

CHICO 2030 GENERAL PLAN

Annual Progress Report
May 2012



Table of Contents

| | |
|---|-----------|
| INTRODUCTION | 1 |
| OVERVIEW..... | 1 |
| REPORT COMPONENTS..... | 2 |
| FIVE-YEAR GENERAL PLAN REVIEW | 2 |
| POPULATION | 3 |
| POPULATION HISTORY | 3 |
| RECENT POPULATION TRENDS..... | 4 |
| POPULATION PROJECTIONS..... | 4 |
| DEVELOPMENT ACTIVITY | 5 |
| GENERAL PLAN AMENDMENTS, REZONES & ANNEXATIONS..... | 5 |
| SUMMARY OF PRIVATE DEVELOPMENT ACTIVITY | 6 |
| SPECIAL PLANNING AREAS | 8 |
| OPPORTUNITY SITES | 8 |
| LAND AVAILABILITY | 11 |
| DEVELOPMENT POTENTIAL..... | 11 |
| LONG RANGE PLANNING ACTIVITIES | 15 |
| PROJECTS..... | 15 |
| INTERAGENCY OR INTERGOVERNMENTAL COORDINATION EFFORTS | 17 |
| HOUSING | 19 |
| HOUSING MARKET TRENDS..... | 19 |
| AFFORDABILITY | 19 |
| HOUSING MARKET SUPPLY AND DEMAND..... | 20 |
| AFFORDABLE HOUSING PRODUCTION | 21 |
| APPENDIX A: GENERAL PLAN ACTION STATUS | |
| APPENDIX B: HOUSING ELEMENT ANNUAL REPORT | |
| APPENDIX C: METHODS | |
| TABLES | |
| Table 1: General Plan Elements..... | 1 |
| Table 2: City of Chico Population History..... | 3 |
| Table 3: 2011 Annexations to the City of Chico | 5 |
| Table 4: Approved Subdivisions | 6 |
| Table 5: Approved Multi-Family Projects..... | 6 |
| Table 6: Approved Commercial/Industrial Projects..... | 7 |
| Table 7: Vacant Acreage by Land Use Designation (SPAs Not Included) | 11 |
| Table 8: Available Acreage in Special Planning Areas | 12 |
| Table 9: Capacity of Vacant Residential Land..... | 13 |
| Table 10: Affordable Rent Levels | 20 |
| Table 11: Recently Built and Planned Affordable Housing | 21 |
| FIGURES | |
| Figure 1: Chico Population History by Decade..... | 3 |
| Figure 2: Population Projections at Various Growth Rates..... | 4 |
| Figure 3: Housing Affordability and Availability | 20 |

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.

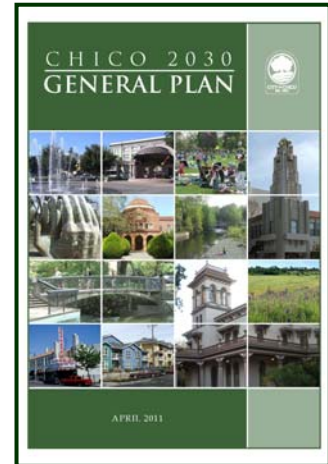


Table 1, below, lists the General Plan elements, including six mandated by the state and six optional elements, and the date of their adoption or last major revision. California’s Government Code requires that staff provide an annual report on the status of implementing the City’s General Plan. The annual 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 first 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 |

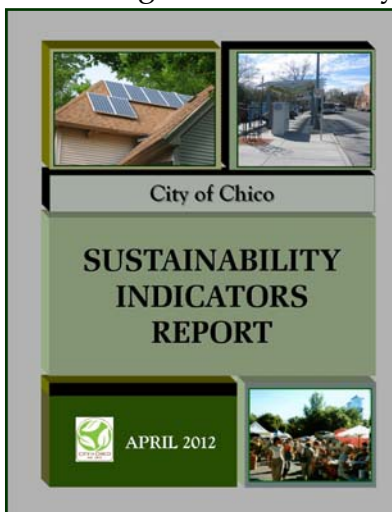
This report is intended to help the community and City officials assess how the General Plan is being implemented in accordance with its goals and policies, and to help establish and provide direction on future priorities.

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* will be reviewed in conjunction with this and future General Plan Annual Reports 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.

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 25,630 population increase between 2000 and 2007, new residential development accounted for a 35% increase (8,935 residents) and annexation accounted for a 65% increase (16,695 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.

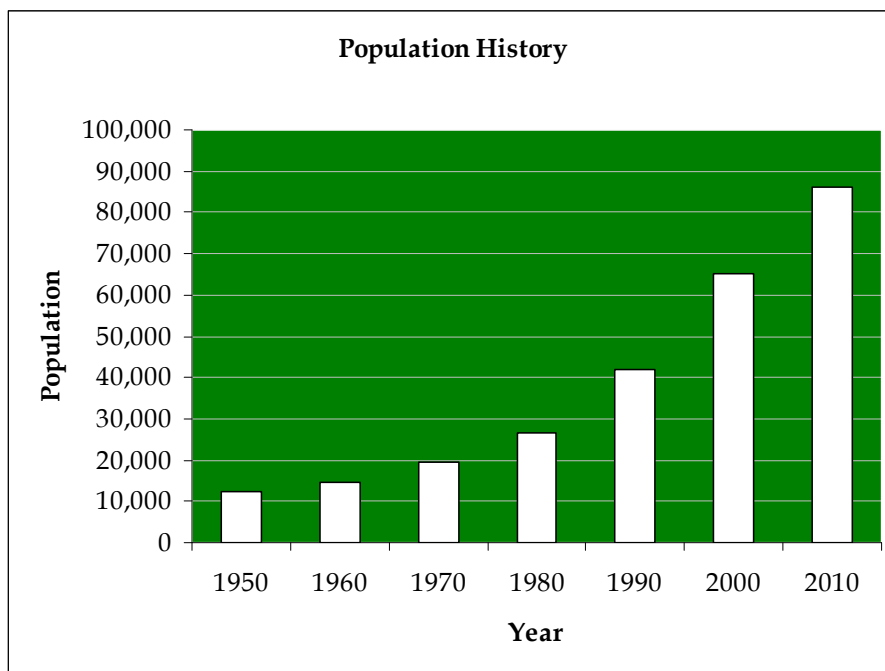
Table 2: City of Chico Population History

| 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



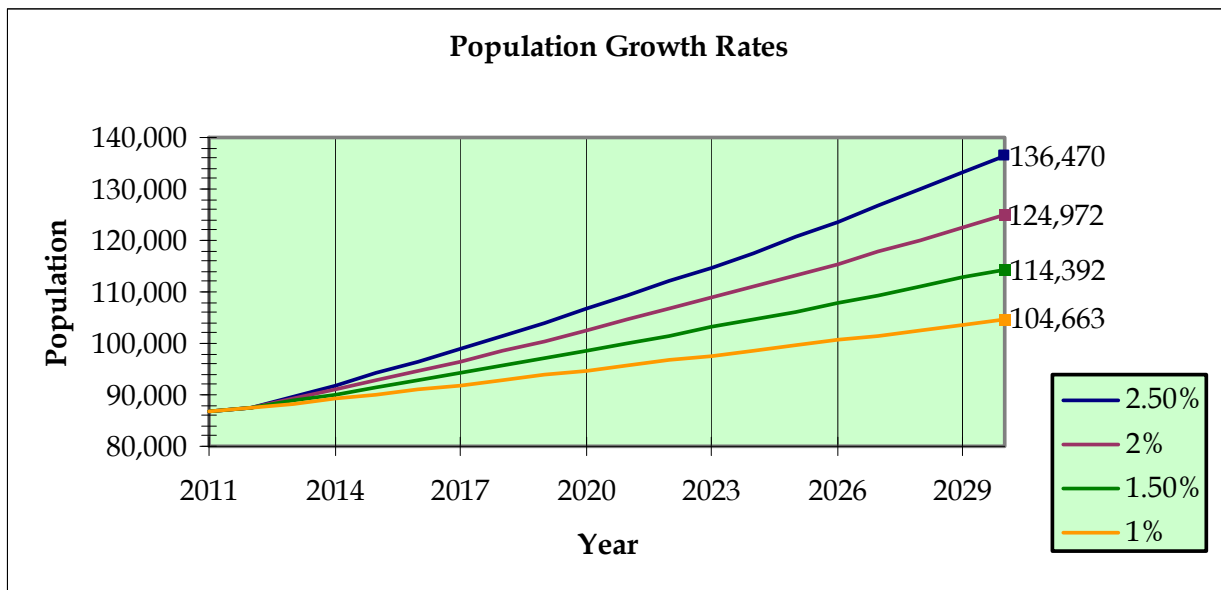
RECENT POPULATION TRENDS

According to the California Department of Finance, on January 1, 2012, the estimated population for Chico was **87,500**, representing a small increase of 1.1% (934 people) from the prior year. This approximately 1% growth rate is consistent with the City's growth over 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 assumes 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 2012 city population of 87,500. Given that Chico is experiencing a lower growth rate, the city population in 2030 will likely be 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. Only two units were annexed to the City during 2011.

DEVELOPMENT ACTIVITY

GENERAL PLAN AMENDMENTS, REZONES & ANNEXATIONS

Below is a summary of General Plan amendments, rezones, and annexations that occurred in 2011.

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, recent 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. Since the General Plan was adopted, the City has not adopted any amendments to the text of the Plan, nor has it amended any of the maps, including the General Plan Land Use Diagram.

Rezones

In November 2011, Council adopted an ordinance 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. In addition, there was one applicant-driven rezone approved in 2011. The project changed the zoning of a 14.4-acre parcel located to the east of the airport from AM Airport Manufacturing to ML Light Manufacturing. Both zoning districts are consistent with the site's General Plan designation of MW Manufacturing & Warehousing.

Annexations

One annexation to the City occurred during 2011. The annexation was initiated for the purpose of connecting the site to City sewer service, and its details are shown in **Table 3**.

Table 3 2011 Annexations to the City of Chico

| Lafco Number | Title | General Plan Designation | Acres | Units | Date of Resolution |
|--------------|--|--------------------------|-------|-------|--------------------|
| 01-2011/12 | 11-08 City of Chico, Stewart Ave. ANX #2 | LDR | 0.6 | 2 | 10/31/2011 |

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 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. To date, LAFCO has approved the Agreement on an interim basis under the condition that the City develop an Ultimate Annexation Plan to outline the process by which the City will annex the remaining unincorporated islands receiving sewer. The Annexation Plan has been under development over the past year and is expected to be completed later in 2012.

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

The recent trend of reduced development activity continued in 2011, reflecting the nationwide economic recession, which is the worst environment for development since the Great Depression. The projects entitled or constructed in 2011 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. A case study describing the application of the 2030 General Plan to the Harvest Park Apartments project is described on page 10 of this report.

Residential Entitlements

Approved residential entitlements in 2011 are listed below in **Table 4** (subdivisions) and **Table 5** (multi-family housing) along with the number of new lots or units, the acreage, and the land use designation for each project.

Table 4: Approved Subdivisions

| Name | # Lots | Acres | GP |
|------------------|---------------|--------------|-------------------------|
| MLD 11-01 Hoblin | 2 | 0.7 | Low Density Residential |
| PM 11-01 York | 2 | 0.6 | Low Density Residential |
| TOTAL | 4 | 1.3 | |

Table 5: Approved Multi-Family Projects

| Name | Units | Acres | GP |
|--|--------------|--------------|---------------------------------|
| PDP 11-01 Harvest Park Apartments | 90 | 5.85 | Residential Mixed Use |
| AR 09-16 Country Village Care Cottages | 5 | 1.7 | Medium Density Residential |
| AR11-12 North Point Apartments | 50 | 2.3 | Medium High Density Residential |
| TOTAL | 145 | 9.85 | |

Residential Construction

In 2011, the demand for new housing remained relatively low. There were 95 building permits issued for new single-family residences, and 48 permits for multi-family units

(mostly at the Esplanade Apartments project across from DeGarmo Park). Two single-family residences 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 2011, entitlements were approved for 32,661 square feet of new commercial space by the Architectural Review and Historic Preservation Board, as shown in **Table 6**. The majority of this space is a 30,000 square foot commercial center at the corner of Bruce Road and Raley Boulevard, which was approved for 3 retail/office buildings and a vacant corner pad site for a future anchor tenant.

Table 6: Approved Commercial/Industrial Projects

| Name | Square Feet | Acres | GP |
|---------------------------------|---------------|------------|-------------------------|
| AR 09-13 Eastwood Pointe Square | 30,000 | 3.3 | Community Commercial |
| AR 11-09 Clark Pest Control | 2,661 | 1.5 | Neighborhood Commercial |
| TOTAL | 32,661 | 4.8 | |

Commercial/Industrial Construction

In 2011, building permits were issued for construction of 30,765 square feet of new commercial space with construction costs valued at over 4.2 million dollars. Two notable projects include the new CVS pharmacy at Forest Avenue and Highway 32, and the renovation and expansion for Clark Pest Control on Eaton Road at Highway 99. 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 Breslauer West building, was approved in 2011 by the Architectural Review and Historic Preservation Board. The building will be built on 7th Street between Main and Broadway with 2,878 square feet of commercial space on the ground floor and 2,888 square feet of office space on the second floor. The project site is in South Downtown and has a Commercial Mixed Use land use designation. It exemplifies many of the goals and policies of the 2030 General Plan in that it intensifies development in South

Downtown, it employs vertical mixed-use, it promotes pedestrian activity at the street level, and reflects quality architectural design.

Other Projects

In addition to residential and commercial projects, two churches received approval for expansion of approximately 24,600 square feet.

SPECIAL PLANNING AREAS

This 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. 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 would include up to 1,400 residential units, including a senior village with approximately 250 single-family independent living homes, an assisted living facility, and a memory care unit, plus supporting dining quarters and convenience stores. Also to be included, 300-350 single-family residences would provide opportunities for families to live near older relatives in a new and desirable community.

The project would also allow up to approximately 400,000 square feet of non-residential uses, including office, retail, and industrial uses. The retail component is expected to occupy up to 150,000 square feet. A mix of industrial uses, live-work, and multi-family residences are anticipated for the northwest portion of the site. 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 has occurred, however, several projects have been located within the Opportunity Sites, including the 90-unit Harvest Park Apartment project within the W. East Avenue Corridor Opportunity Site. A brief case study on the following page provides an overview of the Harvest Park project.

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.

As mentioned previously, the Breslauer West project (approved by the ARHPB in 2011) is an excellent example of a redevelopment project in the Central City Opportunity Site of Downtown. Another noteworthy redevelopment project is the Skyway House within the North Esplanade Corridor Opportunity Site. The City approved the reuse of a former Montessori school site as a residential drug and alcohol rehabilitation center, operated by the Skyway House. Future plans for the Skyway House include constructing a dormitory building for clients and an office building that will consolidate their administrative operations in Chico.

During 2011, construction began on the Bidwell Park Apartments located within the E. 8th & 9th Street Corridor Opportunity Site. This project involves the redevelopment of a mobile home park to a 38-unit affordable housing project with a range of 2-, 3-, and 4-bedroom units.



Opportunity Site Case Study: Harvest Park Apartments

The Harvest Park site is located in the East Avenue Opportunity Site. The General Plan describes this particular site as an opportunity for a mix of uses, and an ideal location for a mixture of higher density residential and office uses with some commercial development to complement the more intense commercial uses near the Esplanade. This affordable housing project was lead by AHDC, with funding from the City's Redevelopment Agency, and included a parcel map, planned development permit, and use permit to divide an 11-acre site into two parcels and build a 90-unit apartment complex.

The site is designated RMU Residential Mixed Use. This designation is intended for predominantly residential development at a density of 10-20 units per acre. The General Plan requires that projects within Corridor Opportunity Sites such as this be developed at the midpoint of the density range or higher (GP Action LU-5.1.2), which at 15.38 units per acre the project achieved.

The project's "Build it Green" construction standards and on-site surface storm water retention swale are consistent with policies and actions that promote "green" development (SUS 4.1.2, 4.2.1, and SUS 4.3). The site design is compatible with adjacent multi-family residential development, consistent with policies LU-4.2 (Infill Compatibility), LU-4.3 (Emphasis on Neighborhood Compatibility), and CD-5.1 (Compatible Infill Development). The new traffic signal will improve circulation for both pedestrians and vehicles, consistent with Policies LU-4.4 (Positive Contribution) and CIRC-1.1 (Transportation Improvements). The rent-restriction component of the project implements General Plan Goal H.2 (Provide housing that is affordable for residents with low-incomes and low paying jobs, fixed incomes, and pensions), and the inclusion of accessible units for special needs individuals with extremely low incomes promotes Goal H.4 (Encourage the creation of housing for those with special housing needs).



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 | 1,544.7 | 7.4% | 494.9 | 19.5% |
| Low Density Residential | 5,039.7 | 24.2% | 691.6 | 27.3% |
| Medium Density Residential | 1,097.1 | 5.3% | 256.6 | 10.1% |
| Medium High Density Residential | 776.8 | 3.7% | 138.3 | 5.5% |
| High Density Residential | 10.6 | 0.1% | 4.4 | 0.2% |
| Residential Mixed Use | 68.2 | 0.3% | 18.8 | 0.7% |
| Neighborhood Commercial | 94.7 | 0.5% | 38.2 | 1.5% |
| Commercial Service | 204.2 | 1.0% | 21.0 | 0.8% |
| Commercial Mixed Use | 601.2 | 2.9% | 77.9 | 3.1% |
| Regional Commercial | 417.8 | 2.0% | 94.1 | 3.7% |
| Office Mixed Use | 387.0 | 1.9% | 45.5 | 1.8% |
| Industrial Office Mixed Use | 132.6 | 0.6% | 59.6 | 2.4% |
| Manufacturing & Warehousing | 1,307.8 | 6.3% | 402.7 | 15.9% |
| Public Facilities and Services | 2,052.7 | 9.8% | N/A | N/A |
| Primary Open Space | 5,197.8 | 24.9% | N/A | N/A |
| Secondary Open Space | 1,711.1 | 8.2% | N/A | N/A |
| Special Mixed Use (Meriam Park) | 196.8 | 0.9% | 192.5 | 7.6% |
| TOTALS | 20,841 | 100% | 2,536.1 | 100% |

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

**Vacancy is updated less frequently 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 Service | 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 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 | 265.7 | 1 | 266 | 3 | 797 |
| Low Density Residential | 266.8 | 4.5 | 1,201 | 2.4 | 2,881 |
| Medium Density Residential | 97.5 | 8 | 780 | 2.4 | 1,872 |
| Medium-High Density Residential | 115.2 | 17 | 1,958 | 2.4 | 4,700 |
| High Density Residential | 4.4 | 25 | 110 | 1.8 | 193 |
| Residential Mixed Use | 18.9 | 16 | 302 | 2.4 | 726 |
| Special Planning Areas (Units Assumed in General Plan) | 1,100 | Varies | 6,683 | 2.4 | 16,039 |
| SUBTOTALS | 1,869 | N/A | 11,300 | Avg 2.4 | 27,208 |
| After 15% Reduction for Land Vacancy | | | | | 23,127 |
| Total Capacity on Approved Lots | | | 6,243 | * 2.4 = | 14,983 |
| | | | | Subtotal | 38,110 |
| | | | | Less 3% Unit Vacancy | (1,143) |
| | | | | Total* | 36,967 |

* Does not include units in RCO areas, or in redevelopment, or mixed-use designations.

The total residential capacity is estimated to be 36,967. Assuming the City's historic annual growth rate of 2 percent from the 2012 population, the residential capacity would be absorbed over approximately 18 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 8 years. A 1.5 percent growth rate would extend the capacity to 10.5 years, while a 1 percent growth rate would take 16 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

324.2 acres of land designated for various types of commercial uses remain vacant, while land designated for Office or Industrial-Office Mixed Use has 230.1 acres remaining vacant, and 436.7 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 2011. 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.

Title 19 Update

Following a series of public workshops with the Planning Commission, the City Council adopted an ordinance in November 2011 to implement the Phase I Title 19 amendments that align the City's zoning districts and land use regulations with the recently adopted General Plan, and allow implementation of both documents to proceed in concert. In addition, the Council adopted a second ordinance 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. This rezoning was the largest in Chico's history, and represents a significant achievement that will benefit the community in many ways long into the future.

Planning staff has developed a work plan for implementing Phase II of the Title 19 Update, which has been shared with both Council and the Commission. Phase II includes additional amendments to development procedures and standards as directed by the 2030 General Plan, including, parking, signage, noticing, lighting, energy efficiency, renewable energy allowances, bicycle facilities, crime prevention design, groundwater recharge protection, and a Downtown historic overlay.

ALUC Consistency

In July 2011, the Butte County Airport Land Use Commission (ALUC) found the Title 19 Municipal Code amendments to be consistent with the Butte County Airport Land Use Compatibility Plan. For the prior eleven years, Title 19 had been inconsistent with the Compatibility Plan. ALUC's consistency determination avoided a lengthy, inefficient, and expensive City override process, and it means that projects in the vicinity of Chico's airports will no longer need a separate review and approval by the ALUC, saving time and money for both project applicants and the City.

Sustainability Indicators Report

Consistent with the General Plan, indicators have been developed to gauge progress in advancing the Plan's sustainability-related policies and goals. The indicators will serve as proxies, or representations, of the status of greater issues. Indicators are intended to be easily understandable, quantifiable, representative of a broader issue, valuable for generating thoughtful community dialogue, and, most importantly, for being criterion of a sustainable Chico. The Sustainability Indicators Report and the General Plan Annual Report will move forward in tandem to both the Commission and Council annually, and are intended to help

guide decision making, direct program development, and assist with developing annual departmental work programs.

Best Practices Manual

As directed by the General Plan, work has begun on development of a Best Practices Manual. The Manual will 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 conduct unnecessary, time-consuming and expensive environmental review procedures. This will in turn support the City's project streamlining and economic development goals.

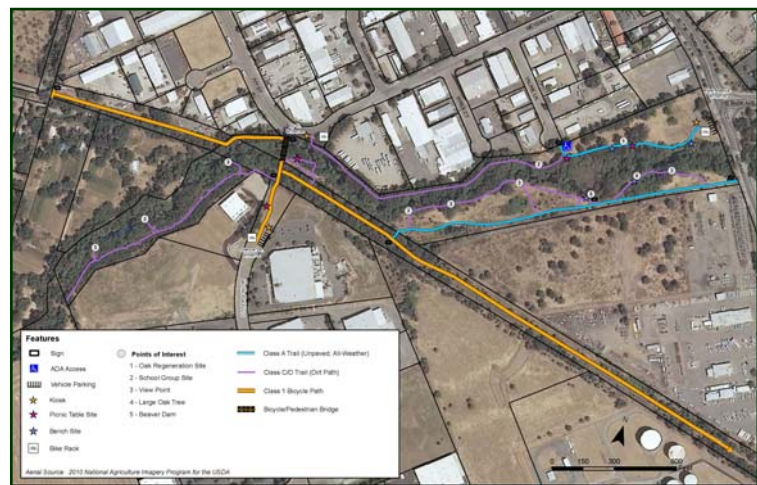
Climate Action Plan

Local governments like the City of Chico have influence and, in some cases, exclusive authority over activities that contribute to direct and indirect greenhouse gas (GHG) emissions through their planning and permitting processes, local ordinances, outreach and education efforts, and municipal operations. The General Plan calls for implementing a Climate Action Plan (CAP) to help the City meet its GHG reduction goal of 25% below 2005 emission levels by the end of 2020. A public review draft CAP was released in March 2012, and is scheduled for Council action later this summer.

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.

Comanche Creek Management Plan

Staff coordinated with the Southwest Chico Neighborhood Creeks, Parks, and Open Space Action Group to develop a vision and a management plan for the Comanche Creek Greenway. The Comanche Creek Greenway Management Plan and the Comanche Creek Greenway Improvement Project have been



approved and the environmental document adopted, making these documents available to help secure funding for implementation. The documents will guide future activities in the Greenway, as funding permits.

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. In late 2012, staff anticipates submitting the City's first grant application as a CLG to fund a Cultural Resources Management Plan (an action directed by the General Plan).

Grant Applications

- Strategic Growth Council -

Staff submitted a grant application to the Sustainable Communities Planning Grant and Incentives Program requesting \$185,483. Grant monies would 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 to foster affordable mixed-income communities.

- River and Parkways Grant Program -

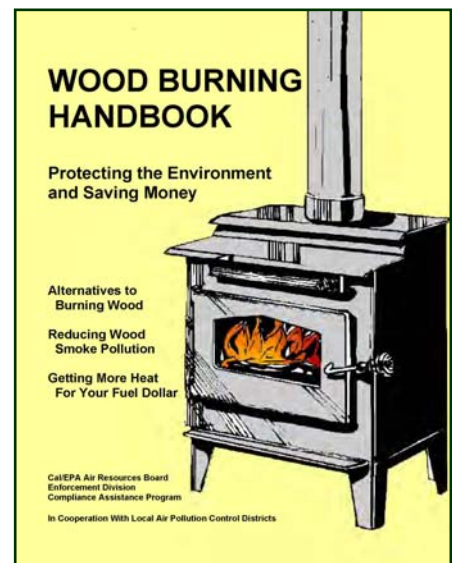
Staff submitted a grant application to the River and Parkways Grant Program (Proposition 84) requesting \$2,997,995 to implement the Teichert Ponds Restoration Habitat Development Plan. The project would enhance stormwater detention capacity, improve water quality, provide for mosquito abatement, enhance habitat functions/values, and provide an open space area for outdoor recreation and education for the surrounding community.

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, the City initiated a discussion 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 to improve 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.

Habitat 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 40 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 sometimes unpredictable, inconsistent, time consuming, costly, and results in ineffective conservation. Staff has been increasingly 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 is cooperating with BCAG in developing a Sustainable Communities Strategy (SCS) as part of the 2012 Regional Transportation Plan (RTP). The 2012 RTP will include the SCS as an additional element, which demonstrates the integration of land use, housing, and transportation to reduce vehicle miles traveled and therefore greenhouse gas emissions. Staff has actively participated in the development of the 2012 SCS by attending and participating in meetings, providing land use related information for the City, and reviewing and providing comments on documents and information related to the development of the SCS.

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 has weakened over the past five years. This trend correlates with a dramatic increase in mortgage defaults and foreclosures. The number of foreclosures in Chico jumped from 70 in the third quarter of 2008 to 140 in the third quarter of 2009. From the end of 2009 through 2011, there were 100-150 foreclosures per quarter (Foreclosureradar.com). Over the past year, about one in two home sales were bank-owned foreclosure properties or short sales (sold by owner for less than the principle mortgage amount). The median home price in Chico rose quickly in the early 2000s with a peak in 2007 of \$316,000, and then a steady decline consistent with the recession. At the end of 2010, the Chico median sale price was about \$250,000. By the end of 2011, the Chico median sale price was about \$225,000. Most of the decline in prices occurred in the first half of 2011, with prices stabilizing in the second half of last year (Chico Multiple Listing Service).

The rental market has strengthened over the past year. A quarterly survey by the North Valley Property Owners Association found vacancy rates at 4-5% throughout 2011. This survey includes houses, duplexes and smaller apartment buildings. Vacancy rates have been even lower at larger apartment complexes and affordable housing projects. A market study conducted for a new 50-unit affordable housing project in September of 2011 found an average 2.7% vacancy rate in six comparable market-rate complexes, and no vacancies in four comparable publicly-subsidized affordable housing projects. The six comparable market rate complexes had a median rent of \$766 for a one-bedroom, \$881 for a two-bedroom, and \$1,185 for a three-bedroom. The four comparable publicly-subsidized affordable housing projects had a median rent of \$408 for a one-bedroom, \$527 for a two-bedroom, and \$670 for a three-bedroom (Property Dynamics Survey for North Point Apartments, September 2011). Over the last five years, rental vacancy rates have generally been in the 4% to 6% range, with rental rates slightly increasing during that same period.

AFFORDABILITY

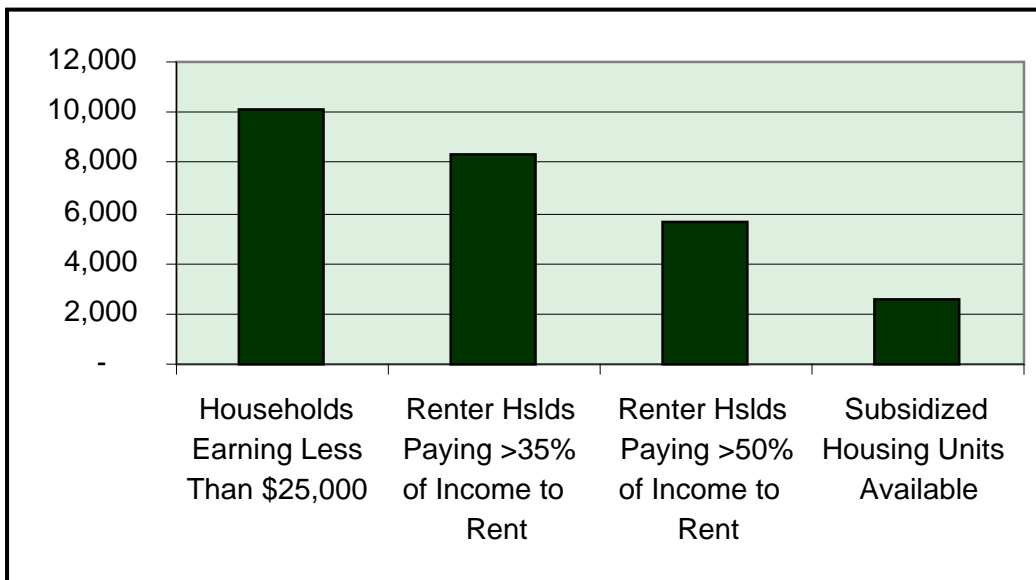
The U.S. Department of Housing and Urban Development has estimated the 2012 fair market rent for a two-bedroom apartment at \$878. A household earning \$35,120 annually can afford to pay this amount. **Table 10** below compares the rent level that is affordable to Very Low Income and Extremely Low Income Households. This assumes that households in all income categories pay 30% of their income toward rent.

Table 10: Affordable Rent Levels

| | Rent | Income |
|---|-------|----------|
| 2-Bedroom Fair Market Rent in Chico | \$896 | \$35,120 |
| Affordability for a 3-person Very Low Income Household | \$661 | \$26,450 |
| Affordability for a 3-person Extremely Low Income Household | \$396 | \$15,850 |

There are about 10,075 Chico households earning less than \$25,000, most of which fall into the category of Very Low Income households. About half of Chico renter households pay over 35% of their income to rent, and about one-third pay over 50% of their income to rent (2010 Decennial Census, 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. The percentage of renters paying over half of their income to rent has decreased slightly over the last five years, from 34% in 2007 to 31% in 2011.

Figure 3: Housing Affordability and Availability



HOUSING MARKET SUPPLY AND DEMAND

Over the last 20 years, the housing market has maintained an average vacancy rate of 4%. A rate of 3% is considered the minimum for the market to operate efficiently in terms of providing consumer choice and mobility for households.

The local market experienced significant variations from the 4% average rate during the 1990s. In response to a tight market for student housing in 1988, developers of rental housing started a building boom that resulted in an overbuilt market by 1991. A decline in the student population also began in 1991, resulting in vacancy rates reaching 10% in certain sub-markets

by 1996. The excess unit capacity was absorbed when the student population increased again, but the lack of new student housing construction in recent years has caused the vacancy rate in that market to fall precipitously. The current estimated vacancy rate is 2%.

AFFORDABLE HOUSING PRODUCTION

Since the 2009-2014 Housing Element was adopted in August 2009, 140 units affordable to low-income households have been built in Chico. Another 220 units are in development with agreements between the City and developers, and 28 units are in predevelopment stages without a formal City agreement. 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 |
| Estimated Units to be Completed in 2012 | 54 |
| Estimated Units to be Completed in 2013 | 138 |
| Estimated Units to be Completed in 2014 | 28 |
| Total | 360 |

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 2007-2011, 369 low-income affordable housing units were produced (14% of the RHNA goal). Another 238 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.