

# CHICO 2030 GENERAL PLAN

## Annual Progress Report May 2014



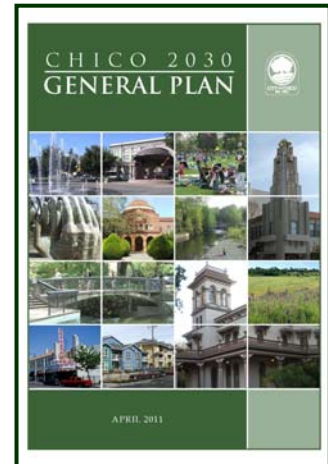
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# INTRODUCTION

## 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 third 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

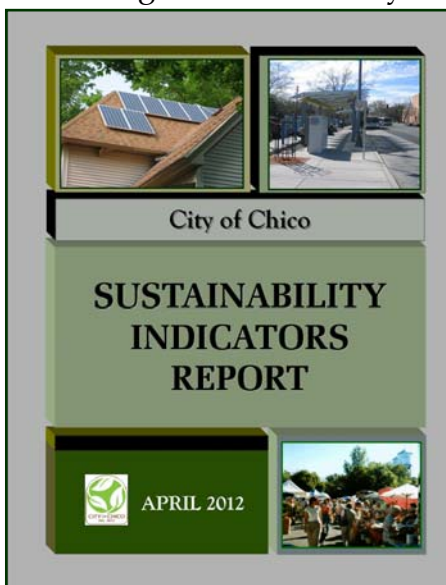
This report is intended to help the community and City officials assess how the General Plan is being implemented in accordance with its goals and policies, and to help establish and provide direction on future priorities.

## 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.

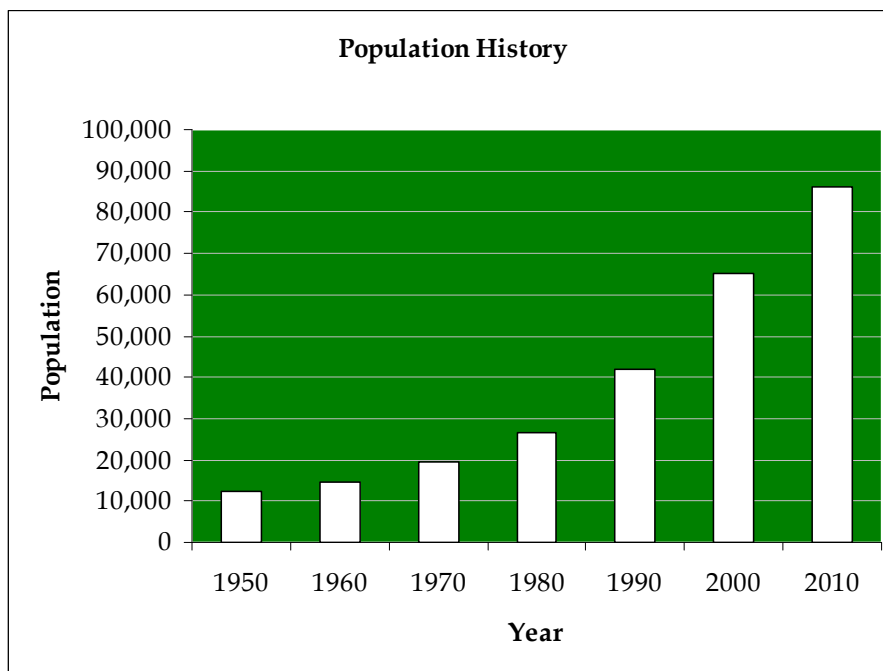
**Table 2: City of Chico Population History**

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**



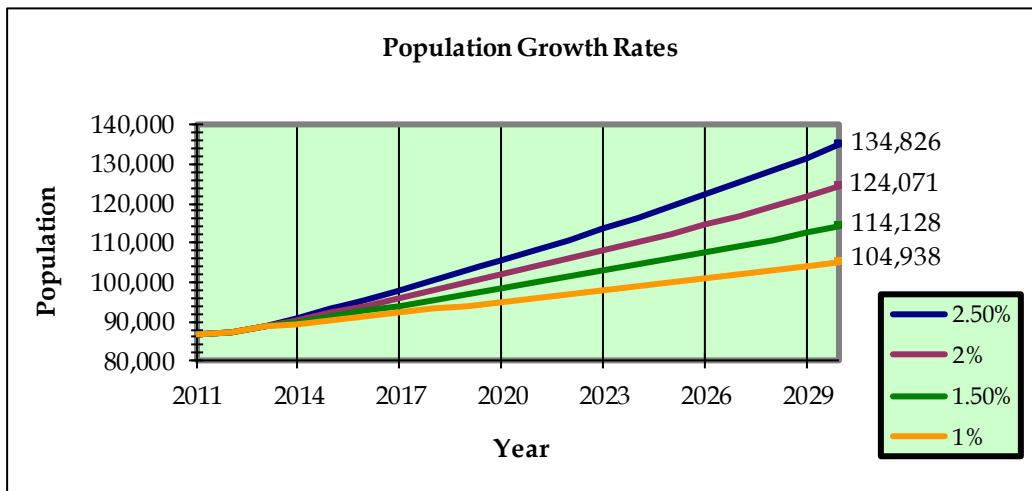
## RECENT POPULATION TRENDS

According to California Department of Finance Unit Survey data, on January 1, 2014, the estimated population for Chico was **88,607**, representing an increase of 1.01% (940 people) from the prior year. This approximately 1.0% growth rate is greater than last year's 0.6% growth rate, but consistent with the 1% City growth experienced the three years before.

## 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 2014 city population of 88,607. 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. One unit was annexed to the City during 2013.

## DEVELOPMENT ACTIVITY

### GENERAL PLAN AMENDMENTS, REZONES & ANNEXATIONS

Below is a summary of General Plan amendments, rezones, and annexations that occurred in 2013.

#### *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.

There were no General Plan amendments in 2013.

#### *Rezones*

As part of the final phase of the Comprehensive Title 19 Update, Council adopted a Foothill Development (-FD) overlay that consolidated, updated, and applied the City's foothill development standards to approximately 861 parcels. The boundaries of the -FD overlay includes areas generally east of Bruce Road and above the 270-foot contour. This action improved clarity, implementation, and predictability of foothill standards for the general public.

#### *Annexations*

One annexation to the City occurred during 2013. The annexation of one parcel with a single-family residence was initiated as a Butte Local Agency Formation Commission (LAFCO) condition of being connected to the City sewer. See details below in **Table 3**.

**Table 3 2013 Annexations to the City of Chico**

LAFCo Number	Title	General Plan Designation	Acres	Units	Date of Resolution
21-2013/14	14-01 City of Chico, Oak Way Anx. #3	LDR	.44	1	12/05/2013

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.

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

**SUMMARY OF PRIVATE DEVELOPMENT ACTIVITY**

There was clear trend of increased development activity in 2013, reflecting a recovery from the nationwide economic recession, which was the worst environment for development since the Great Depression. The projects entitled or constructed in 2013 are summarized below. The increase in development has provided greater opportunities to apply the new policy framework and strategies of the General Plan.

*Residential Entitlements*

Approved residential entitlements in 2013 are listed below in **Table 4** (subdivisions and parcel maps) 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 entitled 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 8-unit Portland Place Apartment project located in the South Campus Opportunity Site (see architectural rendering above). While only an 8-unit multi-family project, it is a good example of the ongoing stream of smaller infill and redevelopment projects that are successfully being integrated into the community’s fabric. Small project sites present unique challenges in meeting all of the City’s development standards, but utilizing the City’s Planned Development process provides a flexible mechanism to aid the City in meeting its goal of thoughtful infill development.

**Table 4: Approved Subdivisions and Parcel Maps**

Name	Lots	Acres	General Plan Designation
PM 13-01 Growdon (1065 Lia Way)	3	0.865	Low Density Residential
PM 13-3 Edwards (1186 Vallombrosa)	2	1.25	Low Density Residential
PDP 13-01/S 13-01 Deer Park (E. 8 <sup>th</sup> St./Forest)	31	NA	Low Density Residential
<b>TOTAL</b>	<b>36</b>	<b>NA</b>	



**Table 5: Approved Multi-Family Projects (Done)**

Name	Units	Acres	General Plan Designation
AR 13-12/UP 13-07 Vera Bridges	1	NA	Office Mixed Use
AR 13-20/UP 13-17 Salvation Army Duplexes	4	0.15	Commercial Mixed Use
AR 13-17/UP 13-20 East Shasta Townhomes	7	0.6	Commercial Mixed Use
PDP 13-02/AR 13-16 Portland Place Apts.	8	0.7	Residential Mixed Use
AR 13-05 Thomas/Hunzeker Duplexes	4	0.2	Medium High Density Residential
AR 13-02 Warner Street Duplex	2	0.1	Medium High Density Residential
AR 13-01 Colebrook Place Apartments	64	4.3	Medium Density Residential
UP 13-02 Ruby	2	0.91	Office Mixed Use
<b>TOTAL</b>	<b>92</b>	<b>6.96</b>	

***Residential Construction***

In 2013, the demand for new housing showed signs of recovery. There were 229 building permits for single-family residences compared to a 122 in 2012. Further, there were 27 permits for 163 multi-family units (mostly at the affordable Harvest Park Apartments project on East Avenue and the DeGarmo Terrace project on The Esplanade across from DeGarmo Park) compared to the 9 permits for 55 multi-family units in 2012. Two



single-family residences, one mobile home, and 6 multi-family units were lost through demolition. The strong uptick in housing production is in response to a limited supply of residential units for sale and rent, continued job growth, and low interest rates.

***Commercial/Industrial Entitlements***

In 2013, entitlements were approved for approximately 159,000 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 and industrial space is the 80,000 square foot BCAG B-Line Operations Center located in the Hegan Lane Business Park. The approved project was an impressive LEED-certified design, however, due to a loss of significant state funding, the project will likely return to the ARHPB in 2014 for modifications.

**Table 6: Approved Commercial/Industrial Projects**

Name	Square Feet	Acres	General Plan Designation
AR 13-01/UP 13-15 Eaton Rd. Mini Storage	62,000 new/caretaker unit	NA	Low Density Residential
AR 13-06/UP 13-14 East Ave. McDonald's	4,387 new	1.0	Commercial Mixed Use
AR 13-13 Star Liquors	4,619 new	0.4	Commercial Mixed Use
AR 13-15 Butte Premier Physical Therapy	3,000 new	NA	Office Mixed Use
AR 13-08 T-Bar Outdoor Seating	Outdoor Seating Area	NA	Commercial Mixed Use
AR 13-03 BCAG Operations Center	80,000 new + Bus Facilities	10	Manufacturing & Warehousing
UP 13-02 DigitalPath, Inc.	Helipad Facility	NA	Manufacturing & Warehousing
UP 13-02 First Responder Station	Ambulance Station	NA	Medium High Density Residential
UP 13-12 Rendezvous Event Facility	5,000 new	NA	Neighborhood Commercial
<b>TOTAL</b>	<b>159,006 new</b>	<b>NA</b>	

***Commercial/Industrial Construction***

In 2013, building permits were issued for construction of 34,344 square feet of new commercial space with construction costs valued at over 4 million dollars. Notable projects include the 14,486 square foot orthopedic medical office on Raley Boulevard, the 6,610 square foot expansion of the Neighborhood Church, and 4,449 square feet of new professional office space on the Esplanade. Non-residential development remains low as the retail sector remains



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***

In 2013, one vertical mixed use project, the Old Enloe Hospital site, was built. The building is located on Flume Street between W. 3<sup>rd</sup> and W. 4<sup>th</sup> 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.

There are no active applications for a Special Planning Area.

### **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*

Development activity is beginning to show a steady increase. Several projects are located within the Opportunity Sites, including the recently built 89-unit Harvest Park



**Harvest Park Visual Simulation**

Apartment project along the W. East Avenue Corridor Opportunity Site, the approved 8-unit Portland Place Apartment project located in the South Campus Opportunity Site, the approved 4-unit Salvation Army transitional housing project in the Downtown Opportunity Site, and the approved 3,000 square foot Butte Premier Physical Therapy Center in the Skyway Regional Center 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. 20<sup>th</sup> Street Regional Center Opportunity Site. Reuse of the old Troutman's building, in addition to other enhancements to the Mall, have breathed 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 signed off on the building permit for this 'active' 24/7 high-tech office use on the ground floor with an estimated 50 employees currently supporting restaurants and shops throughout the Downtown.

## 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%	478	19.9%
Low Density Residential	5,035	24.2%	629	26.2%
Medium Density Residential	1,097	5.3%	251	10.5%
Medium High Density Residential	773	3.7%	130	5.4%
High Density Residential	11	0.1%	4	0.2%
Residential Mixed Use	76	0.4%	14	0.6%
Neighborhood Commercial	96	0.5%	37	1.5%
Commercial Service	204	1.0%	21	0.9%
Commercial Mixed Use	617	3.0%	79	3.3%
Regional Commercial	410	2.0%	83	3.5%
Office Mixed Use	390	1.9%	45	1.9%
Industrial Office Mixed Use	127	0.6%	58	2.4%
Manufacturing & Warehousing	1,304	6.3%	388	16.1%
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%	184	7.7%
<b>TOTALS</b>	<b>20,843</b>	<b>100%</b>	<b>2,402</b>	<b>100%</b>

\*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%
<b>TOTALS</b>	<b>2,265</b>	<b>100%</b>

\*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 exist for the community throughout and beyond 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 DUs/Acre	Total Units	Assumed Persons/Unit	Population
Very Low Density Residential	247	1	247	3	741
Low Density Residential	254	4.5	1,143	2.4	2,743
Medium Density Residential	104	8	832	2.4	1,997
Medium-High Density Residential	110	17	1,870	2.4	4,488
High Density Residential	4	25	109	1.8	191
Residential Mixed Use	14	16	224	2.4	538
Special Planning Areas (Units Assumed in General Plan)	1,100	Varies	6,683	2.4	16,039
<b>SUBTOTALS</b>	1,833	N/A	11,108	Average 2.4	<b>26,737</b>
<b>After 15% Reduction for Land Vacancy</b>					22,726
<b>Total Capacity on Approved Lots</b>			<b>5,431</b>	<b>X 2.4 =</b>	13,034
					<b>Subtotal</b>
					<b>35,761</b>
					<b>Less 3% Unit Vacancy</b>
					<b>(1,073)</b>
					<b>Total*</b>
					<b>34,688</b>

\* 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 34,688. Assuming the City’s historic annual growth rate of 2 percent from the January 1, 2014 population estimate, 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 (i.e., 13,034 population) is approximately 7 years. A 1.5 percent growth rate would extend the capacity to 9.5 years, while a 1 percent growth rate would take nearly 14 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***

313 acres of land designated for various types of commercial uses remain vacant, while land designated for Office or Industrial-Office Mixed Use has 228 acres remaining vacant, and 422 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. The new North Butte County Courthouse is taking form at the Meriam Park site in southeast Chico, and CUSD has a number of projects underway throughout the community. No other significant new public structures or parks were constructed in 2013. 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.



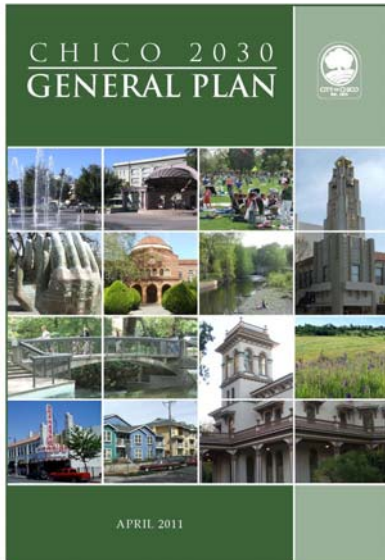


## LONG RANGE PLANNING ACTIVITIES

### PROJECTS

The ongoing implementation of the 2030 General Plan includes planning efforts that 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.

#### *Title 19 Update (Phase II)*



Phase IIb: In May 2013, following a series of public workshops and a recommendation from the Planning Commission, the City Council adopted an ordinance completing the final phase of the Comprehensive Title 19 update. The final amendments 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, renewable energy allowances, mobile food vendor standards, community garden standards, Housing Element items, extension of permits to support economic development goals, creekside standards, agricultural buffer requirements, foothills development overlay, new definitions, and more.

#### *User Fee Study Update*

To support a comprehensive update of the City's user fee schedule (Building, Planning, and Engineering), the City prepared an analysis of the full costs incurred by the City in support of development activities for which the City charges user fees. The study utilized a unit cost build-up methodology to identify the full cost for individual fee activities. By projecting an estimated average annual volume for each fee activity, the study also identified the annual cost of the services and the potential annual revenue for the fee activities at full cost levels. Council has accepted the study, and directed staff to prepare a resolution adopting revised fees at 90% cost-recovery for virtually all Building, Engineering, and Planning division fees. Council further directed that the increase be phased in over a three-year period.

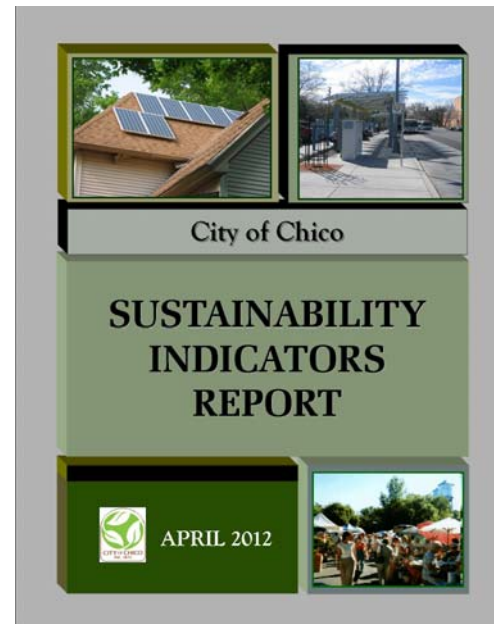
#### *Housing Element Update (2014-2022)*

According to state law, the City must update its Housing Element (one of the seven required elements of a General Plan) every five to eight years, with specific deadlines established by the California Department of Housing and Community Development (HCD). The City of Chico is required to submit its updated and adopted Housing Element to the State for certification by June 15, 2014. The Housing Element is the primary policy document to guide the development, rehabilitation, and preservation of housing for all economic segments of the Chico's population. The draft Housing Element was approved by HCD, went to the

Planning Commission in May for a recommendation to Council, and is due for adoption by Council in June.

### ***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 have been developed. 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, initial 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 directs 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. 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 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 streamlines the CEQA review process for private and capital projects alike, saving both time and money. In 2013, the Council appointed a seven member Sustainability Task Force to aid in implementing the CAP. The STF is meeting bi-monthly with staff support from the Community Development Department.

### ***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, there was one addition made to the City's Historic Resources Inventory and two Mills Act contracts were processed. In 2014, 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.

### **INTERAGENCY OR INTERGOVERNMENTAL COORDINATION EFFORTS**

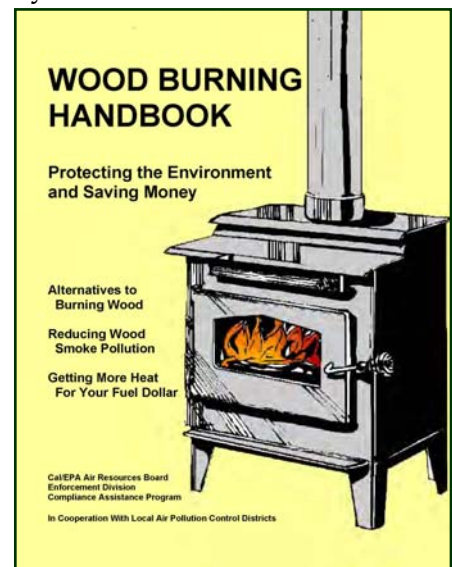
Staff spends significant time coordinating and collaborating with other municipalities, agencies, and special districts to foster quality regional planning and streamline the regulatory environment.

### ***Butte County Air Quality Management District - CEQA Handbook Update***

Consistent with the General Plan, staff 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 promises streamlined endangered species act permitting for land development, transportation projects, and other covered activities over the 50 year term of the permits. It also proposes to provide comprehensive species, wetlands, and ecosystem conservation, and contribute to the recovery of endangered species. If adopted, the BRCP will replace the existing environmental permitting. Staff remains highly involved in this multi-year planning process providing land use data, and commenting on draft documents and methodologies for addressing

Butte County Meadowfoam. The final draft BRCP and its associated Draft Environmental Impact Report are scheduled for release for public comments in June 2014.

### ***Butte County Agricultural Mitigation Ordinance***

Per the Butte County General Plan, County staff developed an Agricultural Mitigation Ordinance (AMO) to mitigate the conversion of agricultural land to non-agricultural uses in areas not designated for urban development. City staff was 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. The County Board of Supervisors adopted the AMO in early 2014.

### ***Butte LAFCO Coordination Regarding Sewer Hook-ups and Annexation***

For several years, the City and LAFCO have been unsuccessful in resolving a number of issues relating to the extension of City sewer to County properties, and to the development of a mutually agreeable program for annexing County "islands". These issues are particularly important as it relates to connecting parcels in the high Nitrate Areas of Concern to city sewer. To improve relations and further the dialogue, a Sewer Service Extension and Annexation Strategy sub-committee made up of Council members and City staff have been meeting regularly with a subcommittee from LAFCO. The two subcommittees have worked effectively in identifying mutual goals, and have gained a much better understanding of the issues faced by the two agencies. A draft Agreement is being developed to resolve longstanding points of contention.

## 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

After a sharp drop in production from 2006 to 2010, Chico for-sale home starts gradually increased over the last few years and there has been an upward trend of sales of new and existing homes from 2010 to 2013. The percentage of sales that were bank-owned foreclosures peaked in 2011, and then declined to the smallest proportion in the last five years in 2013. In October 2013, foreclosure filings in Chico were 26% lower than the previous month and 55% lower than October 2012. There were 274 properties in Chico that were in some stage of foreclosure in October 2012, which represents .08% of all unit in Chico (Realty Trac, November 2013). The median sale price fell to \$225,000 in 2011 before rebounding to \$265,000 in 2013. Mortgage interest rates continued to remain low 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 2014.

The rental market continued its trend of growth in 2013 that had initiated in 2011. The overall rental vacancy rate was estimated at 2.4% as of September 30, 2013. By comparison, a typical balanced rental market has a vacancy rate of about 5%. Publicly subsidized housing in Chico has long waiting lists. The Housing Authority of the County of Butte reported a waiting list of 788 Chico households for Section 8 vouchers and 441 Chico households for public housing. Annualized Chico rents increased by 2.8% over the year, slightly slower than annualized nationwide growth of 3.0%.

### AFFORDABILITY

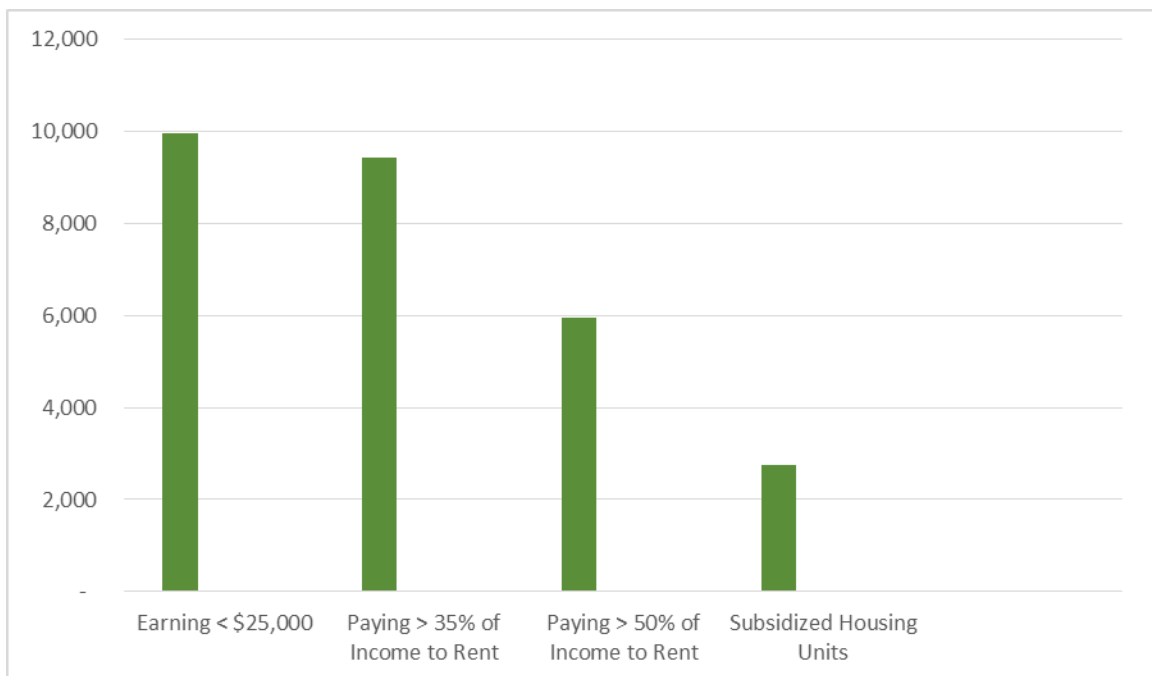
The U.S. Department of Housing and Urban Development has estimated the 2014 fair market rent for a two-bedroom apartment at \$851. A household earning \$34,040 annually can afford to pay this amount. **Table 10** below compares the rent level that is affordable to Very Low Income and Extremely Low Income 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	\$851	\$34,040
Affordability for a 3-person Very Low Income Household	\$616	\$24,650
Affordability for a 3-person Extremely Low Income Household	\$370	\$14,800

The estimated number of Chico households earning less than \$25,000 annually grew to 13,199 according to the 2011 U.S. Census American Community Survey, but according to the 2010-2012 American Community Survey has dropped significantly to 9,974. 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 almost one-third pay over 50% of their income to rent. The percentage of renters paying over half of their income to rent has decreased to the 2011 level of 31% from a high of 35% in 2012 (2012 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, 333 units affordable to low-income households have been built in Chico. An additional two 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 2009-2012	243
Units Completed in 2013	90
Estimated Units to be Completed in 2014	2
Estimated Units to be Completed in 2015	16
<b>Total</b>	<b>351</b>

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.<sup>1</sup> From 2007-2013, 563 low-income affordable housing units were produced (22% of the RHNA goal). Another two 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.

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<sup>1</sup> 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.