

CHICO 2030 GENERAL PLAN

Annual Progress Report May 2013



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INTRODUCTION

OVERVIEW

Chico’s General Plan sets a new direction for the future of Chico. Adopted in April of 2011, the Plan was shaped by extensive public outreach, and expresses community priorities through a policy framework that guides public decision-making on the growth and preservation of Chico.

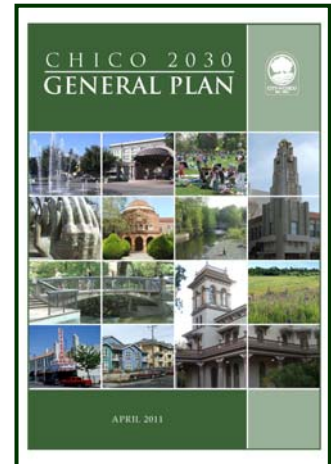


Table 1, below, lists the General Plan elements, including six mandated by the state and six optional elements, and the date of their adoption or last major revision. California’s Government Code requires that staff provide an annual report on the status of implementing the City’s General Plan. The annual report is submitted to the City Council and Planning Commission, as well as to the Governor’s Office of Planning and Research and the Department of Housing and Community Development. This is the second annual progress report on the Chico 2030 General Plan.

Table 1: General Plan Elements

Element	Required/ Optional	Date of Adoption or Major Revision
Sustainability	Optional	2011
Land Use	Required	2011
Circulation	Required	2011
Community Design	Optional	2011
Downtown	Optional	2011
Economic Development	Optional	2011
Housing	Required	2009
Parks, Public Facilities, and Services	Optional	2011
Open Space and Environment	Required	2011
Cultural Resources and Historic Preservation	Optional	2011
Safety	Required	2011
Noise	Required	2011

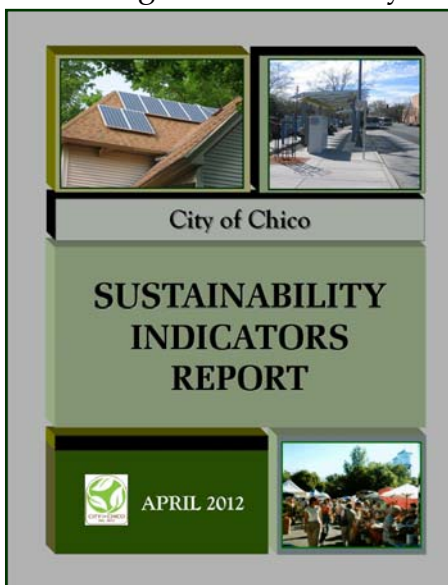
This report is intended to help the community and City officials assess how the General Plan is being implemented in accordance with its goals and policies, and to help establish and provide direction on future priorities.

REPORT COMPONENTS

This report consists of six major components:

- 1) *Population*. A summary of population trends.
- 2) *Development Activity*. An overview of the type of development that occurred in Chico the prior year, along with an assessment of how well the General Plan fostered desired development.
- 3) *Land Availability and Capacity*. A discussion of the City's remaining land availability and residential capacity.
- 4) *Long-Range Planning Activity*. A summary of long range planning efforts.
- 5) *Housing*. Highlights on housing trends and an overview of affordable housing production.
- 6) *General Plan Implementation Status*. **Appendix A** is a complete list of General Plan actions with comments regarding their implementation status.

In addition, the General Plan calls for development of indicators to gauge progress in advancing its sustainability-related policies and goals. The *Sustainability Indicators Report* is reviewed in conjunction with the General Plan Annual Report providing a comprehensive overview of the General Plan's performance.



FIVE-YEAR GENERAL PLAN REVIEW

Every five years, the City will thoroughly review the General Plan, and revise and update it as necessary. This process will examine the entire General Plan, and will be an opportunity to determine if the Plan's goals, policies, and actions are still relevant or if revisions should be considered. Information from the annual reports will be used to inform this more comprehensive review. The first five-year review will take place in 2016.

POPULATION

POPULATION HISTORY

Population data are the most direct indicators of growth trends in Chico. **Table 2** lists the City of Chico’s population by decade from 1950 to 2010 with the average annual growth rates for each decade. The information is also presented as a chart in **Figure 1**. Population growth resulted from new development in Chico, as well as from annexations of County areas that added residents to the City. During certain periods, annexations accounted for more than half of the City’s population growth. As an example, of the 17,602 population increase between 1999 and 2005, new residential development accounted for a 44% increase (7,774 residents) and annexation accounted for a 56% increase (9,828 residents). In addition to the City population, approximately 10,000 people living outside the City limits, but in the greater Chico urban area, regularly use City infrastructure, facilities and services.

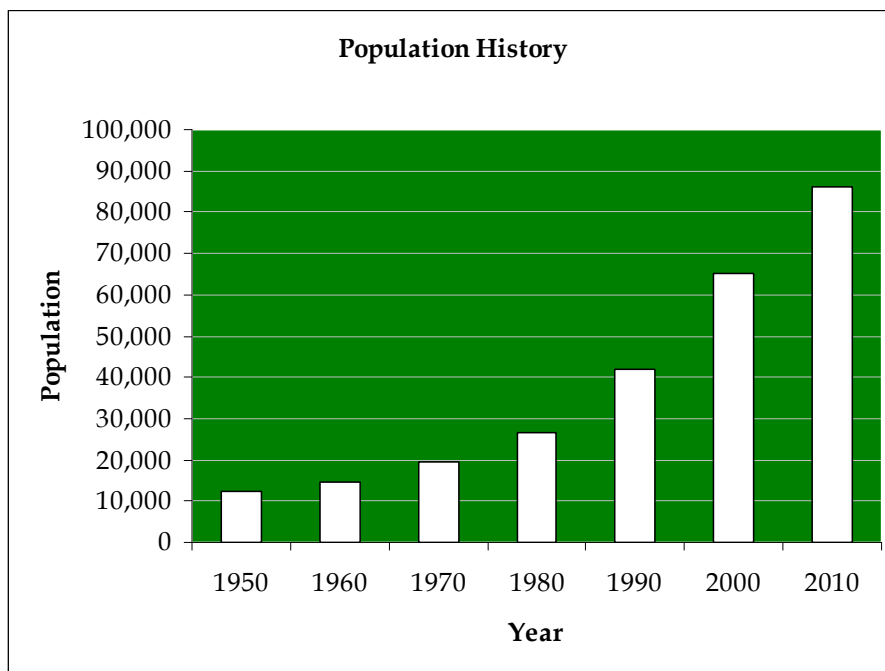
Table 2: City of Chico Population History

Year	Population *	Average Annual Increase for each 10-Year period
1950	12,272	-NA-
1960	14,757	2.0%
1970	19,580	3.3%
1980	26,601	3.6%
1990	41,774	5.7%
2000	65,175	5.6%
2010	86,103	3.2%

* Source: California Department of Finance.
Includes annexations.



Figure 1: Chico Population History by Decade



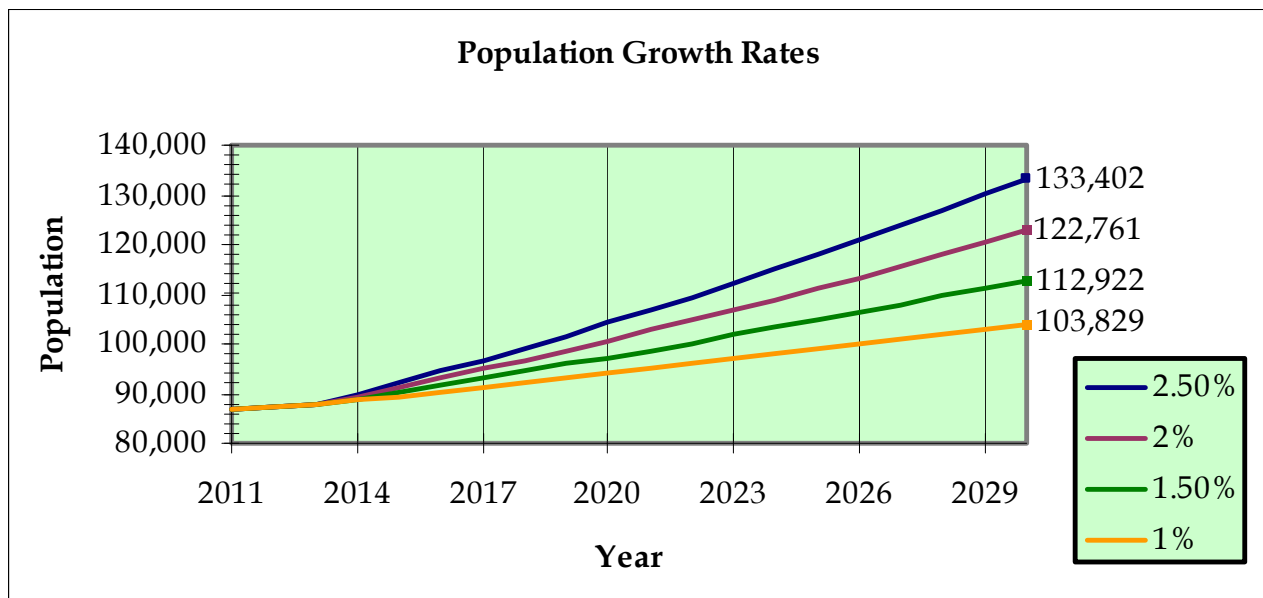
RECENT POPULATION TRENDS

According to the California Department of Finance, on January 1, 2013, the estimated population for Chico was **87,671**, representing an increase of 0.64% (565 people) from the prior year. This approximately 0.6% growth rate is below the 1% City growth experienced the past few years, and is a reflection of the economic recession and housing downturn.

POPULATION PROJECTIONS

The 2030 General Plan projects the need to accommodate a population of 139,713 by the year 2030. This projection assumed a continuation of the City's historic 2% growth rate. **Figure 2** compares the 2% growth rate used to inform the General Plan Update process to other possible growth rates moving forward from the 2013 city population of 87,671. Given that Chico is experiencing a lower growth rate, the city population in 2030 will likely be much less than that projected by the General Plan.

Figure 2: Population Projections at Various Growth Rates



Subsequent annual reports will chart annual population growth rates throughout the life of the General Plan, distinguishing new growth from any that may result from annexed units. No units were annexed to the City during 2012.

DEVELOPMENT ACTIVITY

GENERAL PLAN AMENDMENTS, REZONES & ANNEXATIONS

Below is a summary of General Plan amendments, rezones, and annexations that occurred in 2012.

General Plan Amendments

General Plan amendments may be proposed and acted upon at any time during the year and each action may include multiple amendments. Amendments can be City-sponsored or applicant-driven. Changes to the Plan require public hearings by the Planning Commission and City Council, and an evaluation of environmental impacts as required by the California Environmental Quality Act. During the annual review of the General Plan, General Plan amendments are analyzed to determine whether or not they signal a trend or an emerging issue that the City should address more comprehensively.

GPA/Rezone 12-01

Adoption of the General Plan in April 2011 resulted in the assignment of new land use designations to over 1,200 properties in the City. To bring consistency between these new land use designations and zoning, a revision to the City's Zoning Map was made in December 2011 to rezone over 14,000 parcels. It is not unusual for comprehensive updates to result in mapping errors, oversights, and inconsistencies. GPA/Rezone 12-01 involved various corrections of General Plan land use designation and zoning errors made at the time of the General Plan and Zoning Map adoption. A majority of the proposed changes were for parcels that are already developed, and simply reflected existing land uses. Other changes reflected previous actions taken by Council that were not reflected on the new Land Use Diagram. Ultimately, the land use designation and zoning amendments were considered a refinement of the General Plan adoption process.

Rezones

See summary for GPA/Rezone 12-01 above.

Annexations

One annexation to the City occurred during 2012. The annexation was initiated for the purpose of bringing the new CVS pharmacy at Forest Avenue and Highway 32 into the City and connecting it to City sewer service. See details below in **Table 3**.

Table 3 2012 Annexations to the City of Chico

LAFCo Number	Title	General Plan Designation	Acres	Units	Date of Resolution
17-2011/12	11-19 City of Chico, Forest Ave. Anx. #6	CMU	2.8	N/A	05/03/2012

The City, in coordination with Butte County, is implementing a multi-phase sewer expansion project within the City's Sphere of Influence to help property owners comply with a 1990 Nitrate Prohibition Order issued by the Regional Water Quality Control Board. The sewer expansion is consistent with the Nitrate Action Plan, which was developed in response to the Nitrate Prohibition Order. The sewer expansion will ultimately connect both incorporated and unincorporated, developed properties currently using septic systems. The expansion of municipal services to unincorporated territories requires the approval of the Local Agency Formation Commission (LAFCO). In order to streamline the LAFCO approval process, the City and LAFCO are working on a Master Sewer Service Agreement. As part of the Agreement, LAFCO has requested the City to develop an Ultimate Annexation Plan to outline the process by which the City will annex the remaining unincorporated islands receiving sewer. In developing this plan, the City, in cooperation with the County, has initiated a fiscal study to determine costs associated with island annexations. Completion of the study is anticipated in May 2013.

As funding is available, the City continues to improve infrastructure in previously annexed county islands to be consistent with current City standards. These efforts will be significantly hampered by the state's dissolution of the City's Redevelopment Agency.

SUMMARY OF PRIVATE DEVELOPMENT ACTIVITY

Albeit better than 2011, the recent trend of reduced development activity continued in 2012, reflecting the nationwide economic recession, which is the worst environment for development since the Great Depression. The projects entitled or constructed in 2012 are summarized below. The relatively slow pace of development has provided limited opportunities to apply the new policy framework and strategies of the General Plan.

Residential Entitlements

Approved residential entitlements in 2012 are listed below in **Table 4** (subdivisions) and **Table 5** (multi-family housing) along with the number of new (or reconfigured) lots or units, the acreage, and the land use designation for each project. Because of the large inventory of undeveloped lots, new subdivision activity was minimal. Entitlements were largely confined to multi-family projects and reconfiguration of previously entitled projects which reflects a desire by developers to "recalibrate" to changed conditions in the housing market. Noteworthy among last year's residential entitlements is the 80-unit Inn at the Terraces (see picture to the right) within the Sierra Sunrise complex. The three-



story senior assisted living project located on 1.89 acres has a density of 42.3 units per acre, and integrated a high-quality craftsman design with step down massing to enhance compatibility with the adjacent single-family neighborhood.

Table 4: Approved Subdivisions

Name	Lots	Acres	General Plan Designation
S 12-01 M. Webb Subdivision (Reconfiguration)	29	2.91	Low Density Residential
TOTAL	29	2.91	

Table 5: Approved Multi-Family Projects

Name	Units	Acres	General Plan Designation
PDP 11-02/PM 11-05 Hutchinson Green	22	0.73	Medium High Density Residential
AR 11-15 Valley View Apts. (Transitional Youth)	14	0.7	Manufacturing & Warehousing
AR 11-16 Peitz/Reed Multi-family @ 5th & Oak	5	0.22	Medium High Density Residential
AR 12-02/UP 12-06 Orr M/U Project on Flume	3	0.2	Office Mixed Use
AR 12-04/UP 12-05 Inn at the Terraces	80	1.89	Medium High Density Residential
TOTAL	124	3.74	

Residential Construction

In 2012, the demand for new housing remained relatively low. There were 122 building permits issued for new single-family residences, and 9 permits for 55 multi-family units (mostly at the North Point Apartment project near DeGarmo Park). Five single-family residences and 2 multi-family units were lost through demolition. The decline in housing production has been primarily due to a weak housing market, high foreclosure rates, and stricter financing policies by lenders.



Commercial/Industrial Entitlements

In 2012, entitlements were approved for 23,500 square feet of new commercial and industrial space by the Planning Commission and Architectural Review and Historic Preservation Board, as shown in **Table 6**. The most notable new office space is the 14,380 square foot Skyway Orthopedics center on Raley Boulevard. Entitlements for the rehabilitation and repurposing of an additional 150,000 square feet of existing commercial and industrial space were also approved, including Dick’s Sporting Goods and Build.com, typically at the staff level.

Table 6: Approved Commercial/Industrial Projects

Name	Square Feet	Acres	General Plan Designation
AR 11-14 Ampla Health (680 Cohasset)	4,000 new/16,000 remodel	NA	Office Mixed Use
AR 12-01 Skyway Orthopedics (Raley Blvd.)	14,380	1.7	Regional Commercial
AR 12-02/UP 12-06 Orr MU Project (Flume)	1,300 sf office/3 units	0.2	Office Mixed Use
UP 12-13 Wanderful Media (325 Broadway)	5,000 remodel/façade	NA	Commercial Mixed Use
Admin. AR - Dick's Sporting Goods	52,000 remodel/façade	NA	Regional Commercial
Admin. AR - Build.com (402 Otterson Dr.)	49,000 remodel	NA	Manufacturing & Warehousing
Admin. AR - Tri Counties (890 Fortress St.)	3,800 new/28,500 remodel	NA	Manufacturing & Warehousing
Admin. AR - Chico Christian School	5,100	NA	Public Facilities & Services
TOTAL	23,480 new/150,500 remodel	1.9	

Commercial/Industrial Construction

In 2012, building permits were issued for construction of 40,763 square feet of new commercial space with construction costs valued at over 8 million dollars. Notable projects include the 4,527 square foot Roos Dental Clinic on the Esplanade, the City's new animal shelter, a 7,500 square foot commercial warehouse located on Ivy Street, and the expansion of the Tri-Counties Bank Operation Center on Fortress.



Non-residential development remains low, largely because the retail sector is impacted by job losses and a decline in consumer confidence. In addition, the market for office space is oversaturated, and the industrial sector is responding to a reduced demand from the construction and related commercial sectors.

Mixed-Use Projects

One vertical mixed use project, the Orr Mixed Use Project (or Old Enloe Hospital site) was approved in 2012 by the Zoning Administrator and the Architectural Review and Historic Preservation Board. The building will be built on Flume Street between W. 3rd and W. 4th Streets with 1,300 square feet of office space and a dwelling unit on the ground floor, and two additional residential units on the second floor. The project site is in North Downtown and has an Office Mixed Use land use designation. It exemplifies many of the goals and policies of the 2030 General Plan in that it intensifies development in North Downtown, it employs vertical mixed-use, it has reduced parking, and the design reflects elements of the original Enloe Hospital building.

Other Projects

In addition to residential, commercial, and industrial project approvals, a number of existing wireless telecommunication facilities received approvals for 4G and LTE upgrades to enhance wireless service throughout the City.

SPECIAL PLANNING AREAS

The 2030 General Plan identifies five Special Planning Areas (SPAs) to accommodate new growth. The SPAs are to be developed as integrated, complete neighborhoods with a mix of housing types and businesses, along with parks and open space. These areas will be master planned and thoughtfully developed using the best planning practices available.

South Entler SPA (SPA-3)

The South Entler SPA is the only SPA for which a development application has been received, although the application has been deemed incomplete for over a year and half. The Gateway at Butte Creek project proposes 200-acres of mixed-use development with regional commercial uses. The site is adjacent to State Route 99 north of Butte Creek. The project anticipates being a regional destination with uses such as a movie theater and hotel along the highway frontage, transitioning to residential uses toward the west. The project proposed up to 1,400 residential units, including a senior village with single-family independent living homes, an assisted living facility, and a memory care unit. The project also proposed approximately 400,000 square feet of non-residential uses, including office, retail, and industrial uses. The proposal includes a central water feature and an open space greenway around the perimeter.

OPPORTUNITY SITES

The General Plan identifies fifteen Opportunity Sites throughout the City as strategic infill and redevelopment areas. They include underutilized transportation corridors and regional retail centers, areas in the City's core, and other residential or light industrial areas that can accommodate growth. Increased density and intensity, as well as mixed-use development at these locations is desired, directed, and supported with incentives.

Below are brief descriptions of larger infill and redevelopment projects recently approved or currently underway within the Opportunity Sites.

Vacant Infill Development

As stated earlier, development activity has remained low since General Plan adoption. Of the development that is occurring, however, several projects have been



Harvest Park Visual Simulation

located within the Opportunity Sites, including the 89-unit Harvest Park Apartment project along the W. East Avenue Corridor Opportunity Site and the Orr Mixed Use Project in the Downtown Central City Opportunity Site.

Redevelopment Projects

The General Plan assumes that 13-15% of the land within the fifteen Opportunity Sites will redevelop over the life of the Plan. The Annual Report tracks major redevelopment projects within the Opportunity Sites, but does not provide a detailed accounting of redevelopment activity for its effect on the land supply.

Dick's Sporting Goods is an excellent example of a redevelopment project located in the E. 20th Street Regional Center Opportunity Site. Reuse of the old Troutman's building, in addition to other enhancements to the Mall, will breathe new life into a key regional shopping area, and has the added benefit of using existing infrastructure. Another noteworthy redevelopment project is Wonderful Media located along Broadway in the Downtown Opportunity Site. The City approved a use permit that allows an 'active' 24/7 high-tech office use on the ground floor with an estimated 50 employees that will support restaurants and shops throughout the Downtown.

Finally, in 2012, construction was completed on the Bidwell Park Apartments located within the E. 8th & 9th Street Corridor Opportunity Site. This project involved the redevelopment of a mobile home park to a 38-unit affordable housing project with a range of 2-, 3-, and 4-bedroom units.

LAND AVAILABILITY

DEVELOPMENT POTENTIAL

For the 2030 General Plan update process, an assumption was made that the City's historic population growth rate of 2% would continue. With this assumption, it was estimated that the City would need to accommodate 40,262 new residents (in approximately 16,300 new dwelling units) and 20,852 new jobs by the year 2030. The Plan was prepared for a projected 2030 City population of 139,713.

The General Plan Land Use Diagram includes new growth areas, vacant infill areas, and redevelopment areas that were designed to accommodate Chico's future growth with a range of housing choices. The full development potential of the Land Use Diagram has been estimated to support over 150,000 people and accommodate over 25,000 new jobs at build-out, which is anticipated to occur well after 2030.

Table 7 lists the total acreage in each land use designation, and reports the number of vacant acres available for development in each designation. Acreage totals for the land use designations in Special Planning Areas (SPAs) are listed separately in **Table 8** below.

Table 7: Vacant Acreage by Land Use Designation (SPAs Not Included)

Land Use Designation	Acreage*		Vacant**	
	Total Acres	% of Total	Acres	% of Total Vacant
Very Low Density Residential	1,546	7.4%	497	19.8%
Low Density Residential	5,035	24.2%	672	26.8%
Medium Density Residential	1,097	5.3%	251	10.0%
Medium High Density Residential	773	3.7%	136	5.4%
High Density Residential	11	0.1%	4	0.2%
Residential Mixed Use	76	0.4%	20	0.8%
Neighborhood Commercial	96	0.5%	37	1.5%
Commercial Services	204	1.0%	21	0.8%
Commercial Mixed Use	617	3.0%	79	3.2%
Regional Commercial	410	2.0%	90	3.6%
Office Mixed Use	390	1.9%	48	1.9%
Industrial Office Mixed Use	127	0.6%	58	2.3%
Manufacturing & Warehousing	1,304	6.3%	399	15.9%
Public Facilities and Services	2,052	9.8%	N/A	
Primary Open Space	5,206	25.0%	N/A	
Secondary Open Space	1,704	8.2%	N/A	
Special Mixed Use (Meriam Park)	197	0.9%	193	7.7%
TOTALS	20,843	100%	2,504	100%

*Acreage does not include land with a Resource Constraint Overlay Designation.

**Vacancy is updated less frequently in the unincorporated portions of the SOI.

Table 8: Available Acreage in Special Planning Areas

Land Use Designation	Acreage	
	Approximate Acreage*	% of Total
Very Low Density Residential	132	5.8%
Low Density Residential	571	25.2%
Medium Density Residential	264	11.6%
Medium High Density Residential	81	3.6%
High Density Residential	37	1.6%
Residential Mixed Use	15	0.7%
Neighborhood Commercial	19	0.8%
Commercial Services	0	0.0%
Commercial Mixed Use	32	1.4%
Regional Commercial	42	1.9%
Office Mixed Use	5	0.2%
Industrial Office Mixed Use	120	5.3%
Manufacturing & Warehousing	34	1.5%
Public Facilities and Services	28	1.2%
Primary Open Space	329	14.5%
Secondary Open Space	556	24.6%
TOTALS	2,265	100%

*Acreage does not include rights-of-way.

Given the recent reduced development activity, the low population growth rate since Plan adoption, and the amount of available land, it is anticipated that ample and diverse housing and employment opportunities will exist for the community throughout the life of the Plan.

Residential Capacity

One purpose of the Annual Report is to ensure that an adequate supply of land remains available to support the future housing needs of the community. Residential capacity is defined as the total population that can be absorbed through the build-out of vacant residentially-designated land, including approved undeveloped lots, within the City’s Sphere of Influence. The capacity of these undeveloped areas is summarized in **Table 9** (see **Appendix C** for methods). Reductions have been made to account for: 1) 15% land vacancy (i.e., land that may not develop due to insufficient infrastructure, unwilling seller, or other factors); and 2) a 3% unit vacancy rate (considered the minimum for the market to operate efficiently in terms of providing consumer choice and mobility for households).

Table 9: Capacity of Vacant Residential Land

Land Use Designation	Vacant Acreage	Assumed d.u./acre	Total Units	Assumed Persons/ Unit	Population
Very Low Density Residential	188	1	188	3	564
Low Density Residential	254	4.5	1,142	2.4	2,740
Medium Density Residential	96	8	766	2.4	1,837
Medium-High Density Residential	114	17	1,935	2.4	4,643
High Density Residential	4	25	110	1.8	193
Residential Mixed Use	30	16	472	2.4	1,133
Special Planning Areas (Units Assumed in General Plan)	1,100	Varies	6,683	2.4	16,039
SUBTOTALS	1,785	N/A	11,295	Average 2.4	27,149
After 15% Reduction for Land Vacancy					23,076
Total Capacity on Approved Lots			5,986	X 2.4 =	14,366
				Subtotal	37,443
Less 3% Unit Vacancy					(1,123)
Total*					36,319

* Total does not include units in the RCO areas, or that might be realized through redevelopment or from mixed-use designations.

The total residential capacity is estimated to be 36,319. Assuming the City's historic annual growth rate of 2 percent from the 2013 population, the residential capacity would be absorbed over approximately 17 years. It is important to note that the residential capacity estimate is conservative because it does not include an assumption for redevelopment or new

units in mixed-use designations even though the General Plan policy framework is supportive and expectant of redevelopment and mixed-use, particularly within the Opportunity Sites. Also, no units were estimated for land with the Resource Constraint Overlay (to account for the presence of highly sensitive habitat and species). The Land Use Diagram, therefore, has the potential to support a greater number of dwelling units and population than this estimate.

At this same 2 percent growth rate, the residential capacity of approved undeveloped lots is approximately 7.5 years. A 1.5 percent growth rate would extend the capacity to 10 years, while a 1 percent growth rate would take 15 years to build out. A majority of this capacity is in larger projects like Meriam Park, Mtn. Vista/Sycamore Glen, Oak Valley, and the western portion of the Northwest Chico Specific Plan. These “ready-to-go” properties provide a variety of housing types to meet the community’s needs for the foreseeable future.

This exercise shows that the General Plan’s residential capacity will meet the community’s future housing demand. One key factor that may affect this conclusion in the future is that much of the capacity lies in the Special Planning Areas (SPAs), which require comprehensive planning that may delay their immediate availability for development. It will be important to track development trends in the SPAs to evaluate their impact on availability of residential land to meet housing needs.

Commercial/Office/Industrial Land

320 acres of land designated for various types of commercial uses remain vacant, while land designated for Office or Industrial-Office Mixed Use has 230 acres remaining vacant, and 433 acres of industrial land remain vacant. This capacity is adequate for the current and projected future need. This capacity does not include the significant amount of existing, built commercial, office, and industrial space that is available for lease or purchase throughout the community, or the predominantly undeveloped Meriam Park site with a Development Agreement that allows for up to 287,000 square feet of retail and 900,000 square feet of commercial space. As with residential capacity, RCO-overlain land and potential redevelopment sites are not included in the vacant land totals.

Public and Semi-Public Land

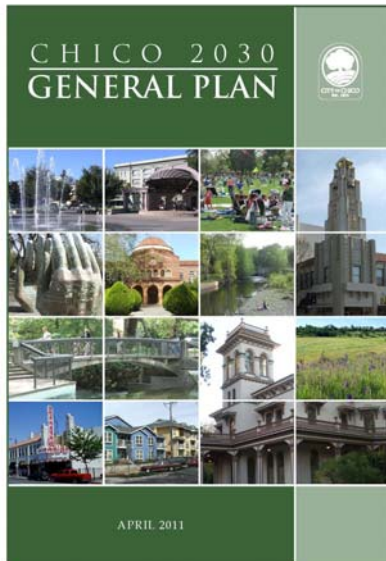
At this time, sufficient land remains available for public facilities and parks. No significant new public structures or parks were constructed in 2012. Further, public facilities, parks, and open space will be integrated into new growth areas consistent with the policy direction for the Special Planning Areas found in the General Plan.



LONG RANGE PLANNING ACTIVITIES

PROJECTS

While the pace of development has ebbed, the ongoing implementation of the 2030 General Plan includes planning efforts that will position Chico to accommodate future growth in a more sustainable manner and ready the community for investment and economic development opportunities. Below are summaries of some of the larger planning efforts that were recently completed, or that are ongoing.



2030 General Plan Wins APA Award

In April 2011, the City Council adopted the Chico 2030 General Plan. The General Plan is the primary policy document guiding the City's growth and development. In 2012, the City's General Plan received the Merit Award from the California Chapter of the American Planning Association in the category of Comprehensive Planning, Small Jurisdiction.

Title 19 Update (Phase II)

Phase I of the Title 19 amendments addressed critical items of the zoning code necessary to immediately implement the General Plan, including rezoning over 14,000 parcels to provide consistency between zoning and the land use designations for

all properties illustrated on the General Plan Land Use Diagram. Phase II amendments addressed action items and Council directives that may be less critical, but that are no less important to support and promote the General Plan's new policy framework.

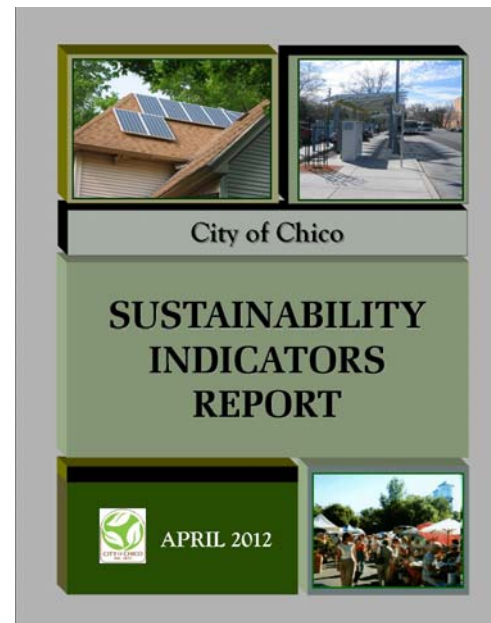
Phase IIa: In December 2012, following a series of public workshops, the City Council adopted an ordinance amending Title 19, including: new and revised definitions for improved clarity; creating a new category of nonconforming site improvements; revisions to the scope and authority of the ARHPB; expanding home occupation permits allowances; creating an exemption to minimum density for multi-family residential uses on lots that are less than 15,000 sf; amending land use tables to allow greater flexibility of uses; amending the airport zones to clarify the approval authority for use permits and other entitlements; establishing special standards within a new overlay zoning district to maintain the historic character of the Southwest Neighborhood; various amendments to the review processes and development standards addressing fencing and screening, height measurement and height limit exceptions, setback regulations and exceptions, undergrounding of utilities, and accommodations for persons with disabilities; implementing Housing Element actions regarding density bonuses and modifications to development standards to accommodate persons with disabilities; and, various amendments regarding accessory uses and structures.

Phase IIb: In May 2013, following a series of public workshops, the City Council adopted an ordinance amending Title 19 to implement additional General Plan action items and other

improvements, including amendments to development procedures and standards for parking, signage, animal keeping, allowed uses, noticing, lighting, energy efficiency, renewable energy allowances, mobile food vendor standards, community garden standards, Housing Element items, extension of permits to support economic development goals, bicycle facilities, creekside standards, agricultural buffer requirements, crime prevention, foothills development overlay, Downtown historic overlay, new definitions, and more.

General Plan Annual Report/Sustainability Indicators Report

Consistent with the General Plan, templates for the General Plan Annual Report and an accompanying Sustainability Indicators Report were developed last year. The Annual Report focuses on land use development and community growth, and provides an evaluation of the year's development trends, current land supply, and the ability of the Plan to meet future needs. Consistent with the General Plan, staff also developed indicators to gauge progress in advancing the Plan's sustainability-related policies and goals. The indicators will serve as a proxies, or representations, of the status of larger issue areas. The two reports will move forward in tandem annually to both the Commission and Council, and are intended to help guide decision making, direct program development, and assist with developing annual departmental work programs.



Best Practices Manual

Consistent with the General Plan, work has begun on development of a Best Practices Manual which would include measures designed to reduce the undesirable effects of development activity on the environment. CEQA contains a statutory exemption for infill projects that comply with applicable General Plan and zoning requirements and do not create any significant impacts. Qualified development projects will be able to use this exemption by incorporating the City's list of standard best practices as project design features. The City will have assurances of environmental protection without requiring applicants to comply with unnecessary, time-consuming and expensive environmental review requirements. This in turn will support the City's project streamlining and economic development goals.

Climate Action Plan

The General Plan directed development and implementation of a Climate Action Plan to help the City meet its greenhouse gas (GHG) reduction goal of 25% below 2005 emission levels by the end of 2020. Following numerous meetings and public hearings, the City Council approved the City of Chico 2020 Climate Action Plan (CAP) in November 2012. The CAP lists, and estimates GHG emission reductions for, actions that will directly or indirectly reduce emissions from local activities. It distinguishes between actions that can be taken by

the City and those that require action by the local community. To meet the 2020 goal, the Plan divides actions into two phases, with the first phase ending in 2015. Full implementation of the Plan will significantly reduce GHG emissions as well as yield coincident economic and other benefits, such as cleaner air, reduced traffic, less dependence on fossil fuels, and improved quality of life. Further, having a CAP in place that meets State requirements will streamline the CEQA review process for private and capital projects alike, saving both time and money.

Updated Planning and Building Department Webpages

In response to feedback from local builders/developers at a Permitting Workshop, both the Building and Planning websites have been comprehensively updated to improve site navigation and provide access to key information. The Building page now provides various City forms that are electronically fillable, and the status of plan review can be checked through a *Building Plans Currently Under Review* spreadsheet. *Inspection Logs* are also posted daily so that builders can check their inspection status on-line.

The Planning page now includes: the ability for visitors to either go a "Residential" or "Non-residential" route, which allows information to be tailored to the homeowner, business owner, or builder/developer; direct links to Code use tables and development standards; scaleable General Plan Map and Zoning Map; a new page that includes an Active Development map and an Active Application map; direct links to frequently requested Code sections; updated online planning forms; links to specific plans, neighborhood plans, and design guidelines that contain "area specific" development requirements; and a Department directory that provides direct phone and email access to staff.

The screenshot shows the Planning Services website. On the left is a navigation menu with links: Planning Services Home, Residential Development, Commercial, Office, Industrial, & Airport Development, Development Activity Map, General Plan, Specific & Neighborhood Plans, Municipal Code, Zoning, Land Use, and Interactive Maps, Planning & Public Review Documents, Fees & Forms, and Department Directory. The main content area is titled "Planning Services" and describes the department's role in administering state, regional, and local land use laws. It lists various planning activities and provides links to documents like the General Plan, Zoning Ordinance, Design Guidelines Manual, and California Environmental Quality Act Guidelines. A photo shows staff working at a computer. To the right, "Department Hours" are listed as 8:00 a.m. to 5:00 p.m. Monday-Friday, and "Contact Information" includes Mark Wolfe, Director, at 411 Main Street, 2nd Floor, Chico, CA 95927, with phone (530) 879-6800 and email zoning@ci.chico.ca.us.

Historic Preservation Program

Following the Council's adoption of an historic preservation ordinance, staff submitted an application to the State Office of Historic Preservation for the City of Chico to be designated a Certified Local Government (CLG). On December 20, 2011, Chico was officially designated the 60th CLG in the State of California. Staff continues to implement the program and last year added two new properties to the City's Historic Resources Inventory. In 2013, staff anticipates applying for a grant application to fund development of a Cultural Resources Management Plan (an action directed by the General Plan) and/or to update the City's Historic Resources Inventory.

Grant Applications

- Strategic Growth Council -

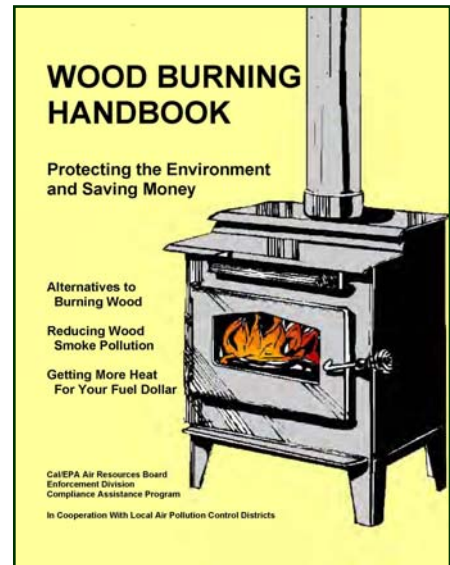
Through a competitive grant program, the City was awarded a grant for \$185,483 from the State's Sustainable Communities Planning Grant and Incentives Program. Grant monies will match City funding to: 1) amend Title 19 of the Municipal Code to implement the General Plan's new policy framework, 2) amend the City's Design Guidelines Manual to address design considerations associated with infill, mixed use, and complete streets, 3) update the City's Bicycle Plan to support the new Land Use Diagram and enhance bicycle and pedestrian circulation, and 4) develop an inclusionary housing program for Council's consideration.

INTERAGENCY OR INTERGOVERNMENTAL COORDINATION EFFORTS

Staff spends significant time coordinating and collaborating with other municipalities, agencies, and special districts to foster quality regional planning and streamline the regulatory environment.

Butte County Air Quality Management District

Consistent with the General Plan, continued discussions with the Butte County Air Quality Management District (Air District) regarding development of an air quality impact fee. Counsel for both the Air District and City agreed that under Proposition 26 (Supermajority Vote to Pass New Taxes and Fees Act) an impact fee would now be considered a tax, and therefore adoption of such a fee would need to be put before the voters, with a two-thirds affirmative vote required for approval. Staff provided a memo to Council suggesting that an alternative route of collaboration with the District on improving its CEQA Handbook may achieve many of the goals that would be attained by an air quality impact fee. Staff will continue to collaborate with the District on the Handbook update, monitor the proposed amendments, and report back to Council on whether the changes align with Council's intent to develop a mechanism to further mitigate air quality impacts.



Butte Regional Conservation Plan

The Butte Regional Conservation Plan (BRCP) is being coordinated by BCAG on behalf of Butte County's local jurisdictions, water districts, as well as Caltrans. The BRCP is both a federal Habitat Conservation Plan and a state Natural Community Conservation Plan. It is a voluntary plan that will provide streamlined endangered species act permitting for land development, transportation projects, and other covered activities over the 50 year term of the permits.

It will also provide comprehensive species, wetlands, and ecosystem conservation, and contribute to the recovery of endangered species. The BRCP will replace the existing environmental permitting process that is inconsistent, time consuming, costly, and results in ineffective conservation. Staff is highly involved in this multi-year planning process providing land use data, and commenting on draft documents and methodologies for addressing Butte County Meadowfoam.

Sustainable Communities Strategy (SB375)

In order to comply with California Senate Bill 375, City staff collaborated with BCAG in developing a Sustainable Communities Strategy (SCS) as part of the 2012 Regional Transportation Plan (RTP). The 2012 RTP included the SCS as an additional element, and demonstrates the integration of land use, housing, and transportation to reduce vehicle miles traveled and therefore greenhouse gas emissions. Staff actively participated in the development of the 2012 SCS by attending and participating in a series of meetings, providing land use and transportation-related information for the City, and reviewing and providing comments on documents and datasets.

Butte County Agricultural Mitigation Ordinance

Per the Butte County General Plan, County staff is developing a draft Agricultural Mitigation Ordinance (AMO) to mitigate the conversion of agricultural land to non-agricultural uses in areas not designated for urban development. City Planning staff have been actively involved in stakeholder meetings and providing comments on draft ordinances to ensure that the County's AMO does not compromise the City's ability to implement its General Plan or conflict with the City's long-standing strategy to preserve agricultural land through preservation of the Greenline.

HOUSING

A Housing Element Annual Report is provided to the State Housing and Community Development Department under separate cover in April of every year. A copy of that report is attached as **Appendix B**. Below are general summaries regarding housing market trends, affordability, housing market supply and demand, and affordable housing production.

HOUSING MARKET TRENDS

The for-sale housing market began to show signs of strengthening in 2012, after five years of decline. This change was strongly correlated with a decline in defaults and foreclosures last year. Notices of mortgage default fell from 161 in the third quarter of 2011, to 63 in the fourth quarter of 2012. Foreclosure sales fell from 124 in the fourth quarter of 2011, to 82 in the fourth quarter of 2012. (ForeclosureRadar.com). The proportion of home sales that were pending purchase or purchased bank-owned foreclosures had depressed home prices between 2008 and 2012, regularly accounting for over half of sales. By the end of 2012, pending purchase or purchased bank-owned foreclosures made up less than 20% of home sales. The median sale price rebounded from \$224,806 for all Chico home sales in 2011, to \$236,519 in 2012. The number of home sales increased for the fourth straight year, from 856 sales in 2011 to 956 sales in 2012 (Chico Multiple Listing Service). By the end of 2012, mortgage interest rates continued to stay near record low levels while unemployment continued to decline in the State of California. These trends point to continued steady growth in housing demand, sale prices and home values in 2013.

The rental market continued its trend of strong growth in 2012 that had initiated in the previous year. The rental vacancy rate was estimated at 3.1% in the fourth quarter of 2012. By comparison, the estimated vacancy rate in what is considered a very strong nationwide rental market was 4.7% in the same quarter. Chico properties built after 1999 had an even lower vacancy rate of 2.0% through 2012 (Reis Reports, 4th Quarter, 2012). Publicly subsidized housing in Chico has long waiting lists. The Housing Authority of the County of Butte reported a waiting list of 1,478 Chico households (4.3% of all Chico households) for Section 8 vouchers and 539 Chico households for public housing. Average Chico rents increased by 2.1% from the fourth quarter of 2011 to 2012, slightly slower than nationwide rents at 3.0%. Rent growth was strongest during 2012 for three-bedroom apartments, at 3.5%. The overall Chico average rent in the fourth quarter of 2012 was \$871 (Reis Reports, 4th Quarter, 2012).

AFFORDABILITY

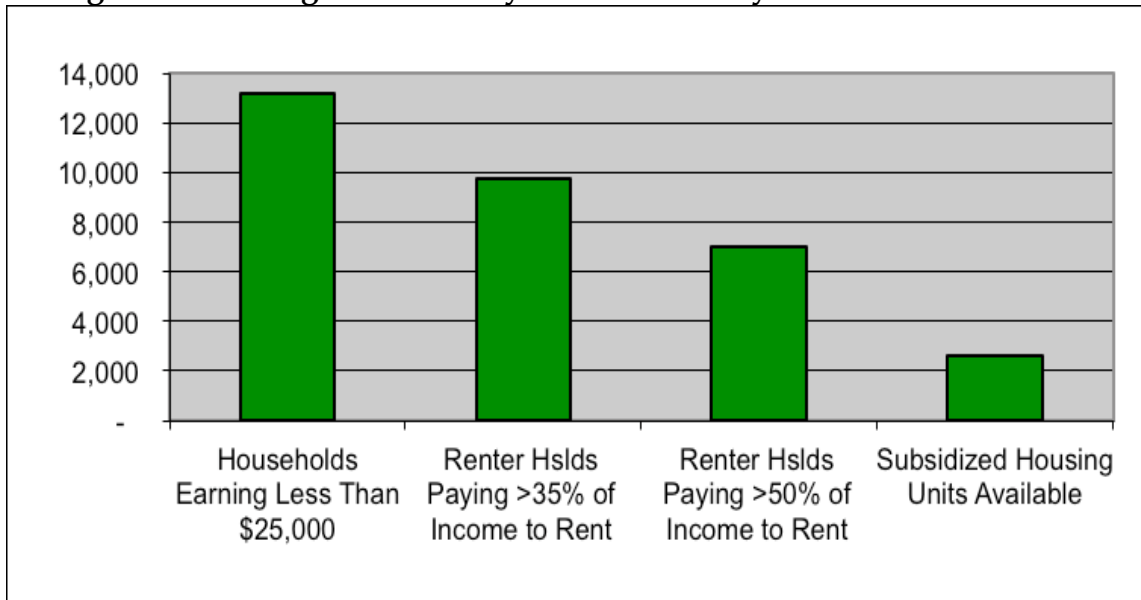
The U.S. Department of Housing and Urban Development has estimated the 2013 fair market rent for a two-bedroom apartment at \$878. A household earning \$35,120 annually can afford to pay this amount. **Table 10** below compares the rent level that is affordable to Very Low Income and Extremely Low Income Households. This assumes that households in all income categories pay 30% of their income toward rent. The affordability gap has increased in the last year because of declines in income.

Table 10: Affordable Rent Levels

	Rent	Income
2-Bedroom Fair Market Rent in Chico	\$878	\$35,120
Affordability for a 3-person Very Low Income Household	\$645	\$25,800
Affordability for a 3-person Extremely Low Income Household	\$388	\$15,500

The estimated number of Chico households earning less than \$25,000 annually has grown from 10,075 in the 2010 Decennial Census, to 13,199 in the 2011 U.S. Census American Community Survey. Most households earning less than \$25,000 fall into the category of Very Low Income households. About half of Chico renter households pay over 35% of their income to rent, and over one-third pay over 50% of their income to rent. The percentage of renters paying over half of their income to rent has increased in the past year from 31% in 2011 to 35% in 2012 (2011 American Community Survey, U.S. Census). In the chart below (**Figure 3**), these household counts are compared to the number of publicly-subsidized housing units in Chico, including Section 8 voucher holders.

Figure 3: Housing Affordability and Availability



AFFORDABLE HOUSING PRODUCTION

Since the 2009-2014 Housing Element was adopted in August 2009, 178 units affordable to low-income households have been built in Chico. Another 163 units are in development. Past and estimated future unit production throughout the 2009-2014 Housing Element period is summarized below in **Table 11**.

Table 11: Recently Built and Planned Affordable Housing

	Units
Low-Income Affordable Units Produced 2009-2011	140
Units Completed in 2012	38
Estimated Units to be Completed in 2013	143
Estimated Units to be Completed in 2014	20
Total	341

State law requires that each municipality set goals and land use policies to produce housing affordable to a range of income levels. Housing production goals for Chico are calculated by the Butte County Association of Governments. This is called the Regional Housing Needs Allocation (RHNA), which is set for a seven-year period. The current RHNA period is 2007-2014, the end of which coincides with the Housing Element update period. Chico’s RHNA for low-income affordable housing during this period is 2,567 units.¹ From 2007-2012, 404 low-income affordable housing units were produced (16% of the RHNA goal). Another 163 units are planned to be completed by the end of 2014. While the RHNA is one indication of housing need, inadequate resources dedicated to affordable housing have hampered the ability of California communities to meet these goals.

¹ There is often some confusion about whether or not a community is required to develop the number of affordable units specified in the regional housing needs allocations during the Housing Element horizon. The Housing Element does not actually require local agencies to build the number of affordable housing units identified. Instead, state law requires that local government provide adequate sites and make a good faith effort to address local housing needs. Cities must demonstrate adequate density as a proxy for affordability. Vacant acreage appropriately zoned at certain densities presumes that these sites will facilitate low and moderate income affordable housing to be built.