

TO: Andrew P. Powers, City Manager

FROM: Kelvin Parker, Community Development Director

DATE: December 3, 2024

SUBJECT: **Housing Element Program Implementation Programs 4 and 6 –
Municipal Code Amendment (MCA 2024-70004)**

RECOMMENDATION:

1. Find that the proposed action requires no further environmental document pursuant to Sections 15183 and 15168(c)(2)(5) of the California Environmental Quality Act (CEQA) because the proposed actions are consistent with the City's goals, policies and programs contained in the adopted General Plan and Housing Element under a certified Program Environmental Impact Report (EIR).
2. Read in title only, further reading be waived, and if no objection, introduce ordinance approving MCA 2024-70004 amending Title 9, Chapter 3, Article 12 to add Section 9-3.1218 Voluntary Lot Mergers; amending Title 9, Chapter 4, Article 28, Section 9-4.2816 Exempt Housing Projects to add 9-4.2816 (b) and renumbering (b) to (c); and amending Title 9, Chapter 10, to add Article 8 Incentives for Affordable Housing with Lot Consolidation, Sections 9-10.801 through 9-10.804 to the Thousand Oaks Municipal Code.

LEVINE ACT ITEM: No

FINANCIAL IMPACT:

No Additional Funding Requested. Staff time to prepare and process the MCA and cost of providing public hearing notices is included in the Adopted FY 2024-25 General Fund Budget.

BACKGROUND:

Housing Element

On December 5, 2023, the City Council adopted the General Plan 2045 and the 2021-2029 Housing Element. State law requires all jurisdictions to update and obtain certification for their Housing Elements every eight years following the State Department of Housing and Community Development (HCD) Regional Housing Needs Assessment (RHNA) allocation process.

The 2021-2029 Housing Element was certified by HCD on May 29, 2024. In order for the City to maintain the certification of the City's Housing Element, all 18 programs and objectives identified in the Housing Element must be implemented in the manner described, in accordance with the timeframes provided, and to the satisfaction of HCD. A non-compliant Housing Element that does not meet RHNA requirements may bring a number of consequences, including but not limited to litigation vulnerability, State fines, ineligibility for State and Federal funding programs, such as the Community Development Block Grant (CDBG) funds, housing law enforcement by the State, suspension of local control on building ordinances (i.e., Builder's Remedy), and court jurisdiction over housing development projects. Recent legislation authorizes HCD to decertify a Housing Element and find a jurisdiction out of compliance with State law at any time during the Housing Element cycle, and HCD is authorized to review any action or inaction by a jurisdiction that it determines inconsistent with an adopted Housing Element.

The Housing Element programs being addressed as part of the proposed Municipal Code Amendment (MCA) include the following:

Program 4: Lot Consolidation

Consolidation of small lots allows a developer to utilize the land more efficiently, achieve economies of scale, and offer opportunities for improved site design and amenities.

The City will encourage the consolidation of small lots to facilitate the development of mixed-use and multi-family developments, particularly for affordable housing through the following action:

- Eliminate the administrative hearing process and noticing requirements for lot consolidation
- Develop appropriate lot consolidation incentives that provide flexibility in site planning to facilitate mixed-use and multi-family development

Program 6: Streamlined Review

Pursuant to State law requirements, the City will facilitate residential development by the following actions:

Establish a streamlined, ministerial review process for qualifying multi-family residential projects pursuant to Senate Bill (SB) 35.

State law requires jurisdictions to report annually on their progress in implementing the General Plan and Housing Element. Therefore, these amendments are critical to demonstrate the City is fulfilling its obligation and ensures consistency with the General Plan.

Planning Commission

The MCA for the 2021-2029 Housing Element Programs 4 and 6 for Voluntary Lot Mergers, SB-35 Streamlined Process and Incentives for Affordable Housing with Lot Consolidation was presented to the Planning Commission on September 23, 2024, for review and recommendation. The staff report for the Planning Commission meeting discussed in detail the process and components of the MCA (Attachment #1). The detailed information in the Planning Commission staff report is not replicated here; rather, this report summarizes what transpired at the Planning Commission meeting, key topics for consideration, and the proposed project.

At the Planning Commission public hearing, there were no public speakers, and no correspondence was submitted. No subsequent alternative motions were made or considered by the Planning Commission.

The Planning Commission approved a motion (5-0) recommending approval of the MCA, including the text revisions identified in the Supplemental Memo, and amendments to staff's recommendation resulting in the removal of the following incentives for affordable housing projects combined with a lot consolidation: (1) waiver of the third-floor setback minimum, and (2) reduction of the minimum courtyard area from 15 percent to 10 percent of lot area.

DISCUSSION/ANALYSIS:

Summary of Proposed Changes

The proposed amendments to the Thousand Oaks Municipal Code (TOMC) would (1) establish a ministerial process for a Voluntary Lot Merger, also known as lot consolidation, (2) allow processing and development standard incentives for qualifying affordable housing projects, and (3) create a streamlined review process for qualifying housing developments under SB-35.

During the review of the Housing Element, HCD noted that the TOMC currently requires a discretionary process for merging or consolidating lots. Given that mergers and lot consolidations can result in cohesively designed development projects, staff recommends eliminating the administrative hearing process for lot consolidation to encourage qualified affordable housing projects. This facilitates the consolidation of small parcels identified within the Housing Element site inventory for the purposes of meeting the City's RHNA.

Voluntary Lot Mergers are allowed pursuant to the Subdivision Map Act (Map Act), Government Code section 66499.20.3. The proposed code changes would no

longer require a public hearing, thereby shortening and streamlining the review process. Such action would also be more cost-effective for the property owners and would facilitate land assemblage for development resulting in improved design aesthetics.

The following types of residential development projects that include a Voluntary Lot Merger and meet either of the following location and affordability criteria would be eligible for proposed incentives:

1. Housing Inventory Sites (HIS) that construct at a minimum, the number of residential units at the level of affordability identified in the Housing Element Appendix C: Sites Inventory; or
2. Mixed-Use (MU), Mixed-Use Overlay Zone (MUOZ) or Multiple-Family (R-3) zoned sites not identified in the HIS associated with a rental development proposal consisting of a minimum of 20 percent of the units affordable to lower-income households or an ownership development proposal consisting of a minimum of 20 percent of the units affordable to moderate-income households.

The proposed incentives for affordable housing projects include processing, location flexibility, and relief from, or modifications of, certain development and objective standards as summarized below with full details contained within the Planning Commission Report (Attachment #1).

- *Processing:* A pre-application will be processed with no fees imposed.
- *Location:* Housing Element Inventory Sites and other multifamily or mixed-use sites may be consolidated either separately or in combination when properties are adjoining and proposed to be merged.
- *Development Standards:* Proposed incentives related to development standards include: 1) reducing and waiving certain MU standards that would facilitate housing while maintaining the built form intended by the zoning district; and 2) allowing R-3 zoned properties the ability to utilize the MU standards or otherwise modified by this ordinance.
- *Objective Standards:* Staff has proposed numerous incentives related to objective standards. They include: 1) a reduction of minimum courtyard area and dimensions; 2) waiving the 50 percent limitation of units within a stacked dwelling building type project.

The recommended incentives to the Development and Objective Design Standards were developed by staff based upon Planning Commission and City Council approval of recent projects where modifications were requested for courtyard area requirements. Notable projects include the 1730 Los Feliz Apartments and the 2150 Hillcrest Road Specific Plan. In staff's evaluation, the proposed incentives allow for increased economic viability for affordable housing projects. The application of other non-incentivized Objective Design standards in relation to open space, building mass and articulation and façade treatment will ensure that good aesthetics and building design are incorporated into qualifying affordable housing projects.

During the hearing, Planning Commissioners posed questions regarding the incentives for affordable housing projects being recommended under Program 4 Lot Consolidation. As part of the deliberation, concerns were expressed about the proposed incentives for side yard setback reductions, waiving the third-floor setback for the front of buildings, and the reduction of courtyard and open space percentages. The Planning Commission opined that the incentive Lot Consolidation program would be adequate without the incentives to waive of the third-floor setback minimum and reduce of the minimum courtyard area from 15 percent to 10 percent of lot area.

The following Table 1 provides a summary of the Development Standards incentives considered by the Planning Commission.

Table 1: Incentives for Qualifying Projects

DEVELOPMENT STANDARD	MU / MUOZ	Incentive
Height - Maximum	50 feet Within 50 feet of residential zone or exclusively residential use: <ul style="list-style-type: none"> • 30 feet from property line - 25 feet maximum • 30 feet to 50 feet from property line - 45 feet maximum • Over 50 feet from property line - 50 feet maximum 	50 feet Within 50 feet of rear yard abutting a residential zone: <ul style="list-style-type: none"> • 30 feet from property line - 25 feet maximum • 30 feet to 50 feet from property line - 45 feet maximum • Over 50 feet from property line - 50 feet maximum Within 40 feet of side yard abutting a residential zone: <ul style="list-style-type: none"> • 20 feet from property line - 25 feet maximum • 20 feet to 40 feet from property line - 45 feet maximum • Over 40 feet from property line - 50 feet maximum
Side Setback – Minimum	20 feet from a residential zone	Reduce to: 8 feet (single-story) 10 feet (two-story walls)
Third Floor Setback Minimum*	10 foot average from first floor street front building façade	Waive *Not included in Planning Commission's recommendation
Minimum Ground Floor Windows (% Ground Floor Façade)	45% for ground floor residential	Reduce to: 35% for ground floor residential
Ground Floor Plate Height – Minimum	14 feet	Waive
Public Exterior Space – Minimum (Mixed-Use Projects)	3% of area of building footprint	Waive

The following Table 2 provides a summary of the Objective Design Standards incentives considered by the Planning Commission.

Table 2: Objective Design Standards Incentives

Building Types: Courtyard, Stacked Dwelling and Mixed-use Block	Standard	Incentive
Minimum Courtyard area*	15% of lot area	10% of lot area *Not included in Planning Commission's recommendation
Minimum Courtyard Dimension	Minimum courtyard dimensions must be forty feet (40') when the long axis of the courtyard is within forty-five (45) degrees of an east/west orientation and thirty feet (30') when the courtyard is within forty-five (45) degrees of a north/ south orientation.	Minimum courtyard dimensions must be thirty feet (30') when the long axis of the courtyard is within forty-five (45) degrees of an east/west orientation and twenty feet (20') when the courtyard is within forty-five (45) degrees of a north/south orientation.
Minimum Courtyard Dimension	Courtyard dimensions must have no less than a one to one (1:1) proportion between any horizontal dimension and adjacent building height.	Courtyard dimensions must have no less than a one to one (1:2) proportion between any horizontal dimension and adjacent building height.
Stacked Dwelling Type	A maximum of fifty percent (50%) of the total units within a project can be in a stacked dwelling building type.	A maximum of one hundred percent (100%) of the total units within a project can be in a stacked dwelling building type.

Staff recommends that the waivers and modifications identified in Tables 1 and 2 will encourage a developer to consider merging small lots as contemplated in the City's new General Plan. Based on the history of City Council's approval of certain modifications to the City's objective design standards on prior projects, the concept of adding incentives to encourage the merging of small lots that will enable a more substantial project to be built that also requires a 20 percent affordable component, and that the remaining objective standards will ensure that good aesthetics and building design are incorporated into qualifying affordable housing projects, Staff

is recommending City Council adopt the ordinance language originally proposed. (Attachment #2).

Environmental Review

The proposed amendments are activities that were anticipated for the implementation of the adopted goals, programs and policies contained in the City's recently adopted General Plan. The amendments are consistent with the development density adopted in the General Plan and supporting elements and pursuant to CEQA Guidelines Sections 15183 and 15168 (c)(2) and (c)(5), no further environmental review or documents are required. The activities of amending project review procedures, development standards for affordable housing, and adopting ordinances to implement such programs will facilitate development as intended by the General Plan and the Housing Element and were analyzed under the certified Program EIR. These specific actions are called out as program implementation of the 2012-2029 Housing Element. Any conceivable impact of the proposed amendments would also be speculative in the absence of specific development proposals.

Community Outreach

Notification for this hearing, and the Planning Commission hearing, was conducted in compliance with the Thousand Oaks Municipal Code.

COUNCIL GOAL COMPLIANCE:

Meets the following City Council goal:

J. Implement high quality revitalization projects within Thousand Oaks Boulevard and Newbury Road Areas; Develop a pedestrian-oriented, viable, and self-sustaining "Downtown;" and, continue to support production of long-term affordable housing.

PREPARED BY: Iain Holt, Sr. Planner

Attachments:

- Attachment #1 – Planning Commission Staff Report, Resolution and Supplemental
- Attachment #2 – Municipal Code Ordinance