



Agenda Report

Fullerton City Council

MEETING DATE: AUGUST 2, 2022

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: KELLEEE FRITZAL, CONSULTANT / SPECIALIST
CHRIS SCHAEFER, PLANNING MANAGER
TAYLOR SAMUELSON, ADMINISTRATIVE ANALYST II

SUBJECT: CONTRACT AMENDMENT AND UPDATE TO HOUSING
ELEMENT

SUMMARY

City Council consideration of an amendment (Amendment No. One) to the professional services agreement with Dudek to extend the term of the agreement through July 31, 2024 and to increase the scope of services for the development of the City's Housing Element, including the Incentive Overlay Zone (HIOZ), as well as California Environmental Quality Act (CEQA) services.

RECOMMENDATION

Approve Amendment Number One to Agreement with Dudek and authorize City Manager, or designee, to execute amendment and administer agreement, in a form approved by City Attorney.

ALTERNATIVE RECOMMENDATION

Do not approve Amendment No. One, without extension and expanded scope of services, and the City may not be able to meet the deadlines of the required State Housing Element submittal.

CITY MANAGERS DISCUSSION

The City Manager concurs with the recommendation. In addition, staff will provide a brief update on the status of the City's work on the Housing Element. Staff anticipates bringing a specific item on the Housing Element in the early Fall 2022.

PRIORITY POLICY STATEMENTS

This item matches the following Priority Policy Statement:

- Fiscal and Organizational Stability.

FISCAL IMPACT

Senate Bill 2 (SB 2) grant funding via the California Department of Housing and Community Development (HCD) Planning Grant Program (PGP) will support these services on a reimbursable basis. The anticipated cost of the proposed expanded scope of services totals \$120,800, supported by available SB2 PGP grant funding (Fund 32).

City Council adopted a resolution entitling the City to receive \$310,000 in grant funding through grant number 19-PGP-13360 in October 2019 (of which the City has spent \$135,992 on services to date). The City has a \$174,008 balance available which covers the additional agreement costs for this project, as well as any contingency costs. This item has no fiscal impact to the City's General Fund.

An amendment to the existing agreement with Dudek would extend services through July 31, 2024 and allow the City to utilize available funding through project expiration.

DISCUSSION

Background

City Council adopted Resolution No. 2019-64 in October 2019, authorizing staff to apply for and receive SB2 PGP funding to cover eligible costs relating to the City's Housing Element update. Eligible activities listed for funding included:

- updates to general plans
- community plans
- specific plans
- local planning related to implementation of sustainable communities strategies or local coastal plan
- updates to zoning ordinances
- environmental analyses that eliminate the need for project-specific review
- local process improvements that expedite local planning and permitting.

Resolution No. 2019-64 specified that the City would use the grant to pay for rezoning (Housing Incentive Overlay Zone (i.e. HIOZ)) as well as CEQA assessments related to the Housing Element update.

The City released a Request for Proposals for Professional Services for development of the HIOZ and applicable CEQA Analysis (RFP #4350) on June 11, 2020. Through the RFP process, Dudek distinguished itself as a professional firm capable of providing the required services for this project. The term of the initial contract with Dudek expired July 31, 2022.

Staff entered into a professional services agreement with Dudek consultants on August 18, 2020 to provide services relating to this project, which vary by phase. Phases include:

- project initiation and kickoff
- existing conditions and feasibility reports

- development standards through HIOZ
- preparation of Environmental Impact Report (EIR) documents
- attendance at meetings and discussions.

The City's draft 2021-2029 Housing Element identified HIOZ as one of multiple programs to facilitate new housing development. The HIOZ is an overlay zone that allows a property owner to develop multi-family housing on a parcel with a non-residential underlying zoning designation in exchange for providing a specified percentage of affordable housing units. The HIOZ addresses two goals as a Housing Element program:

1. Incentivize development of more housing, especially affordable housing, by expanding its allowability citywide and reducing regulatory barriers and/or burdens, such as onerous parking requirements or restrictive building envelopes.
2. Promote quality design and neighborhood compatibility in new developments within the HIOZ via new effective, objective and simple to use development standards, understood by both City staff and the design and development community.

Staff will provide City Council a more thorough description of the HIOZ during a Study Session at the September 20, 2022 City Council meeting. The HIOZ implementation will follow the adoption of the City's 6th cycle Housing Element, should City Council decide to adopt this course of action.

While the HIOZ is a component of the Housing Element Update, staff's main effort has focused on the actual primary document, the Fullerton 2021-2029 Housing Element. This work commenced at the end of 2020 as a collaboration between City staff and a hired consultant, JHD Planning, LLC. The collaboration completed work on the draft of the main document which included input from various organizations including Habitat for Humanity, OC United, Providence St. Joseph's Health, CSUF and residents who attended the Fall 2021 community workshop. Staff submitted the draft Housing Element to HCD on November 30, 2021.

HCD submitted a letter to the City on January 26, 2022 mandating additional analysis on the housing element. The letter called out several items to address or clarify including the following:

- Review of the previous Housing Element to determine effectiveness
- Assessment of fair housing in Fullerton
- Suitability of non-vacant sites to use for new housing
- Availability of infrastructure to support new housing
- Use of Accessory Dwelling Units to meet housing needs
- Use of zoning to encourage housing development
- Housing for individuals with special needs.

Unfortunately, the City no longer employs the staff nor contracts with the consultant who prepared the original document and has not addressed the corrections at this time. HCD requires the City to submit a revised Housing Element by October 15, 2022.

Staff seeks to extend the term of an existing agreement with Dudek and expand the scope of services to support the City in addressing the HIOZ portion of the Housing Element Update, addressing the aforementioned corrections and additional State mandates. Services include response to HCD's letter with additional analysis, developing a city-wide standard for residential development and expanded CEQA-related analysis in preparing the City's HIOZ.

Staff has engaged a new firm to replace JHD Planning for portions of the document not addressed by Dudek. The selected firm has extensive experience in preparing Housing Elements and has agreed to work with the City to finish the document. Staff will present a professional services agreement to City Council in the future and is not included in this action. The Local Early Action Planning (LEAP) grant, approved by Resolution No. 2020-44, will cover costs of this work for a total \$500,000.

Summary

Dudek has demonstrated the necessary proficiency and subject matter expertise to execute the necessary HIOZ requirements. Continuing service with the existing consultant will ensure that staff can meet the October 15, 2022 deadline for submittal of the housing element to HCD and to seek SB2 PGP grant funding reimbursement for relevant costs.

Additionally, staff continues efforts to complete the City's revised housing element and will bring a subsequent agenda item to pursue a contract award for an experienced vendor to assist staff in preparation and compliance relating to the housing element.

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – Agreement Amendment for Dudek Consultants
- Attachment 3 – Original Professional Services Agreement