



CITY OF CORONADO

CITY COUNCIL STAFF REPORT

April 16, 2024

{{section.number}}g

SECOND READING AND ADOPTION OF TWO ORDINANCES AMENDING PORTIONS OF THE CORONADO MUNICIPAL CODE, INCLUDING THE ORANGE AVENUE CORRIDOR SPECIFIC PLAN AND THE CITY'S LOCAL COASTAL PROGRAM RELATED TO THE SIXTH CYCLE HOUSING ELEMENT UPDATE

RECOMMENDATION:

Conduct the second reading and adopt Ordinance No. 2024-02 "An Ordinance of the City Council of the City of Coronado Amending Portions of the Coronado Municipal Code and the City's Local Coastal Program Related to the Sixth Cycle Housing Element Update" and Ordinance No. 2024-03 "An Ordinance of the City Council of the City of Coronado Amending Portions of the Coronado Municipal Code and the City's Local Coastal Program Related to the Sixth Cycle Housing Element Update"

BACKGROUND:

The Housing Element is one of seven state-mandated elements included in the City's General Plan and is the only one required to be updated periodically. Its purpose is to identify and plan for existing and projected housing needs in the region within the eight-year planning cycle. The City is required to update the Housing Element to address the 2021-2029 planning period, including a Regional Housing Needs Assessment (RHNA) for the City of 912 units.

Pursuant to Assembly Bill 1398, a jurisdiction that did not adopt a compliant housing element within one year from the statutory deadline cannot be found in compliance until rezones to make prior identified sites available or accommodate a shortfall of sites are completed pursuant to Government Code Section 65583, subdivision (c)(1)(A), and 65583.2, subdivision (c). Because Coronado adopted a Housing Element more than one year from the statutory deadline the subject ordinances are required to be adopted in order to achieve certification from the state.

In October 2023, acting through the Attorney General's Office, the State of California and HCD filed a petition for writ of mandate and declaratory relief against the City for its failure to adopt a Housing Element that HCD found to be substantially compliant with state law. The State and the City agreed to the terms of a stipulated judgment, which was accepted by the Superior Court of San Diego County on November 8, 2023. The judgment requires the City to adopt an updated HEU and associated implementing actions by April 16, 2024 and submit the same to HCD by April 17, 2024.

Pursuant to Government Code Sections 62854 to 62857, consideration of Municipal Code revisions to the zoning regulations require a noticed public hearing with the Planning Commission, which was held on March 26, 2024. The Planning Commission recommended that the City Council not adopt the proposed Municipal Code amendments. A noticed public hearing of the City Council to introduce the ordinance was held on April 9, 2024.

ANALYSIS:

To have a compliant HEU, Coronado must plan for and show that it can accommodate 912 units spread across the different income categories and adopt zoning ordinance amendments to effectuate the changes called for in the HEU.

The Draft HEU meets the assigned RHNA plus the “No Net Loss” buffer through a four-pronged approach as shown below that includes: (1) Entitled or Proposed Projects (Pipeline); (2) Accessory Dwelling Units and Carriage House Conversions; (3) Navy Housing; and (4) Opportunity Sites.

| | Units by Income Level | | | |
|---|-----------------------|------------|-------------|--------------|
| | Lower | Mod. | Above Mod. | Total |
| RHNA | 481 | 159 | 272 | 912 |
| 15% Buffer¹ | 72 | 24 | 41 | 137 |
| | 553 | 183 | 313 | 1,049 |
| Alternative Methods to Meet the RHNA (Credits) | | | | |
| Entitled or Proposed Projects (Pipeline) | 0 | 0 | 146 | 146 |
| Accessory Dwelling Unit Potential | 117 | 25 | 53 | 195 |
| Carriage House Conversion Program | 72 | 0 | 31 | 103 |
| Navy Housing ² | 305 | 69 | 0 | 374 |
| Subtotal | 494 | 94 | 230 | 818 |
| Net RHNA with 15% Buffer (after credits are applied) | 59 | 89 | 83 | 231 |
| Opportunity Sites ³ | 184 | 89 | 180 | 453 |
| Total | (125) | (0) | (97) | (222) |

¹HCD recommends a 15% buffer for lower-income (very low and low) sites to protect the City from the No Net Loss provision. The City Included a buffer for the moderate- and above moderate-income levels for the same reason. The City calculated its buffer as a percentage of the gross RHNA.

²As determined by HCD Enforcement Division in coordination with the US Navy and the City of Coronado.

³Not including the Navy Housing Units

Nine opportunity sites that could accommodate future housing were identified. Site details can be found in Section 7 of the Revised Draft HEU. The draft Housing Element Update also includes five Housing Goals with a series of programs and policies to further those various goals that can be found in section 8 of the plan. These programs were developed through consultation with HCD, are considered requirements to achieving Housing Element certification from HCD and are in response to their official findings letters. Staff has prepared proposed amendments to the municipal code that can be found attached to this staff report. The major changes required by HCD that are found in the draft HEU and associated General Plan and Code amendments include:

Parking: In order to incentivize development of affordable units and ADUs, parking standards would be reduced to require one uncovered space per each affordable unit, as well as all studio and one bedroom units. ADUs that are deed restricted to be affordable to low, very low, and extremely low income households would also not be required to provide parking.

ADUs: Changes are proposed that would bring the City’s ADU standards into compliance with

current state law, which include changes to the height and setback requirements. Additionally, carriage houses that comply with the current carriage house standards would be allowed to convert to an ADU by installing a kitchen and sanitation facilities while still complying with all other carriage house standards. Carriage house conversions will be required to provide one parking space unless they are deed restricted to low, very low, or extremely low income households.

Zoning: A new Housing Element Opportunity Site Overlay Zone has been drafted to be added as Chapter 86.34 of the Zoning Ordinance. It aims to encourage new housing that is affordable to lower-income households with alternative development standards for projects that meet affordability criteria. Two subzones are included (HE-1 and HE-2), each with unique development standard allowing development up to four stories in height and reduced setbacks. Additionally, this chapter includes a ‘By-Right Approval Process” for projects that are on properties that were either upzoned through the HEU, or are non-vacant properties that were included in the previous HEU, as required by Gov’t Code Section 65583.2.

Height and Story Limits: HCD staff has identified the City’s height limits in the R-3 and R-4 zone are a constraint on housing development. In their letter dated March 5, 2024 they state the existing height limits are “a constraint to development, affordability, supply, and achieving maximum densities.” As a result, the Housing Element includes a program to address the development standards limiting building heights. Specifically, the program proposes code changes to increase the allowable stories and height limit for the R-3 zone from 2 stories and 33-feet to 3 stories and 36 feet. Opportunity sites in the R-4 zone would see an increase to the existing story limitation from 3 to 4 stories, and allowing height up to 42 feet where 35 is required today. The opportunity sites in the R-PCD zone will also see increased height limits up to 50 feet and five stories where it is limited to 40-feet today. The HEU also includes a program to initiate a ballot measure to propose City voters amend the height limitation in 1972’s Proposition R to allow four stories elsewhere in the R-4 zone (with a height limit of 40-42 feet outside of the opportunity sites).

Maps: The City currently has a Zoning Map, but does not have a General Plan Designation Map. A new General Plan Designation Map has been created and the Zoning Map was updated to identify the new Housing Element Opportunity Sites Overlay zone. The Zoning Map was also updated to change the zoning for Opportunity Site 1 (919 C Avenue) from R-3 to R-4 to allow residential development at up to 40 dwelling units per acre.

On April 8, 2024, HCD provided the City with a letter stating that the Revised Draft Housing Element Update meets the statutory requirements and could be found in substantial compliance once the necessary rezoning is complete. The subject ordinances would effectuate the necessary rezoning called for in the HEU.

FISCAL IMPACT:

On February 21, 2023, the City Council authorized an Agreement for Professional Services with Harris and Associates for the revised Coronado Housing Element Update and associated environmental review. The contract amount was for \$925,000. A subsequent amendment to include the required General Plan/Zoning Code amendments was processed for Harris and Associates to use a subconsultant, Ben Noble Planning, to prepare these amendments for an additional \$63,618 for a total contract cost of \$988,618. Housing Elements are required by the State and are intended to effectuate State policy. Some State and SANDAG funding is contingent upon a State-certified Housing Element. Without a certified Housing Element, Coronado is not eligible to receive these funds. Additionally, if found out of compliance the State can suspend the City’s authority to issue building permits, grant zone changes or variances, or grant subdivision

map approvals, and can fine the City up to \$100,000 per month. AB 72, passed in 2017, further strengthened State housing law by allowing for HCD to refer any non-compliance to the State Attorney General for enforcement. This happened when the State sued Huntington Beach in 2019 for removing capacity to build affordable housing units and forced them to rezone sites to provide adequate affordable housing.

ALTERNATIVE:

The City Council may choose to not amend the Municipal Code.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

The project is exempt from the requirements of the California Environmental Quality Act pursuant to Government Code Section 65759, because the project consists of actions necessary to bring the City's General Plan into conformance with state law under the terms of a judgment entered by the Superior Court of San Diego on November 8, 2023. As provided in Government Code Section 65759, the City has prepared and Environmental Assessment (EA), the content of which substantially conforms to the required content for a draft environmental impact report set forth in Article 9 (commencing with Section 15140) of Title 14 of the California Code of Regulations, to analyze potential environmental impacts from the project. The EA identifies mitigation measures that are required to reduce potential impacts to a less than significant level related to Biology (pre-construction nesting bird survey), Cultural Resources (archaeological and Native American monitor), Geology and Soils (fault study and geotechnical reports required prior to construction, and paleontological monitoring), Greenhouse Gas Emissions (Require project attributes to comply with the 2022 Scoping Plan design requirements, and Noise (vibration impact analysis). If adopted by the City Council, the EA will be incorporated by reference into the City's General Plan, and future development projects on Housing Element Opportunity Sites would be required to comply with these Mitigation Measures. All other impact areas are considered less than significant without mitigation.

PUBLIC NOTICE:

In lieu of the full text of the ordinances being published within 15 days after passage, the City Clerk published the summary of the proposed ordinances on April 10, 2024, and will publish a summary of the ordinances within 15 days after adoption.

ATTACHMENTS:

1. Ordinance No. 2024-02
2. Ordinance No. 2024-03

Submitted By: Community Development Department / Richard Grunow