



## Staff Report

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File #: REPORT 21-0785, Version: 1

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Honorable Mayor and Members of the Hermosa Beach City Council  
Adjourned Special Meeting of December 21, 2021

**CITY COUNCIL CONSIDERATION AND ADOPTION 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. THE HOUSING ELEMENT INCLUDES ANALYSIS OF THE COMMUNITY'S HOUSING NEEDS, OPPORTUNITIES AND CONSTRAINTS, AS WELL AS POLICIES AND PROGRAMS TO FACILITATE THE CONSTRUCTION, REHABILITATION, AND PRESERVATION OF HOUSING FOR ALL ECONOMIC SEGMENTS OF THE COMMUNITY. ALL CITIES IN THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS REGION ARE REQUIRED TO PREPARE AN UPDATED HOUSING ELEMENT FOR THE 2021-2029 PLANNING PERIOD**

*(Continued from December 14, 2021)*

(Community Development Director Ken Robertson)

### **Recommended Action:**

Staff recommends, and Planning Commission concurs, City Council:

1. Receive a staff presentation;
2. Hold a public hearing and solicit public comments; and
3. Adopt resolution to adopt the comprehensive Amendment to the Housing Element for the 2021-2029 Planning Period and authorize submission to the California Department of Housing and Community Development (HCD) for certification.

### **Executive Summary:**

State law sets forth extensive requirements for Housing Elements and land use regulations related to housing. The 2021-2029 Housing Element was prepared to address these requirements. The Planning Commission reviewed this updated version of the Housing Element and its comments are included for City Council. Staff requests City Council authorization to submit the updated 2021-2029 Housing Element to the California Department of Housing and Community Development (HCD) for certification. Subsequent public hearings would be held by the Planning Commission and City Council prior to implementation of the Housing Element Policies, including potential rezoning of any sites.

### **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 eight years. Housing Element planning periods are sometimes referred to as “cycles.” The City’s current Housing Element covers the planning period 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 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. The due date for the 6<sup>th</sup> Housing Element update was October 15, 2021. The City submitted a Draft Housing Element on August 6, 2021 and received the HCD Comment Letter requesting additional information and analyses on October 5, 2021.

***Past City Council and Planning Commission Actions***

Meeting Date	Description
December 15, 2020	The Planning Commission conducted an initial public meeting to introduce the 2021-2029 Housing Element update.
February 3, 2021	The City Council and Planning Commission held a joint study session to provide an overview of the Housing Element update process, explanation of the State requirements for Hermosa Beach Regional Housing Needs Assessment (RHNA), to solicit comments regarding housing needs and to receive feedback from the Planning Commission and City Council.
June 30, 2021	The Planning Commission held a Special Meeting to receive a presentation, hear public comments, and provide comments on the Draft 2021-2029 Housing Element.
November 16, 2021	The Planning Commission conducted a public hearing and considered the revised 2021-2029 Housing Element in response to the comment letter received from HCD and added additional revisions.

**Analysis:**

Staff, working with consultant John Douglas of JHD Planning LLC, has completed a revised Housing Element for review by the City Council and consideration of its adoption. If approved, Staff would

submit the revised 2021-2029 Housing Element to the State HCD. After the State review and receipt of HCD comments and certification, public hearings would be scheduled with the Planning Commission and City Council prior to implementation of the programs according to the schedule outlined in the Housing Element Policy Plan.

#### November 16, 2021 Planning Commission Meeting

On November 16, 2021, the Planning Commission considered the revised Housing Element to address HCD requests for additional information and analyses from its letter to the City dated October 5, 2021. Staff reviewed and revised the Housing Element in accordance with the requested information. The Planning Commission recommended changes to expedite the timeline of programs 7 and 8 of the Housing Policy Plan. The feasibility studies for Program 7 Land Value Recapture and Program 8 Housing Trust Funds are revised to be conducted concurrently with Program 9 Adequate Sites to Accommodate Housing Needs, including selection of sites to be rezoned by October 2022 and amendments to the PLAN Hermosa General Plan and Zoning Code for selected sites by 2024.

#### ***Revisions from Planning Commission Meeting November 16, 2021***

Comment	Revision Description and Location
Requested earlier timeline for Program 7 – Land Value Recapture	Program 7 to be concurrent with Program 9 (Adequate Sites to Accommodate Housing Needs) beginning October 2022 for evaluation.
Requested earlier timeline for Program 8 – Housing Trust Funds	Program 8 to be concurrent with Program 9 (Adequate Sites to Accommodate Housing Needs) beginning October 2022 for evaluation.
Add missing tables and correct grammatical errors.	Document has been corrected.

#### Revised 2021-2022 Housing Element

The 2021-2029 Housing Element (**Attachments 3 and 4**) 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);
- Evaluate, as part of the comprehensive Zoning Ordinance update, 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); and

- Establish stronger procedures to affirmatively further fair housing (Program 12).

### RHNA Requirements

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. The RHNA is the process by which each city's need for additional housing is determined. Prior to each Housing Element planning cycle the region's total housing need is established by HCD based primarily on population growth trends and existing housing problems such as overcrowding and overpayment. The total housing need for the Southern California region is then distributed to cities and counties by the Southern California Association of Governments ("SCAG") based upon criteria established in State law. The SCAG region includes Los Angeles, Orange, Riverside, San Bernardino, Imperial, and Ventura counties.

In late 2019, HCD issued a RHNA determination of 1,341,827 additional housing units for the SCAG region during the 2021-2029 period. Following HCD's RHNA determination, SCAG prepared a methodology for distributing the total RHNA to jurisdictions in the SCAG region consistent with criteria established in State law. In early 2020, SCAG's Regional Council adopted the RHNA methodology and the final RHNA Plan was adopted on March 4, 2021. The final allocation for Hermosa Beach was increased from 556 housing units in the Draft RHNA to 558 units due to the proportional reallocation of units resulting from SCAG's RHNA appeals process.

**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 eight 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 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 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. *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. *The Housing Element would not change any zoning, and additional analysis, public hearings and CEQA review must be conducted prior to any rezoning decisions.*

It should be noted that one revision in the updated Housing Element is the reduction of Accessory Dwelling Units (Program 6) to 104 units total during the 2021-2029 cycle due to the HCD request to calculate the average of the last three years for each year of the planning period as the maximum allowable to meet RHNA needs. This reduction increases the number of units to be considered through other programs, such as rezoning sites (Program 9).

#### 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 letter is provided as Attachment 2 and as Exhibit A to the proposed City Council resolution (**Attachment 1**). A summary of HCD’s comments and the City’s responses to those comments are provided as **Attachment 3**. The City is required to consider HCD’s comments in its decision to adopt the Housing Element. It is staff’s opinion that the 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 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 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 percent-too many people cannot find suitable housing at a cost they can afford.
- 19 percent-more small apartments or condos are needed for single people and small families.
- 9 percent-not aware of any housing problems in Hermosa Beach
- 5 percent-more housing is needed close to schools, shopping, public transit and services.
- 5 percent-more temporary housing is needed for homeless persons

### Next Steps

After the public hearing, any revisions to the Housing Element directed by City Council will be incorporated as part of the Housing Element. Upon adoption of the Housing Element by the City Council, the Housing Element would 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) [<mailto:cteague@hermosabeach.gov>](mailto:cteague@hermosabeach.gov).

### 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 the Housing Element adoption, additional CEQA review will be conducted as part of the required zoning amendments pursuant to Program 9 in the Housing Plan.

**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 eight-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 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 would also be required.

**Fiscal Impact:**

There is no fiscal impact associated with the recommended action.

**Attachments:**

1. Proposed Resolution
2. Comment Letter from California Housing and Community Development dated October 4, 2021
3. Summary of HCD Comments and the City’s Responses to Comments
4. 2021-2029 Hermosa Beach Housing Element Housing Policy Plan
5. 2021-2029 Hermosa Beach Housing Element Technical Report
6. Link to Planning Commission Meeting November 16, 2021
7. Comments from Ed Hart November 23, 2021
8. Map of Rezone Candidate Sites
9. PowerPoint Presentation

**Respectfully Submitted by:** Christy Teague, Senior Planner and Carlos Luis, Associate Planner

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

**Legal Review:** Michael Jenkins, City Attorney

**Approved:** Suja Lowenthal, City Manager