Legislation Text

File #: 22-0069, **Version:** 1

TO:
Honorable Mayor and Members of the City Council

THROUGH:
Bruce Moe, City Manager

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

SUBJECT:
Consideration of the 6th Cycle Housing Element Update (HEU) and Associated Initial Study/Negative Declaration (Community Development Director Tai).
ADOPT RESOLUTION NOS. 22-0014 AND 22-0015

RECOMMENDATION:
In accordance with staff's recommendation, the Planning Commission recommends that the City Council adopt the attached Resolution No. 22-0014 adopting the Negative Declaration for the 6th Cycle Housing Element; and adopt the attached Resolution No. 22-0015 adopting the 6th Cycle Housing Element.

EXECUTIVE SUMMARY:
All jurisdictions in California are mandated by the State to update the Housing Element of their respective General Plans every eight years. In July 2021, staff initiated the HEU to develop the 6th cycle (2021 - 2029) Housing Element, which involved extensive research, coordination, and review of existing regulations and sites. Significant public outreach was conducted by way of study sessions and workshops with the Planning Commission and City Council, culminating in the updated Housing Element document and associated environmental review document being presented to City Council for consideration. To comply with the State deadline, the City must adopt the Housing Element by February 12, 2022.

FISCAL IMPLICATIONS:
The fiscal implications associated with this item are limited to expenditure of staff and/or consultant time to implement the programs outlined in the Housing Element. If additional resources are required in the future, any contracts over $50,000 would be presented to the City Council.

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 Department of Housing and Community Development

(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 California HCD. The RHNA allocation is derived from the Statewide allocation; given the current status of the housing crisis 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 as follows:

- Very-Low Income (50% of Area Median Income) 322 units
- Low Income (80% of Area Median Income) 165 units
- Moderate Income (100% of Area Median Income) 155 units
- Above-Moderate Income (120% of Area Median Income) 132 units

Through the HEU, 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 by the Housing Element to build the number of units, as the Housing Element's goal is to that ensure realistic capacity is available for housing development.

Cities that fail to update their Housing Element by the deadline run the risk of litigation and losing the authority to issue residential and non-residential permits. Repercussions also include ineligibility for grant funding. Manhattan Beach intends to remain compliant to avoid costly and undesired consequences. To remain compliant, the HEU must be adopted by the City Council no later than February 12, 2022. As a note, HCD announced in 2021 the creation of the Housing Accountability Unit (HAU), dedicated to enforcement activities to further compliance with the State's housing laws.

In July 2021, staff initiated the drafting process, which involved extensive research, coordination, and review of existing regulations and sites. Significant public outreach was conducted by way of study sessions and workshops with the Planning Commission and City Council, all of which are detailed in the Public Outreach section of this report. The result of this effort was the production of the Draft Housing Element. 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. On December 14, 2021, HCD issued the attached letter to the City requesting some revisions to the document and clarification on certain discussion items. Staff also received four public comments in response to the Draft Housing Element. All comments were addressed in the final Housing Element. Subsequent to adoption of the final Housing Element by the City Council, the document will be resubmitted to HCD for certification. In accordance with the California Environmental Quality Act (CEQA), an Initial Study/Negative

Declaration (IS/ND) was prepared to support the HEU; details regarding the CEQA process are documented in the Environmental Review section of this report.

DISCUSSION:
The HEU, as reviewed by HCD, 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 a discussion on how the document is organized.

- **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 in accordance with the requirements of Assembly Bill 686.

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 HEU.

This discussion focuses on the Program Implementation section of the Housing Element, as well as the Sites Analysis and Inventory included as Appendix E.

The Program Implementation section of the Housing Element, identifies 31 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 31 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 To implement the Housing Element's policy for additional capacity, the City must establish an overlay district that encompasses a minimum of 20.3 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 must 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 12: Developer Outreach and Transparency Pursuant to Assembly Bill (AB) 1483, the City must 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 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: Parking Reductions Large parking lots associated with religious institutions provide opportunities for partnerships that facilitate the development of housing. Pursuant to Assembly Bill (AB) 1851, the City must revise the Municipal Code to identify a process by which parking requirements can be reduced for religious institutions in exchange for housing development. Separately, the City will conduct a parking study to identify opportunities for additional parking reductions for residential multifamily housing outside of the Coastal Zone.

Program 26: Replacement Requirements Pursuant to SB 330, the City must mandate replacement requirements on sites identified in the Sites Inventory and 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 28: Specialized Housing Types to Assist Persons with Special Needs The City must 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) and facilities classified as Residential Care, General.

For each of the 31 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 6th Cycle Housing Element, includes the following:

- 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 previously, 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 377 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 13 of Appendix E, the City has identified an adequate supply of land to accommodate the moderate-income and above moderate-

income RHNA allocation, respectively, therefore, the City is not required to create new opportunities for those income categories. However, as also demonstrated in Table 13 of Appendix E, the City can realistically accommodate only 81 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. This can be accomplished by establishing an overlay district that encompasses a minimum of 20.3 acres of sites in the CG and PD Districts, creating the opportunity for at least 406 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 and Table 16 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.

Subsequent to the adoption of the HEU, staff will commence all implementation efforts outlined in the Programs section of the HEU within the timeframes certified by HCD. The major effort will focus on the creation of the overlay and the required rezoning, during which development standards, including height, setback, etc., will need to be generated.

PUBLIC OUTREACH:
As required by Government Code Section 65583(c)(9), local governments must 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, at a regularly scheduled City Council meeting, staff presented a progress report to City Council, debriefed on key discussion points from the September 15 Planning Commission study session, fielded questions, 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 accepted public comments on the document until November 30, 2021. Furthermore, pursuant to the California Environmental Quality Act (CEQA), the Initial Study/Negative Declaration was circulated for public review on November 24, 2021, with the comment period ending on December 27, 2021.

On November 2, 2021, staff presented another progress report on the Draft 6th cycle Housing Element to City Council at a regularly scheduled City Council meeting, with the main goals being 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.

On December 8, 2021, staff presented the Draft 6th cycle Housing Element to the Planning Commission at a regularly scheduled meeting, with the main goals being to assist the Planning Commission and the public in navigating through the draft document, and to provide an updated discussion on key components of the document.

The noticing related to these workshops, study sessions and public meetings 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.

Finally, the Planning Commission considered the adoption of the 6th Cycle Housing Element and the associated Initial Study/Negative Declaration at a duly noticed public hearing on January 12, 2022, where the Commission voted unanimously to recommend to the City Council adoption of both. No public comments were made at the hearing. The January 12, 2022, Planning Commission hearing and the February 1, 2022, City Council hearing were noticed in accordance with State and local regulations. Notices of the hearing were published in the Beach Reporter, posted at City Hall and various City facilities, on the City's website, and on the City's social media platforms. In addition, the notices of the hearing were distributed via email to an interested parties list.

ENVIRONMENTAL REVIEW:

The update to the 6th cycle Housing Element is subject to the California Environmental Quality Act (CEQA). Accordingly, an Initial Study (IS) was prepared for the project. As described in the preceding sections of this report, the HEU conceptualizes how the City will provide the capacity for a total of 774 housing units, as assigned by SCAG during the 6th Cycle RNHA, during the period of 2021

through 2029. Again, under existing conditions, the City has the capacity to accommodate 377 dwelling units; as such, the City was required to identify how it will provide the capacity for an additional 479 dwelling units (406 units plus an additional buffer of 73 units). The analysis in the IS addresses the potential physical impacts associated with implementation of the HEU, which includes programs that conceptualize how the City will ultimately provide the capacity for these additional 479 dwelling units. Note that no development is currently proposed, and future rezoning efforts will undergo environmental review independent of this analysis.

Based on the initial analysis in the IS, a determination was made that the proposed project (the adoption of the policy document) could not have a significant effect on the environment. Therefore, a Negative Declaration (ND) was prepared accordance with Section 15070-15075 of the CEQA Guidelines.

A Notice of Completion (NOC) and Notice of Intent (NOI) to Adopt a Negative Declaration were filed with the Los Angeles County Clerk and the State Clearinghouse on November 24, 2021. These initiated the circulation of the document for public review, with the public review period ending on December 27, 2021. One public comment was received from Caltrans. The comment and staff's response to the comment are incorporated into the Final ND document provided as Attachment 4.

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

CONCLUSION:
The City is mandated by the State to update the Housing Element of the General Plan for the upcoming, eight year planning period (2021 - 2029). In accordance with all State regulations, the 6th cycle Housing Element, as presented to City Council, analyzes community housing needs in terms of affordability, availability, adequacy and accessibility, and describes the City's strategy and programs to address those needs. Subsequent to adoption, the City is required to implement the programs and policies as outlined in the Housing Element, over the course of the upcoming eight years. Accordingly, staff will be returning to the City Council with the corresponding code amendments and rezoning efforts, as required to set the programs and policies in motion and in compliance with the timeframes outlined in the Housing Element.

ATTACHMENTS:
1. Resolution No. 22-0014 (Exhibit A: Negative Declaration for the 6th Cycle Housing Element)
2. Resolution No. 22-0015 (Exhibit A: 6th Cycle Housing Element)
3. Final 6th Cycle Housing Element (*Redline: Responses to HCD Comments*)
4. Final Negative Declaration
5. Letter from HCD - December 14, 2021
6. PowerPoint Presentation