



Legislation Text

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TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Carrie Tai, AICP, Community Development Director
Talyn Mirzakhanian, Planning Manager

SUBJECT:

Discussion of the 6th Cycle Housing Element Update (Community Development Director Tai).

DISCUSS AND PROVIDE INPUT

RECOMMENDATION:

Staff recommends that the City Council discuss the 6th cycle Housing Element update and provide input.

FISCAL IMPLICATIONS:

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.

Prior to each eight-year planning period, SCAG prescribes to each municipality in their jurisdictional region the number of additional housing units necessary at different income levels in order for each municipality to accommodate their fair share of anticipated population growth during that planning period. This allocation is known as the Regional Housing Needs Assessment (RHNA) allocation. The

income levels for all jurisdictions within Los Angeles County, as specified in the RHNA allocation, are based upon the Area Median Income (AMI) of a four-person household and determined annually by the U.S. Department of Housing and Urban Development (HUD) and the HCD. The RHNA allocation is derived from the statewide allocation; given the housing supply shortage in the State, the statewide allocation is fairly high this cycle. SCAG released the final allocations on March 4, 2021.

The RHNA allocation for Manhattan Beach is 774 units and is broken down by household income level based on the Los Angeles County Area Median Income (AMI) of \$80,000 for a four-person household. The RHNA allocation breakdown is as follows:

| | | |
|-----------------------|------------------------------|-----------|
| Very-Low Income | (< 50% of AMI - < \$40,000) | 322 units |
| Low Income | (< 80% of AMI - < \$64,000) | 165 units |
| Moderate Income | (< 120% of AMI - < \$96,000) | 155 units |
| Above-Moderate Income | (> 120% of AMI - > \$96,000) | 132 units |

Through the Housing Element update process, the City must demonstrate that Citywide zoning and General Plan designations could accommodate the number of housing units allocated to each income level category, including identifying sites where development is allowed. Neither the City, County, nor private landowners are required to build the number of units planned for in the Housing Element.

Cities that fail to update their Housing Element every eight years run the risk of litigation and losing the authority to issue residential and non-residential permits. Repercussions also include ineligibility for grant funding. In addition, non-compliant cities are placed on a four-year update cycle until they become compliant. Manhattan Beach intends to remain compliant to avoid these costly and undesired consequences.

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. In order to facilitate a fruitful discussion around what is a complex policy and document, this report includes a description of the various required components of the Housing Element, with the goal to enhance familiarity with the components and garner productive input, which can then help frame the content of the document.

DISCUSSION:

The Housing Element consists of five main components:

1. The housing needs assessment, which provides a profile of demographic and housing-related data;
2. Analysis of fair housing, which looks at fair housing through outreach, enforcement, land use patterns, and disproportionate needs;
3. Analysis of the City's regulations and governmental and nongovernmental constraints to development;
4. Sites analysis and inventory, which demonstrates the City's sites that are available to accommodate the RHNA to ensure that capacity exists for development to meet the City's needs; and
5. Goals, policies, and programs.

In the first component of the Housing Element, the housing needs assessment, a thorough analysis of current demographic and housing-related data is conducted; and this, in turn, helps frame the other components of the Element. As an example, the data shows that the population of older adults (65 years old and above) in the City has increased since 2010 and currently accounts for 16.9% of the population. Comparatively, the same age cohort makes up 13% of the entire SCAG region population. The growing older adult population presents a greater need for housing with increased accessibility. In 2018, the median home sale price in the City was \$2.35 million, and this has increased since then. Consequently, 29.7% of all households are spending more than 30% of their income on housing, also referred to as being “housing cost burdened.” This results in households having less money for things like education, health care, childcare, and other needs. Housing data also shows that 77% of the City’s housing is single-family homes, compared to 60% in the region, indicating that there is a lack of variety of housing types.

In the second component of the Housing Element, a fair housing analysis is prepared in accordance with the requirements of Assembly Bill (AB) 686 (Affirmatively Furthering Fair Housing). The State requires local jurisdictions to analyze and identify patterns and trends of fair housing components (e.g., fair housing enforcement and outreach, integration and segregation, racially or ethnically concentrated areas of poverty, disparities in access to opportunity, disproportionate housing needs including displacement risk) in order to identify concrete actions in the form of programs to affirmatively further fair housing.

In the third component of the Housing Element, also known as the “constraints analysis,” the goal is to identify programmatic, physical, and financial housing resources available in the City, as well as governmental and nongovernmental constraints to housing production. Governmental constraints could include complex and lengthy discretionary review processes for residential projects, or cumbersome development regulations. Non-governmental constraints include those factors beyond the control of the jurisdiction, for example, the cost of land and the free market. The findings of this component are based on a review of existing City regulations, codes, and standards related to housing and in comparison to current State law.

In the fourth component of the Housing Element, an “adequate sites analysis” is conducted to evidence the relationship between the City’s RHNA allocation and the City’s dwelling unit capacity; and availability of potential housing sites based on zoning; infrastructure; and General Plan policies, requirements, and limitations. Based on the findings of the adequate sites analysis an inventory of land suitable for housing production is prepared. The inventory includes vacant sites and underutilized sites with the potential for redevelopment. An analysis of the relationship of zoning, resources, environmental constraints, and public facilities with these sites is also included in this component.

In the fifth component of the Housing Element, the housing needs assessment is then considered along with an analysis of fair housing, an analysis of sites that currently offer capacity to accommodate our housing allocation, and an analysis of governmental and non-governmental constraints, in order to develop a strategy of actions, the goal of which is to facilitate the production of the housing in the City. In addition to identifying which of the 5th cycle policies and programs are to be retained or modified, this component seeks to identify new objectives, policies, and programs to preserve and improve upon existing housing and promote new housing development consistent with the housing needs. These programs could include the removal of housing constraints by streamlining

processes or adopting less stringent development standards, improvement and conservation of the existing housing stock, preservation of units at risk of conversion to market rates, and promotion of equal housing opportunities.

The collective product of this effort, inclusive of all five components, is the Housing Element.

During the September 21, 2021 City Council meeting, staff will provide a presentation to the Council and the public on the Housing Element components. Then, the City Council will have an opportunity to: 1) ask questions and to take public comment; 2) provide input regarding geographic areas within the City may have potential for increased residential density; 3) and provide input on potential new housing policies to incorporate into the Housing Element update. This collective input will assist in the development of the complete set of proposed objectives, goals, and policies to be incorporated into the draft Housing Element document.

PUBLIC OUTREACH:

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. The event was advertised in the August 26, 2021 issue of the Beach Reporter and via mail and email to a list of stakeholders and interested parties on August 19, 2021. It was also posted on the City's social media platforms (i.e. Facebook, Twitter, Instagram) over the course of nine days leading up to the event; with the content displayed over 21,000 instances, reaching over 11,200 individuals, 406 of whom engaged with the content (i.e. commented on, "liked", shared, or saved the content). Seven members of the public attended and 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. The workshop ended with a question-and-answer session, and participants were encouraged to attend the September 15, 2021 Planning Commission study session.

On September 15, 2021, the Planning Commission is scheduled to conduct a study session to discuss this effort. Staff will verbally summarize the findings of this session for the City Council during the council meeting on September 21, 2021, as the agenda will have been posted prior to the conclusion of the Planning Commission meeting.

If deemed necessary, additional study sessions will be added to the calendar in October 2021. The public draft review period for the Housing Element update is expected to commence October 11, 2021 and continue through November 25, 2021; during this time, the public will have an opportunity to review the draft Housing Element update submitted to HCD and offer comments.

Pursuant to the California Environmental Quality Act (CEQA), the Housing Element update will undergo environmental review. Preparation of the environmental document (a Mitigated Negative Declaration) will commence in September 2021. The public will have an opportunity to review the

environmental document when released for public review in November-December 2021 and to provide comments.

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. A project timeline is included as Attachment 1.

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. 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 September 21, 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 released for public review in November/December 2021 and 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.

ATTACHMENT:

1. Project Timeline