



MEMORANDUM

TO: City Council

FROM: Brian Pedrotti, Community Development Director

BY: Andrew Perez, Planning Manager

SUBJECT: Adoption of an Ordinance to Implement Housing Element Programs and Finding that this Action is Not a Project Under the California Environmental Quality Act Pursuant to State Guidelines Section 15061

DATE: August 27, 2024

RECOMMENDATION:

- 1) Adopt the ordinance adding Section 16.52.270 and amending Section 16.82 of the Arroyo Grande Municipal Code (the "Ordinance"); and
- 2) Find that the Ordinance is exempt from the California Environmental Quality Act pursuant to Section 15061 of the CEQA Guidelines.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

No financial impact is projected.

BACKGROUND:

On [January 26, 2021](#), the City Council adopted the City's 2020-2028 Housing Element. The Housing Element was certified by the State Department of Housing and Community Development (HCD) on May 5, 2021. The Housing Element includes numerous programs that the city is required to initiate to implement the policies and achieve the quantified objectives listed in the Housing Element. The proposed amendments would implement Housing Element Programs A.1-1 and A.10-1, both of which are anticipated to incentivize the development of new affordable housing units. The addition of Arroyo Grande Municipal Code (AGMC) Section 16.52.270 will establish a by-right review of residential projects that reserve at least 20% of the units for lower income households, when proposed on sites specified in Program A.1-1. The Ordinance also amends AGMC Section 16.82 to adopt State density bonus law by reference.

The Planning Commission reviewed the Ordinance at its meeting on [July 30, 2024](#) and adopted a resolution recommending that City Council adopt the Ordinance as proposed. At a public hearing on [August 13, 2024](#), City Council introduced the Ordinance as proposed.

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ANALYSIS OF ISSUES:

The Ordinance amendments are now ready for adoption. The Ordinance amendments will become effective thirty (30) days after adoption.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Adopt the Ordinance as proposed; or
2. Modify the Ordinance amendments and direct staff to return at a future public hearing to introduce the modified amendments; or
3. Provide other direction to staff.

ADVANTAGES:

Adoption of the Ordinance will implement two housing programs from the City's Housing Element that incentivize the development of affordable housing and help the City meet its Regional Housing Needs Allocation goals.

DISADVANTAGES:

No disadvantages have been identified.

ENVIRONMENTAL REVIEW:

The Ordinance amendment is not subject to the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines sections 15060(c)(2) and 15061(b)(3). The activity is not subject to CEQA because it will not result in a direct or reasonably foreseeable physical change in the environment; and the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The ordinance amendment allows for the ministerial review of housing projects on certain sites specified in the Housing Element and ministerial projects are not subject to CEQA. An update to the Municipal Code related to density bonuses is also exempt because this action cannot cause a physical change to the environment on its own. Thus, it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment, the activity is not subject to CEQA.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

ATTACHMENTS:

1. Ordinance