



## MEMORANDUM

**TO: CITY COUNCIL**

**FROM: TERESA MCCLISH, COMMUNITY DEVELOPMENT DIRECTOR**

**SUBJECT: CONSIDERATION OF A RESOLUTION AUTHORIZING THE CITY MANAGER TO SUBMIT AN APPLICATION FOR THE SB2 PLANNING GRANTS PROGRAM (STAFF PROJECT 19-005)**

**DATE: OCTOBER 8, 2019**

### **SUMMARY OF ACTION:**

Authorizing the submittal of a grant application allows the City the opportunity to apply for grant funding for planning activities to streamline housing approvals and incentivize housing production.

### **IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:**

The maximum award amount uses a sliding scale based on population estimates from the Department of Finance (2019 DOF Population Estimates). The City is eligible for \$160,000 in funding which will be used to hire a consultant to assist in the preparation, adoption and implementation of a plan to streamline housing approvals and accelerate housing production.

### **RECOMMENDATION:**

It is recommended that the City Council adopt a Resolution authorizing the City Manager to submit an application for SB2 Planning Grant Funds and execute any agreements necessary for the use of grant funds.

### **BACKGROUND:**

In 2017, Governor Brown signed a number of bills enacting legislation to address the State's housing shortage and high housing costs. Part of this package established a recording fee on real estate documents to increase the supply of affordable homes in California. As part of accomplishing this task, the Department of Housing and Community Development (HCD) is providing funding and technical assistance to local governments to help cities and counties prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production. Project applications are required to show a nexus between the work proposed to be performed with the funds and the acceleration of housing production, or the proposed work must qualify under a State Priority Policy Area, which includes:

1. Rezone to Permit By-Right – rezoning for significant additional housing capacity without, or lesser, discretionary review;

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2. Objective Design and Development Standards – includes pre-approved site and architectural plans that facilitate non-discretionary permitting;
3. Specific Plans or Form based Codes Coupled with the California Environmental Quality Act (CEQA) Streamlining;
4. Accessory Dwelling Units or Other Low-Cost Building Strategies;
5. Expedited Processing – streamlined processes for housing projects; or
6. Housing Related Infrastructure Financing and Fee Reduction Strategies.

**ANALYSIS OF ISSUES:**

The current SB 2 funding is programed so that any jurisdiction that meets the threshold criteria could potentially be funded.

The threshold requirements include:

- Have a State Housing and Community Development (HCD)-compliant housing element; and
- Have submitted a recent General Plan Annual Report.

The City has complied with both these threshold requirements. In addition, the application must be for work that has a direct nexus to accelerating housing production or work that is consistent with State Planning Priorities (Government Code Section 65041.1) or other planning priorities.

Staff discussed potential SB2 grants at the Planning Commission meeting of June 18, 2019. The Commission was supportive of programs that streamlined permitting and proactive planning to accommodate increased affordable housing and housing attainable for working families.

Based upon the requirements of the SB 2 program, input from the Planning Commission, and the need to support the City's upcoming work on the Housing Element Update that will be conducted in parallel, staff is preparing a grant application for submittal to the State's Housing and Community Development department to fund work resulting in:

1. An update to zoning ordinances including by-right multifamily residential with objective design standards;
2. Housing Related Infrastructure Financing
3. Environmental analyses that eliminate the need for project-specific review; and
4. Local process improvements that improve and expedite local planning.

This work is consistent with State Priority Policy Areas.

Staff intends to submit the grant application following Council approval of the Resolution of grant authorization. HCD anticipates a 60 to 90-day review and approval period of the

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grant. Staff is estimating 18 months to complete the project. The grant must be closed out by June 30, 2022.

**ALTERNATIVES:**

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

1. Adopt the Resolution authorizing the City Manager to submit an application for SB2 grant funding and execute any agreements necessary for the use of grant funds;  
or
2. Provide other direction to staff.

**ADVANTAGES:**

Submittal of the grant application is anticipated to result in the award of \$160,000 to implement the planning work needed to streamline and incentivize housing production that balances City character and meets State housing laws.

**DISADVANTAGES:**

As the grant would provide funds to help the City meet State housing requirements, no disadvantages are identified.

**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. At the time of report publication, no comments were received.

**RESOLUTION NO.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE AUTHORIZING SUBMITTAL OF AN APPLICATION FOR SB2 PLANNING GRANT PROGRAM FUNDS AND EXECUTION OF ANY NECESSARY AGREEMENTS FOR THE USE OF GRANT FUNDS**

**WHEREAS**, the State of California, Department of Housing and Community Development (Department) has issued a Notice of Funding Availability (NOFA) dated March 28, 2019, for its Planning Grants Program (PGP); and

**WHEREAS**, the City of Arroyo Grande desires to submit a project application for the PGP program to accelerate the production of housing and will submit a 2019 PGP grant application as described in the Planning Grants Program NOFA and SB 2 Planning Grants Program Guidelines released by the Department for the PGP Program; and

**WHEREAS**, the Department is authorized to provide up to \$123 million under the SB 2 Planning Grants Program from the Building Homes and Jobs Trust Fund for assistance to Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2)) related to the PGP Program; and

**WHEREAS**, agreements may need to be executed before such funds can be claimed; and

**WHEREAS**, the City Council of the City of Arroyo Grande wishes to delegate authorization to execute any such agreements and any amendments thereto to the City Manager.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Arroyo Grande hereby resolves as follows:

1. The City is hereby authorized and directed to apply for and submit to the Department the 2019 Planning Grants Program application in the amount of \$160,000.
2. In connection with the PGP grant, if the application is approved by the Department, the City Manager is authorized to enter into, execute, and deliver a State of California Agreement (Standard Agreement) for the amount of \$160,000, and any and all other documents required or deemed necessary or appropriate to evidence and secure the PGP grant, the City's obligations related thereto, and all amendments thereto (collectively, the "PGP Grant Documents").
3. The City shall be subject to the terms and conditions as specified in the Standard Agreement, the SB 2 Planning Grants Program Guidelines, and any applicable

PGP guidelines published by the Department. Funds are to be used for allowable expenditures as specifically identified in the Standard Agreement. The application in full is incorporated as part of the Standard Agreement. Any and all activities funded, information provided, and timelines represented in the application will be enforceable through the executed Standard Agreement. The City Council hereby agrees to use the funds for eligible uses in the manner presented in the application as approved by the Department and in accordance with the Planning Grants NOFA, the Planning Grants Program Guidelines, and 2019 Planning Grants Program Application.

4. The City Manager is authorized to execute the City of Arroyo Grande Planning Grants Program application, the PGP Grant Documents, and any amendments thereto, on behalf of the City as required by the Department for receipt of the PGP Grant.

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 8<sup>th</sup> day of October, 2019.

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**CAREN RAY RUSSOM, MAYOR**

**ATTEST:**

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**KELLY WETMORE, CITY CLERK**

**APPROVED AS TO CONTENT:**

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**JAMES A. BERGMAN, CITY MANAGER**

**APPROVED AS TO FORM:**

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**HEATHER K. WHITHAM, CITY ATTORNEY**