



Legislation Text

File #: 22-0391, **Version:** 1

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:

Consideration of the 6th Cycle Housing Element, as revised, and Associated Addendum to the Adopted Negative Declaration (Community Development Director Tai).

(Estimated Time: 1 Hr.)

AFTER CONDUCTING A PUBLIC HEARING ADOPT RESOLUTION NO. 22-0137

RECOMMENDATION:

Staff recommends that the City Council adopt the attached Resolution No. 22-0137 adopting an addendum to the previously adopted Negative Declaration in accordance with the California Environment Quality Act (CEQA) for the 6th Cycle Housing Element; and adopting the 6th Cycle Housing Element, as revised.

EXECUTIVE SUMMARY.

The City Council adopted the 6th Cycle Housing Element (“HE”) on March 22, 2022. Staff submitted the 6th Cycle HE to HCD for certification. After extensive dialogue with HCD staff, staff has drafted revisions to the 6th Cycle HE in response to HCD comments and requests. Most of the revisions provide more detail on the analysis and are summarized as follows:

- Provide additional information, such as local data and knowledge on demographics and physical conditions, to support previously-adopted Programs
- Clarify existing City processes, such as permit fees, parking requirements, and involvement with regional efforts, to further demonstrate consistency with the HE
- Revise HE sites and programs to address HCD’s comments
- Other changes summarized below necessary to ensure internal consistency with revisions

Senate Bill (SB) 197, signed by the Governor on July 30, 2022, extended the deadline for HCD to certify the 6th Cycle HE to October 15, 2022. The attached “HCD Incentives and Consequences Sheet” outlines the incentives for certification of the HE and consequences of non-certification, including:

- Loss of Permitting Authority
- Legal Suit and Attorney Fees
- Financial Penalties

As indicated in the attachment from HCD's website regarding SB 197, there are additional adverse consequences to the City if the City Council does not adopt or HCD does not certify the 6th Cycle HE by October 15, 2022. A notably significant consequence is accelerated re-zoning of properties to a deadline of October 15, 2022, whereas a deadline of October 15, 2025 would apply with a certified Housing Element.

BACKGROUND:

The Housing Element is one of the State-mandated parts (elements) of a General Plan. The Housing Element describes the City's needs, goals, policies, objectives, and programs regarding the preservation, improvement, and development of housing within the City. It analyzes community housing needs in terms of affordability, availability, adequacy and accessibility, and describes the City's strategy and programs to address those needs.

In recognition of the importance of public outreach and engagement, and pursuant to Government Code Section 65583(c)(9), the City undertook an extensive process with multiple opportunities for public input, comment, and participation.

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.

On August 31, 2021, the City hosted a virtual stakeholder's workshop. Attendees participated in polls, discussion, and a question-and-answer session. Stakeholders 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.

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.

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 HE 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 Planning Commission considered the adoption of the 6th Cycle HE and the associated Initial Study/Negative Declaration at its January 12, 2022 meeting, where the Commission voted unanimously to recommend to the City Council adoption of both.

After carefully considering public input before and during several public hearings and meetings, the City Council adopted the 6th Cycle HE on March 22, 2022.

Throughout this process, the City requested and received input from HCD, including as follows:

October 15, 2021	City submits draft 6th Cycle HE to HCD for comment
December 14, 2021	HCD issues a response letter with comments to City
April 4, 2022	City resubmits HE with revisions to HCD for review
June 3, 2022	HCD issues a second response letter to the City, requesting further revisions to the document
June - August 2022	City staff engages in series of discussions with HCD

DISCUSSION:

After incorporating HCD's recommended revisions, the City posted the revisions to the HE on the City's website August 8, 2022. On August 15, 2022, the City submitted the revised HE to HCD for review. On September 14, 2022, the Planning Commission recommended adoption of the revised HE. The following summarizes the revisions:

Revisions to the Housing Element

- Pursuant to Assembly Bill (AB) 686, the programs in the HE were revised to link the analysis of fair housing issues with the specific policy and action formulation, where applicable. This revision was made to the following programs: 1-5, 8, 13-16, 18, 21, 23, and 28 - 29. The additional language may be viewed within the corresponding summary tables included in the HE.
- Program 14 (Fair/Equal Housing Program) was revised to highlight the City's existing commitment to, and involvement in, the South Bay Cities Housing Education Advisory Committee.
- Program 16 (Lot Consolidation Incentive) was revised to offer a lot consolidation bonus to sites between 0.030 acres to 0.49 acres listed in the sites inventory of Appendix E, in order to incentivize lot consolidation for multi-family projects.
- Program 18 (Multifamily Residential Development Standards and Streamlining in the Mixed-

Use (CL, CD, and CNE) Commercial Districts) was revised to include streamlining the permitting process (to a Site Development Permit) for non-density bonus multi-family projects in the CL, CD, and CNE zones.

- Program 22 (Parking Reductions) was revised to address concerns regarding impediments to housing development created by existing parking requirements. Rather than reducing/eliminating parking requirements, the program commits to proactively exploring creative parking strategies in the Coastal Zone and permitting them through objective processes that implement creative ways to mitigate potential parking impacts to the development of housing.
- Program 25 (Reasonably Accommodate Housing for Persons with Physical and Developmental Disabilities) was revised to address concerns regarding fees for Reasonable Accommodations applications. The revised program commits to accepting reasonable accommodation applications without required fees, in accordance with fair housing laws and to completing a fee study to remove the existing fee from the schedule.
- Program 28 (Specialized Housing Types to Assist Persons with Special Needs) was revised to address potential constraints to Residential Care facilities and to remove current emergency shelter application fees related to reviewing emergency shelters requests in the PS and IP zones.

Revisions to Appendix C - Constraints and Zoning Analysis

- Section 2.1.2.3 (Design Overlay Districts) of Appendix C was revised to provide clarification and additional details on the City's existing Overlay Districts. The clarification served to demonstrate that the existing standards applicable to these districts are objective in nature and that there are no subjective design review processes involved.
- Section 2.1.3 (Development Standards) of Appendix C was revised to demonstrate that existing development standards, include height and story limits, do not impede developers from achieving the densities outlined in the Municipal Code and General Plan, and that the City implements density bonus law (inclusive of height waivers) in compliance with the State law.
- Section 2.4.7 (Typical Permit Procedures) of Appendix C was revised to clarify the permitting process for multi-family development within the City's coastal zone and pursuant to the certified Local Coastal Program (LCP).
- Section 2.5.2 (Permit Processing Fees) of Appendix C was revised to provide additional information and clarification on existing permitting/Planning fees applicable to multi-family and single-family development.
- Section 2.6 (Analysis of Local Efforts to Remove Constraints and Facilitate Affordable Housing) of Appendix C was revised to provide additional information regarding the Citywide

Election provisions related to development standards in Section 10.12.030 of the Municipal Code, and the explain why, notwithstanding the provision, the existing development standards continue to allow development of residential projects that achieve the densities outlined in the Municipal Code and General Plan.

Revisions to Appendix D - Affirmatively Further Fair Housing Analysis

- Section 4.2.3 (Household Income) of Appendix D was revised to add local knowledge of attributes of specific geographic locations where data indicates there is a higher concentration of households with a lower median income, compared to the rest of the City.
- Section 4.2.4 (Familial Status) of Appendix D was revised to add local knowledge regarding the El Porto area, where data indicates there is a higher population of persons 18 years or older living alone.
- Section 4.7.4 (Displacement) of Appendix D was revised to clarify that the City's lower-income populations are not vulnerable to displacement by investment or disinvestment; nor is the population at risk of displacement by disaster (i.e. sea level rise).
- Section 6.1 (Prioritization of Contributing Factors and Actions Designed to Meaningfully Address Contributing Factors) of Appendix D was revised to provide additional details regarding the City's Older Adults programming and to reiterate the details of Program 14 (Fair/Equal Housing Program), which demonstrates the City's commitment to educating the community regarding sustainable and affordable housing options.

Revisions to Appendix E - Sites Analysis and Inventory

- Section 3.3.1 (Lower-Income Units) and Section (3.3.2) of Appendix E were revised to augment the discussion of local development trends, specifically in the CL, CD and CNE zones.
- Section 4.1.1 (Sizes of Sites and Lot Consolidation) of Appendix E was augmented to more clearly demonstrate the challenges (i.e. small parcel sizes) related to relying on existing site capacity to meet our lower-income RHNA requirements, and the corresponding solutions (i.e. incentivizing lot consolidation).
- Table 7 (Lower-Income Sites identified) of Appendix E was revised to eliminate a City-owned parcel from the existing sites inventory, as the small size of the parcel was a concern for HCD. Revisions to the table also included the addition of a column that identifies the maximum number of units allowed on each site pursuant to existing regulations.
- Section 4.1.3 (Analysis of Impediments to Development on Underutilized and Non-Vacant Sites) of Appendix E was revised to provide additional information regarding why the sites in Table 7 qualify as existing capacity for lower-income sites. The additional information highlights adequate parcel size, existing uses, underutilization, permit trends, etc. to justify

inclusion of the selected sites in Table 7.

- Section 4.2 (Moderate Income Sites) of Appendix E was as revised to provide additional information regarding why the sites in Table 8 qualify as existing capacity for moderate-income sites. The additional information highlights adequate existing uses, underutilization, redevelopment trends, etc. to justify inclusion of the selected sites in Table 8.
- Table 8 (Moderate-Income Sites Identified) of Appendix E was revised to eliminate one previously-identified, privately-owned site. The revision to the table also included the addition of a column that identifies the maximum number of units allowed on the sites pursuant to existing regulations.
- Section 4.3 (Above Moderate-Income Sites) was revised to provide additional information regarding why the sites in Table 9 qualify as existing capacity for moderate-income sites. The additional information highlights parcel characteristics, existing uses, redevelopment trends, conditions of structures, etc. to justify inclusion of the selected sites in Table 9.
- Table 9 (Above Moderate-Income Sites Identified) was revised to include a column that identifies the maximum number of units allowed on the sites pursuant to existing regulations.
- Section 5.4 (Accessory Dwelling Unit projection) of Appendix E was revised to include recent ADU permitting statistics to support the previously identified ADU projection outlined for the planning period.
- Section 6 (Summary of Capacity to Accommodate the RHNA) was revised to adjust the City's existing site capacity calculations (as described in the revisions above); and to accordingly update the City's RHNA shortfall capacity - which is now 412 (lower-income) units. Tables 13 and 14 were also updated accordingly.
- Section 7.1.6 (Site Feasibility) was revised to bolster the justification for the selection of 33 (consolidated) sites (42.49 acres with a realistic capacity of 850 units) identified as having the potential to accommodate the remaining lower-income RHNA of 412 units. Justification for selection of the sites included adequate parcel size, developer interest, existing uses, consolidation potential, building age and condition, market trends, etc.
- Table 15 (Potential Underutilized Sites for Overlay) of Appendix E was revised to add a new potential site with recent developer interest, 1700 North Sepulveda Boulevard, for

consideration in the affordable housing overlay zone.

- Two City-owned sites were removed from Table 15 (Potential Underutilized Sites for Overlay) and added to Table 16 (Rezone Sites to Accommodate the Buffer) of Appendix E, where they are now identified as additional buffer sites in the event that additional buffer capacity is needed during the planning period.

- The revisions to Table 16 (Rezone Sites to Accommodate the Buffer) of Appendix E demonstrate a buffer capacity of 115 lower-income units (or 8.47 acres).

ADDITIONAL PUBLIC OUTREACH FOR THE 6TH CYCLE HE, AS REVISED:

As stated above, the City Council previously and expressly retained jurisdiction to consider any substantive revisions to the Housing Element. Nonetheless, in order to provide the public with additional opportunities to provide input and comment on the 6th Cycle HE, as revised, the City took the following steps:

In full accordance with the Brown Act and all applicable laws, the Planning Commission considered the proposed revisions at its duly-noticed and agendaized meeting of September 14, 2022. After extensive discussion, the Commission recommended adoption of the 6th Cycle HE, as revised, to the City Council.

Notice of the September 23, 2022 City Council public hearing was provided in accordance with State and local regulations. Notice of the hearing was published in the Beach Reporter, posted at City Hall and various City facilities, and on the City's website. Additionally, notice of the hearing was distributed via email to an interested parties list. This meeting and public hearing were duly noticed in accordance with the Brown Act.

ENVIRONMENTAL REVIEW:

On March 22, 2022, the City Council adopted Resolution No. 22-0014 adopting a Negative Declaration (ND) for the 6th Cycle HE. The ND, prepared in accordance with Section 15070-15075 of the CEQA Guidelines, evaluated the environmental impacts of the policy document and determined that the Project could not have a significant effect on the environment.

In accordance with Section 15164 of the CEQA Guidelines, an addendum to the adopted ND (see attachment) was prepared for the proposed amendments to the 6th Cycle HE. An addendum may be prepared if only minor technical changes or additions are necessary, as is the case with the amendments to the adopted 6th Cycle HE. The addendum is not required to be circulated for public review, however, the decision making body is required to consider the addendum along with the adopted ND prior to making a decision on the amended project.

The addendum concludes that no substantial changes are proposed in the project and there are no substantial changes in the circumstances under which the project will be undertaken that will require major revisions to the previous approved ND due to the involvement of new significant environmental effects. In addition, there is no "new information of substantial importance" as defined in CEQA Guidelines Section 15162(a)(3). Therefore, the previously adopted ND adequately discusses the

potential impacts of the project.

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). As revised, the 6th Cycle HE analyzes community housing needs in terms of affordability, availability, adequacy and accessibility, describes the City's strategy and programs to address those needs, and addresses comments received from HCD on June 3, 2022. Adoption of the revisions to the 6th Cycle HE is required to ensure certification by HCD and to avoid costly and undesired consequences.

ATTACHMENTS:

1. Resolution No. 22-0137(Exhibits A and B)
2. Revisions to 6th Cycle Housing Element (*Redline: Responses to HCD Comments*)
3. Links to Prior City Council Meetings
4. Addendum to Negative Declaration
5. Letter from HCD - June 3, 2022
6. HCD Incentives and Consequences Sheet
7. HCD Webpage (SB 197 Information)