



CITY OF HERMOSA BEACH M E M O R A N D U M

DATE: August 7, 2023
TO: Honorable Mayor and Members of the City Council
FROM: Carrie Tai, AICP, Community Development Director
CC: Suja Lowenthal, City Manager
RE: 8/8/2023 AGENDA. ITEM 13a – PUBLIC HEARING ON GENERAL PLAN AMENDMENT (GPA 23-01) TO REVISE THE CITY'S 2021-2029 HOUSING ELEMENT (ADOPTED DECEMBER 2021) AND ASSOCIATED GENERAL PLAN SECTIONS AND DETERMINATION THAT THE REVISED HOUSING ELEMENT IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

The purpose of this Supplemental information is to provide: 1) background on regulations and history relating to the City's development of the Sites Inventory; 2) Regional Housing Needs Assessment (RHNA) No Net Loss; and 3) Sites Inventory Map showing the potential sites for City Council consideration.

Site Inventory Background

The 6th Cycle Housing Element requirements for Site Criteria are set by State law. Assembly Bill (AB) 1397, passed in 2017 by the Legislature, set new requirements for jurisdictions to develop their Housing Element Sites Inventory. These requirements differ from past cycle Housing Elements.

The regulations from AB 1397 were incorporated into the State Housing Element law, which is detailed in California Government Code Section 65580 et. seq. https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=1.&title=7.&part=&chapter=3.&article=10.6.

The California Department of Housing and Community Development (HCD) also provided technical assistance through their Housing Element Site Inventory Guideline Book, attached with the transmittal memorandum from June 10, 2020. Criteria include assessing existing site capacity and also specific regulations for lower-income Regional Housing Needs Assessment (RHNA) allocation sites, including guidance for site size in Section 3, Step 3A. The Guidebook provides a methodology for justifications to follow when preparing the Sites Inventory. The methodology for creating a Sites Inventory is very brief summarized as follows:

- 1) Jurisdictions may identify existing development capacity for the required minimum density provided to a jurisdiction. (Section 2)
- 2) Reliance on nonvacant (underutilized sites) also require substantial evidence to demonstrate the potential for redevelopment.
- 3) Sites meeting the lower income RHNA allocation must be between 0.5 acre and 10 acres. Sites that fall outside of that size range require a substantial analysis to ensure that development is realistic and include strong programmatic commitments to facilitate development. (Section 3)

Development of the Sites Inventory

When staff commenced the development of the 2021-2029 Housing Element in December 2020, staff and the consultant team prepared a draft Sites Inventory, Appendix B of the Housing Element Technical Report. There are different categories and regulations pertaining to site selection. As AB 1397 was new at the time and few communities have gone through HCD review, it was hard for the City to gauge how HCD would be interpreting the various new requirements.

Identification of Existing Sites

In Hermosa Beach, the following residential zoning districts currently allow multi-family development at densities greater than 20 units/acre:

<u>District</u>	<u>Allowable Density</u>
R-2	24.9 units/acre
R-2B	24.9 units/acre
R-3	33 units/acre
R-P	33 units/acre
C-1	33 units/acre (mixed use)

For potential dwelling new units in a city's land inventory, State law establishes affordability assumptions based on density. The "default" density for small metropolitan jurisdictions, including Hermosa Beach, is 20 units per acre (Government Code §65583.2(c)(3)(B)). This means that if the General Plan and zoning allow development at 20 units per acre or greater, these sites are deemed appropriate to accommodate housing for lower-income households. The allowable densities in the above-mentioned districts are greater than the state default density of 20 units/acre for Hermosa Beach.

In 2021, staff considered areas in the above-mentioned districts for accommodating the City's lower-income housing need. However, unlike many other cities, the City of Hermosa Beach had few vacant or underutilized sites in these districts to accommodate new housing. Potential surplus density capacity in these zones was considered along with development trends. The most prevalent development trend of traditional residential lots in Hermosa Beach over the past 5 years is demolition and replacement with significantly larger-sized units, with no proven track record for affordable housing. As such, there was no evidence of

potential for realistic development of additional capacity. (The one exception is the St. Cross site, which currently offers workforce and affordable housing.)

Jurisdictions can consider sites with projects which have been an approved, permitted, or received a certificate of occupancy for housing, including affordable housing development. It is acceptable for cities to count in-progress projects toward the RHNA. The City does not currently have any such projects.

Identification of Sites to be Rezoned (0.5 acre requirement)

To meet the City's Regional Housing Needs Assessment (RHNA) obligations, the City proposes to allow residential and mixed-use development in the C-2, C-3, SPA-7, SPA-8, SPA-11, and M-1 zones by way of rezoning these areas to accommodate residential development in accordance with the State's site criteria. By studying trends throughout the South Bay for development density, staff was able to justify and propose a minimum residential density of 25.1-33.0 units per acre. This resulted in the Sites Inventory (Table B-4 of Appendix B of the Housing Element Technical Report) that was included in the December 2021 adopted 2021-2029 Housing Element.

The Sites Inventory reflects properties of all sizes to meet the moderate and above-moderate RHNA allocation, including properties where property owners have expressed interest, and rezonings could create residential development capacity.

For lower-income RHNA allocation, the Sites Inventory identifies properties meeting the 0.5-acre requirement while demonstrating that there are no impediments to development of housing. The City did not have any properties with an active development application for housing. As it currently stands, all properties on the Sites Inventory proposed to meet the lower-income RHNA comply with the minimum Site Criteria.

After review of the City's previously-adopted 2021-2029 Housing Element, HCD provided City-specific guidance in response to the City's previous Housing Element submittals. In general, the adopted December 2021 Housing Element did not provide sufficient justification for the sites proposed for the Sites Inventory. Since that time, staff has reviewed the proposed sites on the Sites Inventory for adherence to State Housing Element law and the HCD Site Inventory Guidebook. HCD's previous comment letters of October 4, 2021 (Page 4-5/Comment 3) and March 23, 2022 (Page 3-5/Comment 2) were attached to the main agenda item.

RHNA No Net Loss

Senate Bill (SB) 166 passed in 2017, requiring that cities to maintain adequate sites in their Sites Inventory at all times to meet the RHNA allocation. Regulations from SB 166 were incorporated into Government Code Section 65863, which states "(a) Each city, county, or city and county shall ensure that its housing element inventory described in paragraph (3) of subdivision (a) of Section 65583 or its housing element program to make sites available pursuant to paragraph (1) of subdivision (c) of Section 65583 can accommodate, at all times throughout the planning period, its remaining unmet share of the regional housing need allocated pursuant to Section

65584, except as provided in paragraph (2) of subdivision (c). At no time, except as provided in paragraph (2) of subdivision (c), shall a city, county, or city and county by administrative, quasi-judicial, legislative, or other action permit or cause its inventory of sites identified in the housing element to be insufficient to meet its remaining unmet share of the regional housing need for lower and moderate-income households."

If sites listed on the Sites Inventory are developed to less than the minimum density identified, the City must make findings indicating that there is still adequate capacity to meet the RHNA. If the City approves a development at a lower density that results in a shortfall of sites to meet the RHNA allocation, the City has 180 days to replace the capacity by adding sites to the Sites Inventory.

This regulation does not restrict a property owner's development flexibility. Cities may not disapprove a housing project of lower density if it would result in a shortfall of sites, unless the City makes findings that it has identified replacement sites. If the replacement sites require rezoning to accommodate the needed units, rezoning must be completed within 180 days of approving the project. The minimum residential density pertains to the City's obligation to track the RHNA capacity and ensure that there is no net loss. The City is responsible for making up the shortfall. The property owner/developer is not responsible for making replacement sites available.

Map with Potential Suggested Sites

The staff report listed several suggested sites from the community for possible inclusion on the Housing Element Sites Inventory list. Staff has attached the map of the Sites Inventory sites depicting the suggested sites marked with an asterisk (*).

Attachments:

- 1) HCD Housing Element Site Inventory Guidebook – June 10, 2020
- 2) HCD No Net Loss Guidance – October 2, 2019
- 3) Sites Inventory Map with potential suggested sites (8 – 26 Pacific Coast Highway, 200 Pier Ave, 1706-1734 Pacific Coast Highway)