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| Agenda Item: | #8A |
| Project Name: | <i>At Home in Encinitas</i> |
| Request: | Consideration of the Housing Element update, also known as <i>At Home in Encinitas</i> , along with related conforming and ancillary amendments and the Environmental Assessment/ Program Environmental Impact Report |
| Project Number: | 14-200 POD |
| Commission Meeting Dates: | May 24 and 26, 2016 |
| Applicant: | City of Encinitas |
| Project Planner: | Michael Strong, Senior Planner mstrong@encinitasca.gov |
| Report Approval: | Manjeet Ranu, AICP Acting Director of Planning & Building |
| Recommended Actions: | <ol style="list-style-type: none">1. Receive the staff presentation;2. Open Public Hearing and take public input;3. Close Public Hearing on May 24, 2016;4. Continue the meeting to May 26, 2016 for Commissioner deliberations and making a recommendation to Council;5. Adopt PC Resolution No. 2016-27 recommending certification of the Final Environmental Assessment/Program Environmental Impact Report prepared for the project and to adopt Findings of Fact, a Statement of Overriding Considerations, and a Mitigation Monitoring and Reporting Program; and6. Adopt PC Resolution No. 2016-26 recommending that the City Council adopt, with suggested edits, the Housing Element update, along with associated amendments to the General Plan, Zoning Code, Zoning Map, Municipal Code, Specific Plans and Local Coastal Program. |

I. SUMMARY AND KEY CONSIDERATIONS

Recommend Approval of the Sustainable Mixed Use Places Housing Strategy Map

Based on the totality of public input and the environmental review process, staff recommends that the Commission forward a recommendation to Council that the Sustainable Mixed Use Places housing strategy map (PC-3) be adopted and forwarded to the voters for consideration in November 2016. The Environmental Assessment/Program Environmental Impact Report (EIR) found this plan to be the Environmentally Superior Alternative. The EIR also found that this map best achieves the project objectives. A new General Plan land use designation was created to provide for the necessary changes to the land use map, to be implemented through new zoning. This housing strategy map accommodates 1,987 units in the 20 to 30 dwelling units per acre range, which provides a sufficient buffer to ensure “no net loss” of adequate sites. With the flexible zoning approach, a large buffer is necessary.

Recommend Approval of the Draft 2013–2021 Housing Element

The draft 2013-2021 Housing Element includes goals, policies and programs that guide how Encinitas implements State law in a manner that fits with local needs and values. The State Department of Housing and Community Development (HCD) reviews and certifies housing elements. HCD has found the City’s draft Housing Element to be in compliance State law. The draft 2013-2021 Housing Element provides for the City’s share of future housing needs for people of all income levels. To receive certification from HCD, the City must concurrently implement the land use changes necessary to accommodate adequate sites for housing within the 20 to 30 dwelling units per acre range. For other income-level categories and/or density ranges, the City has adequate sites inventory and no other land use changes are needed. Moreover, the timeframes to which the City will be committing need to be lengthened to the maximum acceptable to HCD to allow adequate time to evaluate and modify the inclusionary housing regulations, relaxing the accessory dwelling unit regulations and improving the illegal dwelling unit programs and are therefore proposed to be revised.

Recommend Approval of New Zoning Standards and Design Guidelines

To ensure high quality housing and mixed-use neighborhoods that are compatible with existing community design character, new zoning and design guidelines are necessary. These new rules apply only to new residential or mixed-use development with housing in the 20 to 30 dwelling units per acre. These new rules are strongly focused on clearly setting the expectations for quality projects that are compatible with and complementary to surrounding, existing neighborhoods. This approach also recognizes that preserving the vitality and character of single-family neighborhoods is fundamental to these new rules. Three-story development is necessary to achieve the density required by State Housing Element Law, but the new rules provide for transitioning in height, scale and design to achieve compatibility and higher quality designs. Numerous suggestions and changes were identified during the Planning Commission’s study sessions. Responses to these suggestions is included in this report. One of the changes in response to public input was to eliminate the “floating zone” and instead create a single zone that otherwise achieved the same flexibility intended by the “floating zone.”

Recommend Approval of All Conforming and Ancillary Amendments

The conforming and ancillary amendments are necessary to achieve internal consistency between the Housing Element Update and the General Plan Land Use Element, Noise Element, four specific plans, the Zoning Code and the Design Review chapter. The Local Coastal Program must also be amended to be consistent with the Housing Element Update. When reviewing various planning documents for conformity, it was determined that additional supporting amendments were also necessary, as described below.

- The North 101 Corridor Specific Plan includes: 1) an airspace ownership requirement for residential development; and 2) a requirement that the ground floor along the west side of Coast Highway 101 within the specific plan area shall not contain residential uses. These requirements are a constraint on housing production, which State Housing Element Law requires to be addressed and/or removed. To address the ground floor requirement, the specific plan amendment would continue to allow mixed use in that corridor, but housing would be permitted on the ground floor, as an option, except in two specific areas where commercial vitality is important. Those areas are within approximately a block or two from the intersections of Leucadia Boulevard and El Portal at Coast Highway 101. Those intersections would serve as commercial nodes with ground floor commercial uses. Allowable density and zoning standards do not change and buildings would still be a maximum of two stories in height, unless the site is a part of the Housing Element Update rezoning program.
- The project amends the City's 1989 Noise Element and more accurately identifies noise management approaches and analysis for new projects. The amendments help resolve internal inconsistencies in the adopted Noise Element, specifically between policies and the noise land use compatibility matrix. The amendments also update the City's policies to be consistent with contemporary noise standards and account for changes that have occurred since original adoption including enhancements in noise attenuation through standard construction practices.

Recommend Certifying the EIR

Staff recommends that the Planning Commission forward a recommendation to the Council to certify the EIR and adopt the Findings of Fact, Statement of Overriding Considerations, and the Mitigation Monitoring Reporting Program (MMRP). Notable mitigation measures include: 1) a requirement to update the fee mitigation program to address transportation-related impacts of this project; and 2) a requirement to update the City's Climate Action Plan to reduce greenhouse gas emissions. The Program EIR approach allowed for a comprehensive study of a series of future projects that may result from the Housing Element Update, providing for maximum transparency. Environmental review for subsequent projects, consistent with the EIR, will therefore be simplified.

Voter Opinion Research Results

Opinion polling conducted under contract with the City shows 57 percent of likely registered voters support the project. While the community largely opposes new development in general, when development is put in the context of housing that is “within reach of most working families, young professionals and new home buyers” voters feel very differently and in fact recognize the need for such housing development. This mixed opinion is typical of nuanced issues and respondents often feel generally one way about a topic, but when contextualized to a specific instance with unique factors, opinions often change significantly, as was the case in this research. Over 63 percent of likely voters are concerned about the availability of housing that is priced within the reach of most working families, young professionals and new home-buyers. This sentiment is reflected by responses given by those who indicated they would vote “yes,” in favor of the amendment, and is augmented by the additional, pragmatic recognition that the City needs to comply with California state law. Polling did not evaluate opinions on the housing strategy maps.

Certain Issues Should be addressed in the Future, Separately

Housing is a complex issue, especially housing affordability. Policy-making on housing affordability requires careful thought to be successful and avoid negative, unintended consequences. Discussions about specific affordable housing programs, such as re-evaluating the City’s inclusionary housing requirement, need to be addressed separately from this action on the Housing Element update. The draft 2013-2021 Housing Element includes affordability programs for the City to pursue, but those programs can be completed later as part of implementing the Housing Element over time. Other issues identified during the substantial public engagement process and Commission study sessions relate to the need to update various land use policies and regulations to ensure the City is clear and has the right tools to achieve quality, compatible development. Matters of design, parking and the like are broader citywide issues that need to be addressed in the future, separate of this project. In short, it will take time to address other citywide opportunities, needs and values.

Certain Policy Questions are within the Purview of City Council

The formation of the ballot measure itself is within the purview of the City Council. Therefore, the Planning Commission need only focus on the land use policy and regulatory matters before it directly related to updating the Housing Element. The City Council is familiar with discussions the Commission previously had related to obtaining additional public input, conducting opinion polling, and crafting the ballot measure.

Overview of Discretionary Actions Required to Update the Housing Element

Discretionary actions to be considered by the Planning Commission in making its recommendation to the City Council include the Housing Element update, along with all necessary actions to make its adoption internally consistent with the City’s General Plan, Zoning Code and other sections of the Municipal Code; some of which require a public vote, pursuant to EMC Chapter 30.00:

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| General Plan Amendments: | Housing Element: | Update the Element and request State certification |
| | Land Use Element: | Amend the land use map with a new land use designation to provide for adequate sites for consistency with the Housing Element; amend the Land Use Element text for consistency with the Housing Element, including allowing for three-story buildings |
| | Noise Element: | Resolve internal inconsistencies in the existing Noise Element and reflect contemporary noise standards for mixed land uses |
| Specific Plan Amendments: | North 101 Corridor Specific Plan: | Provide for implementation of new Chapter 30.36 for adequate sites; remove the prohibition on ground floor housing, except in key centers; and allow all lawful means of subdividing land regardless of housing type |
| | Downtown Encinitas Specific Plan: | Provide for implementation of new Chapter 30.36 for adequate sites |
| | Encinitas Ranch Specific Plan: | Provide for implementation of new Chapter 30.36 for adequate sites |
| | Cardiff-by-the-Sea Specific Plan: | Provide for implementation of new Chapter 30.36 for adequate sites |
| Zoning Code Amendments: | Adopt a new Chapter 30.36 to provide use and development standards to implement the new General Plan land use designation and new Design Guidelines to provide for development quality; re-zone sites to provide adequate housing sites and implement the amended General Plan land use map; make assorted changes required for consistency elsewhere in the Zoning Code; amend EMC Chapter 30.00 to allow a change in maximum building height to accommodate three-story buildings on the sites designated in the General Plan and Zoning Map and facilitate required certifications by State agencies | |
| Local Coastal Program Amendments: | Request Coastal Commission certification of the changes to the land use policy and implementation framework to guide development in the Coastal Zone due to the amendments to the General Plan, specific plans and Zoning Code | |
| Other Municipal Code Amendments: | Amend Zoning Code Chapter 23.08 to allow additional authority to grant a permit | |

II. INTRODUCTION

A priority of both state and local governments, Government Code Section 65580 states the intent of creating Housing Elements:

The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian family is a priority of the highest order.

The State of California mandates that all cities and counties accommodate housing production for increases in population and diverse housing needs. Per State law, cities must provide an assessment of both current and future housing needs and provide a strategy to meet those needs. The Housing Element has not been updated since the 1990s and a lot has changed since then. We have a growing population and our existing residents have changing needs. Housing costs continue to climb, and the availability and variety of our housing is lacking. We simply do not have the housing supply to meet these changing needs.

State law (California State Government Code Section 65580 to 65589) requires that cities update their Housing Elements on a periodic basis to establish goals and programs to accommodate their projected fair share of the region's housing needs. The Housing Element is one of seven State-mandated elements of the City's General Plan. The Housing Element must be updated pursuant to California Government Code Section 65588 for the 2013-2021 planning period. The City has been working to update its Housing Element to comply with State law. This project, called *At Home in Encinitas*, was launched two years ago. Through the *At Home in Encinitas* work program, the City implemented an extensive outreach plan to inform and engage residents, property owners and business and stakeholder groups in all five communities of Encinitas to gain feedback on where new housing options should be located and what it should look like when it is built. As a part of this effort, the City developed different housing strategies for future housing development opportunities. The draft 2013–2021 Housing Element represents the City's effort in fulfilling the requirements under the State Housing Element Law.

On July 14, 2015, the City and the Building Industry Association of San Diego County (BIA) entered into a Settlement Agreement to resolve litigation filed by the BIA. The Settlement Agreement provides, in part, that the City must adopt: (1) an updated Housing Element; (2) conforming amendments to other General Plan elements; and (3) zoning ordinance amendments needed to implement the Housing Element. The Settlement Agreement was incorporated into a Judgment Pursuant to Stipulation entered into by the San Diego County Superior Court on July 22, 2015.

The Planning Commission has been meeting on a monthly basis to receive project status updates and review different components of *At Home in Encinitas*. The Public Hearings on May 24th and 26th will complete the Commission's review of the Housing Element update. The Commission meeting on May 24th will be devoted to receiving written and oral public input. The

meeting on May 26th will be devoted to deliberations so that the Commission can forward a recommendation to City Council. The updated Housing Element must be adopted by City Council and certified by the State Department of Housing and Community Development (HCD) in order to be in compliance with State law. Once a preferred plan(s) is (are) adopted by the City Council, it will be submitted to the voters on the November 8, 2016 General Municipal Election ballot, as required by EMC Chapter 30.00. After voter approval, HCD will be asked to certify the Housing Element and the California Coastal Commission will review and approve amendments to the City's Local Coastal Program (LCP).

III. PROJECT DESCRIPTION

The project is *At Home in Encinitas*, the City's General Plan Housing Element update for the housing cycle 2013–2021. The State of California mandates that all cities and counties prepare a Housing Element as part of the comprehensive General Plan. The 2013–2021 Housing Element represents the City's effort in fulfilling the requirements under the State Housing Element law. The San Diego Association of Governments (SANDAG) Board of Directors adopted the final Regional Housing Needs Assessment (RHNA) Plan for this Housing Element cycle on October 28, 2011. The RHNA identified a housing need of 1,283 low and very low-income housing units in the City, which also includes a carryover of 253 prior housing cycle units. These are attached and multi-family housing units. Based on various credits, HCD acknowledges that there is a remaining need of 1,093 units to be accommodated.

The project includes an update to the uncertified 1992 Housing Element, including revised goals and policies, along with new and continuing implementation programs to ensure consistency with current State housing law. The update also integrates updated socioeconomic data, as well as other population and household characteristics to support the development of the Housing Element.

III.A. Housing Element - Content

Housing Elements establish reasonable goals, objectives, and policies, as well as set forth a comprehensive list of actions to that a city or county will take to develop, preserve, and improve housing. The City's current Housing Element is broken down into three main sections: Introduction, Goals and Policies, and Technical Background (i.e. Housing Plan). The draft 2013-2021 Housing Element is very similar in physical format, yet very different in scope. Below summarizes the purpose of each section and outlines staff's approach to editing/amending each respective section.

1. Introduction of the Housing Element

The purpose of the introduction section is to set the format and organization of the Housing Element. The section includes components such as a purpose statement and an overview of the public participation and engagement. Much of the existing

text is outdated and required an update to reflect current data and/or circumstances.

2. Housing Element Goals, Policies and Programs

This section contains the goals and policies the City intends to implement to address a number of important housing-related issues. This section sets the direction for how the City proposes to address its current and future housing needs. In the revised 2013-2021 Housing Element, the draft document includes a list of implementation programs that address recent statutory changes to Government Code Section 65583, which have been developed based on local need.

- *Adequate Sites Inventory [GC 65583(a)3 & 65583(c)1]:* A jurisdiction must identify actions/programs that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services/facilities to accommodate the city's share of regional housing need for each income level.
- *Affordable Housing [GC 65583(a)7 & 65583(c)2]:* A jurisdiction must show how it intends to assist in the development of adequate housing to meet the needs of extremely low, very low, low-, and moderate-income households.
- *Mitigation of Constraints [GC 65583(a)5 & 65583(c)3]:* A jurisdiction must address, and where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities.
- *Conservation [GC 65583(c)4]:* A jurisdiction must conserve and improve the condition of the existing affordable housing stock.
- *Equal Housing Opportunities [GC 65583(c)5]:* A jurisdiction must promote housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, family status, or disability.
- *At-Risk Housing [GC 65583(a)9]:* A jurisdiction must preserve for lower income households the assisted housing developments that are at risk of becoming homeless.

The programs identified in draft 2013-2021 Housing Element consist of existing programs, programs that have been modified based on what has been learned over the past few years, and new programs designed to address new priorities or

needs of the community. For a full description of each draft program, refer to the draft 2013-2021 Housing Element provided in Attachment PC-4.

3. Technical Background Information

This section assesses the factors that affect future housing such as population projections, employment market, household characteristics, and special needs groups, just to name a few. The plan also lists the constraints to housing such as market constraints (i.e. economic factors, land and construction costs, financing availability), governmental constraints (i.e. land use controls, permit fees) and environmental constraints (seismic safety, flooding, storm water management, school and education, fire and emergency services). The City's current Housing Plan requires the most edits because many of the factors and challenges impacting housing today are very different from the factors and challenges experienced in the early 1990s, when most of this section was originally written.

III.B. Housing Element - Sites Inventory

The draft 2013-2021 Housing Plan continues existing City housing policy and provides some critical updates as needed to meet State mandates. It identifies strategies for expanding housing opportunities for all household types and income groups. It also reinforces and expands on existing land use policies for neighborhood conservation and to develop complete neighborhoods in mixed-use areas adjacent to transit opportunities and services. One of the most significant requirements of State law is a "fair-share" law, with the term generally referring to a regional process by which each local community works together to accommodate a proportion of future housing needs. Regional councils of governments (such as SANDAG) work with the State to determine and assign housing goals, or allocations, to each city and unincorporated county area in their region. The RHNA is a state-mandated process, which identifies the total number of housing units that each jurisdiction must accommodate. Therefore, as part of updating our housing policies, the City needs to determine where future housing should be located and what it should look like once built.

To meet "site inventory" future housing needs, the City has identified 33 potential housing sites to accommodate new housing within each community. Various combinations of these viable housing sites comprise three concept housing strategy maps, which were selected by City Council for analysis in the Program EIR: Housing "Ready Made" (RM); "Build-Your-Own" (BYO); and "Modified Mixed Use Places" (MMUP). Each housing strategy includes a description of land uses, type of development, and basic site design that could be attained. Each of the three (3) strategy maps are studied in detail in the EIR. A fourth strategy map, called "Sustainable Mixed Use Places" (SMUP), is studied as a feasible alternative in the EIR. The decision-making

body will be required to select a housing strategy that balances local values and community character with State housing law.

III.C. New General Plan Land Use Designation

As part of the implementation of the Housing Element update, the City is proposing a new land use designation to supplement existing land use policies. A new land use designation is necessary to accommodate the remaining housing need for all lower income categories during the planning period. The new land use designation, called *At Home in Encinitas*, would ensure that the sites allow residential uses “by-right” and to permit development anywhere between a minimum of 20 and a maximum of 30 units per acre. The Housing Element update proposes to implement the land use changes through the Zoning Map Amendment process to rezone sufficient acreage to higher density residential and/or mixed use to accommodate the City’s low and very low-income RHNA requirements.

This *At Home in Encinitas* category of residential and mixed use land use is unique in that the land use designation is composed of two parts: the current land use under the adopted General Plan (first generation) and new land use pursuant to the Housing Element Update (second generation). The *At Home in Encinitas* land use designation is intended to give property owners more flexibility for future development of their property. Until a transition from a first generation to a second generation is activated for a site; the existing land use designation, zoning, and associated rights govern the use and development of the site. Only those sites shown with an *At Home in Encinitas* designation on the General Plan Land Use Map are eligible to use the *At Home in Encinitas* Zone.

III.D. New Zoning Standards

The new zone would systematically implement the new land use designation and allow a one-way transition from existing land uses to the new land use designation. New zoning standards allow property owners to develop under the existing zone, and maintain all zoning rights privileged thereto; or should they choose, utilize the new land use to create more housing for the community.

New zone standards are necessary to allow for development and land use standards that accommodate needed new housing. These new zones would also allow the City to more effectively guide quality development and design, which is compatible with existing community character. The new zones would provide development standards for various contexts that appear throughout the City in order for new development to “fit in” depending on where the site is located and the surrounding context and uses. Three character contexts involving use and development standards are addressed through this new zone. If an area is purely residential (no commercial or light industrial), then the

letter “R” is associated with that site (i.e. R30). If a mixture of residential and non-residential uses are permitted, then the letter “X” is associated with that site (i.e. X30). If a shopfront (e.g., ground story non-residential use) is required, then the letter “S” is associated with that site (i.e. S30). To ensure further compatibility with community character, three design contexts correlating to the location of the housing sites in the City were identified: Neighborhood Center, Main Street, and Village Center. The community and design contexts were derived from the public outreach process.

III.D. New Design Guidelines

Each of the five Encinitas communities has its own identity, and the updated plan must take into account that a one-size-fits-all approach to housing would not work. To maintain the visual interest of each neighborhood, it is important that the design of new buildings and renovations to existing buildings reflect desired community design character and demonstrate high quality.

The proposed Design Guidelines have special provisions to emphasize land use compatibility and/or community-specific character. Whereas, the design guidelines are intended to promote building design that will protect and enhance neighborhood character. The development of these guidelines were based on the input collected through the first phase of outreach, which occurred in fall 2014; and further modified based on additional input received through the second phase of outreach (2015-2016).

III.E. Conforming and Ancillary Amendments

The Housing Element is not an isolated policy plan - it is directed by the policy framework of the General Plan and attempts to balance needs and values of a community while accomplishing the goals of Housing Element legislation. Other elements of the General Plan were reviewed to ensure continued consistency and/or to support the implementation of the Housing Plan update. Other planning documents such as the Municipal and Zoning Codes were also reviewed to make sure that they are also entirely consistent with the policies and proposals set forth by the updated Housing Plan. Based on this document-review, conforming and ancillary amendments are needed to support the overall *At Home in Encinitas* work program. Therefore, amendments to the City of Encinitas Land Use Element, Zoning Code regulations, Zoning Map, Municipal Code regulations, Specific Plans and Local Coastal Program are necessary to provide consistency between the goals and policies of the various elements of the General Plan and between the General Plan and Zoning. Collectively, these actions would serve as a blueprint to accommodate future housing and provide housing-related services within the City.

IV. PROJECT ANALYSIS

The draft 2013-2021 Housing Element continues existing City housing policy and provides some critical updates as needed to meet State mandates. Some of the proposed housing programs are already in place and are suggested for retention. Other existing programs are strengthened—intended to increase their effectiveness or address recent changes in State law. Finally, a number of new programs are listed as additional ways to achieve the stated housing goals. Some of these programs provide greater opportunities for housing for persons with special needs.

Having an updated plan is important for our city. Aside from the fact that it is required by law, it will help protect our quality of life and avoid negative consequences of growth, including things like unattainable housing prices, overcrowding in units and incompatibility with existing community character. Over the past two (2) years, the City has been working with the community to identify the type and location of future housing in Encinitas and to determine the community characteristics that everyone values so that we can work to preserve them. Providing different housing options also helps families that live here, stay here – and age in place.

Potential locations in all five Encinitas communities have been identified that could accommodate a mix of housing types and in many cases, a mix of retail, office, service, and employment uses. It should be noted that State Housing Element law does not require that cities themselves construct affordable housing units as market forces will play a large role in determining whether property owners pursue such projects. Instead, housing law requires that the City's land use designations and review processes provide realistic opportunities for development of new, affordable units.

Previous iterations of the draft Housing Element Update were reviewed at a number of meetings with the City's Planning Commission. The document has also been reviewed by the California Department of Housing and Community Development (HCD), which is responsible for certifying that a local jurisdiction's Housing Element complies with State Housing law. The changes made in response to HCD comments would not alter any of the major housing policies or programs as they were reviewed by the community and by the Planning Commission and City Council, when meeting jointly in March 2015. For the most part, the changes are technical in nature, with most involving insertion of sections and definitions using terminology required under State housing law. While staff believes that the recent modifications are not substantive, a few do involve issues that were of particular interest to the community during the document's public review process. One thing worth noting is that HCD found that the City did not justify a reduced density requirement to accommodate lower income households (25 units per acre density rather than 30 units per acre). Therefore, the updated draft Housing Plan relies on the State default density as part of the rezoning program.

HCD's review resulted in a determination that if the City adopts the iteration of the Housing Element now being considered, it will receive HCD certification. Upon certification, the City will begin the separate process of enacting and implementing the various housing programs included in the Housing Element.

IV.A. Housing Strategy (Maps) Analysis

Encinitas is faced with a number of challenges to meet its RHNA and to provide affordable housing opportunities. The foremost is the fact that the community is largely urbanized, with little vacant land for new projects. Another is that because Encinitas is such a highly desirable coastal community, the costs for purchase or rental of dwelling units is very high. These factors have made it historically difficult for the City to satisfy its required RHNA figures for affordable units. Although Encinitas is often perceived as an affluent community, the data from the 2010 US Census and other sources show that about 32 percent of the City's population is composed of individuals and families whose income levels are in the range needing more affordable housing. This segment of the population includes senior citizens (many of whom are on fixed incomes), female-headed households, persons with disabilities, service employees, public safety workers, artists, and many others who are a part of the fabric of the Encinitas community. Part of the goal of the Housing Element Update is to preserve and increase opportunities for those lower income families and individuals to continue living in the community. All four (4) mapping strategies that were developed, identify adequate opportunities for expanding housing opportunities for all household types and income groups.

An issue to be resolved includes how to reduce significant, unavoidable adverse environmental impacts associated with the Housing Element update to the maximum extent feasible while achieving project objectives, by adoption of mitigation measures and/or alternatives identified in the Program EIR. With regard to the 33 housing sites that are included on one (1) or more of the housing strategy maps (RM, BYO, MMUP, and SMUP), the Program EIR provides a discussion and evaluation of the location and proposed intensity of development at each of the individual sites and collectively, as housing strategies. When compared to other mapping strategies, the SMUP alternative incorporates those housing sites that have fewer combined unmitigated/unavoidable impacts than the other three (3) housing strategies; and would present the fewest constraints to future implementation of future housing at those locations. ***Since the SMUP housing strategy was found to be the environmentally superior alternative and achieves the project objectives, City staff recommends this housing strategy alternative for this project.*** The EIR finds that there is substantial evidence in the administrative record of benefits, as described in PC Resolution 2016-27 (Attachment PC-8), which would directly result from approval and implementation of the SMUP Alternative. The EIR finds that the need for these benefits specifically overrides the impacts of the proposed project related to Air Quality, Cultural Resources, Greenhouse

Gas Emissions, Land Use and Planning, and Transportation and Traffic. Thus, the adverse effects of the SMUP Alternative are considered acceptable.

IV.B. Previous Planning Commission Input

At the December 17, 2015 meeting, the Planning Commission directed staff to prepare regular updates and to report-out on the Housing Plan update, referred to as *At Home in Encinitas*. Since then, the Planning Commission has met on a monthly basis to discuss different aspects and components of *At Home in Encinitas*. At these meetings, some of the Commissioners expressed concerns or offered suggestions about certain aspects of the project. Below is a summary of the primary concerns expressed; refer to draft PC Resolution No. 2016-26 (PC-9) for actual changes, which address in full or in part the issue identified. When a comment was not incorporated, staff determined it was in conflict with other requirements or already addressed elsewhere. In some cases more analysis is needed, which will be done prior to the City Council hearing. See the minutes from January 7th, February 4th, March 10th, and April 7th for more information regarding the Commission’s discussion on *At Home in Encinitas*. Final, formatted documents will be prepared after City Council action to be judicious with the budget.

| No. | Commission Comment/Concern | Proposal |
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| 1 | Be more inclusive of the variety in each community in the community overview introduction. | Change incorporated into Exhibit 2016-26-A |
| 2 | Tighten up language where applicable when addressing character compatibility with adjacent, existing built neighborhoods. Want to recognize the adjacent, existing built environment with respect to scale, including adjacent unbuilt areas | Change incorporated into Exhibit 2016-26-A |
| 3 | Consider flexibility in the location of parking, based on adjacent, existing conditions. | Change incorporated into Exhibit 2016-26-A |
| 4 | Ensure usable private open space/amenities by incentivizing underground or structured parking (put this in the Zoning Standards). Consider fee credits. Return to Commission with options. | <i>Purview of the City Council</i> |
| 5 | Return to Commission with an overview of automobile transportation and parking trends as part of Commission’s input on parking standards in the Zoning Standards. | <i>Information item for the future</i> |
| 6 | Clearly differentiate private open space from common open space. Encourage rooftop open space. | Change incorporated into Exhibit 2016-26-A |
| 7 | Allow park fee credit if public has access to private common open space (e.g., plaza or pocket park). | <i>Purview of the City Council</i> |
| 8 | Use topography as an opportunity to do context appropriate site planning and building massing to minimize impacts and optimize topography (e.g., taller buildings in lower site location). | Change incorporated into Exhibit 2016-26-A |

| No. | Commission Comment/Concern | Proposal |
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| 9 | Differentiate transition areas based on adjacent zoning (e.g., greater setback from RR zoning). Address in Zoning Standards. Setback transitions should be different depending on context. Some areas may need to have additional buffers. | <i>This concern is addressed with the SMUP map</i> |
| 10 | For New Encinitas' description, include one or two additional bullets about what New Encinitas would want to achieve from this type of development (e.g., walkable mixed use places). | Change incorporated into Exhibit 2016-26-A |
| 11 | Including art is a good idea. Consider the specific suggestions made by the Arts Commission. Add explicit text about permeable pavement, where appropriate. | Change incorporated into Exhibit 2016-26-A |
| 12 | Be explicit that all available mechanisms be used to reduce massing and scale of new projects. | Change incorporated into Exhibit 2016-26-A |
| 13 | Ensure that the Findings for Design Guidelines compliance in the Zoning Standards adequately addresses community character. | Change incorporated into Exhibit 2016-26-A |
| 14 | Seek ways to address inclusionary housing with Housing Element update. | <i>Separate, future discussion</i> |
| 15 | Allow for a small lot ordinance or "tiny houses" | <i>Separate, future discussion</i> |
| 16 | Evaluate parking standards. <ul style="list-style-type: none"> ○ Some sites in some areas of the city may have bigger parking demand/surplus issues than others. ○ There might be opportunities to condition projects to allow for reductions, such as implementing active transportation or car sharing programs. ○ Modify the TDM strategies and approved reduction values (i.e. change parking reductions from 25 percent to 10 or 15 percent for Planning Director level of approval – PC approve reductions up to 25 percent). ○ Eliminate unbundling as a parking reduction strategy. | Changes incorporated into Exhibit 2016-26-A |
| 17 | Allow for a variety of parking strategies. Some parking in some areas may need to be visible from the street. | Change incorporated into Exhibit 2016-26-A |
| | Have a two- or three-year trial period to evaluate the effectiveness of the permitting process at the PC level before allowing staff level approvals. Staff level approvals would be limited, even then as currently specified in the zone. | Change incorporated into Exhibit 2016-26-A |
| 18 | New images are needed for some illustrations to show what is being discussed or better represent what is desired. | Change incorporated into Exhibit 2016-26-A |
| 19 | Develop more specific circumstances where Prop A should be modified. These would be limited exceptions to the voter requirement to maintain certification status. Staff to identify the exact circumstances. | <i>Proposed Prop A modification removed based on public input.</i> |

| No. | Commission Comment/Concern | Proposal |
|-----|--|---|
| 20 | Evaluate the third story massing requirements. <ul style="list-style-type: none"> ○ There is a desire to be similar in scale and massing to adjacent properties. Consider ways to address adjacency of single story and two story development. ○ Evaluate lot coverage/floor area allowance of third story. | Change incorporated into Exhibit 2016-26-A |
| 21 | Transitional zones should allow for common open space with amenities, such as programmed usable open space to include recreational amenities. | Change incorporated into Exhibit 2016-26-A |
| 22 | The use of roof decks are not shown in many of the drawings, the documents should show a variety of open space uses and roof decks. | <i>Not addressed due to excessive costs associated with redrawing models</i> |
| 23 | Make sure there is sufficient usable open space to create livable spaces. | <i>More evaluation is needed to determine if change is warranted</i> |
| 24 | Business diversity and a mix of uses are important <ul style="list-style-type: none"> ○ We would like to see staff explore options for guidelines for ensuring a healthy mix of retail, office and service commercial uses. ○ Investigate (perhaps in the inclusionary ordinance and not here) an incentive if the property owner reserves a portion of the site for artistic, cultural low-revenue or non-profit businesses. This is not in addition to inclusionary housing units but may be able to replace a portion thereof. ○ Add Art Studio as a permitted by right use in Shopfront and Mixed Use ○ Gas stations should not be allowed in the floating zones. You specifically looked at sites within the parcels and removed them from the EIR. ○ Add Electric Vehicle Fast Charging station to Mixed Use and Shopfront with a Major Use Permit. ○ Winery should be allowed in shopfront with a Major Use Permit ○ Golf courses not allow in Mixed use and Residential at all. ○ No major utilities in Mixed Use and Residential ○ Remove restaurant with drive through as a use in Shopfront. ○ Consideration of an alternative definition that would allow a small chapel on site without a major use permit. | Changes incorporated into Exhibit 2016-26-A, in part. <i>Incentives for low-revenue, art businesses not addressed as this is not related to the core goal of this Project. Also, no change was made for chapel permitting process.</i> |

V. PUBLIC NOTICE, OUTREACH, AND PARTICIPATION

IV.A. Local Coastal Program Amendment/Notice of Availability

The City's Local Coastal Program (LCP) consists of two parts: 1) a Land Use Plan and 2) an Implementation Plan. The City's Zoning Code, Title 30 of the Municipal Code and the Cardiff-by-the-Sea, Downtown Encinitas, Encinitas Ranch and North 101 Corridor Specific Plans are components of the LCP Implementation Plan; therefore any amendments to these documents warrants an LCP Amendment subject to review and approval by the California Coastal Commission. A Public Notice of Availability was published on April 29, 2016 and opened a six (6) week public review period. If the City Council approves the LCPA, the proposed LCPA will be submitted to the California Coastal Commission for review and approval. The LCPA will not become effective until after formal certification by the California Coastal Commission.

IV.B. Public Notice

Notice of the May 24 and May 26, 2016 Public Hearing was published by placing a large-scale display advertisement in the Coast News and to anyone who requested such notice in writing, in compliance with Government Code Sections, 65090, 65091, and 65092, as applicable. Additionally, as a courtesy, the notice was posted at City Hall and on the Planning and Building Department's Internet site under "Public Notices" (Attachment PC-2). Notices of the May 24 and May 26, 2016 Public Hearing was also e-mailed to 1,555 persons (subscribers) through the *At Home in Encinitas* e-newsletter.

IV.C. Special Mailer

Proposition A, called the "Right to Vote Amendment" Initiative, was passed by the voters in June 2013 and subsequently codified in Encinitas Municipal Code Chapter 30.00. This initiative changed how certain amendments to planning policy documents can be made. Before any "major amendment" to a planning document can be considered at a Public Hearing, a special notice containing Proposition A-specified project information must be provided to the public. A citywide mailer, inserted into a 9"x12" envelop was sent to every property owner and legal household occupant in the city.

IV.D. Encinitas Municipal Code Notice Applicability

The proposed amendments qualify as a "Regular Amendment" under EMC 30.00.040, but do not meet the intent or purpose of a Citizen Participation Plan (CPP) as specified under the Municipal Code. Pursuant to EMC Section 23.06.020 (Applicability), a CPP is intended for "discretionary actions involving development or construction." The purpose of the CPP is to notify residents of a proposed development project near their property

(typically within 500 feet) in order to bring community awareness, solicit input and feedback on potential issues and concerns and explain how the development project was modified to address the noted concerns and issues. *At Home in Encinitas*, which is citywide, involves changes and modifications to existing code that are not associated with, or directly impact, a private or public development/construction project.

IV.E. Public Outreach

The City conducted multiple outreach efforts to inform and engage residents, property owners, business and stakeholder groups in all five communities of Encinitas, to receive public input on where new housing options should be located, and how it should look. The City held 10 community dialogue sessions; seven (7) Planning Commission meetings; eight (8) City Council meetings; five (5) joint Council-Commission study sessions; and 125 stakeholder meetings, briefings, and presentations over the last 20 months. Attachment PC-1 provides a summary of these activities. The reports for each of the referenced Planning Commission and City Council meetings contained extensive information on: 1) State housing law and RHNA; and 2) the process by which the draft 2013-2021 Housing Element was prepared; and 3) public participation and outreach activities. While some of that information is summarized in this report, the earlier City Council and Planning Commission reports and their attachments contain information that is more detailed. Each of those earlier reports, along with the attachments, is incorporated herein by reference and accessible online at www.encinitasca.gov or via www.AtHomeInEncinitas.info.

As noted previously, with this agenda item, the Planning Commission is conducting its eighth review of different components of the *At Home in Encinitas* work program, with the most recent review having occurred on April 7, 2016. The attachments to those reports also included copies of public correspondences received. Correspondences submitted since then are provided in Attachment PC-10.

ENVIRONMENTAL CONSIDERATIONS:

The Housing Element Update is subject to CEQA review. In accordance with CEQA regulations, an Environmental Assessment/Program Environmental Impact Report (EIR), State Clearinghouse House (SCH) No. 2015041044 has been prepared pursuant to Government Code Section 65759 to address potential environmental effects associated with the proposed project. The Program EIR addresses the environmental impacts associated with all discretionary actions for the proposed project, including estimated build-out of the General Plan. Potentially significant impacts related to the following environmental issue areas are analyzed in detail in the Program EIR:

Potential Environmental Impacts Analyzed by EIR

| | |
|---------------------------------|--------------------------------|
| Aesthetics | Air Quality |
| Biological Resources | Cultural Resources |
| Geology and Soils | Greenhouse Gas Emissions |
| Hazards and Hazardous Materials | Hydrology and Water Quality |
| Land Use and Planning | Noise |
| Population and Housing | Public Services and Facilities |
| Transportation and Traffic | Public Utilities |

On January 29, 2016, a draft EIR was released for a 45-day review period in accordance with CEQA, which ended on March 14, 2016. A total of 42 comment letters and emails (pertaining to the draft Housing Element, zoning standards, design guidelines, and/or other conforming amendments) were submitted. These written comments and responses present amplifications, clarifications, and/or additional information, which in some cases result in minor and insignificant modifications to the EIR. They do not, however, raise new or more severe impacts or new mitigations or alternatives not considered in the EIR and do not require recirculation for further review and comment in accordance with *State CEQA Guidelines* Section 15088.5. These comments and the responses to comments have been incorporated into the Final EIR. Pursuant to CEQA, responses were mailed to the public agencies that submitted comments. All commenters were notified of the availability of the Final EIR. Due to the length of the document, a hard copy has not been attached to this report. It is available upon request and is posted on the City's web site (www.encinitasca.gov or via www.AtHomeInEncinitas.info). A copy of the document is also available for review at Encinitas Civic Center and at the Encinitas Library.

Staff is recommending that the Planning Commission review the EIR and recommend that the City Council certify the EIR for the Housing Element update. That recommended action is reflected in PC Resolution 2016-27 (Attachment PC-8). It should be noted that any later, separate actions for implementation of the housing programs identified in the Housing Element Update, including land use modifications, would be subject to their own environmental review as appropriate, potentially including an EIR. The same would hold true for any development projects proposed in reliance of the Housing Element.

ATTACHMENTS

- PC-1 *At Home in Encinitas* - Outreach and Activity Reports for [Phase 1](#) and [Phase 2](#)
- PC-2 [Special mailer](#) and [legal notice](#)
- PC-3 [Sustainable Mixed Use Places housing strategy map](#)
- PC-4 [Draft 2013-2021 Housing Element](#)
- PC-5 [Draft Zoning Standards](#)
- PC-6 [Draft Design Guidelines](#)
- PC-7 [Final Environmental Assessment/Program Environmental Impact Report, Findings of Fact, Statement of Overriding Considerations and Mitigation Monitoring Reporting Program](#)

- PC-8 [PC Resolution 2016-27 recommending certification of the Final EIR prepared for the 2013-2021 Housing Element and to adopt Findings of Fact, a Statement of Overriding Considerations, and a Mitigation Monitoring and Reporting Program](#)
- PC-9 [PC Resolution 2016-26 recommending that the City Council adopt, with suggested edits, the Housing Element update, along with associated amendments to the General Plan, Zoning Code, Zoning Map, Municipal Code, Specific Plans, and Local Coastal Program](#)
- PC-10 [Poll results executive summary](#)
- PC-11 [Project website](#)
- PC-12 Minutes of Commission 2016 study sessions
 - [January 7](#)
 - [February 4](#)
 - [March 10](#)
 - [April 7 \(minutes not available; refer to video\)](#)
- PC-13 [Public correspondences, dated from March 23, 2016 to present](#)

ATTACHMENT PC-1

***At Home in Encinitas* - Outreach and Activity Reports for Phases 1 and 2**

Phase 1:

<http://www.encinitasca.gov/modules/showdocument.aspx?documentid=5057>

Phase 2:

<http://www.athomeinencinitas.info/download/403/>

ATTACHMENT PC-2
Special mailer and legal notice

Special mailer (complete notice):

<http://www.ci.encinitas.ca.us/modules/showdocument.aspx?documentid=7313>

Legal Notice and Notice of Availability of a Local Coastal Program Amendment:

<http://www.ci.encinitas.ca.us/modules/showdocument.aspx?documentid=7311>

ATTACHMENT PC-3

Sustainable Mixed Use Places housing strategy map

<http://www.athomeinencinitas.info/progress/housing-plan-alternatives/>

ATTACHMENT PC-4
Draft 2013-2021 Housing Element

<http://www.encinitasca.gov/index.aspx?page=467>

ATTACHMENT PC-5
Draft Zoning Standards

<http://www.athomeinencinitas.info/wp-content/uploads/Draft-Zoning-Standards-updated-5-2-16.pdf>

ATTACHMENT PC-6
Draft Design Guidelines

http://www.athomeinencinitas.info/wp-content/uploads/00_Encinitas-DGs-Book_10-30-15_low.pdf

ATTACHMENT PC-7

Final Environmental Assessment/Program Environmental Impact Report, Findings of Fact, Statement of Overriding Considerations and Mitigation Monitoring Reporting Program

<http://www.encinitasca.gov/index.aspx?page=506>

ATTACHMENT PC-8

PC Resolution 2016-27 recommending certification of the Final Environmental Impact Report prepared for the 2013-2021 Housing Element and to adopt Findings of Fact, a Statement of Overriding Considerations, and a Mitigation Monitoring and Reporting Program

<http://38.106.5.56/Modules/ShowDocument.aspx?documentid=7494>

ATTACHMENT PC-9

PC Resolution 2016-26 recommending that the City Council adopt, with suggested edits, the Housing Element update, along with associated amendments to the General Plan, Zoning Code, Zoning Map, Municipal Code, Specific Plans, and Local Coastal Program

<http://38.106.5.56/Modules/ShowDocument.aspx?documentid=7495>

ATTACHMENT PC-10

Poll results executive summary

<http://www.encinitasca.gov/modules/showdocument.aspx?documentid=749>

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ATTACHMENT PC-11

Project website: www.AtHomeinEncinitas.info

ATTACHMENT PC-12
Minutes of Commission 2016 study sessions

January 7: <http://archive.encinitasca.gov/weblink8/0/doc/734958/Page1.aspx>

February 4: <http://archive.encinitasca.gov/weblink8/0/doc/734962/Page1.aspx>

March 10: <http://archive.encinitasca.gov/weblink8/0/doc/734965/Page1.aspx>

April 7 (minutes not available; refer to video):

http://encinitas.granicus.com/MediaPlayer.php?view_id=7&clip_id=1297

ATTACHMENT PC-13

Public correspondences, dated from March 23, 2016 to present

<http://38.106.5.56/Modules/ShowDocument.aspx?documentid=7493>