TO: City Council  
FROM: Department of Environmental Services  
SUBJECT: AUTHORIZATION FOR THE INTERIM CITY MANAGER TO APPLY FOR AND EXECUTE THE GRANT AGREEMENT AND OTHER ASSOCIATED DOCUMENTS TO RECEIVE SENATE BILL 2 (SB 2) PLANNING GRANTS PROGRAM FUNDS, AND ADOPTION OF A RESOLUTION

STAFF RECOMMENDATION

Staff recommends that the City Council:

1. Authorize the Interim City Manager to apply for, and execute, the necessary agreements and/or documents for the Planning Grants Program (PGP) including revisions as necessary to obtain and effectuate the grant award, and receive grant funds, and

2. Adopt the resolution.

BACKGROUND AND OVERVIEW

The State of California’s Senate Bill 2 (SB2) (2017) is part of a 15 bill housing package aimed at addressing the state’s housing shortage and high housing costs. Specifically, SB 2 established a permanent source of funding intended to increase the affordable housing stock in California. Planning Grants Program (PGP) grants are funded through 50 percent of the revenues collected during the first calendar year (January through December, 2018). The PGP is a one-time component of SB 2 that, among other provisions, provides financial and technical assistance to local governments to update planning documents in order to accelerate housing production; streamline the approval of housing developments affordable to owner and renter households at all income levels; facilitate housing affordability, particularly for all income groups; promote development consistent with the State Planning Priorities; and ensure geographic equity in the distribution and expenditure of allocated funds.

FINDINGS AND ALTERNATIVES

The Department of Housing and Community Development (HCD) released its Notice of Funding Availability (NOFA) for approximately $123 million for the PGP in March 2019...
Compliance will be reviewed based on the completion of an applicant's deliverables, adoption of the planning document or implementation of the planning process, and through the final close out report. Projects funded by the grant must be encumbered by June 30, 2020, and grant funds must be expended by June 30, 2022.

After review of the eligible activities, State Planning Priorities, and the City's planning and development opportunities, the following have been identified as the highest impact projects and necessary tools to assist in the City's ongoing compliance with its Housing Element and HCD regulations related to housing production and affordability. Additionally, all projects identified fall within the State Planning Priorities; thereby increasing the likelihood of receiving the full funding requested.

The following is a complete list of the State Planning Priorities with staff's recommended projects and requested budget for each identified within the applicable priorities.

1. **Rezone to Permit By-Right**: Rezoning for significant additional housing capacity without or lesser discretionary review or establishing zoning to permit residential development by-right, particularly multifamily, without discretionary action pursuant to Government Code Section 65583.2(h) and (i).
   - No projects identified.

2. **Objective Design and Development Standards**: Developing objective design standards or pre-approved site and architectural plans that facilitate non-discretionary permitting.
   - Project(s): Development of citywide objective design and development standards to ease land use approvals and strengthen property rights.
   - Amount Requested: $55,000

3. **Specific Plans or Form Based Codes Coupled with CEQA Streamlining**: Designating and rezoning for additional housing capacity or preparing specific plans or form based codes that include zoning and development standards and plan-level environmental analysis that can be used to streamline future housing projects and facilitate affordability.
   - Project(s): Specific Plan development for high impact development areas to ensure continuity, economic vibrancy, and increase housing diversity. Identified areas include Tapo Street Corridor, Los Angeles Avenue Corridor between Erringer Road and Madera Road, and properties in the area of the Metrolink Station.
   - Amount Requested: $194,500
4. **Accessory Dwelling Units or Other Innovative Building Strategies:** Encouraging ADUs and other innovative building types through actions above State law such as, outreach, fee waivers, pre-approved plans, website zoning clearance assistance, and other homeowner tools or finance tools. Also, establishing other approaches to intensify existing lower density residential areas and “missing model” typologies (e.g., duplexes, triplexes) to encourage significantly more residential development in lower density residential areas.
   - No projects identified.

5. **Expedited Processing:** Speeding up approvals and permit processing, including instituting programs that streamline or consolidate the review process or create a separate process for expedited review of housing projects.
   - **Project(s):** Review of Affordable Housing Agreement process to streamline approvals, access to financing, and other impacts to housing developments. Review of Community Development Block Grant award process to maximize access to funding particularly for supportive services provided by non-profits associated with housing developments.
   - **Amount Requested:** $45,000

6. **Housing Related Infrastructure Financing and Fee Reduction Strategies:** Develop and implement approaches to local, regional or sub-regional housing related infrastructure financing. Create plans and programs to finance and increase infrastructure with accompanying enhanced housing capacity such as enhanced infrastructure financing districts. Fee reduction and rationalization approaches, such as reassessing fees to adhere to best practices in reducing costs, deferrals, sliding scales or proportionate impacts fees (e.g., ADUs, transit oriented, infill development, and special needs housing), or fee transparency measures including publicly available fee calculators.
   - No projects identified.

7. **Permissible Administrative Costs:** $15,500 (5% of total PGP Budget)

   **Total PGP funds requested:** $310,000

These proposed projects will comply with the State’s efforts to increase the housing stock in California. This project will be studied and brought back to the City Council for consideration. Only those approved by the City Council will be implemented.

While the City’s Housing Element update is an eligible activity, it is not a priority policy area and would need to be coupled with other short-term planning activities with strong implementation components to be considered for funding. The City’s FY 2019-20 Budget provides budget authority for the Housing Element update from the Housing Successor Agency Fund. As such, staff is recommending additional projects to assist in implementing the Housing Element to bring additional resources to the City that otherwise are not available.
As noted in the NOFA, compliance with the terms of the PGP Grant will be determined based upon the outcomes of each project. The proposed projects, while resulting in policy changes, are necessary for staff to fully implement the Housing Element and maintain overall compliance with HCD regulations and maintain a maximum level of local control of land use and community development.

The following alternatives are available to the City Council:

1. Authorize the Interim City Manager to apply for, and execute, the necessary agreements and/or documents for the Planning Grants Program (PGP) including revisions as necessary to obtain and effectuate the grant award, and receive grant funds;

2. Adopt the resolution;

3. Modify the proposed projects within the eligible activities as permitted by the PGP;

4. Do not apply for the PGP Grant.

Staff recommends Alternative Nos. 1 and 2.

**SUGGESTED CITY COUNCIL MOTION**

I move to adopt the resolution and authorize the Interim City Manager to apply for and execute the necessary agreements and/or documents for the Planning Grants Program including revisions as necessary to obtain and effectuate the grant award, and receive grant funds.

**SUMMARY**

The State’s SB 2 provides approximately $123 million for the Planning Grants Program (PGP) with the application deadline being November 30, 2019. The PGP is a one-time component of SB 2 that, among other provisions, provides financial and technical assistance to local governments to update planning documents in order to accelerate housing production; streamline the approval of housing development affordable to owner and renter households at all income levels; facilitate housing affordability, particularly for all income groups; promote development consistent with the State Planning Priorities; and ensure geographic equity in the distribution and expenditure of allocated funds. The City is eligible for a minimum of $25,000 and a maximum of $310,000 as a reimbursement through the PGP for eligible activities that fall within the state’s planning priorities and/or demonstrate a nexus to accelerating housing production.
Therefore, it is recommended that the City Council authorize the Interim City Manager to apply for and execute the necessary agreements and/or documents for the PGP for the identified purposes including revisions to facilitate the grant award, receive grant funds, and adopt a resolution reflecting those authorizations.

Ronald K. Fuchiwaki
Interim Environmental Services Director

Prepared by: Stratis Perros, Deputy Environmental Services Director/City Planner

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RESOLUTION NO. 2019-45

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIMI VALLEY AUTHORIZING APPLICATION FOR, AND RECEIPT OF, SENATE BILL 2 (SB 2) PLANNING GRANTS PROGRAM 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 Council of the City of Simi Valley 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.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SIMI VALLEY DOES HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The Interim City Manager or City Manager is hereby authorized and directed to apply for and submit to the Department the 2019 Planning Grants Program application released March 28, 2019 in the amount of $310,000.

SECTION 2. In connection with the PGP Grant, if the application is approved by the Department, the Interim City Manager or City Manager is authorized to enter into, execute, and deliver a State of California Agreement (Standard Agreement) for the amount of up to $310,000, 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”).

SECTION 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.

SECTION 4. The Interim City Manager or City Manager is authorized to execute the City of Simi Valley 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 and effectuate the PGP Grant.

SECTION 5. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the Office of the City Clerk.

PASSED and ADOPTED this 28th day of October 2019.

Attest:

______________________________  ______________________________
Lucy Blanco, City Clerk        Keith L. Mashburn, Mayor of the City of Simi Valley, California

Approved as to Form:  Approved as to Content:

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Lonnie J. Eldridge, City Attorney  Brian Paul Gabler, Interim City Manager

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Ronald K. Fuchiwaki
Interim Environmental Services Director