

# Frequently Asked Questions

## Hermosa Beach 2021-2029 Housing Element Update

### 1. What is a Housing Element?

State law<sup>1</sup> requires each city to adopt a comprehensive, long-term General Plan for its physical development. General Plans include several “elements” that address various topics. The Hermosa Beach General Plan<sup>2</sup> or *PLAN Hermosa* – is organized into the following 8 elements:

- **Community Governance**  
The Community Governance Element sets forth the City’s legal authority to adopt and implement the goals, policies, and actions of PLAN Hermosa. Additionally, this element describes the associated leadership, decision-making process, development requirements, and regional coordination necessary to achieve the goals, policies, and actions.
- **Land Use + Design**  
Land Use and Design are the cornerstone of PLAN Hermosa and the City’s fundamental guide to the evolution of the urban form and land use patterns in Hermosa Beach. The Land Use and Design Element goals, policies, and actions provide a blueprint for the physical development of the community by identifying the general location, distribution, and intensity of various residential, commercial, industrial and institutional uses in Hermosa Beach.
- **Mobility**  
The Mobility Element is intended to facilitate mobility of people and goods throughout Hermosa Beach by a variety of modes, with balanced emphasis on automobiles, bicycles, pedestrians, and alternative fuel vehicles.
- **Sustainability + Conservation**  
The Sustainability and Conservation Element addresses the use and preservation of natural resources to improve the environmental quality of Hermosa Beach.
- **Parks + Open Space**  
The Parks and Open Space Element includes goals, policies, and actions that provide for coastal access and the provision of community facilities, parks, and recreation opportunities.
- **Public Safety**  
The Public Safety Element establishes goals, policies, and actions that protect the community from risk associated with natural hazards. The element places specific focus on hazards that could be made more severe with anticipated impacts of climate change.

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<sup>1</sup> California Government Code Sec. 65300 *et seq.*

<sup>2</sup> <https://www.hermosabeach.gov/our-government/community-development/plan-hermosa>



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- **Infrastructure**

The Infrastructure Element provides goals, policies, and actions to maintain and improve infrastructure systems, including the water supply system, sewer system, storm drain system, roads, and telecommunications and utilities.

- **Housing**

The Housing Element establishes goals, policies, and actions to maintain and improve the existing housing stock and expand housing opportunities for families of all economic levels and persons with special needs such as disabilities.

*PLAN Hermosa* was adopted in 2017 and has a “time horizon” of 25 years. However, State law requires that the Housing Element be updated every 8 years. Housing Element planning periods are sometimes referred to as “cycles”. The City’s current Housing Element covers the planning period extending from 2013 to 2021, which is referred to as the “5<sup>th</sup> Housing Element cycle” in reference to the five required updates that have occurred since the comprehensive revision to State Housing Element law in 1980. Every city in the Southern California Association of Governments (“SCAG”) region<sup>3</sup> is required to prepare a Housing Element update for the 6<sup>th</sup> planning cycle, which spans the 2021-2029 period, regardless of when the other elements of the General Plan were adopted.

State law<sup>4</sup> establishes detailed requirements for Housing Elements, which are summarized in California Government Code Section 65583:

*The housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing. The housing element shall identify adequate sites for housing, including rental housing, factory-built housing, mobile homes, and emergency shelters, and shall make adequate provision for the existing and projected needs of all economic segments of the community.*

## 2. What are the most important issues that must be addressed in the Housing Element?

The major issues that must be addressed in the Housing Element are: 1) how City policies, plans and regulations help to meet the region’s housing needs for people at all income levels; and 2) how City land use regulations accommodate the special housing needs of persons with disabilities or other difficulties.

- **Accommodating Regional Housing Needs.** Every community is dependent on a variety of low- and moderate-income workers in jobs such as child and elder care, medical support, business and personal services, retail trade, construction and maintenance. While Federal and State programs provide funding assistance for affordable housing, city plans and regulations determine the type and location of new housing that can be built. Therefore, a sufficient supply of affordable housing is dependent on both housing subsidies and city development regulations.

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<sup>3</sup> The SCAG region includes Los Angeles, Orange, Riverside, San Bernardino, Ventura and Imperial counties.

<sup>4</sup> California Government Code Sec. 65580 *et seq.*



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Under State law<sup>5</sup> all cities are required to plan for additional housing to accommodate population growth and existing housing problems such as overcrowding and high housing cost. State law recognizes that most housing is built by private developers, not cities. However, cities are required to adopt policies, plans, and development regulations to encourage a variety of housing types that are affordable for persons at all income levels, including multi-family rental housing and accessory dwelling units (“ADUs”). The Regional Housing Needs Assessment (“RHNA”) is the method by which each jurisdiction’s share of new housing needs is determined (see #4 below).

- **Housing for Persons with Special Needs.** Under State law<sup>6</sup> cities must also ensure that their plans and regulations encourage the provision of housing for persons with special needs including:
  - ✓ Reasonable accommodation for persons with disabilities
  - ✓ Transitional housing
  - ✓ Supportive housing
  - ✓ Residential care facilities
  - ✓ Emergency shelters and “navigation centers”
  - ✓ Large (5+) families

### 3. What is “affordable” housing?

By definition, housing is usually considered “affordable” when total housing cost, including utilities, is no more than 30% of a household’s gross income. State law describes five income categories, which are based on county median income as shown in Table 1.

**Table 1. Household Income Categories**

| Income Category | % of county median income |
|-----------------|---------------------------|
| Extremely low   | Up to 30%                 |
| Very low        | 31-50%                    |
| Low             | 51-80%                    |
| Moderate        | 81-120%                   |
| Above moderate  | Over 120%                 |

Source: California Government Code Sec. 65584(f)

Affordable housing costs for all jurisdictions in Los Angeles County that correspond to these income categories are shown in the following table. Affordability figures are adjusted each year and are based on family size. Table 2 provides figures for a 4-person family in 2020.

<sup>5</sup> California Government Code Sec. 65583

<sup>6</sup> California Government Code Sec. 65583(a)(5)



**Table 2. Income Categories and Affordable Housing Costs – Los Angeles County**

| Income Category | Maximum Income | Maximum Affordable Rent | Maximum Affordable Price (est.) |
|-----------------|----------------|-------------------------|---------------------------------|
| Extremely low   | \$33,800       | \$845                   | *                               |
| Very low        | \$56,300       | \$1,407                 | *                               |
| Low             | \$90,100       | \$2,252                 | *                               |
| Moderate        | \$92,750       | \$2,319                 | \$375,000                       |
| Above moderate  | Over \$123,600 | Over \$3,090            | Over \$375,000                  |

Assumptions:

- Based on a family of 4 and 2020 State income limits
- 30% of gross income for rent or principal, interest, taxes & insurance plus utility allowance
- 10% down payment, 3.75% interest, 1.25% taxes & insurance, \$300 HOA dues

\* For-sale affordable housing is typically at the moderate-income level

Source: Cal. HCD; JHD Planning LLC

#### 4. What is the RHNA why is it important?

Each California city is required to plan for new housing to accommodate a share of regional needs. The Regional Housing Needs Assessment (“RHNA”) is the process established in State law<sup>7</sup> by which each city’s housing needs are assigned.

Prior to each Housing Element planning cycle the region’s total housing need is determined by the California Department of Housing and Community Development (“HCD”) based upon economic and demographic trends, existing housing problems such as overcrowding and overpayment, and additional housing needed to ensure reasonable vacancy rates and replace units lost due to demolition or natural disasters. The total housing need for the region is then distributed to cities and counties by SCAG based upon criteria established in State law.<sup>8</sup>

In 2019 HCD determined that the total new housing need for the entire SCAG region in the 6<sup>th</sup> Housing Element cycle is 1,341,834 units. SCAG then prepares a RHNA plan that fully allocates the total RHNA to jurisdictions in the SCAG region.<sup>9</sup> Table 3 shows the draft RHNA allocations for Hermosa Beach, Los Angeles County, and the entire SCAG region. SCAG expects to adopt the final RHNA plan in March 2022.

**Table 3. Draft 6<sup>th</sup> Cycle RHNA – Hermosa Beach, Los Angeles County and SCAG Region**

|   | Hermosa Beach | Los Angeles County | SCAG Region |
|---|---------------|--------------------|-------------|
| RHNA allocation 2021-2029 (housing units) | 556           | 813,071            | 1,341,834   |

Source: SCAG, 9/3/2020

<http://www.scag.ca.gov/programs/Documents/RHNA/RHNA-Draft-Allocations-090320-Updated.pdf>

The RHNA distributes each jurisdiction’s total housing need by the income categories shown in Tables 1 and 2 above (the extremely-low and very-low categories are combined for RHNA purposes). The draft 6<sup>th</sup> cycle RHNA allocation for Hermosa Beach by income category is shown in Table 4.

<sup>7</sup> California Government Code Sec. 65584 et seq.

<sup>8</sup> California Government Code Sec. 65584(d)

<sup>9</sup> <http://www.scag.ca.gov/programs/pages/housing.aspx>



**Table 4. Draft 6<sup>th</sup> RHNA by Income Category – Hermosa Beach**

| Very Low | Low | Moderate | Above Moderate | Total |
|----------|-----|----------|----------------|-------|
| 231      | 127 | 105      | 93             | 556   |

Source: SCAG, 9/3/2020

### 5. Is the RHNA a construction quota or mandate?

The RHNA allocation identifies the amount of additional housing a jurisdiction would require in order to have enough housing at all price levels to fully meet the needs of its existing population plus its assigned share of projected growth over the next 8 years while avoiding problems like overcrowding and overpayment. The RHNA is a planning requirement that determines housing need, *not a construction quota or mandate*. Jurisdictions are not required to build housing or issue permits to achieve their RHNA allocations, but some provisions of State law establish specific requirements when housing production falls short of RHNA allocations. One such requirement is streamlined review and approval of housing development applications that meet specific standards.<sup>10</sup> Other than requirements for streamlined permit processing, there are currently no legal or financial penalties imposed on cities that do not achieve their RHNA allocations.

### 6. What must cities do to comply with the RHNA?

Each Housing Element update must analyze the city's capacity for additional housing based on an evaluation of land use patterns, development regulations, development constraints (such as infrastructure availability and environmental conditions) and real estate market factors. The analysis must be prepared at a parcel-specific level of detail and identify properties (or "sites") where additional housing could be built consistent with current regulations. This evaluation is referred to as the "sites analysis" and State law requires the analysis to demonstrate that the city has adequate capacity to fully accommodate its RHNA allocation in each income category. If the sites analysis does not demonstrate that adequate capacity exists to fully accommodate the RHNA, the Housing Element must describe what steps will be taken to increase capacity commensurate with the RHNA – typically through amendments to land use and zoning regulations that could facilitate additional housing development. Such amendments typically include increasing the allowable density in residential zones or allowing housing to be built in other areas where residential uses are not currently allowed.

### 7. Hermosa Beach is fully developed. Why is the RHNA allocation so high?

SCAG's total RHNA allocation for the 6<sup>th</sup> cycle is 1,341,827 units compared to 412,137 units in the 5<sup>th</sup> cycle. There are two main reasons why the region-wide 6<sup>th</sup> RHNA allocation is so much higher than the 5<sup>th</sup> cycle.

First, the 5<sup>th</sup> RHNA allocation was established in 2012 while the severe economic effects of the "Great Recession" were still adversely affecting growth and the foreclosure crisis led to high vacancy rates. As a result, the 5<sup>th</sup> RHNA was uncharacteristically low. For

<sup>10</sup> California Government Code Sec. 65913.4 (SB 35 of 2017)



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comparison, SCAG's 4<sup>th</sup> cycle (2006-2013) RHNA allocation was approximately 700,000 units.

Second, for the 6<sup>th</sup> cycle the State made a major modification to the process for determining RHNA allocations due to the "housing crisis." In prior RHNA cycles, total housing need was based mainly on projected population growth. However, for the 6<sup>th</sup> RHNA cycle the State added *existing need* to the total RHNA calculation. Existing need includes households that are currently overcrowded (defined as more than one person per room) or are overpaying for housing (defined as more than 30% of gross income). The total 6<sup>th</sup> cycle RHNA allocation for the SCAG region is comprised of the sum of existing need and projected need, as follows:

|                 |                 |
|-----------------|-----------------|
| Existing need:  | 577,422 units   |
| Projected need: | 764,405 units   |
| Total need:     | 1,341,827 units |

As seen from this breakdown, if existing need were not included (as in prior RHNA cycles) the total housing need for the SCAG region would be similar to the 4<sup>th</sup> cycle.

With regard to jurisdictional RHNA allocations, the methodology adopted by SCAG for the 6<sup>th</sup> cycle places greater emphasis on the proximity of jobs and transportation rather than vacant developable land. As a result, the urbanized areas of Los Angeles and Orange counties are assigned a higher proportion of the region's housing need as compared to prior cycles even though they generally have much less vacant land than inland areas.

### 8. How can Hermosa Beach accommodate its RHNA allocation and remain in compliance with State housing law?

The RHNA is a planning target and cities are not required to achieve their RHNA allocations but must demonstrate that their land use plans and regulations allow housing development commensurate with the RHNA. Capacity for additional housing can be provided either through new housing or mixed-use development or through accessory dwelling units ("ADUs"), also referred to as second units or granny flats.

Preliminary analysis indicates that capacity for additional housing based on current land use regulations is not sufficient to fully accommodate the City's RHNA allocation. Because there is very little vacant land in Hermosa Beach that is suitable for housing development, the most significant opportunities for new housing are in areas zoned for commercial uses. Under State law, areas that are zoned to allow residential or mixed-use development at a density of at least 20 units/acre in small cities are considered appropriate to facilitate production of affordable housing. ADUs will also provide a portion of future housing need, particularly in the low- and moderate-income categories.

As part of the Housing Element update, the City will evaluate the potential for new housing development and identify changes to land use plans and zoning that could accommodate the amount of new housing assigned to Hermosa Beach in the RHNA.



### 9. Housing development is very expensive in the urban areas of Southern California. What happens if cities don't achieve their assigned affordable housing needs?

Housing development is very expensive, particularly in coastal areas, and housing that is affordable to low- and moderate-income families typically requires large subsidies. While State housing law is based on the premise that every city has an obligation to use its governmental powers to encourage housing development at all income levels, it is recognized that available financial resources are not sufficient to produce all of the affordable housing needed. Therefore, if a city has adopted appropriate plans and regulations to encourage housing development commensurate with its RHNA allocation, it will not be penalized if actual production does not achieve assigned needs.

### 10. What is “certification” of the Housing Element and why is it important?

The State Legislature has delegated authority to the California Department of Housing and Community Development (“HCD”) to review Housing Elements and issue findings regarding the elements’ compliance with the law.<sup>11</sup> When HCD issues a finding that the Housing Element is in substantial compliance with State law it is referred to as “certification” of the Housing Element. In 2013 HCD determined that the current Hermosa Beach Housing Element was in full compliance with State law. The City is now preparing a Housing Element update for the 2021-2029 period.

Housing Element certification is important for two main reasons:

- **Local control.** The General Plan provides the foundation for the City’s land use plans and zoning regulations, and the Housing Element is part of the General Plan. If the City were challenged in court on a planning or zoning matter and the Housing Element were found by the court to be out of compliance, the court could order changes to City land use plans or regulations and assume control over some City land use decisions. HCD certification establishes a “rebuttable presumption of validity”<sup>12</sup> that the Housing Element is in compliance with State law, which would support the City’s legal defense. Recent laws also allow for courts to impose fines if a jurisdiction fails to adopt a compliant Housing Element.<sup>13</sup>
- **Eligibility for grant funds.** Some State grant funds are contingent upon Housing Element certification.

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<sup>11</sup> California Government Code Sec. 65585

<sup>12</sup> California Government Code Sec. 65589.3.

<sup>13</sup> AB 101 of 2019