

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF HOUSING POLICY DEVELOPMENT**

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June 03, 2022

Bruce Moe, City Manager  
City of Manhattan Beach  
1400 Highland Avenue  
Manhattan Beach, CA, 90266

Dear Bruce Moe:

**RE: City of Manhattan Beach's 6<sup>th</sup> Cycle (2021-2029) Adopted Housing Element**

Thank you for submitting the City of Manhattan Beach's (City) housing element adopted March 22, 2022 and received for review on April 4, 2022. Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from Californians for Homeownership and Matthew Gelfand pursuant to Government Code section 65585, subdivision (c).

The adopted housing element addresses some statutory requirements described in HCD's December 14, 2021 review; however, additional revisions are necessary to fully comply with State Housing Element Law (Article 10.6 of the Gov. Code), see enclosed Appendix.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), as the City failed to adopt a compliant housing element within 120 days of the statutory deadline (October 15, 2021), Program 2 (Adequate Sites) to rezone 406 units to accommodate the regional housing needs allocation (RHNA) must be completed no later than one year from the statutory deadline. Otherwise, the local government's housing element will no longer comply with State Housing Element Law, and HCD may revoke its finding of substantial compliance pursuant to Government Code section 65585, subdivision (i).

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. During the housing element revision process, the City must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested

notices relating to the local government's housing element at least seven days before submitting to HCD.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant; the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs; and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City will meet housing element requirements for these and other funding sources.

HCD appreciates the effort that the housing element team, provided throughout the course of the housing element review. We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Tristan Lanza, of our staff, at [Tristan.Lanza@hcd.ca.gov](mailto:Tristan.Lanza@hcd.ca.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall", with a stylized flourish at the end.

Paul McDougall  
Senior Program Manager

Enclosure

## APPENDIX CITY OF MANHATTAN BEACH

The following changes are necessary to bring the City's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on HCD's website at <http://www.hcd.ca.gov/community-development/housing-element/housing-element-memos.shtml>. Among other resources, the housing element section contains HCD's latest technical assistance tool, *Building Blocks for Effective Housing Elements (Building Blocks)*, available at <http://www.hcd.ca.gov/community-development/building-blocks/index.shtml> and includes the Government Code addressing State Housing Element Law and other resources.

### **A. Housing Needs, Resources, and Constraints**

1. *Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction. (Gov. Code, § 65583, subd. (c)(10)(A).)*

Integration and Segregation: While the element was revised to add trends, it must analyze patterns related to race across census tracts within the City. In addition, the element must analyze the census tract with a much lower income than the rest of the City including any local knowledge or contributing factors leading to fair housing issues. Lastly, the element must analyze the familial status and contributing factors leading to the one census tract where 40-60 percent of residents live alone compared to less than 20 percent for the rest of the City.

Disproportionate Housing Needs including Displacement: While the element was revised to include an analysis of cost-burden and persons experiencing homelessness, the element must still address overcrowding and displacement. The element must include a regional analysis for overcrowded households (comparing the City to the region). In addition, the analysis must address patterns and trends for displacement including displacement due to investment, disinvestment, and disaster driven displacement.

Local Data and Knowledge and Other Relevant Factors: While the element provided local data on homeownership loans and "mansionsization", it should address the local voter initiative that limits multifamily developments. For example, the element could include a program that identifies potential remedies and modify and remove the constraint.

Goals, Priorities, Metrics, and Milestones: While the element highlighted programs that correspond to the contributing factors, goals and actions must create meaningful impact to overcome contributing factors to address fair housing issues. The element must be revised to add or modify goals and actions. Goals and actions must be significant and

meaningful enough to overcome identified patterns and trends. Actions must have metrics and milestones as appropriate and must address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection.

2. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

Sites Inventory: While the element clarified compliance with the Surplus Lands Act in Program 30 and described the City owned sites in the inventory, the element must describe how and when the City will support development of City owned lands within the planning period in the sites identified for rezoning, including the Manhattan Country Club site which pursuant to third party correspondence, was recently sold to a national operator and maintains operation. In addition, the electronic sites inventory submitted with the housing element identified a much higher number of units for rezoning than what were included in the analysis section. The element and electronic sites inventory must be revised to include the same assumptions and programs should be added or modified as appropriate based on the outcomes of a complete analysis.

Realistic Capacity: While the element was revised to include two examples of residential development in commercial zones, it must provide additional support to address the likelihood of residential development in zones allowing 100 percent non-residential uses. For example, the element could indicate the number of applications received for 100 percent commercial development in comparison with applications for projects with a housing component in these areas.

Small Sites: The element was revised to include one example of a proposed project that has a total of 14 units with one affordable unit within the City and generally states that small sites have been developed in nearby cities to support feasibility assumptions of small site development. However, the element must provide specific examples of nearby cities with similar characteristics (e.g., sites with 0.06 acres) and affordability levels. To support the consolidation of parcels, especially for lower income, the element should provide information on the example projects such as the number of parcels consolidated, size of parcels before and after consolidation and affordability levels and relate them to the sites in the inventory (such as similar number of parcels consolidated into one site at similar affordability levels).

Suitability of Nonvacant Sites: While the element was revised to describe the methodology used to determine the additional development potential within the planning period for lower-income sites with existing zoning, it must include a similar analysis for candidate sites for rezoning. The element also states that building age is considered in identifying sites because it is correlated to housing conditions, but to further support the redevelopment potential of the sites identified, the element should also include

information on structural conditions or other site specific factors such as whether the use is operating or marginal instead of solely relying on age for this factor. In addition, it is assumed that chosen sites will be consolidated due to trends, but there were only two pipeline projects used to identify trends and the projects do not have similar conditions to the sites identified (i.e. number of parcels being consolidated and similar affordability assumptions). Furthermore, the element states that there is owner and developer interest in the area of the Masonic Center but it should clarify whether there is owner and developer interest on the identified site or other nearby parcels. In addition, as stated above, the element must include additional information on the redevelopment potential of the Manhattan Country Club within the planning period.

While the element analyzes feasibility of nonvacant sites identified for lower income, the element must also analyze feasibility of development of nonvacant sites identified for moderate and above moderate sites, and the candidate rezone sites. The element must also commit to rezoning the sites identified to meet the lower-income RHNA shortfall and describe the feasibility of the sites (e.g., feasibility based on use or any expressed interest in redevelopment). Lastly, the element must describe the feasibility of sites identified as surplus, including feasibility of removing existing residential uses.

In addition, specific analysis and actions are necessary because the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households and any candidate sites for rezone. For your information, the housing element must demonstrate existing uses are not an impediment to additional residential development and will likely discontinue in the planning period including identified rezone sites. (Gov. Code, § 65583.2, subd. (g)(2).) The subsequent adopted element must also include findings (e.g., adoption resolution) based on substantial evidence, or the existing uses will be presumed to impede additional residential development and will not be utilized toward demonstrating adequate sites to accommodate the RHNA.

Accessory Dwelling Units (ADU): While the element was updated to reference Programs 1 and 19, it must still include supporting analysis for potential ADU production at levels higher than previous trends.

3. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types 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... (Gov. Code, § 65583, subd. (a)(5).)*

Land Use Controls: While the element was revised to address some of the findings in the prior review, the analysis should address the height limit of 30 feet for all zones. The element should also discuss how residential developments can achieve maximum allowable densities with the restrictions and the inability to provide flexibility per the voter initiative, and whether there is a standard of higher heights outside the coastal

zone. While the element states that the City does not feel that local voter initiative constrains affordable housing through density bonus, it should discuss the initiative as a constraint on all housing, including affordable housing not utilizing density bonus particularly as the City does identify a site in the RH zone covered by the voter initiative to accommodate a portion of the RHNA for lower-income.

Fees and Exaction: While this section was revised, there are fees listed in Appendix A that are not included in the analysis of fees in Table 9. The element must clarify how the table showing combination permit fees for multifamily interacts with the data provided in Table 9. In addition, the analysis should describe the \$20,000 neighborhood overlay district application. Lastly, Appendix A identifies fees specifically for emergency shelters and reasonable accommodation application; a program must be added to remove both fees as they act as a constraint to the provision of housing for persons experiencing homelessness and persons with disabilities.

Local Coastal Program: While the element was revised to analyze constraint in permitting timeframes for single-family development, it must also analyze multifamily development. In addition, it must clarify whether coastal commission approval will be required for the one site identified for lower-income housing in the coastal zone.

Design Review: While this section was revised, the element must describe who approves the projects in the design overlay districts and describe the approval process.

Constraints on Housing for Persons with Disabilities: The element discusses licensed residential care facilities for both six or fewer or seven or more. The element must also describe how non-licensed facilities are allowed. For your information, zoning should simply implement a barrier-free definition of family instead of subjecting, potentially persons with disabilities, to special regulations such as the number of persons, population types and licenses. These housing types should not be excluded from residential zones, most notably low-density zones, which can constrain the availability of housing choices for persons with disabilities. Requiring these housing types to obtain a special use or conditional use permit (CUP) could potentially subject housing for persons with disabilities to higher discretionary standards where an applicant must demonstrate compatibility with the neighborhood, unlike other residential uses. Program 28 (Specialized Housing Types to Assist Persons with Special Needs) should describe in what zones will the facilities be allowed and clarify that they will be allowed in the same zones that allow residential care facilities for six or fewer persons.

## **B. Housing Programs**

1. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element... (Gov. Code, § 65583, subd. (c).)*

Programs must demonstrate that they will have a beneficial impact within the planning period. Beneficial impact means specific commitment to deliverables, measurable metrics or objectives, definitive deadlines, dates, or benchmarks for implementation. Deliverables should occur early in the planning period to ensure actual housing outcomes. Programs should be evaluated to ensure meaningful and specific actions and objectives. Programs containing unclear language (e.g., “evaluate”; “consider”; “encourage”; “as needed”, etc.) should be amended to include specific and measurable actions. For example, programs to be revised include but are not limited to, the following:

- *Program 3 (Affordable Housing Streamlining)*: While the program was revised to remove discretionary requirements in the precise development plan for projects with six or more units that qualify for state density bonus law, the element must also remove the discretionary requirements for multifamily projects that do not qualify for state density bonus law.
- *Program 28 (Specialized Housing Types to Assist Persons with Special Needs)*: The program must include specific timing for the action related to revising the zoning code relative to residential care facilities.

2. *Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city’s or county’s share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory... (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding A2, the element does not include a complete site analysis, therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types. In addition, the element should be revised as follows:

- *Program 19 (No Net Loss)*: While the element commits to revising ADU assumptions, the development and affordability assumptions should be monitored and modified if needed more than once in the planning period (e.g., every two years).
- *Program 16 (Lot Consolidation Incentive)*: The program should be revised to state how often affordable housing providers will be noticed and whether proactive outreach will occur annually.

3. *Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities. The program shall remove constraints to, and provide reasonable*

*accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. (Gov. Code, § 65583, subd. (c)(3).)*

As noted in Finding A3, 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. In addition, the element should be revised as follows:

- *Program 22 (Parking)*: While Program 22 was revised to include other uses in addition to religious institutions, the program only commits to studying parking outside the coastal zone. The program should also address parking standards within the coastal zone. The program should also include a commitment to reduce parking standards that require two spaces per multifamily unit regardless of bedroom size.
  - *Program 18 (Multifamily Residential Development Standards and Streamlining in the Mixed-Use (CL, CD, and CND) Commercial Districts)*: While the timeframe was revised, the program must remove the CUP for all multifamily developments in the identified zones, not just projects that meet the requirements for a density bonus.
4. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics... (Gov. Code, § 65583, subd. (c)(5).)*

As noted in Finding A1, the element must include a complete analysis of affirmatively further fair housing (AFFH). Based on the outcomes of that analysis, the element must add or modify programs.