



STAFF REPORT – CITY COUNCIL MEETING

TO: Honorable Mayor and City Council Members

FROM: David Loya, Director of Community Development

PREPARER: Joe Mateer, Senior Planner

DATE: August 20, 2025

TITLE: Adopt a Section 15061(b)(3) Environmental Review Exemption Pursuant to the California Environmental Quality Act Guidelines; and then Adopt the City Council of the City of Arcata Action Amending the Trillium Creek Planned Development Permit.

RECOMMENDATION:

It is recommended that the Council:

- 1) Open the public hearing;
- 2) Receive a staff report and public comments;
- 3) Determine the amendment is exempt from environmental review pursuant to section 15061(b)(3) of the California Environmental Quality Act Guidelines; and
- 4) Adopt City Council of the City of Arcata Action amending the Trillium Planned Development Permit.

INTRODUCTION:

A previous City Council approved the Trillium Creek subdivision and planned development on March 4, 2009. The applicants are nearing completion of the subdivision improvements and seek relief from the affordable housing restriction prior to recording the subdivision map. The original approval included a condition of approval that two of eight proposed dwelling units be affordable to low or moderate income households. Land Use Code section 9.72.070.J allows the City Council to take action on planned development permit changes. This action amends several findings and conditions of approval related to the affordable housing requirement from the original 2009 approval.

BACKGROUND:

The original project was approved to develop a three acre clustered development within a 7.4 acre subdivision that would be a part of the overall 24.4 acre subject site. The subdivision consists of eight single-family residential lots for the development per the Hillside Development Standards of General Plan: 2020. The remaining 17 acres will be protected as a watershed and forest preserve through a conservation easement, and two smaller sensitive habitat areas within the conservation easement (i.e., a wetland area and a portion of Trillium Creek) are further protected by easements. Public access and trails through the subject site would not be afforded through the approval of this

project. Upon completion of the subdivision improvements, the subdivision map is expected to be recorded by the end of the year.

In 2000, the City adopted the General Plan: 2020, which included Implementation Measure LU-1 to add inclusionary zoning to the zoning ordinance. Authorized by State Housing Element law, inclusionary zoning allows the City to require a percentage of new housing units to be developed and rented or sold to low- or moderate-income households. The Housing Element adopted in 2004 established policies to require and incentivize developers to include low- and moderate-income housing in their proposals. To implement these policies, the City adopted the Land Use Code in 2008, which included Chapter 9.32 - affordable housing requirements for residential projects with more than six dwelling units.

In the 2014 Housing Element update, the City Council directed staff to review regulatory barriers contributing to stalled residential subdivisions, including the City's inclusionary zoning requirements and the loss of Redevelopment Agency funding. The City concluded that the inclusionary requirements adopted in 2008 placed an unmanageable burden on development and did not result in the creation of additional affordable housing units in the community. As part of the 2014 Housing Element, the City Council adopted Code amendments removing the inclusionary zoning requirements. Earlier this year the City Council adopted inclusionary zoning requirements for residential projects with 60 or more housing units.

The developers, a local family, have a vision for a sustainable development that welcomes the idea of mixed social-economic residents. The Trillium Creek Planned Development and subdivision was reviewed, approved, and subdivision improvements developed since 2007. The 2009 approvals were vested by the extensive subdivision improvements made in anticipation of recording the Final/Tract map. Just as the City has re-evaluated and adjusted the inclusionary affordable housing requirements, the applicants are also finding themselves re-evaluating and adjusting their final product.

DISCUSSION:

The applicants request the removal of the affordable housing requirements in anticipation of recording the Final/Tract Map. Once the map is recorded the eight lots can be marketed and sold. Although there are several areas of the original findings and conditions of approval that are affected by the amendment request, the primary condition of approval is D-2: "Recordation of Affordable Housing Regulatory Agreement". D-2 was the standard language used during the era of the "stalled" subdivisions. The stalled subdivisions included the Mad River Parkway Business Center, Janes Creek Partners (Q St), 30th Street Commons, and Alliance Meadow. Both the Mad River Parkway Business Center and Janes Creek Partners (Q St) obtained approval by former City Councils to remove all affordable housing requirements. These projects have recorded subdivisions maps and are partially built out. The 30th Street Commons project was developed by the Yurok Indian Housing Authority with 100% affordability. Although the Alliance Meadow project expired, smaller phased development has occurred. The Trillium Creek Planned Development is the remaining subdivision from the early 2000's era that required affordable housing restrictions for residential developments of more than six dwelling units. The applicants have indicated the subdivision Final/Tract Map recording is expected to occur by the end of 2025.

Community Development Department staff recommends the City Council approve the proposed amendments based on:

- 1) The disparity between the 2008 and 2025 affordable housing criteria. The 2025 affordable

housing requirements provide a greater opportunity to absorb the development costs based on the economy of scale. Current affordable housing standards are not applicable unless there are 60 or more residential units. Whereas the Trillium Creek project is encumbered with providing two affordable units out of eight dwelling unit.

- 2) The Trillium Creek project retains lot numbers 5 and 6 that are significantly smaller in lot area than the other lots in the subdivision. Land costs can be a significant portion of the cost of housing production. The cost of housing on the two smaller lots will inherently be less even with the removal of the regulatory requirement for affordable housing.
- 3) Previous City Council actions have removed regulatory requirements for affordable housing on two other subdivision development projects.

The attached City Council Action includes the original 2009 approvals (Exhibit 1 – Conditions of Approval and Exhibit 2 – Findings for Approval). Deleted text is shown as a ~~**bold-strikeout**~~ and new text is shown as **bold double underline**. The text revisions focus on the removal of the regulatory requirement for affordable housing. No other amendments or project considerations are contemplated. These exhibits reflect zoning code sections and general plan policies from previous documents that have been updated over time.

POLICY IMPLICATIONS:

None.

COMMITTEE/COMMISSION REVIEW:

None.

ENVIRONMENTAL REVIEW (CEQA):

The Trillium Creek Planned Development Permit amendment to remove the housing affordability requirement is exempt from the environmental review of the California Environmental Quality Act Guidelines pursuant to section 15061(b)(3) (the commonsense exemption) because it can be seen with certainty that there is no possibility that the adoption of this amendment may have a significant effect on the environment. This permit amendment does not change or affect any of the original Mitigated Negative Declaration adopted in compliance with the California Environmental Quality Act Guidelines.

BUDGET/FISCAL IMPACT:

The planned development permit amendment to remove affordable housing restrictions will have a negligible budget or fiscal impact. The removal of the affordable housing restrictions will relieve Community Development staff from administrative tasks associated with review, approval, and monitoring of the housing regulatory agreement.

RECOMMENDED COUNCIL ACTION:

1. Open the public hearing;
2. Receive a staff report and public comments;
3. Motion to adopt section 15061(b)(3) environmental review exemption pursuant to the California Environmental Quality Act Guidelines; and then adopt the City Council of the City of Arcata Action (Attachment A) amending the Trillium Creek Planned Development Permit.

ATTACHMENTS:

- A. City Council Action with Exhibit 1 – Conditions of Approval; Exhibit 2 – Findings for Approval; and Exhibit 3 – Tentative Subdivision Map and Development Plan