



## Staff Report

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### Honorable Chair and Members of the Hermosa Beach Planning Commission

#### Regular Meeting of November 16, 2021

Consideration of a comprehensive amendment to the Housing Element of the Hermosa Beach General Plan for the 2021-2029 planning period, and a determination that the project is exempt from the California Environmental Quality Act.

Applicant:

#### **Recommended Action:**

Staff recommends the Planning Commission:

1. Receive staff presentation;
2. Solicit public comments; and
3. Adopt Resolution recommending City Council approval of the 2021-2029 Housing Element.

#### **Background:**

State law requires that each city adopt a General Plan to guide land use and development. Among the various “elements” of the General Plan is the Housing Element, which describes City policies and programs for maintaining and improving existing housing and accommodating development of new housing to meet the City’s assigned share of regional growth under the Regional Housing Needs Assessment (“RHNA”).

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 2013 to 2021 planning period, 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 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.

Over the past year the City has conducted four previous public meetings to discuss the Housing Element update:

- December 15, 2020 Planning Commission study session

- February 3, 2021 joint City Council/Planning Commission study session
- June 30, 2021 Planning Commission meeting to review the draft Housing Element
- July 27, 2021 City Council meeting to review the draft Housing Element

Copies of staff reports and other materials from those prior meetings are posted on the City's website at:

<https://www.hermosabeach.gov/our-government/city-departments/community-development/plans-programs/housing-element-update>

In early August the draft Housing Element was submitted to the California Department of Housing and Community Development ("HCD") for review, as required by State law. On October 4, 2021 HCD issued a letter (Attachment 4) finding that draft element addresses many statutory requirements; however, revisions will be necessary to comply with State Housing Element Law. Staff has prepared a revised draft Housing Element (Attachment 2 & 3) addressing HCD's comments. State law requires cities to consider HCD comments and make specific findings when adopting a Housing Element amendment.

The purpose of this Planning Commission hearing is to review the revised draft Housing Element, HCD comments, public comments, and make recommendations to the City Council. Subsequent to this Planning Commission hearing, a public hearing will be scheduled by the City Council to review the Commission's recommendation and consider adoption of the Housing Element.

#### Hermosa Beach Revised Draft 2021-2029 Housing Element Content

As discussed in previous meetings, State law sets forth extensive requirements for Housing Elements and land use regulations related to housing. The revised draft 2021-2029 Housing Element (Attachment 2 & 3) follows a similar format as the City's current Housing Element and is divided into two volumes:

#### **Housing Policy Plan**

- An Introduction providing background information and context for the Housing Element (Chapter I)
- Housing policies and programs for the 2021-2029 planning period (Chapter II)

#### **Housing Element Technical Report**

- Housing Needs Assessment - An analysis of the city's demographic and housing characteristics, trends and special needs (Chapter I)
- An evaluation of resources and opportunities available to address housing issues (Chapter II)
- A review of governmental and non-governmental constraints to meeting housing needs (Chapter III)
- A review of accomplishments during the previous planning period (Appendix A)
- An inventory of the potential sites for housing development (Appendix B)
- A summary of opportunities for public participation during the preparation and adoption of the

Housing Element (Appendix C)

- Contributing Factors to Fair Housing Issues (Appendix D)

The most important part of the Housing Element is the Housing Policy Plan because it describes the City's policies, programs and objectives for the 2021-2029 planning period. Housing programs have been updated to reflect current circumstances and includes commitments for specific actions over the next 8 years. While most programs reflect a continuation of existing City policy, some recent changes in State housing law will require the City to amend local regulations to conform to current law or other substantive actions, as described in the following programs:

- Update City regulations regarding density bonus and other incentives for affordable housing consistent with recent changes to State law (Program 3)
- Update City accessory dwelling unit (ADU) regulations consistent with recent changes to State law (Program 6)
- Conduct a feasibility study to determine whether a land value recapture program should be established for properties to be rezoned, and if so, what specific requirements are appropriate (Program 7)
- Investigate opportunities to either establish a new housing trust fund or participate in existing trust fund programs in order to expand the availability of financial assistance for affordable housing (Program 8)
- Process General Plan and zoning amendments to accommodate the RHNA allocation (Program 9)
- Update City regulations for supportive housing and low barrier navigation centers consistent with recent changes to State law, and review regulations for large residential care facilities (Program 10)
- As part of the comprehensive Zoning Ordinance update, evaluate methods to simplify the housing development review process such as eliminating the conditional use permit requirement for multi-family, condominium and mixed-use developments, revise the Precise Development Plan (PDP) process, and establish SB 35 streamlined review regulations (Program 11)
- Establish stronger procedures to affirmatively further fair housing (Program 12)

### RHNA Requirements

As discussed in previous meetings, one of the most important requirements of State Housing Element law is that each city must adopt land use plans and regulations that create opportunities for sufficient residential development to accommodate its assigned share of statewide housing need through the Regional Housing Needs Assessment ("RHNA") process. Hermosa Beach was assigned a total housing need of 558 additional units during the 8-year period distributed among the following income categories.

**6<sup>th</sup> Cycle RHNA by Income Category - Hermosa Beach**

Very Low	Low	Moderate	Above Moderate	Total
232	127	106	93	558

The RHNA identifies the amount of additional housing at different price levels a jurisdiction would need to fully accommodate its existing population plus its assigned share projected growth over the next 8 years while avoiding problems like overcrowding and overpayment. The RHNA is a planning requirement based upon housing need, *not a construction quota, mandate, or prediction of future development*. The primary significance of the RHNA is that jurisdictions are required to adopt land use plans and development regulations that create sufficient opportunities for additional housing development commensurate with the RHNA allocation. Under current law, cities are not penalized if actual housing production does not achieve the RHNA allocation, but cities may be required to streamline the approval process for qualifying housing developments that meet specific standards (such as affordability and prevailing wage labor requirements) if housing production falls short of the RHNA allocation.

The Housing Element must demonstrate compliance with the RHNA by analyzing the city's capacity for additional housing based on an evaluation of land use patterns, development regulations, potential constraints (such as infrastructure availability and environmental conditions) and real estate market trends. The analysis must be prepared at a parcel-specific level of detail and identify properties (or "sites") where additional housing could be built under current regulations. State law requires that the sites analysis demonstrate that city land use plans and regulations provide adequate capacity to fully accommodate its RHNA allocation in each income category. If the current development capacity is not sufficient to fully accommodate the RHNA, the Housing Element must describe proactive steps the City will take to increase housing capacity commensurate with the RHNA - typically through amendments to land use plans and development regulations that could facilitate production of additional housing. Such amendments generally include increasing allowable residential densities, modifying other development standards, or allowing housing to be built in areas where residential development is not currently allowed, such as areas zoned for commercial use. *It is important to note that neither cities nor property owners are required to develop additional housing on the sites identified in the Housing Element, or to provide funding for housing development.*

As discussed in Appendix B of the Housing Element Technical Report, the capacity for additional housing based on current land use patterns and zoning regulations is not sufficient to accommodate the RHNA allocation; therefore, a rezoning program is required. Appendix B identifies candidate sites to be considered for future rezoning. *It is important to note that the Housing Element would not change any zoning, and additional analysis, public hearings and CEQA review must be conducted prior to any rezoning decisions.*

**HCD Review and Certification**

An important difference between the Housing Element and other elements of the General Plan is the extent of State oversight. Under California law, land use and development is generally within the authority of cities through the adoption of policies and regulations in General Plans and municipal codes. However, State law establishes many specific limitations on city land use authority related to housing.

The State legislature has also declared an adequate supply of housing to be a matter of statewide

importance and has delegated authority to the California Department of Housing and Community Development (“HCD”) to review local government Housing Elements and issue opinions regarding their compliance with State law. A finding of Housing Element compliance by HCD is referred to as “certification” of the Housing Element. Certification is important to enhance cities’ eligibility for grant funds and to support local land use authority.

HCD review of Housing Elements is required both prior to and after final adoption by the City Council.

The draft Housing Element was submitted to HCD for review, and HCD’s comments are provided in Attachment 4. Exhibit A to the draft Planning Commission resolution (Attachment 1) provides a summary of HCD’s comments and the City’s responses to those comments. The City is required to consider HCD’s comments in its decision to adopt the Housing Element. It is staff’s opinion that the proposed responses and revisions to the draft Housing Element address HCD’s comments consistent with the requirements of State law.

### Public Review

To facilitate public review of the Housing Element update, staff has created a Housing Element web page ([www.hermosabeach.gov/housingelement](http://www.hermosabeach.gov/housingelement)). The web page includes background information, Frequently Asked Questions, the Housing Element schedule, meeting materials, the draft Housing Element documents and an online housing survey.

The survey found the following response rate for the question, “What do you consider to be the most priority housing problems in Hermosa Beach?”

- 38% Too many people cannot find suitable housing at a cost they can afford.
- 19% More small apartments or condos are needed for single people and small families
- 9% Not aware of any housing problems in Hermosa Beach
- 5% More housing is needed close to schools, shopping, public transit and services
- 5% More temporary housing is needed for homeless persons

### General Plan Consistency:

PLAN Hermosa, the City’s General Plan, was adopted by the City Council in August 2017. Since the State requires General Plan Housing Elements in 8-year cycles, the last Housing Element for the 2014-2021 cycle had been recently updated and was not included in the development of PLAN Hermosa. Upon adoption, the updated 2021-2029 Housing Element will become a component of the PLAN Hermosa General Plan.

As part of the required zoning amendments to accommodate the RHNA, a concurrent amendment to General Plan land use designations will also be required.

### CEQA Compliance

The proposed Housing Element would not approve any development or change any land use designations; therefore, the amendment is exempt from California Environmental Quality Act (CEQA) requirements per Section 15061, Review for Exemption of the CEQA Guidelines. Specifically, Section

15061(b)(3) states, in part, that a project is exempt from CEQA if “the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.” Subsequent to Housing Element adoption, additional CEQA review will be conducted as part of the required zoning amendments pursuant to Program 9 in the Housing Plan.

**NEXT STEPS:**

After this meeting, staff will make any appropriate revisions to the revised draft Housing Element to reflect comments from the Planning Commission and other interested persons and a public hearing will be scheduled for City Council consideration and adoption of the Housing Element. Following City Council adoption, the Housing Element must be submitted to HCD for a second review.

Interested parties may submit questions or comments throughout the Housing Element update process by email to Senior Planner Christy Teague at [cteague@hermosabeach.gov](mailto:cteague@hermosabeach.gov).

**Attachments:**

1. Draft Planning Commission Resolution
2. Draft 2021-2029 Draft Hermosa Beach Housing Element Housing Policy Plan
3. Draft 2021-2029 Draft Hermosa Beach Housing Element Technical Report
4. HCD review letter dated October 4, 2021
5. SUPPLEMENTAL - HCD 6<sup>th</sup> Housing Element Comments and Responses
6. SUPPLEMENTAL - Responses to Planning Commissioner's Questions and Requests

**Respectfully Submitted by:** Christy Teague, Senior Planner

**Concur:** Carlos Luis, Associate Planner

**Approved:** Ken Robertson, Community Development Director