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built on California's rich gold rush history"*



City Manager's Report
May 14, 2026, City Council Meeting
Prepared By: Carole Kendrick, Development Services Director
Item# 10.1

Subject: Planning Commission Recommendation Regarding General Plan Amendment GPA 26-01 and Zone Change ZC 26-01 to Apply the Housing Opportunity (HO) Overlay to 201 New Morning Court (APN 325-240-016), and Adoption of a Mitigated Negative Declaration (MND).

Recommendation:

- (1)** Adopt a Mitigated Negative Declaration (MND) pursuant to the California Environmental Quality Act (CEQA), finding that all potentially significant impacts have been mitigated to less-than-significant levels; and
- (2)** Approve General Plan Amendment GPA 26-01 to amend the General Plan Land Use Designation from Commercial (C) to Commercial-Housing Opportunity Overlay (C-HO) for the 2.36-acre site at 201 New Morning Court (APN 325-240-016); and
- (3)** Introduce and waive the first reading of an Ordinance approving Zone Change ZC 26-01 to amend the Zoning Map from Commercial (C) to Commercial-Housing Opportunity Overlay (C-HO) for the same site.

Purpose: The purpose of the proposed General Plan Amendment (GPA) and Zone Change (ZC) is to implement Housing Element Program A-3 (High-Density Development and Objective Design Standards) from the City's adopted 2021-2029 Housing Element (certified by HCD on December 21, 2022, following adoption on August 31, 2021, and amendments on December 13, 2022). Program A-3 commits the City to rezoning and establishing objective design standards for high-density multi-family residential development (20–24 du/ac) on three identified sites to accommodate housing affordable to very low- and low-income households.

This action would allow for the future development of up to 56 multi-family units on the 2.36-acre site at 201 New Morning Court (APN 325-240-016), with a minimum of 50% affordable units (at least 30% very low-income and 20% low-income), by applying the Housing Opportunity Overlay Zone. The site was selected as the first of the three Program A-3 parcels due to its size, vacancy, access to utilities and services, proximity to grocery stores, restaurants, schools, a library, and adjacency to existing multi-family housing (Placer Village Apartments).

Implementation of Program A-3 supports the City's Regional Housing Needs Allocation (RHNA) and maintains substantial compliance with State Housing Element Law. This is particularly important following the California Department of Housing and Community Development's (HCD) December 3, 2025 Letter of Inquiry regarding the status of Program A-3 (originally due by June 2023), as failure to implement Housing Element programs risks revocation of certification and associated penalties, including loss of state funding, builder's remedy provisions, and other enforcement actions under Government Code §§ 65585 and 65589.5.

Strategic Plan Strategy: Maintain/Improve Quality of Life: Strategy 6 – Maintain and Update Planning Documents.

Discussion - Housing Opportunity Overlay Zone: The Housing Opportunity (HO) Overlay Zone, established through City Ordinance No. 1680 in 2016–2017 to comply with State Housing Law (Gov. Code §65583.2), provides a ministerial, by-right pathway for multi-family residential development at densities of 20–24 dwelling units per acre. Codified in PMC Section 10-5-24, the overlay is intended to facilitate production of affordable multi-family and attached single-family housing on sites identified as suitable in the City’s General Plan and RHNA strategy. It functions as an optional zoning layer that may be used in lieu of the underlying zone. However, once a property is developed under the base zoning, the HO option is permanently forfeited. Development standards include a minimum density of 20 du/ac, maximum 60% lot coverage, 40-foot height limit, and 1.5 parking spaces per unit. Earlier rezonings applying the overlay (Ordinances 1684, 1686, 1687) added 17.37 acres Citywide and enabled capacity for 244 lower-income units. The current site-specific application continues this implementation framework and requires no amendments to Title 10, as the overlay is already structured to integrate with Land Use Element provisions allowing up to 24 du/ac in compatible zones.

Proposed Zoning and General Plan Amendments:

- Amend the General Plan Land Use Map to change the designation from C to C-HO (approved by resolution pursuant to California Government Code § 65356).
- Amend the Zoning Map to change from C to C-HO by ordinance, as required by California Government Code § 65853 for any change in zoning classification. No text amendments to Title 10 are proposed; the overlay applies existing development standards.

Diagrams depicting the proposed General Plan Land Use and Zoning Ordinance map amendments are provided in Attachment E.

In California, state law under Government Code Section 65358 limits how often cities and counties can amend the mandatory elements of their general plans. No mandatory element may be amended more frequently than four times during any calendar year, though each amendment can include multiple changes to the plan. This item will be the first amendment for 2026.

Planning Commission: At its meeting on March 3, 2026, the Placerville Planning Commission considered General Plan Amendment (GPA) 26-01 and Zone Change (ZC) 26-01 to apply the Housing Opportunity Overlay to the 2.36-acre vacant parcel at 201 New Morning Court (APN 325-240-016). Staff presented the item, explaining that the action implements Housing Element Program A-3 by adding the overlay to the first of three (3) identified high-density sites (minimum 20 du/ac), enabling ministerial review and SB 35 streamlining for future multi-family projects. Staff noted in its presentation to the Commission that this infill development site is fully served by utilities and adjacent to Placer Village Apartments and the New Morning Youth and Family Services shelter.

Environmental Review: A site-specific Initial Study and Mitigated Negative Declaration (IS-MND) (circulated January 27–February 27, 2026) concluded that all potentially significant impacts would be reduced to less than significant levels with seven (7) standard mitigation measures.

The IS/MND determines that the project could have potentially significant impacts in several

10.1

areas—Biological Resources, Cultural Resources, Geology/Soils, Hydrology/Water Quality, Noise, Tribal Cultural Resources, Utilities/Service Systems, Wildfire, and Mandatory Findings of Significance—but all would be reduced to less-than-significant levels through mitigation. The project mitigation is provided below and is included in Attachment F.

- **Aesthetics/Lighting (AES-1 & AES-2):** Compliance with zoning standards for building height (max 40 ft), density, affordability, and fully shielded outdoor lighting with automatic timers to minimize glare and light pollution.
- **Air Quality (AQ-1):** Preparation and AQMD approval of a Fugitive Dust Plan per Rule 223-1 prior to construction.
- **Biological Resources/Forestry (BIO-1):** Adherence to Chapter 13 Woodland and Forest Conservation (Municipal Code), including a Woodland Alteration Permit and plan to conserve and replace impacted woodland resources.
- **Energy/GHG (ENERGY-1 & GHG-1):** Compliance with Title 24 Building Energy Efficiency Standards, CALGreen Tier 2 (with EV-ready spaces), no natural gas infrastructure, low-flow fixtures, drought-resistant landscaping, and energy-efficient appliances.
- **Geology/Grading (GEO-1):** Compliance with City Grading, Erosion, and Sediment Control regulations.
- **Hazards (HAZ-1):** Review and approval of site plans by Development Services and El Dorado County Fire Protection District per California Building Standards Code.
- **Hydrology/Stormwater (HYDRO-1 & HYDRO-2):** NPDES Construction General Permit with Stormwater Pollution Prevention Plan (SWPPP) and ongoing compliance with City Stormwater Quality and MS4 regulations.
- **Public Services/Traffic/Utilities (PUBSERV-1, TRAFFIC-1, UTILITY-1):** Payment of all applicable development fees and adherence to street improvement, traffic mitigation, and water-efficient landscaping standards (if landscape area ≥ 500 sq ft).

Public Comment: At the Planning Commission meeting, concerns were raised regarding traffic, parking, noise from the nearby fairgrounds and speedway, compatibility, site topography, and line-of-sight safety at the driveway. Staff and Commissioners responded that no specific development project is currently proposed, the overlay provides an optional opportunity alongside the underlying commercial zoning, and all technical issues (including parking, which for affordable projects is governed by state law) would be addressed at the project level. After discussion and clarification on housing overlay mechanics, the Commission unanimously recommended that the City Council adopt the Mitigated Negative Declaration and approve the GPA and Zone Change.

The Planning Commission staff report (Attachment C) and the adopted Planning Commission resolution (Attachment D) are available in the Attachments section below.

Legal Advertisement/Public Notice: In accordance with California Government Code Section 65091(a)(2) and Section 65854 (20-day notice requirement for zoning ordinance amendments), a legal advertisement for the May 14, 2026, City Council public hearing was published in the Mountain Democrat, a newspaper of general circulation within the City of Placerville, on March 25, 2026—twenty (20) days prior to the hearing date. As of the date of this report, Staff has received no public inquiries or comments in response to the published notices.

If adopted, the Title 10 ordinance amendments become effective 30 days post-adoption per Government Code §36937. This aligns with state mandates and there are no General Plan conflicts.

Options:

1. Adopt the ordinance as recommended by the Planning Commission and Staff.
2. Do not adopt the ordinance and provide direction to Staff.

Cost: There is no cost associated with tonight's action.

Budget Impact: There is no budget impact associated with tonight's action.



Dave Warren, City Manager



Carole Kendrick, Development Services Director

Attachments:

- A: City Council Ordinance No. XX
- B: City Council Resolution No. XX
- C: Planning Commission Staff Report March 3, 2026
- D: Planning Commission Resolution No XX
- E: Existing and Proposed General Plan Land Use and Zoning Map Amendment (combined Exhibit)
- F: Initial Study/Mitigated Negative Declaration (IS/MND) dated July 2025
- G: Notice of Intent (NOI) to Adopt MND
- H: Excerpt from 2021-2029 Housing Element (Program A-3 and Related Sites Inventory)
- I: HCD Housing Element Certification Letter dated December 21, 2022
- J: HCD Letter of Inquiry dated December 3, 2025
- K: Development Services Response to HCD LOI dated December 23, 2025
- L: Letter from Ms. Kathy Dunkak, El Dorado County Fair dated February 5, 2026
- M: Letter from Ms. Kristen Patterson, Executive Director of New Morning Youth & Family Services dated February 23, 2026