



MEMORANDUM

TO: CITY COUNCIL

FROM: WHITNEY McDONALD, ACTING COMMUNITY DEVELOPMENT DIRECTOR/ CITY MANAGER

BY: ANDREW PEREZ, ASSOCIATE PLANNER

SUBJECT: CONSIDERATION OF ADOPTION OF A RESOLUTION AUTHORIZING THE COMMUNITY DEVELOPMENT DIRECTOR TO SUBMIT AN APPLICATION FOR LOCAL EARLY ACTION PLANNING GRANTS PROGRAM (STAFF PROJECT 21-002)

DATE: JANUARY 26, 2021

SUMMARY OF ACTION:

Authorizing the submittal of an application for Local Early Action Planning (LEAP) grant funds from the State allows the City the opportunity to obtain grant funding to streamline housing approvals and promote housing production.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The City is eligible for \$65,000 in funding which will be used to make amendments to the General Plan and Development Code in order to reduce constraints on residential development.

RECOMMENDATION:

It is recommended that the City Council adopt a Resolution authorizing the Community Development Director to submit an application for the Local Early Action Planning Grants Program.

BACKGROUND:

In the 2019-20 Budget Act, Governor Newsom allocated an additional \$119 million to create a second opportunity for local jurisdictions to fund planning activities through the Local Early Action Planning (LEAP) Grant Program. The program funds can be used to prepare and adopt planning documents and process improvements accelerating housing production and facilitating compliance to implement the sixth cycle of the Regional Housing Needs Allocation (RHNA). Based upon its population size, Arroyo Grande qualifies for \$65,000 in non-competitive LEAP grant funding. Completed applications are due to the State Department of Housing and Community Development (HCD) by January 31, 2021. If HCD approves the City's application, funding must be expended by August 15, 2023.

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To be eligible for funding, the activities proposed in the LEAP grant application must demonstrate an increase in housing related planning activities. The activities must be distinct and demonstrate a nexus to accelerating housing production. Activities may result in a variety of planning documents and processes. The LEAP grant application requires a signed resolution (Attachment 1) from the local jurisdiction's governing body authorizing the submittal of funding applications to HCD and the ability to enter into an agreement with HCD to receive funds.

ANALYSIS OF ISSUES:

In November of 2019 and November 2020, the Council authorized staff to submit an application for funding established by Senate Bill 2 (SB2) and Regional Early Action Planning Grant Program, respectively. The City was awarded at total of \$264,053 to complete the tasks identified in those applications, which include:

- 6th cycle Housing Element Update
- Update the Accessory Dwelling Unit (ADU) ordinance
- Develop objective design standards to streamline housing production

Both the Housing Element update and ADU Ordinance update are under way and nearing completion. Staff is in the initial stages of the project to develop objective design standards. Upon adoption of the 6th cycle Housing Element, Development Code and General Plan amendments will be necessary to implement the programs identified in the updated element. The LEAP application, as currently drafted, proposes to use the funding to update the Development Code to implement Program A.10-2 identified in the 6th cycle Housing Element.

Program A.10-2. To encourage higher densities and reduce constraints to multifamily housing production, the City shall amend the Development Code to allow densities up to 20 du/ac in the OMU District and up to 25 du/ac in the FOMU and GMU districts for 100% multifamily housing projects with a Minor-Use Permit (MUP) subject to design review through the Architectural Review Committee. Mixed-use projects will continue to have a maximum allowed density of 20 du/ac in OMU and 25 du/ac in FOMU and GMU.

Implementation of this program would increase residential density and lower the permit requirements for residential projects in three (3) of the City's mixed-use zoning districts. In addition, staff is proposing to use a portion of the LEAP funds to review the City's Land Use Element to ensure consistency with the 6th cycle Housing Element.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Adopt the attached Resolution authorizing the Community Development Director to submit an application for LEAP grant funds;

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2. Modify and adopt the attached Resolution authorizing the Community Development Director to submit an application for LEAP grant funds; or
3. Provide direction to staff.

ADVANTAGES:

Submittal of the grant application may result in the awarding of funds to implement programs from the 6th cycle Housing Element to meet the City's 6th cycle RHNA.

DISADVANTAGES:

If the grant is approved, staff time will be necessary to administer the grant. However, if no application is made, or the grant is not awarded, implementation of 6th cycle Housing Element programs may be delayed due to funding constraints.

ENVIRONMENTAL REVIEW:

Environmental review is not required for submittal of grant applications.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code 54954.2.

Attachments:

1. Draft Resolution

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE AUTHORIZING THE COMMUNITY DEVELOPMENT DIRECTOR TO SUBMIT AN APPLICATION FOR AND ENTER INTO A GRANT AGREEMENT FOR RECEIPT OF LOCAL EARLY ACTION PLANNING GRANT PROGRAM FUNDS

WHEREAS, pursuant to Health and Safety Code 50515 et seq., the Department of Housing and Community Development (Department) is authorized to issue a Notice of Funding Availability (NOFA) as part of the Local Government Planning Support Grants Program (hereinafter referred to as the “Local Early Action Planning grants program” or “LEAP”); and

WHEREAS, the City of Arroyo Grande desires to submit a LEAP grant application package (“Application”), on the forms provided by the Department, for approval of grant funding for projects that assist in the preparation and adoption of planning documents and process improvements that accelerate housing production and facilitate implementation the sixth cycle of the City’s regional housing needs assessment; and

WHEREAS, the Department has issued a NOFA and Application on January 27, 2020 in the amount of \$119,040,000 for assistance to all California Jurisdictions to prepare and adopt planning documents and process improvements accelerating housing production and facilitating compliance to implement the sixth cycle of the Regional Housing Needs Allocation (RHNA); and

WHEREAS, based upon its population size, Arroyo Grande qualifies for \$65,000 in non-competitive LEAP grant funding.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Arroyo Grande as follows:

SECTION 1. The Community Development Director is hereby authorized and directed to apply for and submit to the Department the Application package; and

SECTION 2. In connection with the LEAP grant, if the Application is approved by the Department, the Community Development Director of the City of Arroyo Grande is authorized to submit the Application, enter into, execute, and deliver on behalf of the Applicant, a State of California Agreement (Standard Agreement) for the amount of \$65,000, and any and all other documents required or deemed necessary or appropriate to evidence and secure the LEAP grant, the Applicant’s obligations related thereto, and all amendments thereto; and

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SECTION 3. The Applicant shall be subject to the terms and conditions as specified in the NOFA, and the Standard Agreement provided by the Department after approval. The Application and any and all accompanying documents are incorporated in full as part of the Standard Agreement. Any and all activities funded, information provided, and timelines represented in the Application will be enforceable through the fully executed Standard Agreement. Pursuant to the NOFA and in conjunction with the terms of the Standard Agreement, the Applicant hereby agrees to use the funds for eligible uses and allowable expenditures in the manner presented and specifically identified in the approved Application.

On motion by Council Member _____ seconded by Council Member _____ and by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

The foregoing Resolution was passed and adopted this 26th day of January 2021.

CAREN RAY RUSSOM, MAYOR

ATTEST:

ANNAMARIE PORTER, INTERIM CITY CLERK

APPROVED AS TO CONTENT:

WHITNEY McDONALD, CITY MANAGER

APPROVED AS TO FORM:

TIMOTHY J. CARMEL, CITY ATTORNEY