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Title: Update on the Draft 6th Cycle Housing Element (Community Development Director Tai).
RECEIVE AND FILE

Sponsors:

Indexes:

Code sections:

Attachments: 1. Draft 6th Cycle Housing Element (Web-Link Provided), 2. Staff Report - September 21, 2021, 3. PowerPoint Presentation

Date	Ver.	Action By	Action	Result
11/2/2021	1	City Council Regular Meeting	approved	

TO:
Honorable Mayor and Members of the City Council

THROUGH:
Bruce Moe, City Manager

FROM:
Carrie Tai, AICP, Community Development Director
Talyn Mirzakhonian, Planning Manager

SUBJECT:
Update on the Draft 6th Cycle Housing Element (Community Development Director Tai).
RECEIVE AND FILE

RECOMMENDATION:
Staff recommends that the City Council receive an update on the Draft 6th cycle Housing Element update.

FISCAL IMPLICATIONS:
There are no fiscal implications from this update. On July 20, 2021, the City Council awarded a contract in the amount of \$333,652.50 to professional services firm, Dudek, to assist the City in preparing the 6th cycle Housing Element update. The total project cost will be partially offset by a Local Early Action Planning (LEAP) \$150,000 grant from the State of California Department of Housing and Community Development (HCD). The remainder of the cost will be expended utilizing funds accrued in the City’s General Plan Maintenance Fund, which exists for the purpose of updating the General Plan, and has sufficient funding available to complete the scope of work.

BACKGROUND:
All jurisdictions in the Southern California Association of Governments (SCAG) region are required to update their General Plan Housing Element for the 2021-2029 planning period (the 6th cycle) by

October 2021, albeit with a 120-day grace period. The Housing Element is one of the State-mandated parts (elements) of a General Plan. State law requires that jurisdictions update the Housing Element every eight years. The State HCD must approve each Housing Element update. The Housing Element describes the City's needs, goals, policies, objectives, and programs regarding the preservation, improvement, and development of housing within the City. The Housing Element analyzes community housing needs in terms of affordability, availability, adequacy and accessibility, and describes the City's strategy and programs to address those needs.

On September 21, 2021, staff presented the City Council with an update and discussion on the 6th cycle Housing Element progress. On October 15, 2021, staff submitted the Draft Housing Element to HCD for review; and on October 20, 2021, the Draft Housing Element was released for public review on the City's website to conform to the 30-day requisite public review period.

The purpose of this agenda item is to assist the City Council and the public in navigating through the draft document and to provide an updated discussion on key components of the document.

DISCUSSION:

The Draft 6th cycle Housing Element, as submitted to HCD and released for public review, was prepared in accordance with State requirements, and as such, is organized into the following sections:

- **Introduction** provides an overview of the Housing Element, its relationship to State law, the City's Regional Housing Needs Assessment (RHNA), and this section on the plan organization.
- **Public Engagement** describes the outreach process that was undertaken through the Housing Element update process, and the input received that informed the development of this plan.
- **General Plan Consistency** details those policies identified throughout the elements of the General Plan that guided the policies set forth in the Housing Element to ensure that consistency is maintained throughout the General Plan.
- **Goals and Policies** specifies the City's plans for meeting the existing and projected comprehensive housing needs of Manhattan Beach.
- **Program Implementation** identifies the specific actions that will be implemented to ensure that Manhattan Beach's housing needs are met within the planning period.

Supporting documentation is included as appendices to the Housing Element. These include the following:

Appendix A - 5th Cycle Review evaluates the efficacy of the 5th Cycle housing element; the progress in plan implementation; and the appropriateness of the goals, policies, and programs.

Appendix B - Needs Assessment provides a community profile assessing the housing need through detailed information on Manhattan Beach's demographic characteristics and trends that influence supply and demand of various housing types.

Appendix C - Constraints and Zoning Analysis details governmental and non-governmental constraints to the maintenance, improvement, or development of housing for all income levels.

Appendix D - Affirmatively Further Fair Housing Analysis identifies disproportionate housing needs, including segregated living patterns, concentrated areas of poverty, disparities in access to opportunity, and displacement risk.

Appendix E - Sites Analysis and Inventory describes the methodology by which the City can accommodate its RHNA targets and provides an inventory of the sites identified to meet the housing need.

Appendix F - Community Engagement Summary and Results provides the detailed results of the outreach conducted for the update to the Housing Element.

The required components of the Housing Element were discussed in detail in the September 21, 2021, City Council Agenda Report (Attachment). This discussion will focus on the Program Implementation section of the Housing Element, as well as the Sites Analysis and Inventory included as Appendix E, as these two components have more significantly evolved since last presented to City Council.

The **Program Implementation** section of the Housing Element, identifies 27 programs that will be implemented during the 6th cycle planning period to ensure that the City's housing needs are met and to set the goals and policies in motion. While some of the 27 programs have been carried forward from the 5th cycle Housing Element, others have stemmed from new State requirements applicable to 6th cycle Housing Elements. A selection of noteworthy, new programs are highlighted below:

Program 1: Accessory Dwelling Unit Program Under Assembly Bill (AB) 671, local agencies must include a plan in its housing element to incentivize and promote the creation of ADUs that can be offered at affordable rent for very low-, low-, or moderate-income households., The City will develop a method and process to incentivize the production of JADUs and ADUs affordable to a range lower-income households.

Program 2: Adequate Sites The City will establish an overlay district that encompasses a minimum of 20.1 acres of sites in the General Commercial (CG) and Planned Development (PD) Districts to accommodate the lower-income RHNA allocation. An overlay district allows for creation of housing on properties in addition to allowances of the existing zoning, increasing development opportunities.

Program 3: Affordable Housing Streamlining In addition to the City's existing streamlined processes, the City will revise internal permitting procedures to ensure that staff has clear procedures for responding to proposals for Senate Bill (SB) 35 streamlining and for prioritizing qualifying SB 35 housing developments consistent with State law.

Program 9: Developer Outreach and Transparency Pursuant to Assembly Bill (AB) 1483, the City will actively work with the development community to identify ways that lower income housing may be provided. The City will educate developers as to how density bonus

regulations and lot consolidation incentives could be used to facilitate the development of affordable housing, including those for extremely low income, very low income, and low - income households.

Program 18: Parking Reductions in Exchange for Housing at Religious Institutions

Large parking lots associated with religious institutions provide opportunities for partnerships that facilitate the development of housing for vulnerable populations. Pursuant to Assembly Bill (AB) 1851, the City will revise the Municipal Code to identify a process by which parking requirements can be reduced for religious institutions in exchange for housing development.

Program 19: Preserving Housing Capacity Section 10.52.050.F of the Municipal Code currently allows property owners in residential zones to develop contiguous separate lots as one site without requiring a lot merger, with only detached accessory structure(s) on one or more of the lots, which includes guest houses, garages and parking areas, and pools and spas. This presents property owners with the opportunity to buy adjacent lots with existing unit (s) for the purpose of demolishing the unit(s) and developing only detached accessory structure(s), ultimately reducing the City's overall housing stock. To mitigate the loss of dwelling units through demolition and to conserve the existing housing stock, the City will amend the Municipal Code to eliminate provisions allowed in Section 10.52.050.F.

Program 22: Replacement Requirements Pursuant to SB 330, the City will mandate replacement requirements consistent with the Housing Crisis Act of 2019 for proposed housing developments on sites that currently have residential uses, or within the past five years have had residential uses that have been vacated or demolished, that were restricted for lower income households. The City will consider re-evaluation of this program upon sunset of this State requirement, currently scheduled for 2030.

Program 25: Specialized Housing Types to Assist Persons with Special Needs The City will amend the Municipal Code to comply with current State laws applicable to specialized housing types, including but not limited to supportive housing (AB 2162), emergency shelters (AB 139), and low-barrier navigation centers (AB 101).

For each of the 27 identified programs, the Program Implementation section, as required by HCD, specifies a timeframe, the responsible agency, and the funding source. State law also requires the City to report to HCD the progress on each of these programs via the Annual Housing Element Progress Report.

The **Sites Analysis and Inventory**, or Appendix E, of the Draft 6th cycle Housing Element, describes the City's housing target for the 6th Cycle planning period, provides an overview of methodology for identifying underutilized sites, breaks down the methodology by which realistic development capacity was determined, identifies existing capacity for all RHNA income categories, evaluates development that is currently underway, which counts towards the City's housing need, details the expected number of ADUs to be developed within the planning period, and summarizes the approach utilized for the identification of sites selected for the Adequate Sites Program of the Housing Element.

As mentioned in previous reports to City Council, the City's RHNA allocation includes a total of 774 units, with a requirement to plan for 322 units for very-low-income households, 165 units for low-income households, 155 units for moderate-income households, and 132 units for above-moderate-

income households. The Sites Analysis for the 2021-2029 planning period has identified capacity for 391 total units through underutilized sites, projected ADUs, and pipeline projects, which are expected to receive Certificates of Occupancy within the planning period. As demonstrated in Table 8 and Table 9 of Appendix E, the City has identified an adequate supply of land to accommodate the moderate-income and above moderate-income RHNA allocation, respectively. However, as demonstrated in Table 7 of Appendix E, the City can realistically accommodate only 28 of the 487 lower-income units through underutilized sites, projected ADUs, and pipeline projects.

To meet the remaining RHNA for lower-income units, the City is required to commit to *Program 2, Adequate Sites*, of the Housing Element, and has identified areas to increase capacity in the City to meet the lower-income housing need by establishing an overlay district that encompasses a minimum of 20.1 acres of sites in the CG and PD Districts, creating the opportunity for at least 402 units of housing appropriate to accommodate lower-income households. Separately from Program 2, the City will also rezone a selection of residential sites to allow for the development of higher density, lower-income residential units. All sites identified as opportunity sites for the overlay and rezoning efforts are listed in Table 15 of Appendix E. The combined overlay and rezoning efforts will accommodate the lower-income RHNA requirement and a buffer of at least 15% of the lower-income allocation (approximately 73 units) as recommended by HCD, to ensure sufficient capacity exists to accommodate the RHNA throughout the planning period and to comply with the provisions of SB 166. The City will have three years and 120 days from the beginning of the planning period to complete rezoning.

PUBLIC OUTREACH:

Public participation and community input are integral to the Housing Element Update. Furthermore, as required by Government Code Section 65583(c)(9), local governments have to demonstrate a diligent effort to achieve public participation of all economic segments of the community in their development of the Housing Element. Accordingly, below is a summary of the public outreach involved in this effort.

On August 24, 2021, staff presented the City Council with an introductory presentation to the Housing Element update effort, providing a general timeline of the steps involved. Staff fielded several questions from Councilmembers.

On August 31, 2021, the City hosted a virtual stakeholder's workshop. Attendees participated in polls, discussion, and a question-and-answer session. In their responses to poll questions, stakeholders identified the lack of available land and the cost of development as barriers to housing production. They indicated that increased opportunities for mixed-use projects and increased density along commercial corridors would be the best solutions for accommodating the City's housing needs. Furthermore, stakeholders identified diversity in housing stock and general housing affordability in the City as the top unmet housing needs; whereas, others stated they do not feel there are unmet housing needs in the City.

On September 15, 2021, the Planning Commission conducted a study session to discuss this effort. Following a presentation from staff, the open forum discussion focused mainly on the sites inventory and potential opportunities for additional capacity. During this session, commenters suggested that staff explore opportunities for additional capacity for the lower income units along Aviation Boulevard, Manhattan Beach Boulevard, and Rosecrans Avenue. There was general concern expressed regarding utilizing underutilized sites in the CG zone for a majority of the capacity necessary. Other comments included exploring allowing duplexes and triplexes in certain single-family neighborhoods,

or allowing more accessory dwelling units (ADUs) than allowed by State law.

On September 21, 2021, staff presented their progress on the effort to City Council at a regularly scheduled City Council meeting, debriefed the Council on key discussion points from the September 15 Planning Commission study session, fielded questions from the City Council, and received input.

On Saturday, October 2, 2021, at the City's Hometown Fair, Planning staff disseminated flyers advertising the upcoming public review period for the Draft 6th cycle Housing Element and engaged with the public.

On October 20, 2021, the Draft 6th cycle Housing Element was made available for public review; staff is currently accepting public comments on the document. Furthermore, pursuant to the California Environmental Quality Act (CEQA), the Housing Element update is currently undergoing environmental review; the public will have an opportunity to review and provide comment on the environmental document when released for public review in November or December 2021.

Finally, public hearings for the adoption of the final version of the Housing Element update will be scheduled with the Planning Commission and City Council in January- February 2022. The deadline for adoption of the Element is February 12, 2022.

The noticing related to these workshops, study sessions and public hearings consists of ads and postings in the Beach Reporter, on the City's website, and on the City's various social media platforms, including Twitter, Facebook and Instagram. For each event, the content was displayed on the various social media platforms on average over 21,000 instances, reaching on average over 11,200 individuals. Additionally, staff has compiled a list of stakeholders and interested parties and directly reaches out to these individuals with notices for each meeting.

ENVIRONMENTAL REVIEW:

The City Council's discussion of the Housing Element update at the November 2, 2021 meeting is not a "project" as defined under Section 15378 of the State California Environmental Quality Act (CEQA) Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity (the discussion) is not subject to CEQA and no environmental review is necessary.

However, the update to the 6th cycle Housing Element is subject to the California Environmental Quality Act (CEQA) and preparation of a Mitigated Negative Declaration (MND) is underway in accordance with Section 15070-15075 of the CEQA Guidelines. The document will be provided to the Planning Commission and City Council for consideration during the public hearings for this policy effort in January/February 2022 and prior to the Council rendering a decision on the matter.

LEGAL REVIEW:

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

ATTACHMENTS:

1. Draft 6th Cycle Housing Element (Web-Link Provided)
2. Staff Report - September 21, 2021
3. PowerPoint Presentation