File #: 22-0010

REQUEST FOR CITY COUNCIL ACTION

DATE: 01/05/2022

TO: Honorable Mayor and City Council Members

FROM: Planning and Development Department

SUBJECT:
Urgency ordinance and regular ordinance adding Chapter 16.18 to the Corona Municipal Code to implement Senate Bill 9 to allow for two-unit housing developments and urban lot splits in single-family residential zoning districts.

EXECUTIVE SUMMARY:
Senate Bill 9 (SB 9) of 2021 provides new state regulations designed to streamline the process for a homeowner to create a duplex or subdivide an existing lot. Further, SB 9 provides narrow parameters for local agencies regarding the application of such regulations, which they may apply to qualifying two-unit developments. The proposed ordinance considered with this action will establish objective development standards for the City when it comes to processing such urban lot splits and reviewing two-unit housing developments allowed by SB 9. Currently, only the general standards outlined in state law are applicable within the community. In accordance with state law, the ordinance will allow urban lot splits and two-unit housing in single family residential zones to be processed by the City as a ministerial approval.

RECOMMENDED ACTION:
That the City Council:

a. Adopt Urgency Ordinance No. 3341 for immediate consideration of adding Chapter 16.18 to the Corona Municipal Code to implement Senate Bill 9 to allow for two-unit housing developments and urban lot splits in single family residential zoning districts.

b. Introduce by title only and waive the full reading for consideration of Ordinance No. 3342, first reading of an ordinance adding Chapter 16.18 to the Corona Municipal Code to implement Senate Bill 9 to allow for two-unit housing developments and urban lot splits in single family residential zoning districts.

BACKGROUND & HISTORY:

Senate Bill 9 (SB 9) was signed into law by the Governor on September 16, 2021 and becomes effective on January 1, 2022. Pursuant to the law, a local agency is required to process urban lot splits and two-unit developments (also known as two-family dwellings) in urbanized, single-family residential zones as a ministerial approval. Traditionally, a single-family residential zone is for one primary residential dwelling. However, with the recent changes in state law to encourage the production of more housing units, a single-family residential zone can have up to two accessory dwelling units on the same property as the primary dwelling unit without an urban lot split. SB 9 changes the traditional use of a single-family residential zone by allowing a property to be split into two separate parcels and allowing up to two residential units on each parcel. This results in a total of four units being allowed from the urban lot split.

Qualifying Criteria

A local agency must allow the urban lot split if the following criteria prescribed by the law is met.

1. The maximum number of lots does not exceed two.
2. Each new lot size is at least 1,200 square feet and the lot split results in two new lots of approximately equal size provided that one lot shall not be smaller than 40% of the lot area of the original lot proposed for subdivision.
3. The lot split is on property zoned single-family residential.
4. The lot is not a historic landmark or within a designated historic district.
5. The lot is within an urbanized area or urban cluster as identified by the U.S. Census Bureau (an urbanized area is defined as 50,000 or more people and an urban cluster is at least 2,500 people but less than 50,000 people).
6. The lot split does not involve the demolition or alteration of affordable housing, rent-controlled housing, housing that was withdrawn from rent within the last 15 years or housing occupied by a tenant (market-rate or affordable) in the past three years.
7. The original lot for the lot split was not established through a prior SB 9 urban lot split.
8. Neither the owner nor anyone acting in concert with the owner previously subdivided an adjacent parcel through a SB 9 lot split.

In addition to the urban lot split allowed by SB 9, a local agency shall also ministerially approve a two-unit development project on a parcel created by an urban lot split. The qualifying criteria is similar to the criteria for an urban lot split, which includes items 3, 4, 5, and 6 mentioned above. Additionally, the project does not involve the demolition of more than 25% of the existing exterior walls of an existing dwelling unless: a) the local agency chooses to allow otherwise or b) the site has not been occupied by a tenant in the last three years.

Objective Development Standards

SB 9 allows a local agency to impose objective zoning and objective subdivision standards on an urban lot split and two-unit development project. However, the objective development standards shall not conflict with the following allowed by the law.

- No design standard shall physically preclude the construction of two units of at least 800 square feet (example: building setbacks, lot coverage).

- A side and rear yard building setback can be reduced to four feet; however, no setback shall be required for an existing structure, or a structure constructed in the same location and to the same dimensions as an existing structure.
- Adjacent and connected structures shall be allowed provided that the structures meet building code requirements.
- The urban lot split shall not require the dedication of rights-of-way or the construction of offsite improvements.
- Nonconforming zoning conditions are not required to be corrected.
- Parking shall be limited to one off-street parking space per unit; however, if the site is within one-half mile walking distance of either a high-quality transit corridor or major transit stop or there is a car share vehicle located within one block of the parcel, parking is not required.
- The uses allowed on the lots created by an urban lot split shall be for residential uses and short-term rentals shall be prohibited.

SB 9 does require the applicant of the urban lot split to occupy one of the housing units as their principal residence for a minimum of three years from the date of approval of the urban lot split. The applicant would be required to sign an affidavit on a form provided by the local agency. The exception to this is if the applicant is a community land trust or is a qualified nonprofit corporation defined by the Revenue and Taxation Code. A *community land trust* means a nonprofit corporation organized pursuant to Section 501(c)(3) of the Internal Revenue Code that satisfies all of the following:

- Its primary purpose is the creation and maintenance of permanently affordable single-family or multifamily residences.
- All dwellings and units located on the land owned by the nonprofit corporation are sold to a qualified owner to be occupied as the qualified owner's primary residence or rented to persons and families of low or moderate income.
- The land owned by the nonprofit corporation, on which a dwelling or unit sold to a qualified owner is situated, is leased by the nonprofit corporation to the qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years.

Aside from the requirements mentioned above no additional owner occupancy standards shall be imposed on an urban lot split.

Although a local agency is required to approve an urban lot split and two-unit development on property in a single-family residential zone that meets the qualifying criteria established by the law, a property regulated by Covenant, Conditions and Restrictions (CC&Rs) in a common interest development would have the authority to not allow the lot split and two-unit development.

ANALYSIS:

The ordinance proposes to add Chapter 16.18 to Title 16 of the Corona Municipal Code (CMC). Title 16 governs the city's subdivision requirements and applicable development impact fees related to development. Chapter 16.18 will establish objective development standards for processing urban lot splits and two-unit housing developments pursuant to SB 9. Below is a summary of the objective development standards proposed by Chapter 16.18.

- Section 16.18.050 covers the general requirements for an urban lot split and two-unit housing development.
- The general requirements included in the ordinance are consistent with the requirements allowed by state law, which include:
    - No non-residential uses, except for home occupations permitted pursuant to Chapter 17.80 of the CMC.
    - Occupancy requirement by the record owner for a period of three years from the date of approval of the urban lot split.
    - No short-term rentals of any unit on an urban lot.
    - No subsequent urban lot splits.
    - Maximum of two dwelling units on a parcel created by an urban lot split.
    - No common ownership of the dwelling units located on a parcel of an urban lot split.

In addition to the above requirements, the city is proposing an affordable housing requirement for at least one of the dwelling units established as part of a two-unit housing development. The proposed ordinance is requiring that if one or both units is rented or leased, then one unit on a parcel of an urban lot split shall have a rental rate affordable for low-income or moderate-income households. Corona's Regional Housing Needs Assessment (RHNA) for planning period 2021-2029 required the planning of housing units for 2,792 low-income housing units and 1,096 moderate-income housing units. The proposed affordable housing requirement will assist the city in meeting its RHNA obligation for low and moderate incomes. The record owner of the subject parcel is also required to provide a copy of the rental or lease agreement to the city annually.

The record owner of an urban lot split will be required to record a deed restriction against the parcel at the time of recordation of the parcel map. The deed restriction will cover all of the above regulations required for the subject parcel.

The proposed regulations for an urban lot split are described in Section 16.18.060 and include:

- Ministerial approval of a parcel map. The parcel map will expire unless it is recorded within 12 months of approval by the City Engineer.
- The parcel map shall create no more than two parcels provided that one parcel shall not be smaller than 40% of the lot area of the original parcel proposed for the subdivision.
- The minimum parcel size shall not be smaller than 1,200 square feet.
- The subject parcel shall be split approximately perpendicular to the longest contiguous property line.
- Each parcel shall adjoin the public right-of-way.
- The minimum lot width of a parcel shall not be less than 75% of the lot width of the original parcel proposed for subdivision.
- A parcel designed as a flag lot is allowed if the subject parcel is not located adjacent to an alley or has access from an alley. The access corridor of a flag lot shall have a width of no less than 12 feet.
- No dedications of rights-of-way and the construction of off-site improvements are associated with the urban lot split.

- Each parcel shall be connected to the city sewer system. A private wastewater system is allowed if the parcel meets the criteria pursuant to Section 17.64.018 of the CMC.
- Nonconforming zoning conditions that exist at the time of the urban lot split are not required to be corrected. However, no new nonconforming conditions shall be created from the urban lot split.

The proposed regulations for a two-unit housing development are described in Section 16.18.070 and include:

- No more than two dwelling units are permitted on a subject parcel.
- Each new dwelling permitted in connection with an urban lot split shall be limited to a floor area of 800 square feet. An attached enclosed garage is not included in the floor area of the dwelling unit.
- An existing dwelling unit established prior to the urban lot split shall not be expanded in size if the existing floor area is at least 800 square feet.
- Compliance with the development standards of the zone in which the subject parcel is located that are not in conflict with the standards set forth in this chapter that would physically preclude either of the two dwelling units from being 800 square feet in floor.
- Separate exterior entrances for each unit.
- Compliance with the city's adopted Residential Design Guidelines and similar design guidelines adopted by a specific plan.
- Compliance with the building setbacks of the zone in which the parcel is located. However, if said setback precludes the construction of a unit with at least 800 square feet in floor area, the rear and side yard setbacks shall be no greater than four feet.
- A minimum separation of five feet shall be maintained between a dwelling unit and detached garage, accessory structure and patio cover or carport.
- One covered parking space shall be provided on the parcel of the dwelling unit that it is required to serve, except when the parcel is within one-half mile walking distance of either a high-quality transit corridor or major transit strop; or there is a car share vehicle located within one block of the subject parcel.
- Adequate on-site vehicular access.
- Affordable housing of one of the dwelling units if more than one dwelling unit is developed and if one or both dwelling units are rented or leased. The rental rate shall be affordable to low or moderate-income households.
- All street frontage improvements immediately adjacent to the subject parcel, as required by Chapters 15.48 and 16.24 of the CMC, shall be completed prior to the issuance of a certificate of occupancy of the new dwelling unit.
- Each dwelling shall have its own direct utility connection.
- Development impact fees pursuant to Chapter 16.21, Chapter 16.23, and Chapter 16.33, shall be paid, as applicable.

FINANCIAL IMPACT:

The processing of this amendment was initiated by the city and has no negative financial impact to the General Fund.

ENVIRONMENTAL ANALYSIS:
Pursuant to California Government Code Sections 65852.21(j) and 66411.7(n), which states that an ordinance adopted to implement the provisions of SB 9 shall not be considered a project under the California Environmental Quality Act (CEQA), this ordinance is statutorily exempt from CEQA in that it implements the new laws enacted by SB 9. Therefore, no environmental analysis is required.

PREPARED BY: JOANNE COLETTA, PLANNING AND DEVELOPMENT DIRECTOR

Attachments:
1. Exhibit 1 - Urgency Ordinance 3341
2. Exhibit 2 - Regular Ordinance 3342