

8 HOUSING ELEMENT



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VISION STATEMENT

Chico's neighborhoods and housing choices in 2030 will be diverse and reflective of the City's identity and needs. Newer neighborhoods will echo the historic character and design of Chico's existing neighborhoods with local services and amenities for improved walkability and reduction of vehicle trips. Older neighborhoods will be revitalized and enhanced. Throughout the community, there will be a wide range of housing options to accommodate a variety of household sizes, incomes, and stages of life. Implementation of this Housing Element will result in increased housing choice, a rise in homeownership, revitalization of existing housing and neighborhoods, and more energy efficient housing in Chico.

INTRODUCTION

In planning for the provision of housing for all present and future Chico residents, the City's primary goal is to provide for a variety of housing types in an atmosphere conducive to the well-being of City residents. More specifically, the City's primary objective is to provide an adequate supply of housing in a range of costs to meet the demand of all income groups and a variety of types for the special needs of the elderly and disabled, as well as providing an opportunity for first-time homebuyers.

The City's objective must be pursued within the constraints of today's housing market. Factors such as building costs, mortgage interest rates, preservation and conservation of natural resources, provision of sanitary sewers, storm drainage and streets, provision of other public services such as police and fire protection, school facilities and parks, concerns about design and division, preservation of neighborhoods, historical structures and districts, as well as concern for energy conservation within housing units, all combine to make planning for future housing needs a complex and difficult task. These factors must all be considered in concert with one another.

PURPOSE OF THE HOUSING ELEMENT

The State of California has declared that "the availability of housing is of vital statewide importance and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order." In addition, government and the private sector should make an effort to provide a diversity of housing opportunity and accommodate regional housing needs through a cooperative effort, while maintaining a responsibility toward economic, environmental and fiscal factors, and community goals within the general plan.

The purpose of the Housing Element is to identify housing solutions that address Chico's local housing needs. The Housing Element must also direct Chico's resources to meet or exceed the



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regional housing needs allocation. This Element establishes the local goals, policies, and actions (programs) the City will implement and/or facilitate to solve identified housing issues.

REGULATORY FRAMEWORK

The Housing Element is a mandatory element of the General Plan with unique requirements for review by the State Department of Housing and Community Development. State Housing Element law requires “An assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs.” The law requires an analysis of the following:

- Population and employment trends,
- The City’s fair share of the regional housing needs,
- Household characteristics,
- Land suitable for residential development,
- Governmental and non-governmental constraints on the improvement, maintenance and development of housing,
- Special housing needs,
- Opportunities for energy conservation, and
- Publicly assisted housing developments that may convert to non-assisted housing developments.

The purpose of these requirements is to develop an understanding of the existing and projected housing needs within the community and to set forth actions and schedules promoting the preservation, improvement and development of diverse housing types available.

NEW STATE LEGISLATION

Since the City’s last Housing Element was updated there have been a series of new laws passed that the City will need to comply with regarding the placement of emergency shelters, planning for extremely low-income households and providing a more detailed vacant land inventory. Below is a detailed listing of the new laws passed since the last Housing Element was updated.

SB 2 (Cedillo, 2007): Requires local jurisdictions to strengthen provisions for addressing the housing needs of the homeless, including the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use permit and allowing transitional and

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supportive housing types as residential uses. This legislation took effect January 1, 2008, and will apply to jurisdictions with Housing Elements due June 30, 2008, and after.

SB 520 (Chesbro, 2002): Requires that in addition to the needs analysis for persons with disabilities, the Housing Element must analyze potential governmental constraints to the development, improvement and maintenance of housing for persons with disabilities and include a program to remove constraints to, or provide reasonable accommodations for housing designed for occupancy by, or with supportive services for persons with disabilities.

AB 2348 (Mullin, 2004): Requires a more detailed inventory of sites to accommodate projected housing needs and provide greater development certainty.

AB 2634 (Lieber, 2006): Requires quantification and analysis of existing and projected housing needs of extremely low-income households. Elements must also identify zoning to encourage and facilitate supportive housing and single-room occupancy units.

AB 1233 (Jones, 2005): If prior Element failed to identify or implement adequate sites, the local government must zone or rezone to address this need within one year of update. This is in addition to new projected need.

SB 1087 (Florez, 2005): Requires local governments to immediately forward adopted Housing Elements to water and sewer providers.

GENERAL PLAN CONSISTENCY

State law requires that “...the general plan elements and parts thereof comprise an integrated, internally consistent, and compatible statement of policies...” The purpose of requiring internal consistency is to avoid policy conflict and provide a clear policy guide for the future maintenance, improvement, and development of housing within the City.

The Housing Element spans a five-year time period and focuses on the City limits, while the overall Chico General Plan includes goals, policies and actions that will direct the City, Sphere of Influence and General Plan Planning Area over a 20-year period. For jurisdictions that are part of the Butte County Association of Governments (BCAG), the State Department of Housing and Urban Development requires that Housing Elements are adopted and certified by August 2009. Therefore, adoption of the Housing Element must occur in advance of the current General Plan Update, which is scheduled for adoption in early 2010. To conform with this schedule, the analysis of City’s ability to meet projected needs is based on the current 1994 General Plan and is consistent with all elements of the General Plan including the land plan, land use designations, and densities, as amended, and current zoning



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HOUSING NEEDS SUMMARY

The findings listed below resulted from the information collected as part of the Housing Needs Assessment Report located in **Appendix A**. These findings provide a direct relationship between community conditions in Chico and the recommended Goals, Policies and Actions in this document.

Demographic Profile

The population of Chico was estimated to be approximately 87,000 residents in 2008, which represents approximately 40 percent of the total population of Butte County. Within the county, Chico's population is unique, with 20 percent (17,034) of the population comprising students attending California State University, Chico. The large student population is a significant factor in the City's median age of 29.1, which is 5 years younger than that of both Butte County (34.7) and the state (34.4).

A shift has occurred over the past decade in terms of the demographics within the City. The median age is rising and is close to 5 years older than it was in 2000 (24.6), with the largest shift in population occurring in persons aged 18–24 (4 percent decline of the total population) and those aged 55–64 (3 percent increase of the total population). The minority population has also begun to increase in the City. The white population has declined by 4 percent since 2000. Though the City and the County are predominantly white communities, the diversity of the City is expected to increase with the growing minority population.

Household Profile

The average household size in the City has changed little since 2000. There was a slight decline (less than 1 percent) in the household size, which is mainly due to the fact that there has been a slight increase of single households. Of the 26,520 households in the City, 11,000 reportedly earn 0–80 percent (\$0–\$31,447) of the area median income (AMI), which was \$39,309 in 2008. Those earning 80 percent or below the AMI are considered to be low-income and of those that are low-income, 1,755 households are considered to be in poverty. The national poverty threshold is the minimum amount of income that is necessary to obtain the necessities of life, as established by the U.S. Census. For example, the 2000 U.S. poverty threshold for a family of four was \$17,463. The number of Chico households in poverty reported above does not include “Non-family Households,” which the U.S. Census defines as unrelated individuals sharing a housing unit. Non-family Households includes students living in dormitories or students sharing off-campus housing.

Special Needs

Eight percent of Chico's households contain five or more persons, of which 50 percent are considered to live in overcrowded conditions, the majority of which are students. Students present a unique challenge in meeting the housing needs of the City's population. The campus is equipped to

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house 1,731 students in on-campus dormitories, while the remainder of the student's housing needs must currently be met by the City's housing stock. The CSU Master Plan accommodates a campus building plan that includes construction of five new major academic buildings, two recreational facilities, a natural history museum, a childcare center, approximately 1,300 bed-spaces of student housing and two parking structures.

In 2000 there were a total of 8,844 residents reporting a disability. The majority of the disabled between the ages of 5 and 64 reported a physical, mental and/or employment disability. Of those with disabilities, 65 percent were ages 5 through 64 and 35 percent were over the age of 65.

Of the 2,732 households headed by a single parent, 22 percent are headed by males and 78 percent are headed by females. Agricultural workers make up a small percentage of the households in the City and mostly comprise seasonal workers. Fifty-five units of farm labor housing are provided at La Vista Verde and Turning Point Commons.

A County Continuum of Care (CoC) has been established by local service providers to address the needs of the homeless population. Within the City, there are a number of organizations that provide emergency shelter, transitional housing and supportive housing. The largest emergency shelter, the Torres Community Shelter, is operated by the Chico Community Shelter Partnership and has 140 available bed spaces. The Esplanade House, operated by the Community Action Agency (CAA), is the largest transitional housing complex with 60 units, and offers families the social services needed to transition from being homeless to becoming permanently housed. Caminar, Inc. operates a 15-unit housing project with supportive services for homeless persons with mental disabilities. Northern Valley Catholic Social Services operates a 22-unit supportive housing project for persons with developmental disabilities. Catalyst runs a 12-bed shelter for victims of domestic violence. ARC of Butte County owns and operates a 24-unit apartment building with 11 units reserved for persons with mental disabilities. The Housing Authority of the County of Butte provides housing at the Locust Street complex, aimed at providing supportive services that help maintain independent living of special needs residents.

Housing Stock Characteristics

Chico's large student population also affects the tenure of the City's 36,484 units that comprise the City's housing stock. In 2008, nearly 60 percent of the housing units in the City were rented, which is much higher than the 42 percent of housing units that are rented in the state. Recently the City's housing stock has grown quickly due to the increase in new homes built during the boom in the housing market and the annexation of surrounding unincorporated communities. The monitoring of the condition of the City's housing stock is done by the City's Code Enforcement Unit. In 2010, 35 percent of the City's housing stock will be 30 years or older, the typical age at which a home will need some level of rehabilitation.



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As of August 2008, the monthly median rent in the City is \$1,300 for a single-family home and \$825 for an apartment in a multi-family project. The U.S. Census Bureau defines a household as all persons sharing the same housing unit, which does not include group quarters (dormitories, group homes and nursing homes). In 2000, 7,658 households paid more than 30 percent of their income (considered to be overpaying for shelter) for rental housing, of which 6,501 paid more than 35 percent (severely cost burdened) of their income. In order for residents to become homeowners in the City, those earning less than the moderate-income level of \$65,400 will overpay for housing cost.

According to Chicohomesearch.net, the median price for a home in the City of Chico in June 2008 was \$272,000, which was a decline of 12 percent from 2007 to 2008, increasing a small portion of the available housing market to potential buyers. In addition, with the current foreclosure crisis many more moderate- income households and possibly low-income households may have the opportunity to purchase homes. According to Realty Trac, as of February 2009, there were 148 repossessed bank-owned properties in the City of Chico. This represents one foreclosed property for every 247 housing units in the City. By comparison, the County with the highest foreclosure rate in the state, Merced County, has one foreclosure for every 59 housing units. The average foreclosure sales price was \$238,600.

Assisted Housing and At-Risk Units

Assisted housing units are those that are subsidized by the public sector to ensure that housing for lower-income households is affordable. Affordable monthly rent is established by Housing and Urban Development (HUD) as monthly rent that does not exceed 30 percent of a household's income. There are a total of 1,695 assisted rental housing units in the City of Chico, which are provided by a number of organizations and funding sources. The Chico Redevelopment Agency (RDA) and the City work closely with developers to ensure affordable housing projects are developed within the City to meet the housing needs of low-income households. Recent affordable housing developments in the City include 1200 Park Avenue, VECTORS, Avenida Apartments, Chico Courtyards, Murphy Commons and Jarvis Gardens.

Three affordable housing projects, totaling 295 units, are considered to be at risk of converting to market rate within the City's 5-year planning period. The projects include Villa Rita (2011 expiration date), Trans Pacific Gardens II (2011 expiration date) and Cinnamon Village (2014 expiration date). The City has a history of working with owners of at-risk properties to preserve affordability and will continue to do so when notified of the intent to convert. RDA funds are likely sources of preservation or replacement funds.

Regional Housing Needs Allocation (RHNA)

The first step in addressing state housing needs is the Regional Housing Needs Allocation (RHNA), which is mandated by the State of California (Government Code, Section 65584) and requires regions to address housing issues and needs based on future growth projections for the area. The California

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Department of Housing and Community Development (HCD) allocates regional housing needs numbers to regional councils of governments throughout the state. The Regional Housing Allocation Plan (RHNP) for Chico is developed by the Butte County Association of Governments (BCAG) and allocates to cities and the unincorporated county their “fair share” of the region’s projected housing needs, also known as the Regional Housing Needs Allocation or “RHNA”. The RHNP allocates the RHNA based on household income groupings over the 5-year planning period for each specific jurisdiction’s Housing Element.

Chico’s Regional Housing Needs Allocation for the 2007-2014 planning period is 5,716 units for all income categories. These allocations are less than the allocation for the previous period. The City is required to develop the necessary policies and programs to ensure the RHNA is met. **Table 1** provides the RHNA target for the planning period 2007 to 2014 for each of the four household income groups for the City of Chico. See **Table A-30** in the Housing Needs Assessment for specific sites that could potentially fulfill the regional housing need allocations for very low-, low-, moderate-, and above moderate-income households in the City of Chico.

TABLE 1
AFFORDABLE HOUSING NEED AND PRODUCTION
JANUARY 2007–JUNE 2014

Income Level	Chico RHNA	Chico Progress (since 2007)	Remaining Housing Need
Extremely Low	780	63 ¹	717
Very Low	780	143 ¹	637
Low	1,007	17 ²	990
Moderate	960	0	960
Above Moderate	2,189	310 ³	1,879
Total	5,716	533	5,183

Source: Butte County Association of Governments, May 2008; City of Chico, July 2008

¹ 58 units in Chico Courtyards, 14 in Avenida, 85 in Murphy Commons, 49 in Jarvis Gardens (not incl. manager’s unit)

² 17 units in Chico Courtyards

³ A total of 368 building permits were issued in 2007 and it is assumed that the difference between the total building permits and the total units affordable to low- or very low-income households equals the total number of market-rate units built. A total of 165 permits were issued through July 2008.

(HCD Revised as of 6/24/08)

Based on the state allocation needs, the City of Chico will need to demonstrate the capacity, based on appropriately zoned land, to accommodate 1,560 housing units affordable to extremely low- and very low-income households, and 1,007 housing units affordable to low-income households during the current RHNA period. In addition, the City will have to demonstrate the capacity to accommodate 959 housing units available to moderate-income households.



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Since January 2007, the City has produced 63 housing units affordable to extremely low-income households, 143 housing units affordable to very low-income households, 17 housing units affordable to low-income households and 310 market-rate housing units. As a result of building to date for the RHNA period, the City will need an additional 1,879 above moderate-income units and will still need an additional 3,285 extremely low, very low-, low-, and moderate-income housing units by 2014 to meet their RHNA.

In order to determine which current land is available to meet the RHNA for the City, HCD considers existing land “zoned” for residential single- and multi-family development.

The City of Chico has the ability to facilitate development of many High Density Residential (R3 and R4) sites. The Medium-High Density Residential (R-3) zone allows up to 22 units per acre and the High Density Residential (R-4) zone allows up to 35 units per acre. **Table A-30** in the Housing Needs Assessment lists vacant sites suitable to meet the City’s RHNA. The acreage and unit capacities described in the Housing Needs Assessment demonstrate that the City is able to meet its 2007-2014 RHNA. Chico currently has 126.40 acres of vacant land available for multi-family residential development with a capacity of 1,994 units, 251.31 acres of land appropriate for the development of medium density residential development with a capacity of 2,638 units, and 805.27 acres zoned appropriate for low density residential with a capacity of 3,623 units. The City also has two special planning areas that incorporate high density residential requirements which will provide for an additional 924 units. Realistic capacity was determined by multiplying the number of acres by the maximum density for the site, and then 75 percent of that result was used as the final realistic unit number. The 75 percent assumption was derived from recent developments in the City described in **Appendix A**, the Housing Needs Assessment and maps of these sites can be found in **Appendix C**, Adequate Sites Inventory Maps.

Resources Available for the Provision of Affordable Housing

Currently there are several projects proposed or in the development pipeline that will assist the City in planning to meet its Regional Housing Needs Allocation. The policies that will be implemented will allow local housing development agencies to utilize funding sources to construct projects that will meet the RHNA for low-income households.

The City has available resources of funding that will support developers and agencies in assisting the City to meet the RHNA allocations for low-income households. Those resources include Article 34, Community Development Block Grant (CDBG) funds, HOME Program funds, Revenue Bond Financing, a Mortgage Subsidy Program, a Home Rehabilitation Program and the Chico Redevelopment Agency Low and Moderate Income Housing Fund. Other funding sources that the City will consider pursuing, though they are extremely competitive, in order to meet the RHNA allocations are the Low Income Housing Tax Credit Program, California Housing Finance Agency, State Department of Housing and Community Development (Multifamily Housing Program) and the U.S. Department of Housing and Urban Development (Section 202 and 811).

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Along with the various funding options available to the City, there are a number of organizations active in the City that secure funding to ensure the housing needs of low-income households are met. In cooperation with the City, the Housing Authority of the County of Butte, the Community Housing Improvement Program (CHIP), the Community Action Agency of Butte County, Inc. (CAABC), Northern Valley Catholic Social Services (NVCSS), Habitat for Humanity of Chico and ARC of Butte County, Inc. work to provide and manage affordable housing for the general population, seniors and the disabled.

Governmental Constraints

Within the City's Municipal Code for residential construction, the City permits or conditionally permits a variety of housing types to meet the various needs of the diverse population. The housing types include emergency shelters, transitional and supportive housing, housing for extremely low-income households, second dwelling units and housing for persons with disabilities.

In addition to facilitating a variety of housing types within the City's Municipal Code, the City is also responsible for processing development applications and collecting development fees related to residential construction. The amount of time that it takes for a permit request to be approved impacts the total cost of housing. To increase the speed at which the City approves projects, the City approved code amendments which, among other things, delegate more authority to staff and eliminate multiple hearings for appeals of project decisions. Also, the Development Review Committee (DRC) meets prior to application submittal to assist proposed projects, reducing the amount of time spent revising proposals. The DRC is offered to applicants at no cost, and has been successful identifying issues early in the review process.

The current development fees established by the City are similar to the fees charged by other jurisdictions located in the northern section of the Sacramento Valley and do not limit the abilities of developers in constructing new housing for low-income households. The typical fees for a single-family development are estimated at \$24,077. This includes the development impact fees, school fees and assumes the building permit fee for a single-family structure of 1,500 square feet (\$2,203). The estimated typical fee for a multi-family unit is \$25,468, which assumes the unit price for an 800 square foot unit in a total 20,000 square foot building (\$1,019/unit). Due to varying construction types, the average of the three types was used in this estimation.

Non-Governmental Constraints

Through responsive programs and policies, the City can offset the market constraints experienced by developers. The major components of the market that have an effect on developers being able to provide housing that meets the needs of residents are land cost, construction cost and the availability of financing.



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The City was successful in lowering the overhead for the development of Murphy Commons by opting to lease the land to CHIP. In order to help first-time homebuyers obtain mortgages since 1989, the City has offered a first-time homebuyers assistance program. Households within the City have also participated in the urban self-help program, which is a program that is executed by the City in conjunction with a partnership with the local Habitat for Humanity chapter as well as CHIP. During the previous planning period, the RDA executive director acquired five parcels of land, totaling 2.4 acres, on which will be built: 38 units of low-income affordable family housing; 10 units of supportive housing for persons with disabilities; and 6 homes for low to moderate income first-time home buyers. The Chico Redevelopment Agency has also assisted with offsetting financing constraints to building by allowing developers to use funding for construction cost, thus reducing the amount of private sector funding needed.

COMMUNITY PARTICIPATION

City staff developed a Housing Element Stakeholder mailing list that included a wide variety of interest groups concerned with housing issues in the City of Chico. The mailing list consisted of 225 individuals that were invited to the meetings described below. It included the following groups: major employers; non profit service providers; non profit developers; for profit developers; real estate brokers, lenders and managers; neighborhood activists and concerned citizens; and public entities.

STAKEHOLDER MEETING #1 (MAY 20, 2008)

On May 20, 2008 the City hosted a Stakeholders' Meeting at City Hall to introduce the Housing Element update to selected groups and persons who represent significant local stakeholders in the development of housing.

The groups that attended included those representing:

- Healthcare (Butte County, Enloe Healthcare)
- Education (local schools, CSU Chico, CSU Associated Students)
- Native American tribal groups (Mechoopda)
- Building industry associations (BIA)
- Property Management (RSC, Sheraton)
- For-profit builders and land developers
- Real Estate Agents

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- Neighborhood Associations
- Legal Services (LSNC)
- Non-profit developers of affordable housing (Community Action Agency, Caminar, CHIP, Housing Authority County of Butte, NVCSS)
- Special needs housing providers and housing services providers (Esplanade House, VECTORS, Christian Church Homes, Catalyst, Torres Shelter, Avenida Apartments)
- Chico General Plan Advisory Committee

The meeting included an introduction to the Housing Element update process and the content of the housing element, a discussion of priority housing needs; and desired locations for housing development.

The group was provided with a summary of the requirements of the Housing Element with specific mention of the need to meet the community’s needs for affordable housing and to meet the housing needs of special needs groups. The discussion included the Regional Housing Needs Allocation, the available land inventory and the current housing challenges of the City.

The attendees were then broken up into smaller groups of 8 to 9 people to perform two exercises and provide guidance to City staff. The first exercise resulted in an identification of housing needs and the relative priority of those needs. Each group created a list of the City’s greatest housing needs. Then each participant had five votes that they could place on the housing needs identified by the group. They had the option of putting more than one vote on one need to give it higher priority. Below is a summary of the housing needs identified.

Number of Votes	Housing Need
10+ votes	<ul style="list-style-type: none"> • Buildable land • Counseling for economic stability
6-10 votes	<ul style="list-style-type: none"> • One-bedroom apartments w/ supportive services (8 votes, identified by 2 groups) • Quality design (accessible, visual appeal, integration with neighborhood, green, 7 votes) • Diversity of housing types and sizes, identified by 3 groups) • Housing for the homeless • Special needs housing for seniors, mentally ill, veterans and homeless • Development assistance • Housing close to downtown, rental and for-sale



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	<ul style="list-style-type: none"> • Mixed income developments • More low-income affordable housing overall • Basic needs housing for seniors • Housing for individuals with credit challenges
Identified by 3 or more groups	<ul style="list-style-type: none"> • Credit counseling • Downpayment assistance • Increased homeless shelter capacity • Inclusionary zoning for all developments • Infill opportunity site development stimulated with regulatory relief • More on-campus student housing • More land for single-family residential

The second exercise had participants provide guidance on the location of new housing and preference for areas for redevelopment including the intensification of housing. Each group was given stickers representing 1,000 affordable units at different densities, which they were required to place on a map of Chico showing vacant land and potential redevelopment areas. The participants identified the following areas as housing development opportunity areas, ranked by area with most units placed.

1. Park Avenue from 8th Street to Meyers Street south of 20th Street
2. Fair Street from 20th Street to East Park Avenue
3. West of downtown from Walnut Street to Broadway between 5th and 11th Streets
4. Esplanade between Cohasset Road and 1st Avenue
5. Nord Avenue between West Lindo and West 8th Avenues
6. North of East Eaton Road just east of Highway 99
7. Highway 32 near the intersection with Bruce Road

Two different groups identified the following as new growth areas for affordable housing:

- Northwest section just east of Highway 32 between Mud Creek and Bell Road
- Esplanade intersection with Nord Highway

FOCUS GROUPS (JULY-AUGUST, 2008)

The City conducted two focus groups to identify housing needs and solutions— one with the Greater Chico Homeless Task Force and one with tenants of affordable housing. Following is a list of some of the highest priority needs identified:

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- Supply of affordable housing, particularly for the extremely low income, such as Single Room Occupancy buildings.
- Funds to assist the homeless, such as help with paying deposits, job training, child care and other supportive services.
- Lack of transitional housing with supportive services for homeless and people discharged from the hospital.

Following is a list of some of the highest priority solutions identified:

- Develop a clearinghouse to disseminate information about affordable housing programs.
- Zoning code flexibility and entitlement streamlining for affordable projects.
- Improve the design and amenities of affordable housing (improve ventilation, location near retail and public transit, additional storage space, additional supportive services).

HOUSING SYMPOSIA (AUGUST-NOVEMBER, 2008)

The City sponsored a series of four housing symposia in order to explore potential new housing programs. These are programs that other cities have successfully implemented, but had not been implemented by the City of Chico. For each symposium, a one-hour guest speaker presentation was followed by a question and answer session. A brief description of each symposium topic follows.

Housing Trust Fund— A Housing Trust Fund is a distinct fund comprised of local dedicated, recurring revenue sources to support production of affordable homes. It provides a flexible source of funding that can be targeted to locally-identified needs. It is usually operated by a non profit or government agency.

Community Land Trust (CLT)— A CLT, a non profit organization, is formed to hold title to land in order to preserve its long-term affordability. The CLT enters into a long-term land lease with a home buyer. The land lease requires a form of shared appreciation that provides limited equity to the buyer while preserving affordability for subsequent buyers. The CLT board of directors is typically composed of public officials, homeowners who lease land from the CLT, and at-large community members.

Employer Assisted Housing— A public-private partnership in which employers assist in reducing housing costs for residents. The program may be targeted to employees of a particular employer or may be a pool of funds with multiple contributing employers. Funds may be used for: homebuyer down payments; rental subsidies; or project financing.



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Inclusionary Zoning or Mixed Income Housing— A policy that requires developers to set aside a certain percentage of newly developed homes as affordable to various income levels. Inclusionary Zoning can include alternatives to building the units, such as land dedication or payment of in-lieu fees. It can also offer incentives to developers, such as density bonuses, use permit variances, public subsidy, and impact fee deferrals or waivers.

STAKEHOLDER MEETING #2 (DECEMBER 4, 2008)

The second stakeholder meeting was held on December 4, 2008 in the Council Chambers with invitations sent to the Housing Element Stakeholder mailing list. The purpose of this meeting was to receive input on Housing Element goals and policies. The meeting was attended by 18 people, consisting of 6 for profit developers, 5 non profit developers, 2 non profit service providers, 2 concerned citizens a representative from Enloe Hospital, a real estate broker, and representative of the Housing Authority of the County of Butte.

The first part of the meeting was an interactive large group discussion regarding the pros and cons of the potential programs, and what programs would be the best fit for Chico. Regarding the Housing Trust Fund, some participants raised reservations about charging impact fees or transfer taxes that would deter community investment or make housing more expensive overall. Other participants believed impact fees would be an appropriate means to raise affordable housing funds. Still others advised linking impact fees with the level of housing production so that larger projects that could afford the fee would be assessed. One participant suggested exploring other sources, such as casino development agreements. Regarding the Community Land Trust, some participants saw challenges in acquiring enough land to make a significant impact and dedicating adequate resources to administration. Others saw opportunities to use the program to redevelop brownfield sites and buy foreclosed homes. For Employer Assisted Housing, two participants recommended that the program is voluntary for employers, and not mandatory. Some saw opportunities for the City to work with Enloe Hospital to provide housing assistance to employees. The Enloe Hospital representative stated that the hospital would be willing to explore such a program, but would want to “own” the program, analyze the costs and benefits, and understand the impact on labor union negotiations before committing to it. In the Inclusionary Zoning discussion, participants identified benefits of the program, such as: a good way to mix housing types within a neighborhood; a method to help meet other federal and state housing production requirements; and a means to help integrate races and limit segregation. Participants also commented that Inclusionary Zoning may encourage development of more expensive luxury homes at expense of middle income homes. Others advised that the program must have a defensible nexus between the requirement and the benefit, and that the inclusionary requirement should be an impact fee instead of a construction requirement. One participant commented that making more land available to increase production would more effectively reduce prices. At the conclusion of the discussion, participants were asked to select their preferred new program. The Housing Trust Fund received 6 votes. No new programs also received 6 votes. Employer Assisted Housing and Inclusionary Zoning received 2 votes each. The Community Land Trust did not receive any votes.

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The second part of the meeting was a small group break-out to discuss the effectiveness of the City's current programs and ways to improve them. The groups were asked to respond to three questions. Below are the questions and their responses.

What are the top three most effective existing programs? Why?

All groups identified the Mortgage Subsidy Program and the Housing Rehabilitation Program as the most effective. Two groups identified rental housing construction. Others mentioned were the Community Development Block Grant (CDBG) program, Tenant Based Rental Assistance (TBRA), and the Rental Accessibility Program.

What suggestions do you have to improve existing programs?

- Fund with attention to what is happening relative to the home building cycle.
- Provide more public information about existing programs.
- TBRA participants may need more time in the program so they can increase income. (Currently participants receive assistance for a one-year period.)
- Research best practices, with a focus on results.
- Expand the Rental Accessibility Program to meet the need, and add incentives to increase more accessible and affordable units.
- Expand all programs.
- Integrate rental units into the surrounding neighborhood in location and design.
- Expand the Housing Rehabilitation Program, when possible.

Are there other programs we have not discussed that you would like to recommend? What housing needs are not being met by current programs?

- More starter homes with smaller square footage.
- Put more money into rehabilitation.
- Waive fees for second units when they are built to accommodate the elderly or disabled.
- Help the University to build student housing.
- Initiate a rental housing inspection program.
- Need housing and services for youth aging out of foster care.
- Encourage small scale infill by offering incentives, including leverage of RDA funds to subsidize infrastructure improvements.
- Explore ways to encourage development on alleys and flag lots.
- Flexible inclusionary zoning that is site specific and offers incentives.
- More funding for the Mortgage Subsidy Program.
- Programs for moderate incomes.

HOUSING SURVEY (DECEMBER, 2008)

In order to solicit broader input on potential new programs, City staff conducted an online survey after the second Stakeholder Meeting. The survey was emailed to the Housing Element Stakeholder



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mailing list. It consisted of two questions: 1) What best describes you? developer; non profit representative; concerned citizen; real estate lender, broker or manager; major employer; public representative or employee; or other.; and 2) Please rank the following in order of preference as a Chico Housing Program (1=greatest preference)— Trust Fund, Community Land Trust, Employer Assisted Housing, Inclusionary Zoning, and None of those listed. The survey was completed by 29 people, identifying themselves as the following: non profit representative (12); concerned citizen (7); public representative or employee (4); real estate lender, broker, or manager (2); developer (1); non profit developer (1); architect (1); pastor (1). The following is how the programs ranked, starting with the highest preference:

1. Housing Trust Fund
2. Community Land Trust
3. Inclusionary Zoning
4. Employer Assisted Housing
5. None of the above

It is interesting to note that Inclusionary Zoning received the most first place votes, with 10, but also received the most fourth-place votes, with 5. The “none of the above” category received the most last place votes.

GENERAL PLAN ADVISORY COMMITTEE (JANUARY 28, 2009)

On January 28, 2009, the General Plan Advisory Committee (GPAC) discussed Inclusionary Zoning and infill development. There were eight members of the GPAC in attendance and 14 members of the public. For each topic, the committee broke into two smaller groups for discussion, and then presented a summary of ideas to the larger group.

Regarding Inclusionary Zoning, the GPAC addressed questions as to how an Inclusionary Zoning ordinance should be drafted if one is adopted by the City Council. Several GPAC members felt it was a significant leap to assume that the City would adopt an inclusionary ordinance, and had reservations that such an ordinance was either necessary or workable. As to whether such a program should be mandatory, optional or incentivized, Group #1 did not believe that it would be a good program overall. If the City were to establish such a program, they recommended that it be mandatory with incentives. Group #2 agreed that incentives are needed for the program to work. No specific incentives were identified by either group. On the question of a reasonable percentage of affordable housing to be required, Group #1 did not make any specific recommendations. Group #2 suggested that 10% would be reasonable, split between affordability to moderate and low income groups based on City demographics. As to whether Inclusionary Zoning should apply to all residential development types, including mixed use, both groups recommended that it be applied to

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all. When asked whether the program should allow the obligation to be met through in-lieu fees, integration of homes into the development, or provision of land, both groups agreed that requirements should not result in concentrations of low-income housing in one area, and that affordable housing must be integrated with non-income targeted units. In the discussion that followed, several committee members stated that the cost burden for producing affordable housing should be spread over the largest possible group of citizens in an equitable way. They believed that if the community wants inclusionary housing, then the entire community should share in the cost. Some examples offered by committee members included transfer taxes prorated by the home selling price, or a sales tax. Two committee members suggested that an affordable housing program should not be a unit construction program, but rather a fee-based program. Two members of the public commented on the topic, one stating that Inclusionary Zoning does not work and is not consistent with Chico's character, and the other stating that Inclusionary Zoning should be considered as a tool to help people that work in the community to live there.

In the same meeting, the GPAC was asked to respond to questions regarding infill development. The following input had relevance as to the development of affordable housing:

- There was a general consensus that the City should do neighborhood planning to build consensus among neighbors for the shared vision of that neighborhood. Related comments emphasized the importance of neighborhood meetings that provide opportunities for meaningful input, and stressing the compatibility of a new development with the existing neighborhood. This could lead to better design and acceptance of infill development.
- The costs of redevelopment are too high. The City needs to incentivize it so it's not more costly than Greenfield development. The City needs to consider the costs and types of public improvements required to develop infill projects. These can make infill cost prohibitive.

In public comments on this issue, one participant urged the City to focus on the production of student housing in partnership with Chico State University to relieve housing demand and reduce costs. Another participant stressed the importance of improving bike routes and public transit to compliment higher density housing.

REVIEW OF PREVIOUS HOUSING ELEMENT

State law requires the City of Chico to review its current Housing Element in order to evaluate:

- "The appropriateness of the housing goals, objectives and policies in contributing to the attainment of the state housing goal."
- "The effectiveness of the Housing Element in attainment of the community's housing goals and objectives."



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- “The progress of the city, county, or city and county in implementation of the Housing Element.”

The appropriateness of the Housing Element can be determined by evaluating the effectiveness of its housing program (i.e., housing goals, policies and actions) in meeting the City’s share of the state’s housing goal. This is ascertained by analyzing the effectiveness of the Housing Element in assisting in the development of housing for all income groups in the City. Goals, policies and actions identified as effective will be continued. Inappropriate or ineffective goals, policies and actions will be discontinued or rewritten in order to bring about a successful conclusion.

The effectiveness of Chico’s Housing Element, in regard to meeting regional housing needs and the City’s quantified objectives, can be measured by the level of achievement in the development of new and rehabilitated housing and the success of the programs. The level of achievement is simply the actual construction divided by the RHNA goal. However, many uncontrollable factors in reaching the RHNA goal influence the City’s effectiveness (such as market recessions, available funding programs, available lenders, available developers and the political climate). For a complete review of the goals, policies and actions in the previous Housing Element, see **Appendix B**.

ADDITIONAL EFFORTS THE CITY IS UNDERTAKING

In addition to meeting the requirements of state law, the City is planning to establish a Housing Trust Fund, explore a Mixed-Income or Inclusionary Zoning program, pursue an Employer Assisted Housing program to meet the current housing needs in Chico, and produce an Affordable Housing Resource Guide. The following is a description of the efforts the City plans to undertake during this Housing Element period.

Housing Trust Fund (Action H.2.5.1)

The City will set up a Housing Trust Fund within the next 5-year Housing Element period. Staff received significant input throughout the Housing Element meetings emphasizing housing needs for the “workforce” (those earning near median income), and for the homeless and persons with disabilities. Housing that could assist these groups include first time home buyer opportunities, homeless shelters, and transitional housing with supportive services. However, federal and state funding sources restrict the City’s ability to create this type of housing. Redevelopment agency funds and federal HOME funds must be spent on “permanent” housing, affordable to persons earning less than 120% of area median income and to persons earning less than 80% of area median income, respectively. This excludes workforce housing affordable to households earning more than 120% of area median income, shelters and transitional housing. Federal CDBG funds can be used for shelters, but eligible costs for transitional and permanent housing are limited, and the allocation is small in relation to the need. The trust fund can address these needs by generating local funds that have the flexibility to meet local priorities, unrestricted by federal and state regulations. The trust fund could potential be used to expand housing and supportive services for homeless families, enhance the

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continuum of care network that assists the homeless in becoming self-sufficient, and build workforce housing that strengthens the economy.

The Housing Trust Fund will be a certified Community Development Financial Institution capable of providing donors with tax credits. City staff will provide technical assistance to organize the trust fund as a 501c3 nonprofit, with board membership representing the City and other government bodies, nonprofits, and the private sector. The board will establish funding criteria responsive to local housing needs and will raise funds. A small staff will manage the fund and market the program.

The City will establish the trust fund with the capacity to solicit and manage donations, set funding criteria, and disburse funds, by 2012. Staff will also research the fund generation capacity and economic impact of various permanent funding sources, such as real estate transfer fees and impact fees. After the trust fund is established, these options will be presented to the City Council for consideration.

Mixed-Income Program (Action H.2.5.2)

The City will implement a Mixed-Income or Inclusionary Zoning program that is responsive to the local political and economic environment. Many participants in the Housing Element meetings expressed the desire to integrate communities economically. Mixed-income housing is a possible means to reach that goal. At the same time, participants were wary of programs that place unfair burdens to produce affordable housing on certain segments of the community. Many emphasized the importance of offering incentives to building affordable housing.

Employer Assisted Housing (Action H.2.5.3)

The City plans to explore Employer Assisted Housing in the form of a first-time homebuyer assistance program for participating employers. This would be a match program in which the City contributes a match for each dollar of employer contribution toward an employee's home purchase, by means of a deferred-payment second loan.

Infill Incentive Program (Action H.2.3.2)

The City will develop an Infill Incentive Program in partnership with the Planning and Building Departments. Staff has received strong direction from the public and the City Council to direct a significant portion of future growth to infill areas within the city boundaries. In order to accomplish this, and produce affordable housing, a comprehensive and coordinated infill incentive program is necessary. Current general plan policies and the zoning code need to change if the City is to achieve its Updated General Plan vision. Deterrents to affordable infill housing include: costs to upgrade infrastructure; impact fees; parking restrictions; limitations on density; and a lengthy and costly entitlement process. Many of these changes will become part of the Updated General Plan, scheduled to be adopted in the summer of 2010. New mixed use zoning designations with higher residential



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densities are part of the Preferred Land Use Alternative that the City Council selected in November 2008. They include densities of up to 60 units per acre in the Downtown. Over the next year, City staff will develop more specific zoning code elements that will encourage infill development.

Affordable Housing Resource Guide (Action H.2.3.2)

The City will create an Affordable Housing Resource Guide that efficiently connects people in need of affordable housing with available resources. The guide will provide key information about current programs and affordable units, such as overall descriptions, qualification requirements, amenities and services, disabled accessibility, neighborhood information, deposit and rent amounts, and contact information. The guide will be distributed in two mediums: 1) a booklet to be distributed to housing providers, service providers, and the general public; and 2) an interactive website on which availability of vacant units and waiting list information is posted.

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Goals, Policies, and Actions

- Goal H.1:** Increase equal housing opportunities for all persons and households in Chico.
- Goal H.2:** Provide housing that is affordable for residents with low-incomes and low paying jobs, fixed incomes and pensions.
- Goal H.3:** Promote the construction of a range of high-quality housing choices that serve all households, ranging from the workforce to seniors.
- Goal H.4:** Encourage the creation of housing for those with special housing needs.
- Goal H.5:** Encourage the improvement, rehabilitation, and revitalization/reinvestment of Chico's existing residential neighborhoods.
- Goal H.6:** Increase the homeownership rate in Chico.
- Goal H.7:** Encourage energy efficient resources in new residential development as well as the existing housing stock.

The purpose of this section is to provide a plan for meeting the housing needs of the existing and future residents of Chico. The plan includes goals, policies and actions directed toward the preservation, improvement and development of a range of housing types and choices affordable to all income ranges in Chico. The housing program below provides a foundation upon which detailed housing activities will be developed and implemented.

- **GOAL H.1: Increase equal housing opportunities for all persons and households in Chico.**
 - **Policy H.1.1:** Encourage and support the enforcement of laws and regulations prohibiting discrimination in lending practices and in the sale or rental of housing.
 - ▲ **Action H.1.1.1:** In conjunction with Legal Services, provide workshops for tenants and landlords concerning fair housing and other relevant issues. In addition, flyers, press releases, official proclamations and other activities will be conducted to maintain a high profile for fair housing. Fair housing complaints will be referred to the Community Legal Information Center, Legal Services of Northern California, State of California Department of Fair Housing, or U.S. Department of Housing and Urban Development, depending on the specifics of the complaint.

Responsible Party: Housing & Neighborhood Services
Funding Source: CDBG
Time Frame: Ongoing
 - **Policy H.1.2:** Remove regulatory constraints that impede equal opportunity to housing in the City.



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- ▲ **Action H.1.2.1:** Support a fair housing audit/review program to ensure that there are no regulatory constraints impeding persons from obtaining housing.

Responsible Party: Housing & Neighborhood Services

Funding Source: CDBG

Time Frame: Annually review the City's fair housing procedure to ensure there are no regulatory constraints.

- **GOAL H.2:** Provide housing that is affordable for residents with low-incomes and low paying jobs, fixed incomes and pensions.

- **Policy H.2.1:** Encourage development incentives that result in production of below-market-rate housing.

- ▲ **Action H.2.1.1:** Develop an Infill Incentive Program in partnership with the Planning and Building Departments. This program will encourage an increase in the development of affordable infill housing that integrates with neighborhoods. The City will research and identify effective incentives, including infrastructure assistance, exceptions in development standards, decreased parking requirements, flexible building code, impact fee deferrals or waivers, and project financing. The City will also adopt zoning code revisions that remove obstacles to developing infill projects, such as modifications to allowable density, parking requirements, and 2nd unit standards.

Responsible Party: Housing & Neighborhood Services/Planning Services/Building & Development Services

Funding Source: CDBG

Time Frame: Adopt zoning code revisions in 2011 subsequent to adoption of the Updated General Plan. Conduct an impact analysis of incentives with respect to effect on the city budget and economy by 2012. Develop a system for packaging and advertising incentives to developers by 2013. Prepare a proposal for Planning Commission and City Council consideration by 2014.

- ▲ **Action H.2.1.2:** Adopt a revision to the City zoning code regarding density bonuses for housing affordable to low and moderate incomes. Make the City zoning code consistent with current State law (California Government Code 65915-65918), including the provision for a density bonus of up to 35 percent and three incentives or concessions for projects that have at least 20 percent of units affordable to low-incomes, or 11 percent of units affordable to very low-incomes.

Responsible Party: Planning Services Department/Housing & Neighborhood Services Department

Funding Source: None.

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Time Frame: Revise zoning code in 2011 subsequent to adoption of the Updated General Plan.

- **Policy H.2.2:** Facilitate the use of federal and state programs which can assist in the development of new or purchase/rental of existing affordable housing.

- ▲ **Action H.2.2.1:** Provide financial assistance to private developers and nonprofit agencies to acquire rental housing that will be affordable to extremely low-, very low- and low-income households and maintain affordability for at least 55 years. Leverage federal and state funding for 130 units of rental housing affordable to extremely low-, very low- and low-incomes.

Responsible Party: Housing & Neighborhood Services/HACB

Funding Source: Low- Moderate Income Housing Fund (LMIHF)

Time Frame: Allocate LMIHF for the development of 60 units by 2011. Allocate LMIHF for the development of 70 additional units by 2012.

- **Policy H.2.3:** Facilitate the utilization of innovative programs and approaches to providing housing at affordable costs. Programs that should be continued or pursued include self-help housing, cooperative housing projects, co-housing, off-site constructed housing, and City-provided technical assistance.

- ▲ **Action H.2.3.1:** The City will annually complete a Housing Element review and hold a public workshop or study session with the City Council to report the progress of the Housing Element implementation and discuss additional approaches to meeting the City's housing needs.

Responsible Party: Housing & Neighborhood Services

Funding Source: LMIHF

Time Frame: Annually

- ▲ **Action H.2.3.2:** Develop an Affordable Housing Resource Guide that efficiently connects people in need of affordable housing with available resources. Create a booklet that includes information about current programs (including a description, qualification requirements and contact information) and affordable units (including description, target population, amenities and services, disabled accessibility, qualification requirements, neighborhood information, deposit and rent amounts, and contact information). Develop an interactive website to post this information and notify of vacant units as they become available.

Responsible Party: Housing & Neighborhood Services

Funding Source: LMIHF



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Time Frame: Distribute the booklet to government offices, service providers and the general public by 2010. Develop an interactive website on which housing providers can post vacant units as they become available by 2011.

- **Policy H.2.4** Facilitate community awareness of the relationship between various housing densities and public impacts, costs and opportunities associated with the densities.

- ▲ **Action H.2.4.1:** Develop an educational program for the public, development community and decision-making leaders to increase acceptance, collaboration and understanding of the need for a greater mix and variety of smaller, more affordable, creatively designed housing units. Incorporate an educational component to all affordable housing strategies proposed for adoption and financial assistance.

Responsible Party: Planning Services/Housing & Neighborhood Services

Funding Source: General Fund

Time Frame: This educational program will be combined with the annual Housing Element review City Council workshop and public meeting.

- **Policy H.2.5:** Develop funding and housing production mechanisms that bring local resources to bear on the greatest housing needs.

- ▲ **Action H.2.5.1:** Set up a Housing Trust Fund that is a certified Community Development Financial Institution capable of providing donors with tax credits. City staff will provide technical assistance to organize the trust fund as a 501c3 nonprofit, with board membership representing the City and other government bodies, nonprofits and the private sector. The board will establish funding criteria responsive to local housing needs and will raise funds. A small staff will manage the fund and market the program.

Responsible Party: Housing & Neighborhood Services

Funding Source: LMIHF

Time Frame: Establish a Housing Trust Fund by 2011. Research the fund generation capacity and economic impact of various permanent funding sources, including real estate transfer fees and impact fees, by 2012. After the trust fund is set up, present permanent funding source options to the City Council for consideration by 2014.

- ▲ **Action H.2.5.2:** The City will develop and implement a Mixed Income/Inclusionary Zoning program that is responsive to the local political and economic environment. The City will at least consider the following topics:

- Minimum number of units threshold
- Feasible affordable set-aside requirements

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- Alternatives to building on-site
- Types of effective incentives

Responsible Party: Housing & Neighborhood Services

Funding Source: LMIHF

Time Frame: Present these options to the City Council for consideration and feedback by 2012.

- ▲ **Action H.2.5.3:** The City will explore an Employer Assisted Housing Program in the form of a first-time homebuyer assistance program for participating employers. This would be a match program in which the City contributes a match for each dollar of employer contribution to an employee's home purchase, by means of a deferred-payment second loan. The City will form a working group with interested employers and research appropriate dollar amounts and types of loans, along with best practices. The City will share the working group's information with employers to understand employers' needs and assist them in conducting cost benefit analyses.

Responsible Party: Housing & Neighborhood Services

Funding Source: LMIHF

Time Frame: If there is adequate interest, draft policies and procedures to present to participating employers and the City Council for adoption by 2013.

- ▲ **Action H.2.5.4:** At the time of entitlement applications, the City will negotiate with developers within newly developing Special Planning Areas (SPA) to assure the provision of housing units affordable to very low-, low-, and moderate-income households within the SPA.

Responsible Party: Housing & Neighborhood Services

Funding Source: General Fund/LMIHF

Time Frame: 2009-2014.

- **Goal H.3:** Promote the construction of a range of high-quality housing choices that serve all households, ranging from the workforce to seniors.
 - **Policy H.3.1:** Ensure a balanced rate of growth between housing production, employment and provision of services.



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- ▲ **Action H.3.1.1:** Consider expanding the City's Sphere of Influence to increase the amount of available land for housing that will meet the needs of all income groups and provide supporting land uses and employment.

Responsible Party: Planning Services

Funding Source: General Fund/Private Development

Time Frame: 2010/2012

Projected Units: N/A

- ▲ **Action H.3.1.2:** Continue to implement the Transit Corridor Overlay (TCO) Zone throughout the City including parts of the Esplanade and Park Avenue to encourage higher density and mixed uses along underutilized transit corridors. The overlay zone allows residential uses above ground floor office or retail and reduced parking standards.

Responsible Party: Planning Services

Funding Source: General Fund

Time Frame: The City will inventory housing opportunities in the TCO zone by August 2010.

- **Policy H.3.2:** Strive to maintain adequate opportunity for housing construction to meet future needs.

- ▲ **Action H.3.2.1:** The City will continue to maintain a current inventory of vacant and underutilized residentially designated and zoned parcels and the development potential of such parcels, along with a list of the current status of development projects in the City. The City's ability to meet the projected RHNA allocation is based on the current 1994 General Plan (e.g., land plan, land use designations, densities), as amended, and current zoning. Anticipated additions to the City's land supply from the General Plan Update will be incorporated after adoption of the 2030 General Plan. The City will also disallow incremental rezoning and/or General Plan amendments which reduce available acreage below that needed to provide for the regional housing allocation.

Responsible Party: Planning Services

Funding Source: General Fund

Time Frame: This will be completed as part of the General Plan implementation program that will be completed by early 2011.

Projected Units: N/A

- ▲ **Action H.3.2.2:** Most assisted housing developments utilizing State or federal financial resources include 50 to 150 units. The City will provide incentives and technical assistance through the processing of subdivision or larger sites located in Specific Plans and Special Planning Areas to facilitate development of a variety of housing types and affordability

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consistent with typical developments affordable to lower income households. The City will offer the following incentives for the development of affordable housing including but not limited to: priority processing for subdivision maps that include affordable housing units, expedited review for the subdivision of larger sites into buildable lots where the development application can be found consistent with the General Plan, applicable Specific Plan and master environmental impact report, financial assistance (based on availability of federal, state, local foundations, and private housing funds, and modification of development requirements, such as reduced parking standards for seniors, assisted care, and special needs housing on a case-by-case basis.

Responsible Party: Planning Services

Funding Source: General Fund

Time Frame: Ongoing, as projects are submitted to Planning Services.

- **Policy H.3.3:** Promote a mix of dwelling types and sizes and avoid the formation of new residential areas having a uniform housing type and size throughout.
- ▲ **Action H.3.3.1:** Implement the City's adopted Neighborhood Plans, Master Plans and Specific Plans which identify underutilized areas for transitioning to residential or mixed uses, and provides specific design guidance requiring mixed housing, neighborhood-serving retail and maximization of transit opportunities.

Responsible Party: Planning Services

Funding Source: General Fund

Time Frame: Ongoing.

- ▲ **Action H.3.3.2:** Continue to implement the Traditional Neighborhood Development Code (TND) that promotes higher density, vertical and horizontal mixed use, and greater flexibility in the provision of parking. The goal of the code is to promote a significant variety of housing stock, commercial and community services within walking distance of residences, within a pedestrian scale environment.

Responsible Party: Planning Services

Funding Source: General Fund

Time Frame: Ongoing. The TND code was adopted in 2007.

- ▲ **Action H.3.3.3:** Update/modify the zoning code to implement land use policies and promote design flexibility for residential developments, particularly for those located in unique settings.

Responsible Party: Planning Services

Funding Source: City Funded/Private Development



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Time Frame: 2010-2011; new land use designations currently being developed for the General Plan update will be incorporated.

- ▲ **Action H.3.3.4:** Implement mechanisms that promote and facilitate mixed residential-commercial development along commercial corridors served by transit such as:
 - Allow horizontal and vertical residential-commercial uses
 - Enable separate ownership of ground-level commercial and above-ground residential uses
 - Include development standards that act as an incentive for mixed use, including reduced off-site parking and open space standards
 - To achieve a better balance of jobs and workforce housing, target appropriate mixed-use residential/commercial areas for a minimum ratio of residential to commercial
 - Concentrate higher density housing near transit routes, shopping centers and downtown
 - Facilitate development of a mixed-use demonstration project

Responsible Party: Housing & Neighborhood Services

Funding Source: General Fund /LIHTF

- **Time Frame: Implement mechanisms and adopt necessary code revisions, consistent with the Updated General Plan, by 2011. Policy H.3.4:** Encourage residential development which provides quality housing and incorporates good design principles.

- ▲ **Action H.3.4.1:** Amend the City's Design Review Manual to provide a more predictable and transparent entitlement process.

Responsible Party: Planning Services

Funding Source: City Funded

Time Frame: 2009-2010.

- **Policy H.3.5:** Strive to maintain an adequate supply of rental housing in Chico to meet the needs of all renters, including students and employees of the college.

- ▲ **Action H.3.5.1:** As part of the update to the General Plan Land Use Element, increase the zoning densities around the CSU Chico campus to encourage and promote construction of additional housing for students and faculty within walking distance of campus.

Responsible Party: Planning Services

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Funding Source: General Fund

Time Frame: 2010-2011

- ▲ **Action H.3.5.2:** Ensure the development of an adequate number of one- and two-bedroom apartments to serve the needs of small households within the community through negotiations with developers in newly developing Special Planning Areas (SPA) (Action H.3.2.2), mixed-use land designations in the General Plan update (Action H.3.3.4), and implementation of the density bonus provision in the Municipal Code (Action H.2.1.2).

Responsible Party: Planning Services Department

Funding Source: General Fund

- **Time Frame: 2010–2014** **Policy H.3.6:** Promote the continued maintenance and enhancement of residential areas, both in terms of housing and public facilities.

- ▲ **Action H.3.6.1:** Provide for infrastructure and service demands, including sanitary sewers, storm drainage, street and alley improvements, transit facilities, utilities, schools, and park facilities, generated by residential development as development occurs.

Responsible Party: Capital Projects/General Services Department

Funding Source: General Fund/CDBG

Time Frame: 2009–2014

- **GOAL H.4:** Encourage the creation of housing for those with special housing needs.

- **Policy H.4.1:** Encourage a diversity of housing opportunities that satisfy the physical, social and economic needs of all Chico residents.

- ▲ **Action H.4.1.1:** The City currently evaluates the need for reasonable accommodations for persons with disabilities on a case-by-case basis. The City will develop a more formalized reasonable accommodation procedure that will provide an administrative exception process in zoning and land use matters for housing for persons with disabilities, as required by State law (SB 520). For example, a physically disabled resident may request an entrance ramp that must be built within the setback stipulated by the zoning code. The process may include minimal review by the Planning Director and may include the following criteria:

- The request for reasonable accommodation will be used by an individual with a disability protected under fair housing laws.
- The requested accommodation is necessary to make housing available to an individual with a disability protected under fair housing laws.



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- The requested accommodation would not impose an undue financial or administrative burden on the City.
- The requested accommodation would not require a fundamental alteration in the nature of the City's land use and zoning program.

Responsible Party: Planning Services

Funding Source: General Fund

Time Frame: The City will develop a formalized procedure by November 2010. Information regarding reasonable accommodations will be available on the City's website.

- **Policy H.4.2:** Incorporate childcare services into new residential developments.
 - ▲ **Action H.4.2.1:** In coordination with the Local Child Care Planning Council and the Butte County Office of Education, identify mechanisms that encourage the integration of childcare into all family-oriented residential developments.

Responsible Party: Housing & Neighborhood Services

Funding Source: General Fund

Time Frame: 2010-2012

- **Policy H.4.3:** Assist in the provision of housing for persons with disabilities.
 - ▲ **Action H.4.3.1:** In cooperation with Independent Living Services of Northern California (ILSNC), provide an inventory of accessible and adaptable units to all agencies assisting the handicapped to obtain appropriate housing. The inventory shall be updated and distributed annually and contain the apartment name and address and the total number of accessible and adaptable units. The City and ILNC are also working to encourage more "visitability" in new residential construction to enable disabled persons to visit non-disabled persons.

Responsible Party: Building & Development Services/Planning Services/Housing & Neighborhood Services

Funding Source: CDBG

Time Frame: The inventory will be distributed annually and the brochure on "visitability" will be completed in August of 2009.

- **Policy H.4.4:** Assist in the provision of housing for seniors.
 - ▲ **Action H.4.4.1:** Encourage the development of a variety of housing options for the elderly by providing financial support when feasible and by providing technical assistance

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to organizations and individuals interested in development of elderly housing. Promote programs that allow seniors to age in place.

Responsible Party: Housing and Neighborhood Services/Planning Services/Redevelopment Agency

Funding Source: City-funded staff/HUD Section 202/LMIHF/other state/redevelopment and federal programs

Time Frame: Ongoing, as projects are submitted to the Planning Services

- **Policy H.4.5:** Seek to provide emergency shelter for persons temporarily in need of such housing.
- ▲ **Action H.4.5.1:** Continue the Tenant Based Rental Assistance Program (TBRA) to assist households at risk of becoming homeless and who are participating in a self-sufficiency program.

Responsible Party: Housing & Neighborhood Services

Funding Source: LMIHF/CDBG

Time Frame: This program will continue as funding is available.

- **Policy H.4.6:** House the homeless and others in crisis situations and identify adequate sites for emergency shelters and transitional housing.
- ▲ **Action H.4.6.1:** California Health and Safety Code (Section 50801) defines an emergency shelter as “housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or households may be denied emergency shelter because of an inability to pay.”

Currently the City allows emergency shelters allows “outright” permanent emergency shelters in the Public/Quasi-Public (PQ) zone, the only vacant areas within the City with that designation are generally future park sites. Pursuant to Senate Bill 2, the City will amend the Zoning Ordinance to allow emergency shelters as a permitted use in the (ML) district without a conditional use permit or other discretionary review. In addition, the City will evaluate adopting development and managerial standards that will be consistent with Government Code Section 65583(a)(4). These standards may include such items as:

- Lighting
- On-site management
- Maximum number of beds or persons to be served nightly by the facility



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- Off-street parking based on demonstrated need
- Security during hours that the emergency shelter is in operation.

Funding Source: General Fund

Time Frame: The City will amend the Municipal Code to allow permanent shelters in the ML zone by August 2010.

- ▲ **Action H.4.6.2:** Pursuant to Senate Bill 2, the City must explicitly allow both supportive and transitional housing types in all residential zones. The City shall update its Zoning Code to include separate definitions of transitional and supportive housing as defined in Health and Safety Code Sections 50675.2 and 50675.14. Both transitional and supportive housing types will be allowed as a permitted use subject to only the same restrictions on residential uses contained in the same type of structure.

Responsible Party: Planning Services

Funding Source: General Fund

Staff Time: The City will amend the Municipal Code to allow for transitional and supportive housing in all residential zones by August 2010.

- **Policy H.4.7:** Allow for the development of Single Room Occupancy units.

- ▲ **Action H.4.7.1:** The City will continue to support the development of Single Room Occupancy (SRO) units or other types of housing affordable to extremely low-, very low- and low-income persons convenient to transportation and other support services. The City will prioritize and leverage federal and state funding for the development of SRO units (in conjunction with Action H.2.2.1). SROs are currently a permitted use in all multi-family zones in the City's Municipal Code.

Responsible Party: Planning Services/Housing and Neighborhood Services

Funding Source: City-funded staff/LIHTC/RDA-LMIHF/other state and federal programs as available

Time Frame: Ongoing, as funding becomes available and projects are processed through the Planning Department.

- **Policy H.4.8.1:** Continue to work with Chico State University to provide housing for students.
- ▲ **Action H.4.8.1:** Encourage Chico State University to continue to involve residents, community organizations, students, staff, city government and school administrators in long and short-range plans for campus housing.

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Responsible Party: Planning Services/Housing and Neighborhood Services

Funding Source: General Fund

Time Frame: Meeting with the Chico Campus Housing Department annually to discuss student housing plans.

- GOAL H.5: Encourage the improvement, rehabilitation, and revitalization/reinvestment of Chico's existing residential neighborhoods.
- **Policy H.5.1:** Maintain and enhance the character and affordable nature of Chico's older neighborhoods.

▲ **Action H.5.1.1:** The City will continue implementing the neighborhood planning program that includes the following actions:

1 Determine what local factors discourage infill development and/or redevelopment and consider opportunities to eliminate such disincentives.

2 Identify, prioritize and schedule improvement of infrastructure in targeted neighborhoods that will encourage desired residential infill development and/or redevelopment.

Responsible Party: Planning Services/Housing Neighborhood Services

Funding Source: Apply for state infill grants as NOFAs are released.

Time Frame: Infill development sites will be identified as part of the City's General Plan update. The new Land Use Map is due for adoption in 2010.

- **Policy H.5.2:** Minimize the loss of existing assisted units because of conversion to market-rate units or physical deterioration.

▲ **Action H.5.2.1:** Maintain a list of existing affordable housing developments that are at risk of losing affordability covenants and coordinate with the Housing Authority of the County of Butte and local nonprofit housing development organizations to preserve these units. Assist in negotiating affordability period extensions or sale of property to local nonprofit organizations. Allow owners to redevelop their properties at higher densities as an incentive to maintain affordability covenants.

Responsible Party: Housing and Neighborhood Services

Funding Source: LMIHF/HOME/CDBG

Time Frame: Annually update the list of existing affordable housing developments at risk. Contact the owners one year prior to expiration to determine the owner's plan and the feasibility of preserving the affordability of the units.



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- **Policy H.5.3:** Continue the commitment to preserve older neighborhoods through housing rehabilitation, compatible infill and redevelopment projects.

- ▲ **Action H.5.3.1:** Continue to implement Infill Residential Flag Lot Standards. These regulations will allow infill development in the form of flag lots, while protecting the character of existing neighborhoods and the privacy of adjacent residents.

Responsible Party: Planning Services

Funding Source: General Fund

Time Frame: Ongoing

- **Policy H.5.4:** Aggressively enforce compliance where code violations exist in residential structures, in order to maintain existing housing stock in a safe and habitable condition.

- ▲ **Action H.5.4.1:** The City will conduct a Rental Rehabilitation Inspection Program to develop an inventory of eligible rental complexes. A program for rehabilitating rental units will be developed after the inventory is completed.

Responsible Party: Housing and Neighborhood Services

Funding Source: LMIHF/HOME/CDBG

Time Frame: Conduct initial inspection by August 2011 and develop a program by October 2012.

- **Policy H.5.5:** Continue to pursue low-interest loan programs targeted to rehabilitation of older residential structures.

- ▲ **Action H.5.5.1:** Continue the City's program for rehabilitating substandard owner-occupied residential units occupied by low-income households qualifying under federal guidelines.

Responsible Party: Housing and Neighborhood Services

Funding Source: HOME/CDBG

Time Frame: 2009–2014

- **Policy H.5.6:** Support and guide the rehabilitation of and reinvestment in existing residential buildings.

- ▲ **Action H.5.6.1:** Establish an ongoing program to monitor and inventory housing conditions in the Chico Urban Area. This program should include annual review of demolition and home improvement activity with field follow-up as warranted and a comprehensive community survey conducted in conjunction with the update of the Housing Element.

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Responsible Party: Building & Development Services/Planning Services/Housing and Neighborhood Services

Funding Source: CDBG/LMIHF

Time Frame: Inventory the City's housing conditions by December 2011 and develop an annual review program thereafter.

■ GOAL H.6: Increase the homeownership rate in Chico.

- **Policy H.6.1:** Promote homeownership opportunities for all economic sectors of the population.

- ▲ **Action H.6.1.1:** Facilitate, through land acquisition or other leveraging of City resources, the development of a demonstration project featuring attached ownership housing, such as townhouses, condominiums or row-houses.

Responsible Party: Housing & Neighborhood Services

Funding Source: LMIHF

Time Frame: Begin construction of an attached ownership housing project by 2011. Complete construction by 2012.

- **Policy H.6.2:** Encourage the development of affordable housing for first-time homebuyers.

- ▲ **Action H.6.2.1:** Promote homeownership through the Mortgage Subsidy Program for low- and moderate-income first-time homebuyers. The City will utilize its MSP HOME funds for lower-income households and the Redevelopment Agency Low and Moderate Income Housing Fund (LMIHF) as the funding source. Loan repayments will also provide significant funding for new loans.

Responsible Party: Housing & Neighborhood Services

Funding Source: LMIHF/HOME

Time Frame: Ongoing, as funding is available

- **Policy H.6.3:** Continue to allocate resources to assist low- and moderate-income households to become homeowners.

- ▲ **Action H.6.3.1:** In conjunction with local nonprofits, continue to develop local resources and apply for state and federal funds, as appropriate, needed to offer the urban self-help program to low-income first-time homebuyers.

Responsible Party: Housing and Neighborhood Services/Nonprofits

Funding Source: State HCD/CalHFA/LMIHF



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Time Frame: Complete 8 self-help homes by 2011. Complete an additional 15 self-help homes by 2012.

- **Policy H.6.4:** Continue to provide credit counseling services to residents.
 - ▲ **Action H.6.4.1:** Encourage counseling on the responsibilities of homeownership and debt management, home loan information and house analysis through assistance to local housing and credit counseling service providers.

Responsible Party: Local nonprofits, property management organizations, Chico Redevelopment Agency and the Community Housing and Credit Counseling Center (CHCCC)

Funding Source: CDBG/HOME

Time Frame: Ongoing

- **Policy H.6.5:** Consider the feasibility of a community land trust.
 - ▲ **Action H.6.5.1:** Consider a land trust program which combines land banking and improvements as the City's equity share with a local nonprofit organization or private developer constructing units and/or supervising self-help projects. Land cost and improvements would be discounted to reduce the price of the house and thus lower payment and mortgage amounts.

Responsible Party: Housing and Neighborhood Services/Nonprofits

Funding Source: LMIHF

Time Frame: Ongoing

- **GOAL H.7: Encourage energy efficient resources in new residential development as well as the existing housing stock.**
 - **Policy H.7.1:** Continue to enforce energy standards required by the State Energy Building Regulations for residential development and reduce long-term housing costs through planning and applying energy conservation measures.
 - ▲ **Action H.7.1.1:** Disseminate informational materials to developers and project designers during development review. These materials shall include, but not be limited to, passive solar planning through subdivision, lot and structure orientation, protection of solar access, and application of passive and active energy saving features.

Responsible Party: Planning Services

Funding Source: City Funded

Time Frame: 2009–2014

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- ▲ **Action H.7.1.2:** The City shall review its land use regulations and subdivision ordinance and where appropriate add provisions which promote and/or require energy conservation planning and renewable energy systems as factors in project approval.

Responsible Party: Planning Services

Funding Source: City Funded

Time Frame: 2009–2014

- ▲ **Action H.7.1.3:** Explore financing options including State and Federal grants, low interest loans, etc. for the installation of energy-efficiency measures and renewable energy systems in all new and existing residential projects.

Responsible Party: Planning Services/Housing & Neighborhood Services

Funding Source: General Fund

Time Frame: 2009–2014

- ▲ **Action H.7.1.4:** Incorporate green building design, systems and materials into projects receiving City funding that exceed current City Building Code standards for energy efficiency.

Responsible Party: Housing & Neighborhood Services Department

Funding Source: CDBG/HOME/LMIHF

Time Frame: 2009–2014

- **Policy H.7.2:** Increase the energy efficiency of the existing housing stock.

- ▲ **Action H.7.2.1:** Partner with the local weatherization provider, Community Action Agency (CAA), to increase the energy efficiency of homes that receive assistance through the City's Housing Rehabilitation Program for low-income home owners. Establish a minimum number of homes to be assisted on an annual basis and assistance procedures through a Memorandum of Understanding with CAA.

Responsible Party: Housing & Neighborhood Services Department

Funding Source: Federal Department of Energy/PG&E

Time Frame: Execute a Memorandum of Understanding with CAA by 2010.

QUANTIFIED OBJECTIVES SUMMARY

Based on the policies and actions outlined above, the following objectives represent a reasonable expectation of the maximum number of new housing units that will be developed, rehabilitated or conserved and the number of households that will be assisted over the next 5 years (Table 2). The City should be able to facilitate the construction of 5,183 new units, assist 150 household with first-



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time home buyer loans, assist with the rehabilitation of 100 units, and preserve 295 units between 2009 and 2014.

TABLE 2
SUMMARY OF QUANTIFIED OBJECTIVES

Task	Income Level					Total
	Extremely Low	Very Low	Low	Moderate	Above Moderate	
New Construction	717	637	990	960	1,879	5,183
First-time Homebuyer Program	0	0	50	100	0	150
Preservation ¹	0	0	100 ¹	0	0	100
Conservation		295 ²		0	0	295
Total	717	932	1,140	1,060	1,879	5,728

1 Estimate for the number of owner occupied rehabilitations the City anticipates doing over the next five years.

2 Units currently as risk of losing affordability: Villa Rita (52 units), Trans Pacific Gardens (163 units), and Cinnamon Village (80 units).