



DATE: November 6, 2023

TO: Chairperson and Members of the Planning Commission

FROM: Housing and Neighborhood Services Department

SUBJECT: **REVISIONS TO THE INCLUSIONARY HOUSING ORDINANCE
(CHAPTER 14C OF THE CITY CODE)**

RECOMMENDATION

Staff recommends that the Planning Commission recommend the City Council introduce an ordinance to amend Chapter 14C of the Oceanside City Code and adopt a resolution establishing the amended text as part of the Local Coastal Program (LCPA23-00002) to incorporate revisions to the Inclusionary Housing Ordinance to:

- 1) Increase the requirement to reserve housing for low and/or moderate-income households from 10 percent to 15 percent, with the exception of new residential projects developed within the Residential Single Family (RS) or Residential Estate (RE) districts; and,
- 2) Require that reserved units within a residential project with market rate units provide for a proportionate unit mix, based on bedroom count, as market rate units, be dispersed throughout the residential project, and have access to the same amenities as market units.
- 3) Clarify the use of Accessory Dwelling Units as an alternative housing type that may be incorporated into a residential project in satisfaction of the inclusionary housing requirement.

BACKGROUND

The City's Inclusionary Housing Ordinance (Chapter 14C of the City Code) requires that residential projects of three or more units reserve 10 percent of the units for occupancy by and at affordable housing costs to low or moderate-income households. A low-income household is defined as a household unit whose combined income does not exceed 80 percent of the area median income (AMI) for San Diego County for an equivalent size household, currently \$110,250 a year for a family of four. A moderate-income household is defined as a household unit whose combined income exceeds 80 percent but does not exceed 120 percent of the AMI for San Diego County for an equivalent size household, currently \$140,150, a year for a family of four.

On August 30, 2023, City Council directed staff to prepare amendments to Chapter 14C to facilitate and encourage the construction of more reserved units to address the need for affordable housing opportunities of low- and moderate-income households in Oceanside.

ANALYSIS

As directed by City Council on August 30th, staff reviewed Chapter 14C and has prepared text amendments addressing the following items:

1. Sec. 14C.5. Reservation requirements for affordable housing.

Currently, residential projects of three (3) or more units in any area of the City must provide for at least ten percent (10%) of such housing units to be reserved for sale to lower- and moderate-income households or reserved as rental units for low-income households, known as the inclusionary housing requirement.

The City's Regional Housing Needs Allocation (RHNA) sets a goal for the construction of 5,443 new housing units for the 2021-2029 planning cycle to keep up with projected population growth. Of this, a total of 1,986 housing units is needed during the current RHNA eight-year planning cycle for lower-income households (i.e., Very Low-Income, and Low-Income). The year 2022 marked the second year of the current RHNA production period. Oceanside has been able to meet 25 percent of its total RHNA goal thus far, including 7 percent of its lower-income housing goals.

In Oceanside, 65 percent of renter households are considered to be lower-income, with 23 percent low income and 42 percent considered very low-income or \$68,900 or less a year for a family of four. Sixty-three percent of lower-income renters pay more than 50 percent of their income for housing. For homeowners, 40 percent are lower-income, with 19 percent low-income and 21 percent considered very low-income.

To address the need for housing affordable to the City's lower income households, Council directed staff to prepare an amendment to Chapter 14C to increase the inclusionary housing requirement from 10 percent to 15 percent, with the exception of those residential projects developed within single family residential districts (i.e., Residential Single Family and Residential Estate). To date, many residential projects have leveraged State Density Bonus Law to satisfy the inclusionary housing requirement. Therefore, it is recommended to exclude single family districts from the increase in the inclusionary housing requirement to lessen the impact of increased densities in these areas of the city.

2. Sec. 14C.6. Affordable housing standards and incentives.

To "affirmatively further fair housing" and take meaningful actions to overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity" for persons of color, persons with disabilities, and

other protected classes in compliance with Assembly Bill 686. Staff is recommending an amendment to Section 14C.6. (a)(3) for the design and construction of the reserved units provided on-site with market rate units to be in proportionate mix, based on bedroom size, with market rate units, dispersed throughout the residential project, and with access to the same amenities as market rate units.

The existing ordinance currently allows for the provision of Accessory Dwelling Units (ADUs) as an alternative compliance method to satisfy the inclusionary housing requirement (reference Section 14C.8(h)). However, to provide clarity that the provision of ADUs is considered to be an alternative housing type to satisfy the inclusionary housing requirement within the residential development or on-site, this provision is being moved to Section 14C.6.

A copy of the draft text amendments is provided as Attachment 2. Modifications to Chapter 14C are indicated by underlined/strikeout text.

Following City Council adoption of the text amendments and Local Coastal Program Amendment (LCPA23-00002), staff will forward the revised Chapter 14C text to the California Coastal Commission (CCC) for certification in order to become effective in the coastal zone.

FISCAL IMPACT

Amending the City Code to increase the City's inclusionary housing requirements in multifamily residential district may result in the collection of additional in-lieu fees if the developers of such projects elect to pay the fee, rather than build reserved units.

ENVIRONMENTAL DETERMINATION

Planning Division staff finds that the proposed project involves regulatory changes and would not, in and of itself, involve land development or any other material change to the environment. Therefore, in accordance with the provisions of the CEQA Guidelines Section 15061(b)(3), the common sense exemption, the proposed text amendment does not have the potential for causing a significant effect on the environment and is therefore exempt from CEQA.

RECOMMENDATION

Staff recommends that the Planning Commission recommend the City Council introduce an ordinance to amend Chapter 14C of the Oceanside City Code and adopt a resolution establishing the amended text as part of the Local Coastal Program (LCPA23-0000x) to incorporate revisions to the Inclusionary Housing Ordinance to:

- 1) Increase the requirement to reserve housing for low and/or moderate-income households from 10 percent to 15 percent, with the exception of new residential projects developed within the Residential Single Family (RS) or Residential Estate (RE) districts; and,
- 2) Require that reserved units within a residential project with market rate units provide for a proportionate unit mix, based on bedroom count, as market rate units, be dispersed throughout the residential project, and have access to the same amenities as market units.
- 3) Clarify the use of Accessory Dwelling Units as an alternative housing type that may be incorporated into a residential project in satisfaction of the inclusionary housing requirement.

PREPARED BY:



Leilani Hines
Housing and Neighborhood
Services Director

SUBMITTED BY:



Sergio Madera
City Planner

ATTACHMENTS:

1. Planning Commission Resolution No. 2023-P28
2. Proposed Inclusionary Housing Ordinance Text Amendments

5.01 ATTACHMENT 1

1 PLANNING COMMISSION
2 RESOLUTION NO. 2023-P28

3 A RESOLUTION OF THE PLANNING COMMISSION OF THE
4 CITY OF OCEANSIDE RECOMMENDING AMENDMENT OF
5 THE IMPLEMENTING DOCUMENT OF THE LOCAL COASTAL
6 PROGRAM TO INCORPORATE REVISIONS TO THE
7 INCLUSIONARY HOUSING ORDINANCE (CHAPTER 14C OF
8 THE OCEANSIDE CITY CODE) AND REQUESTING
CALIFORNIA COASTAL COMMISSION CERTIFICATION OF
SAID AMENDMENT

9 APPLICATION NO: LCPA 23-00002
10 APPLICANT: City of Oceanside
11 LOCATION: Citywide

12 THE PLANNING COMMISSION OF THE CITY OF OCEANSIDE, CALIFORNIA DOES
13 RESOLVE AS FOLLOWS:

14 WHEREAS, there was filed with this Commission a verified petition on the forms
15 prescribed by the Commission requesting a Local Coastal Program Amendment under the
16 provision of Article 45 of the Zoning Ordinance of the City of Oceanside for the following:

17 Amendments to the City of Oceanside’s (City) Inclusionary Housing Ordinance (City
18 Code Chapter 14C) to: 1) Increase the requirement to reserve housing for low and/or moderate-
19 income households from 10 percent to 15 percent, with the exception of new residential projects
20 developed within the Residential Single Family (RS) or Residential Estate (RE) districts; 2)
21 Require that reserved units within a residential project with market rate units provide for a
22 proportionate unit mix, based on bedroom count, as to the market rate units, be dispersed
23 throughout the residential project, and have access to the same amenities as market units; and, 3)
24 Clarify the use of Accessory Dwelling Units (ADUs) as an alternative housing type that may be
25 incorporated into a residential project to satisfy such inclusionary housing requirement.

26 WHEREAS, such amendments are consistent with City Council direction provided at its
27 meeting on August 30, 2023, to: 1) Increase the production of housing for lower-income
28 households towards the City’s Regional Housing Needs Allocation goals; 2) Affirmatively

1 further fair housing, and 3) Facilitate the use of Accessory Dwelling Units as an alternative
2 housing type;

3 WHEREAS, the City seeks to establish the amended text of Chapter 14C of the Oceanside
4 City Code as part of the implementing documents of the Local Coastal Program;

5 WHEREAS, the Planning Commission, after giving the required notice, did on the 6th day
6 of November 2023 conduct a duly advertised public hearing as prescribed by law to consider said
7 application;

8 WHEREAS, a Notice of Exemption was prepared by the City of
9 Oceanside for this project pursuant to the California Environmental Quality Act of the 1970 and
10 State Guidelines and the State Guidelines thereto amended to date;

11 WHEREAS, the documents or other material which constitute the record of proceedings
12 upon which the decision is based will be maintained by the City of Oceanside Planning Division,
13 300 North Coast Highway, Oceanside, California 92054; and,

14 WHEREAS, based upon such evidence of studies and investigations and testimony made
15 by and provided to this Commission and on its behalf reveal the following facts:

16 FINDINGS:

17 For the Local Coastal Plan Amendment

- 18 1. Pursuant to Public Resources Code §P30510(a), the Planning Commission hereby certifies
19 that the Local Coastal Program Amendment (LCPA 23-00002) conforms with and is
20 adequate to carry out the land use plan of the Local Coastal Program and in a manner fully
21 in conformance with the Coastal Act of 1976.
- 22 2. Pursuant to Coastal Commission Local Program Regulations §13551(b), this amendment
23 shall take effect upon Coastal Commission approval.

24 NOW THEREFORE, the Planning Commission of the City of Oceanside does hereby
25 recommend approval to the City Council of Local Coastal Plan Amendment (LCPA 23-00002).

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1 PASSED AND ADOPTED Resolution No. 2023-P28 on November 6th, 2023, by the following
2 vote:
3 AYES:
4 NAYS:
5 ABSENT:
6 ABSTAIN:

8 _____
9 Tom Rosales, Chairperson

10 ATTEST:
11 _____
12 _____
13 Sergio Madera, Secretary

14
15 Dated: November 6, 2023

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17 I, SERGIO MADERA, Secretary of the Oceanside Planning Commission, hereby certify that
18 this is a true and correct copy of Resolution No. 2023-P28.

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