

RESPONSES TO HCD COMMENTS CITY OF MANTECA HOUSING ELEMENT

DECEMBER 7, 2009
(REVISED FEBRUARY 16, 2010)
(LAST REVISED APRIL 15, 2010)

The following summarizes the City of Manteca's responses to the California Department of Housing and Community Development's (HCD) review letter dated November 9, 2009 concerning the City of Manteca's Draft Housing Element dated September 10, 2009. It includes verbatim excerpts from HCD's review letter and both narrative responses and proposed changes to the text (in strikeout and underline) of the HCD Review Draft Housing Element Background Report and Policy Document. The City made additional revisions to the Responses to Comments on January 25, 2010, February 16, 2010, and April 15, 2010. The latest revisions, made on April 15, 2010.

A. Housing Needs, Resources, and Constraints

1. Analyze potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the typos of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Section 65584 and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters identified pursuant to paragraph (7) (Section 65583(a)(5)).

HCD Comment A.1a

Land-Use Controls: The element indicates allocations for the City's Growth Management Ordinance (GMO) are either implemented through the point allocation process or development agreements (pages 99-100). The element acknowledges the point allocation process creates uncertainty. While the development agreement process addresses the uncertainty in the point allocation process, it appears to also significantly increase costs as the City has used the process to collect increased fees and upgrade required public amenities. The element should include an evaluation and description of this process and its impact on housing supply, cost and affordability.

Response: *The following underlined text will be added to the discussion of the Growth Management Ordinance starting on Page 97:*

The Community Growth Management Program (Growth Program) was adopted in 1988 in an effort to alleviate development pressures by not allowing the residential growth rate to exceed 3.9 percent. The Manteca City Council determined that it was necessary to coordinate sewer treatment capacities with the number of building permits issued for residential, commercial, industrial, and other development to ensure that new development does not exceed the amount of available sewer capacity.

When the Growth Program was adopted, the city's population had been growing at a faster rate than both San Joaquin County and the state. Between 1980 and 1987 the city's population increased by

approximately 49 percent. By comparison, during the same period, San Joaquin County's population increased by approximately 25 percent and the state's population increased by approximately 15 percent. This population surge increased development pressures on the city's sewer capacity and other public services and facilities.

Following adoption of the General Plan in 2003, the City amended the Growth Management Ordinance to be consistent with General Plan policies. Through the Growth Management Ordinance the City regulates the number of housing units approved each year according to a growth management system that reflects the availability of infrastructure, the City's ability to provide public services, housing needs, and employment growth. To ensure that development is consistent with the City's General Plan goals and policies, the City critiques and rates development proposals through a "point rating system" to ensure that those projects which best further the goals and policies of the General Plan may use the available sewage treatment capacity (i.e., are awarded sewer allocations). The City distributes sewer allocations within the 3.9 percent growth cap for each year. Development projects with the highest number of points receive first priority for project allocations. Applicants for project allocations must submit an application for point rating by the second Friday of each March, to be considered for project allocations for that respective calendar year.

There are a variety of criteria upon which projects are rated. For example, small projects (consisting of fewer than 24 units) receive 10 to 20 points based on the size of the project. Projects with affordable ownership housing components for low- and moderate-income units receive ~~points~~ 25 to 50 points based on the affordability level and percentage of affordable units. Projects with affordable rental units for very low-income households receive 40 to 50 points based on the percentage of affordable units. Mixed-use projects receive 5 points. Points are only awarded to rental projects that provide very low-income housing, and not low- or extremely low-income units. Additionally, design components are factored into the point rating system. Depending on the features provided, such as covered front porches, enhanced streetscape lighting, and distinctive neighborhood entrances, projects can receive up to 30 points. Overall, the point rating system serves to further the goals and policies of the City's General Plan. ~~One potential constraint of the point rating system is the application of points for affordable rental housing. Points are only awarded to rental projects that provide very low income housing, and not low or extremely low income units.~~

One significant change in the Growth Management Ordinance during the 2004 amendment was to install a preference for affordable housing in the residential permit allocation process. Any residential project that provides 75 percent of its units as affordable for low- and very low-income residents is exempt from the growth cap. In addition, applicants for project allocations for affordable housing projects can submit applications for point rating at any time in the year, and are not limited to the March date. Second units are also exempt from the growth cap.

Government Code Section 65589.7(c) states "A public agency or private entity that provides water or sewer services shall not deny or condition the approval of an application for services to, or reduce the amount of services applied for by, a proposed development that includes housing units affordable to lower income households unless the public agency or private entity makes specific written findings..." The Code section goes on to list five possible conditions that are allowable for the denial, condition, or reduction in services available to a development, including documented water shortage emergencies,

compliance orders that prohibits new water connections issued by the State Department of Health Services, and documented insufficient treatment or collection capacity.

The Growth Management Ordinance is inconsistent with State law since it does not provide an exemption or priority processing for the affordable component of proposed projects and only applies an exemption for projects that provide 75 percent or more lower-income housing.

The Growth Management Ordinance has not acted as a constraint on the supply of housing in Manteca. During the previous Housing Element planning period of 2001-2007, the City's Regional Housing Needs Allocation was 3,823 units, including 785 very low-, 651 low-, 745 moderate-, and 1,643 above moderate-income units. During this time, the City of Manteca issued building permits for 4,628 units, including permits for 427 apartment units, 74 duplex and triplex units, and 4,127 single-family units (see Table # (numbering TBD). While Manteca, like most jurisdictions, did not reach its affordability goals during the previous Housing Element planning period, the City exceeded its total unit goal of 3,823 units. The Growth Management Ordinance did not impede the City's progress in meeting the RHNA.

TABLE # (TBD)								
RESIDENTIAL BUILDING PERMITS ISSUED								
Manteca								
2001-2007								
Residential Unit Type	2001	2002	2003	2004	2005	2006	2007	Total
<u>Single Family Dwellings</u>	<u>618</u>	<u>803</u>	<u>645</u>	<u>746</u>	<u>433</u>	<u>329</u>	<u>553</u>	<u>4,127</u>
<u>Duplexes</u>	<u>2</u>	<u>0</u>	<u>22</u>	<u>16</u>	<u>8</u>	<u>23</u>	<u>0</u>	<u>71</u>
<u>Triplexes</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>3</u>
<u>Apartments</u>	<u>0</u>	<u>65</u>	<u>65</u>	<u>0</u>	<u>165</u>	<u>128</u>	<u>4</u>	<u>427</u>
Total	620	868	732	762	606	480	560	4,628
<u>Percent Increase</u>	<u>3.4%</u>	<u>4.7%</u>	<u>3.7%</u>	<u>3.8%</u>	<u>2.9%</u>	<u>2.8%</u>	<u>2.5%</u>	<u>-</u>

Source: City of Manteca, Community Development Department, January 2010.

The Growth Management Ordinance will not constrain the production of housing during the current Housing Element planning period. Table 46 indicates that the Growth Management Ordinance, which limits population growth to 3.9 percent, would allow the population to increase by as much as 17,147 between 2008 and 2014. Full development of all dwellings in the Regional Housing Needs Allocation would result in a population increase of about 12,300 during approximately the same time frame (January 1, 2007 to June 30, 2014).¹ Therefore, the Growth Management Ordinance is not a constraint in meeting the housing needs for Manteca as established in the Regional Housing Needs Plan.

¹ Population increase of about 12,300 was derived by multiplying the 2007-2014 RHNA (4,054 units) by Manteca's average household size of 3.04 persons per household.

TABLE 46 POPULATION PROJECTION AT 3.9 PERCENT ANNUAL GROWTH Manteca 2008-2014	
Year	Projected Population (Based on 3.9% increase)
2008	66,451
2009	69,043
2010	71,735
2011	74,533
2012	77,440
2013	80,460
2014	83,598
Total Potential Increase 2008-2014	17,147

Source: Mintier Harnish, December 2008.

The number of dwelling permits allocated under the Growth Management Ordinance is sufficient to meet the projected housing needs in the city as identified in the Regional Housing Needs Allocation. In addition, affordable housing units are exempt from the growth cap. The Growth Management Ordinance is not a constraint in meeting the projected housing needs for existing and future Manteca residents.

The Growth Management Ordinance does not significantly impact the cost and affordability of housing. Point rating applications are rated by the director within 30 days of receipt of the application. According to the City Code, sewer allocations last for three years and expire if project applicants do not pull building permits within this time frame. The total cost of the sewer allocation system includes the point rating application fee of \$2,000, plus a \$1,000 fee for a residential project and \$500 per unit for both single-family and multi-family projects (see Table 51). A 50-lot residential subdivision or a 50-unit multi-family complex would pay a total of \$28,000, or \$560 per unit for the sewer allocation fee. This is about 2 to 3 percent of the typical per-unit fees paid for single-family and multi-family development (see Table 51). Currently, affordable housing projects are exempt from the sewer allocation fees, and the City has added a program in the Housing Element to exempt all affordable units from the sewer allocation system and provide priority sewer capacity to affordable units.

~~One potential constraint of the point rating system is the application of points for affordable rental housing. Points are only awarded to rental projects that provide very low income housing, and not low or extremely low income units. The point rating system of the City's Growth Management Ordinance could be amended to provide points for additional income categories.~~

It is important to note that since the adoption of the City's Revised Growth Management Ordinance, very few market-rate residential development projects have been reviewed under the Point Rating and allocation system as outlined above. The point rating system requires developers and their projects to compete with one another on an annual basis, with only the highest scoring projects being awarded allocations. During the most recent housing development boom (2001-2007), there was a high demand for sewer allocations, which created uncertainty within the development community over their ability to

complete multi-phase housing developments. This uncertainty prompted the developers to request development agreements, rather than participating in the Point Rating process. These development agreements have benefited the developers by establishing the certainty they desired, and benefited the City through the collection of additional fees, upgraded quality of public amenities, and by establishing an agreed-upon timing of the distribution of sewer allocations within the 3.9 percent growth limitation. The City charged a negotiated fee per unit to process development agreements in exchange for sewer allocations. While this is was an added cost for developers, it created certainty that a project will receive sewer allocations and decreased the processing time. During the housing boom, when there was significant demand for sewer allocations, developers were willing to pay for development agreements in exchange for certainty and faster processing; however, the City is moving away from the use of development agreements. While self imposed, one One constraint of the use of development agreements is that negotiations fell short in establishing affordable housing within the many market-rate developments approved over the past several years.

It is important to note that sewer capacity, which was a concern during the housing boom, is no longer a constraint in Manteca. Much of the current sewage demand from many of the City's most recent projects only exists on paper, as many of these projects are under development agreement and have not been constructed. With the recent downturn in the residential housing market the demand on the City's sewage capacity has been reduced and many of the planned projects have either postponed construction or forfeited their entitlements to sewer capacity. Additionally, expansions of the water quality control facility have created and will create additional sewer capacity, making sewer capacity no longer a constraint to development. Phase 3 improvements to the sewer facility, completed in 2004, created capacity to serve a population of 82,000 (or an additional 14,000 people over the 2009 population). Phase 3 expansion created more than enough capacity to meet the 2007-2014 RHNA. The postponement of construction will provide the time the City needs to move forward with Phase 4 of the water quality control facility expansion, to which the City has already committed funding and is planned for construction in 2012. Phase 4 expansion will easily provide for the sewage capacity of planned residential development for several years to come. Given this turn of events, future use of development agreements to secure sewage capacity will be unnecessary, reducing if not eliminating the potential impacts to housing supply, cost, and affordability. The City is moving in the direction of using the sewer allocation system; however, developers will have the option of requesting a development agreement.

Community Development staff should work closely with the City Council in the future to ensure that sewer allocations, whether made within or outside of project development agreements, are made on the basis of the existing point rating system in the Growth Management Ordinance, ~~as modified to include points for applicants providing affordable units in their developments, and provide exemptions for lower-income units.~~

HCD Comment A.1b

Local Processing and Permit Procedures: While the element identifies development processing time frames (page 103), it does not describe processing requirements and required approvals for typical multi- and single-family developments. The element should include a description and analysis of the typical review processes for both single- and multi-family units and analyze their impacts on the cost and supply of housing. For information on the required analysis, refer to the Building Blocks' website at: http://www.hcd.ca.gov/hpd/housing_element2/CON_permits.php.

Response: The following tables and text will be added to Pages 102-103 of the Background Report (deleted text is shown in ~~strikeout~~):

The time to process an application for residential development can vary significantly depending on the quality of the information submitted with the application, the complexity of the project and many other factors. ~~Table ## (Numbering TBD) shows the typical range of processing times for different permitting procedures and Table ## (Numbering TBD) shows the typical procedures required for different types of residential projects and the total typical processing time for each project type. to accomplish the normal application processes is summarized as follows:~~

- ~~■ Rezone 10 to 12 weeks~~
- ~~■ Environmental Review:~~
 - ~~■ Negative Declaration 4 to 8 weeks~~
 - ~~■ Mitigated Negative Declaration 8 to 10 weeks~~
 - ~~■ Environmental Impact Report 60 weeks~~
- ~~■ PUD 10 to 12 weeks~~
- ~~■ Conditional Use Permit 8 to 10 weeks~~

TABLE ## (NUMBERING TBD) TIMELINE FOR PERMIT PROCEDURES Manteca 2009		
Type of Approval or Permit	Typical Processing Time	Approval Body
<u>Annexation</u>	<u>24 weeks</u>	<u>City Council**</u>
<u>EIR</u>	<u>52 weeks</u>	<u>City Council**</u>
<u>Mitigated or Negative Declaration</u>	<u>10 to 12 weeks</u>	<u>City Council**</u>
<u>General Plan Amendment</u>	<u>26 weeks</u>	<u>City Council**</u>
<u>Planned Development</u>	<u>26 weeks</u>	<u>City Council**</u>
<u>Growth Management Point Rating</u>	<u>12 weeks</u>	<u>City Council**</u>
<u>Site Plan & Design Review</u>	<u>6 to 10 weeks</u>	<u>CD Director</u>
<u>Density Bonus</u>	<u>18 weeks</u>	<u>Planning Commission</u>
<u>Minor Plan Modification</u>	<u>4 weeks</u>	<u>CD Director</u>
<u>Specific Plan</u>	<u>52 weeks</u>	<u>City Council**</u>
<u>Subdivision Map</u>	<u>16 weeks</u>	<u>City Council**</u>
<u>Major Use Permit</u>	<u>18 weeks</u>	<u>CD Director*</u>
<u>Minor Use Permit</u>	<u>4 to 6 weeks</u>	<u>CD Director</u>
<u>Minor Zone Modification</u>	<u>4 to 6 weeks</u>	<u>CD Director</u>
<u>Variance</u>	<u>6 to 8 weeks</u>	<u>CD Director*</u>
<u>Rezone</u>	<u>26 weeks</u>	<u>City Council**</u>

Source: City of Manteca Community Development Department, 2009.

Notes:

* When exempt from CEQA; otherwise approval body is Planning Commission

** Upon recommendation from the Planning Commission

**TABLE ## (NUMBERING TBD)
TYPICAL PROCESSING PROCEDURES BY PROJECT TYPE**

**Manteca
2009**

	<u>Single Family Unit</u>	<u>Single Family Unit (Master Plan)</u>	<u>Subdivision**</u>	<u>Multifamily**</u>
	<u>Building Permit Plan Check</u>	<u>Building Permit</u>	<u>Tentative Map</u>	<u>Site Plan & Design Review</u>
			<u>Growth Management*</u>	<u>Growth Management*</u>
			<u>Initial Study/Mitigated Neg Dec</u>	<u>Categorical Exemption</u>
			<u>Final Map</u>	<u>Initial Study/Mitigated Neg Dec</u>
			<u>Development Agreement (Optional)</u>	<u>Development Agreement (Optional)</u>
<u>Est. Total Processing Time</u>	<u>20-days, 10-days per resubmittal</u>	<u>2-days</u>	<u>6-months</u>	<u>8 to 10 weeks w/categorical exemption. 10 to 12 weeks w/MND</u>

Source: City of Manteca Community Development Department, 2009.

Notes:

*Growth Management Allocation Applications are Accepted Once a year on the 2nd Friday in March

**Proposed Programwill exempt infill development from Growth Management process.

~~If a negative declaration is required under the California Environmental Quality Act, there is a mandatory review period. Following Planning Commission approval, there is a 10 day appeal period. Finally, the developer must submit detailed plans to the City's Building and Safety Division to ensure compliance with the building code. Combined, these processes items can easily add up to several months. In order to avoid project delays, Planning Division staff works with developers throughout the process, presenting options such as reducing plan check time by working with building officials early on to ensure that plans meet code requirements when they are submitted.~~

Processing and permit procedures do not constitute a development constraint in Manteca. However, the City could consider amending the Zoning Code to reflect a policy of streamlining the permit process for affordable housing projects as an incentive for the development of affordable housing. ~~The City could also consider amending the Zoning Code to make it consistent with the development approval process.~~

HCD Comment A.1c

Fees and Exactions: The element includes information on the City's fees and exactions; however, it should also describe and analyze the fees and exactions imposed through the use of development agreements in lieu of the GMO process (page 100). For information on the required analysis refer to the Building Blocks' website at: http://www.hcd.ca.gov/hpd/housing_element2/CON_fees.php.

***Response:** Since the development agreement application fee varies by project and is not a set fee, it is not possible to include it in Table 51 (previously Table 49); however, the following underlined text will be added to the discussion of fees and exactions on Page 104 of the Background Report. Additionally, the City has added the sewer allocation fees to Table 51.*

In addition to the fees shown in Table 51, projects processed through a development agreement pay a development agreement application fee, which varies by project. While this fee adds to the cost of producing housing, the development agreement process provides project certainty and generally reduces project processing times. The City is moving in the direction of using the point rating system; however, development agreements will be available as an option.

**TABLE 51
DEVELOPMENT IMPACT FEES¹
Manteca
Effective March 3, 2009**

Fees	Single-Family Unit (Low Density)	Multi-Family Unit (High Density)
Building permit fee ²	\$612	\$200
Building plan check fees (65% building permit fee)	\$398	\$130
<u>Point Rating Application Fee and Sewer Allocation Fee³</u>	<u>\$560</u>	<u>\$560</u>
Strong Motion Instrumentation Program Fee	\$20	\$20
Electrical, plumbing, and mechanical fees (40% of building permit fee)	\$245	\$80
Park Acquisition and Improvement Fee	\$2,447	\$1,694
CBSC Green Building Fund Fee	\$4	\$1
Residential Construction Business License Tax	\$900	\$625
Fees for New Connections to City Water (based on meter size) ⁴⁴	\$3,563	\$900
Well Water PFIP (Public Facilities Implementation Plan) Fees ³⁴	\$0-\$1,340	\$0-\$927
Sewer Connection Charges	\$1,428	\$1,428
Sewer PFIP Fee	\$0-\$2,580	\$0-\$1,782
Storm Drainage PFIP Fee	\$513-\$1,368	\$471-\$1,269
Industrial Wastewater Pipeline Overlay Fee	\$1,636	\$1,129
Transportation PFIP Fee	\$1,468-\$2,723	\$826-\$1,639
School Impact Fees	\$3,564	\$2,376
San Joaquin County Facilities Fee	\$1,594	\$1,366
San Joaquin County Regional Transportation Impact Fee	\$2,837	\$1,702
Fire Facilities Fee	\$360	\$240
Major Equipment Purchase Fee	\$350	\$350
Government Building Facilities Fee	\$3,800	\$2,852
Total⁵⁶	\$25,739 31,769	\$16,390 20,710
	<u>\$26,299-32,329</u>	<u>\$16,950-21,270</u>

Notes: ¹Single-family fees based on a low-density, 1,200 square foot (living area) single-family, single-story detached entry level home with three bedrooms, two full baths, and an attached two-car garage (400 square feet) in a 50-lot subdivision. Multi-family fees based on a high-density 800 square foot unit in a 50-unit complex.

²Building permit fees are based on valuation. Tract homes are valued at \$70.80 per square feet of living area and custom homes are valued at \$95.90 square feet of living area. Garages are valued at \$24.30 per square feet. For multi-family projects, the building permit fees vary based on the total project valuation. The building permit fee shown in the table for a multi-family unit is an estimate based on an assumed 20-unit multi-family project with 800 square-foot units.

³Sewer allocation fees include a point rating application fee of \$2,000 per project, plus \$1,000 for residential projects, and \$500 per lot for subdivisions.

⁴³Assumes a 2" meter for multi-family building with 20 units.

⁵⁴Well water PFIP in Zone 12 only

⁵⁵Total does not include Manteca Development Agreement Fees which add approximately ~~\$26,500~~ \$15,000 per unit to a typical project ~~tract home~~. The fee for development agreements is not included in the total because the City does not anticipate using development agreements in place of the sewer allocation system during the timeframe of the Housing Element. See discussion of Growth Management Ordinance.

Sources: City of Manteca; Manteca Unified School District

B. Housing Programs

1. Include a program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land-use and development controls, provision of regulatory concessions and incentives, and the utilization of appropriate federal and state financing and subsidy program when available. The program shall include identification of the agencies and officials responsible for the implementation of the various actions (Section 65583(c)).

To address the program requirements of Government Code Section 65583(c)(1-6), and facilitate implementation, the following programs should be revised:

HCD Comment B.1a

Program H-1-8: As the City mentioned during the review, a portion of the CMU sites will be developed through incentives, priority permit processing and the enactment of an overlay zone. This information should be included in the element. In addition, Program revisions submitted note the City will “encourage infill and higher-density development in the downtown area.” The Program should include a description of the regulatory incentives and standards to encourage infill development. For example, the Program could include specific Program actions to promote development of sites and lot consolidation including financial assistance, regulatory concessions or incentives to encourage and facilitate additional or more intense residential development on vacant sites. Examples of incentives include: 1) organizing special marketing events geared towards the development community; 2) posting the sites inventory on the local government’s webpage; 3) identifying and targeting specific financial resources; and 4) reducing appropriate development standards.

***Response:** The intent of Program H-I-8 (Zoning Ordinance Amendments) is to specify a specific action to update the City’s Zoning Ordinance. The program is not intended to specify incentives for mixed-use development. Many of the revisions suggested in this comment can be incorporated into Program H-I-9. See response to HCD Comment B.1b below for revisions to Program H-I-9.*

HCD Comment B.1b

Program H-1-9: When will infill parcels be identified for assembly and development? The element also notes stand-alone multifamily residential projects are encouraged in infill areas along Main Street. The element could estimate development potential and describe how the City will “encourage” infill development (page 97).

***Response:** The language in Program H-I-9 has been modified to reflect the existing inventory of small infill parcels that has already been included in the Housing Element. Since the inventory already exists, the process to update the inventory will occur on an annual basis and assistance to developers will occur on an on-going basis.*

Program H-I-9 INFILL SITE ASSEMBLY

The City shall ~~identify~~ keep the Housing Element inventory of small infill parcels that would be well-suited for residential and mixed-use development up-to-date and assist developers in the consolidation and assembly of the identified parcels. The City shall provide additional incentives for residential and mixed-use development of these infill parcels, possibly including fee waivers for lot consolidation of infill parcels, modified development standards (e.g., setbacks, height, F.A.R.), and reduced parking requirements.

Responsibility: Redevelopment Agency
Time Frame: ~~Ongoing~~ Update the inventory annually and provide ongoing developer assistance
Funding: General Fund (Staff Time)
Quantified Objectives: 100 units (75 above moderate-, 25 low-income units)

HCD Comment B.2

Describe the amount and uses of fund in the redevelopment agency's Low and Moderate Income Housing Fund (Section 65583(c)).

The element identifies a Low and Moderate Income Fund (L&M) balance amount of \$4,063,294 for FY 2008/2009 (page 77). The element should also include an estimate of amounts expected to be deposited to the L&M fund during the entire planning period. The element must also describe the proposed uses of these funds and could describe relative to the programs described in the element. For your information, Community Redevelopment Law (Health and Safety Code Section 33334.4) requires agencies, over each 10-year period of the implementation plan, to ensure housing assistance is proportionately provided to very low- and low-income households (based on the proportion each group represents of the community's total housing need for lower- and moderate-income persons) and also to persons under the age of 65 years (based on the proportion this population group represents of the total population reported from the current census). In addition, Section 33413(b)(4) requires a redevelopment implementation plan to be consistent with a community's housing element. The integration of applicable information from the redevelopment agency's current housing implementation plan into the housing element will assist in the development of an effective housing element.

***Response:** The Redevelopment Agency is currently in the process of updating its 5-year Redevelopment Implementation Plan and does not have exact information about projected LMIH funds or expenditures by program; however, the City will add the following information to Page 78 of the Background Report:*

The Redevelopment Agency typically averages a tax increment in the range of 18 to 19 million dollars; however, with the recent downturn in the economy a 35 percent reduction to approximately 13 million dollars is expected. The Agency estimates approximately \$2.5 million for its LMIH funds for each of the next four fiscal years (i.e., 2009/10, 2010/11, 2012/13, and 2013/14). This is a significant reduction from prior years due to major reductions in property assessment valuation levels for all property located within redevelopment project areas in Manteca. The increasing rate of foreclosures along with sharply reduced property assessment levels will limit or reduce overall property valuations in the city during the reporting period.

The City is currently in the process of updating its 5-year Redevelopment Implementation Plan. The plan will be made consistent with the policies, programs, and quantified objectives of the Housing Element. The City anticipates using LMIH funds for property acquisition to support higher-density development and affordable housing in the downtown, low-income housing rehabilitation, senior housing rehabilitation loan and grant programs, and first-time homebuyer down payment assistance. The updated plan will contain more detailed information on projected expenditures by program; however, this information is not available at this time.

The City is also proposing to expand the redevelopment project area. Currently, the redevelopment project area covers approximately 4,000 acres, or more than one-third of the city limits. Expansion of this area will increase opportunities to eliminate blight and provide affordable housing throughout the city.

HCD Comment B.3a

The housing element shall contain programs which “address, and where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing” (Section 65583(c)(3)).

As noted in Finding A-2, the element requires a complete analysis of potential governmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints.

Response: The City has revised Program H-I-4 to remove constraints to providing priority sewer to affordable housing units. See response to Comment C.

HCD Comment B.3b

Program H-I-1: For the City's information in revising its density bonus ordinance, Chapter 454, Statutes of 2008, revised State density bonus law (Government Code Section 65915). A copy of the current law is available on the State Legislative website at <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=gov&group=65001-66000&file=65915-65918>.

Response: Thank you for the information

C. Water, Sewer Priority

HCD Comment C

Given the GMO is in part based on the availability of sewer capacity, the element should demonstrate how the City complies with Government Code Section 65589.7 (Chapter 727, Statutes of 2005 [SB 1087]) which requires water and sewer providers to establish specific procedures and grant priority water and sewer service to development with units affordable to lower-income households. The statute also requires local governments to immediately deliver the housing element to water and sewer providers. The Department recommends including a cover memo with the housing element describing the City's housing element, including the City's housing needs and share of the regional housing need. For additional information, refer to the Department's technical assistance memo at http://www.hcd.ca.gov/hpd/memo_sb1087.pdf.

Response: As originally written, Program H-I-4 proposed to exclude affordable housing from the 3.9 percent cap. The language in Program H-I-4 has been modified to explicitly commit to exempting affordable units from the sewer allocation system, which would make the Growth Management Ordinance consistent with State law.

Program H-I-4 GROWTH MANAGEMENT PROGRAM

The City shall retain the Growth Management Ordinance's annual residential growth cap of 3.9 percent of existing housing stock, but modify the GMO to allow infill development at the density of the underlying zoning, and to provide exclusions for infill development (a concept approved by Council in 2000) and affordable housing from the 3.9 percent cap. In order to be consistent with Government Code Section 65589.7(c), the City shall also adopt procedures in its Growth Management Ordinance to exempt affordable (i.e., lower-income) units from the sewer allocation process and associated fees. The point rating system shall be modified to represent current development goals. Additionally, the City shall annually monitor the progress of the growth management ordinance and, if necessary, modify the implementation of the rating system.

Responsibility:	City Council
Time Frame:	FY 2003-2004 FY 2009/2010, annually thereafter
Funding:	General Fund (Staff Time)

D. Consistency with General Plan

The housing element shall describe the means by which consistency will be achieved with other general plan elements and community goals (Section 65583(c)(7)).

HCD Comment D

As you are aware, Government Code 65302.1 requires cities and counties in the San Joaquin Valley to amend appropriate elements of general plans to include data, analysis, comprehensive goals, policies, and feasible implementation strategies to improve air quality within one year of new housing element planning period (by August 30, 2010 for Manteca). Please note, should the resulting amendments to the general plan affect or be inconsistent with the housing element policies and programs, the City must amend the element to address any potential conflicts or constraints and resubmit the housing element to the Department pursuant to Government Code Section 65585 and 65588. Of particular concern is that additional constraints not be imposed to reduce the development potential of the sites identified to accommodate the regional housing need. To the extent feasible, the pending housing element update is encouraged to incorporate policies consistent with the air quality objectives.

The City should also note recent statutory changes to Government Code Section 65302 (Chapter 369, Statutes 2007 [AB 162]) which requires amendment of the safety and conservation elements of the general plan to include analysis and policies regarding flood hazard and management information upon the next revision of the housing element on, or after, January 1, 2009. For additional information, refer to the Department's website at http://www.hcd.ca.gov/hpd/hrc/plan/he/ab_162_stat07.pdf.

Response: Thank you for the information.