



## Legislation Text

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**File #:** 21-430, **Version:** 1

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Staff Report for a City of San Leandro City Council Resolution Approving and Authorizing the City Manager to Execute a Consulting Services Agreement with Rincon Consultants, Inc. for the Preparation of the City of San Leandro's 2023-2031 Housing Element Update, Related General Plan and Zoning Code Amendments, and Associated Environmental Impact Report in an Amount Not to Exceed \$500,000; and for Council to Appropriate \$300,000 in LEAP, \$47,400 in REAP, and \$152,600 in Planning Fee Funding for Said Agreement

### **SUMMARY AND RECOMMENDATIONS**

The Housing Element, a mandatory element of a City's General Plan, provides goals, policies, and actions that help the City plan for the existing and projected housing needs for all income levels of the community. State legislation requires that local agencies update their Housing Elements every eight years. The next Housing Element Update for the period covering 2023-2031, known as the 6th Cycle, must be adopted by January 2023.

Staff requests City Council approval of a consulting services agreement (CSA) to assist with the Housing Element update. Although City Community Development Department staff will be involved with all aspects of the update, because of extensive changes to state law and the strict deadlines imposed by these laws, consultant assistance is needed to ensure timely completion of the Housing Element Update. Staff recommends that a multi-disciplinary team led by Rincon Consultants be hired to assist with the preparation of the Housing Element Update and related Environmental Impact Report (EIR).

The scope of work includes state-mandated updates to the General Plan, including an update of the Environmental Hazards Element and the creation of an Environmental Justice Element.

The CSA with Rincon Consultants sets a not to exceed amount of \$500,000. Funding for the project includes: \$300,000 from an approved Local Early Action Planning (LEAP) Grant; \$47,400 from a pending (non-competitive) Regional Early Action Planning (REAP) Grant; and the remaining \$152,600 is proposed to be funded from the Community Planning Fee fund.

Staff recommends that the City Council approve and Authorize the City Manager to execute a Consulting Services Agreement with Rincon Consultants, Inc. in an amount not to exceed \$500,000 for the preparation of the City of San Leandro's 2023-2031 Housing Element Update and associated EIR.

Staff will return to the City Council with a work session on the Regional Housing needs Allocation (RHNA) process and Housing Element kick-off in the early fall.

### **BACKGROUND**

State legislation requires that local agencies update their Housing Elements every eight years. The next Housing Element Update for the period covering 2023-2031, known as the 6th Cycle, must be adopted by January 2023. The State has also established a series of very specific requirements as to the scope, content, and process by which a housing element is updated and adopted, including review and approval (known as certification) by the State Department of Housing and Community Development (HCD).

Having a Housing Element that is approved by the City Council and certified by HCD allows the City to be competitive for state-funded grants and loans that support local housing programs. Lack of a state-certified Housing Element could subject the City to penalties as a result of legal challenge, including reduction or loss of local control over land use decisions and building-related matters, and access to state grants related to affordable housing, land use/planning, and transportation.

### Consulting Services Agreement

The City issued a Request for Proposals (RFP) for assistance with the preparation of the Housing Element Update in April 2021. While Rincon Consultants was the sole firm to respond to the RFP, staff is confident that the team possesses the appropriate experience to successfully complete the Housing Element Update and has found the scope of work and budget to be very competitive with similar-sized jurisdictions. Reasons for receiving fewer bids is likely because a large number of Bay Area cities are currently updating their Housing Elements, which affects the availability of planning firms that specialize in such work. Rincon's team has previously completed four 5th Cycle Housing Element updates and is currently working to prepare 6th Cycle Updates for the Cities of Carlsbad, Vista, Corona, Banning, Los Angeles, Calabasas, Walnut, Port Hueneme, Simi Valley, Camarillo, Oxnard, and Palo Alto. Since the update process for Southern California and Sacramento area cities is already underway, Rincon is able to bring their experience preparing Housing Elements under the most recent changes to state law, to San Leandro's update.

Rincon will also assist in the preparation of all appropriate environmental documents for compliance with the California Environmental Quality Act (CEQA), including an Environmental Impact Report (EIR) for the Housing Element Update and any required re-zonings. Although re-zoning of sites does not have to occur until three years following adoption of the Housing Element (January 23, 2026), the EIR will analyze the effects of prospective zoning changes, so that they can be fully understood and used to inform the Housing Element process. If the re-zoning of sites is not completed within three years, the City would be prohibited from applying any discretionary approvals to a housing development project on the site(s) that is to be rezoned, provided the project complies with applicable objective design standards.

Rincon has ample experience working with the City of San Leandro and has provided contract planning services and environmental document preparation services for the City for the past 5 years, including the Bay Fair TOD Specific Plan EIR.

The team includes a comprehensive range of technical staff and subconsultants, including Miller Planning Associates, who are currently leading the Multi-Family Objective Development Standards project; Kittelson and Associates, who has extensive experience working on traffic analysis in San Leandro; and Veronica Tam and Associates, who has previously completed 60 5<sup>th</sup> Cycle housing elements and is currently working to prepare 6<sup>th</sup> Cycle updates for 25 cities.

## Housing Element Scope of Work

Rincon's proposed project scope, included as Exhibit A to the draft CSA, addresses each phase of the preparation and adoption of the Housing Element. It reflects a dynamic process, with public engagement throughout, to ensure a robust community-wide conversation about housing policy, future housing sites, and strategies and actions to meet the City's assigned RHNA. A community outreach and engagement plan will be developed early on in the project to detail the strategies that will ensure broad-based, diverse, and substantive engagement.

A substantial component of the update will be the creation of an updated sites inventory. The process will include evaluation of new State legislation in considering potential site inventory selection criteria, including strategies to comply with "no net loss" provisions of state law when reviewing projects in the future.

The current Housing Element provides a significant base of information with respect to housing needs, as well as a series of policies and programs to address those needs. The update will provide an opportunity to examine existing policies and programs and to update them to ensure that new housing development meets community housing needs, particularly for affordable (below market rate) housing units.

## Related General Plan Amendments

In addition to the Housing Element Update, the scope of work also includes associated revisions to the City's Land Use Element as well as state-mandated updates to the Safety Element and the creation of a newly required Environmental Justice Element as required by Senate Bill 1000. The Environmental Justice Element is required to identify objectives and policies to reduce health risks in disadvantaged communities, promote civic engagement in the public decision-making process, and prioritize improvements and programs that address the needs of disadvantaged communities.

## Schedule

Staff identified a target of 18 months for completion of the Housing Element Update, including adoption and certification of the Housing Element and EIR by January 2023. Project initiation is expected immediately after contract approval with initial kick-off meetings to start in late July. A City Council work session will be held in early fall to kick off the Housing Element update.

## Environmental Review

This activity is not a project under California Environmental Quality Act (CEQA) as defined in CEQA Guidelines Section 15378, because it has no potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment.

The Housing Element and related updates are expected to require an Environmental Impact Report (EIR), the preparation of which is addressed in the CSA scope of work.

## Fiscal Impacts

This program will be cost neutral given grant funding and project fees will cover all expenses. Community Development staff applied for and was awarded grant funding for the State's Local Early Action Planning (LEAP) and Regional Early Action Planning (REAP) grants. The City's Community Planning Fee was established to fund long-range planning projects/programs such as the Housing Element Update, General Plan amendments, specific plans, and zoning code amendments. From FY2019-2020 to the present, the City has received over \$215,000 from this fee, which is more than sufficient to cover the \$152,600 request for this project. The Community Planning Fee revenue is generated when residential, commercial and industrial work building permit applications are submitted and calculated as 0.3% of construction valuation.

### **Budget Authority**

This Special Grant Fund contract will be paid by approved LEAP (\$300,000) and REAP (\$47,400) grant awards with the remaining \$152,600 to be paid out of the Special Grants Fund-Housing Element Update Account and off-set by revenues collected for the General Fund's Long Range Planning Fee (010-3385). The City's Principal Planner and Planning and Housing Division staff will have oversight of the Housing Element update and associated environmental review process with Rincon and its team.

This program requires an appropriation of funding in the FY2022 adopted budget. The EDEN account numbers for this project are as follows:

- 150-41-129-5120 - State LEAP Grant (\$300,000 appropriation needed)
- 150-41-130-5120 - State REAP Grant (\$47,400 appropriation needed)
- 150-41-131-5120 - City Community Planning Fee (\$152,600 appropriation needed)

### **ATTACHMENT(S)**

#### **Attachment(s) to Staff Report**

- *None*

#### **Attachment(s) to Related Legislative File**

- *Proposed CSA with Rincon Consultants, Inc.*

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