element is found to be out of compliance, its general plan is at risk of being deemed inadequate, and therefore invalid. Because there must be findings of general plan consistency in most planning and development decisions, a local government may run the risk of approving projects based on a noncompliant General Plan; therefore creating the potential for being sued when making land use decisions.

In addition to the risk of lawsuits, not having a certified Housing Element could make the County ineligible for several housing, community development and infrastructure funding programs that include Housing Element compliance as a rating and ranking or threshold requirement where the primary applicants are local governments. A certified Housing Element is a major factor in determining the initial eligibility of several of the state and federal grant and loan programs that the County has historically applied for and that the County anticipates applying for this year.

ENVIRONMENTAL REVIEW:

The Planning Department prepared a draft Initial Study and proposed Negative Declaration (*Attachment 1*) for the proposed project (EIS19-0001). The Initial Study was made available for a public review period of 30-days (April 19, 2019 to May 20, 2019). The Initial Study did not identify any potential impacts with this project given that the proposed 2019-2027 Housing Element update is strictly a policy document, intended to guide the County in meeting the County's project housing needs over the next eight years. The document does contain Goals, Policies and Programs aimed at accommodating 2,062 housing units by 2027, yet the element itself does not provide any entitlements for the construction of these units. All future housing development projects, whose outcome assists in meeting the County's housing development objectives, will be considered a project under the California Environmental Quality Act and would require site/project-specific environmental review, including operational impacts at the time of project submittal. As of the writing of this document, no additional issues or concerns have been raised during the public review period that were not adequately addressed through the draft Initial Study and proposed Negative Declaration; therefore, a Negative Declaration is the appropriate environmental document for this project. Therefore, staff is recommending that the Planning Commission recommend that the Board of Supervisors make the recommended CEQA Determination, as justified and as shown in *Attachment 1* pursuant to Sections 15074 and 15097 of the California Environmental Quality Act Guidelines.

SUMMARY:

State Law mandates that each jurisdiction in California to periodically update its Housing Element of the General Plan. The County last updated and adopted its Housing Element in June 2014. County staff has prepared an updated Housing Element intended to be compliant with current State Housing Element Law. This Element update contains the County's Goals, Policies and Programs for meeting the existing and future housing needs of its residents. The State of California HCD has completed their review of the County's 2019-2027 Housing Element update and has found the Element to meet the statutory requirements of State Housing Law (*Attachment 5*). Following the adoption of this update, the County will move to an 8-year Housing Element update cycle.

The 2019-2027 Housing Element is a policy document that provides the guiding principles for future affordable housing development to accommodate all income segments and special housing needs groups in the County, while protecting the County's existing affordable housing stock. As a policy document, the 2019-2027 Housing Element update is not anticipated to result in an environmental impact pursuant to CEQA. Further, the Planning Department prepared a draft Initial Study and proposed Negative Declaration for the proposed project and have found that it does not identify any potential impacts given that the proposed 2019-2027 Housing Element is strictly a policy document. Therefore, staff recommends that the Planning Commission: 1) find that the Negative Declaration (EIS19-0001) prepared for this project is adequate environmental review for this 6th revision of the Housing Element update pursuant to Sections 15074 and 15097 of the CEQA Guidelines; and 2) make a favorable recommendation to the Board of Supervisors for the approval of the Housing Element update as outlined in the recommended actions below.

RECOMMENDATION: Staff recommends the Planning Commission take the following actions:

- I. **Environmental Action:** Recommend that the Board of Supervisors after reviewing and considering the proposed Negative Declaration, adopt the attached draft Resolution approving the proposed Negative Declaration (EIS19-0001), finding that the adoption reflects their independent judgment that the project will not result in a physical change to the environment (*Attachment 1*).

- III. **Project Action:** Recommend that the Board of Supervisors adopt the attached draft Resolution approving the proposed amendments to the Nevada County General Plan Chapter 8, 2019-2027 Housing Element update (GPT19-0001) (*Attachment 2*).

Respectfully Submitted,

Original Signed

Brian Foss, Director of Planning