

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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January 18, 2022

Ken Rukavina, Director
Community Development Department
City of Rancho Palos Verdes
30940 Hawthorne Boulevard
Rancho Palos Verdes, CA 9027518

Dear Ken Rukavina:

RE: City of Rancho Palos Verdes' 6th Cycle (2021-2029) Draft Housing Element Update

Thank you for submitting the City of Rancho Palos Verdes' draft housing element received for review on November 19, 2021. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. Our review was facilitated by a conversation on January 12, 2022 with you, Octavio Silva, Deputy Director, and Matt Kowta, the City's consultant. In addition, HCD considered comments from Erik Felix, Mark Coleman, and Maura Mizuguchi pursuant to Government Code section 65585, subdivision (c).

The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code). The enclosed Appendix describes the revisions needed to comply with State Housing Element Law.

As a reminder, the City's 6th cycle housing element was due October 15, 2021. As of today, the City has not completed the housing element process for the 6th cycle. The City's 5th cycle housing element no longer satisfies statutory requirements. HCD encourages the City to revise the element as described above, adopt, and submit to HCD to regain housing element compliance.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), if a local government fails to adopt a compliant housing element within 120 days of the statutory deadline (October 15, 2021), then any rezoning to accommodate the regional housing needs allocation (RHNA), including for lower-income households, shall be completed no later than one year from the statutory deadline. Otherwise, the local government's housing element will no longer comply with State Housing Element Law,

and HCD may revoke its finding of substantial compliance pursuant to Government Code section 65585, subdivision (i).

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant; the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs; and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City will meet housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at http://opr.ca.gov/docs/OPR_Appendix_C_final.pdf and http://opr.ca.gov/docs/Final_6.26.15.pdf.

HCD appreciates the hard work and dedication the City's housing element team provided during the review. We are committed to assist the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Gianna Marasovich, of our staff, at Gianna.Marasovich@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Paul McDougall', with a stylized flourish at the end.

Paul McDougall
Senior Program Manager

Enclosure

APPENDIX

CITY OF RANCHO PALOS VERDES

The following changes are necessary to bring the City's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on HCD's website at <http://www.hcd.ca.gov/community-development/housing-element/housing-element-memos.shtml>. Among other resources, the housing element section contains HCD's latest technical assistance tool, Building Blocks for Effective Housing Elements (Building Blocks), available at <http://www.hcd.ca.gov/community-development/building-blocks/index.shtml> and includes the Government Code addressing State Housing Element Law and other resources.

A. Review and Revision

Review the previous element to evaluate the appropriateness, effectiveness, and progress in implementation, and reflect the results of this review in the revised element. (Gov. Code, § 65588 (a) and (b).)

As part of the review of programs in the past cycle, the element must also provide an evaluation of the effectiveness of goals, policies, and related actions in meeting the housing needs of special needs populations (e.g., elderly, persons with disabilities, large households, female headed households, farmworkers, and persons experiencing homelessness). Programs should be revised as appropriate to reflect the results of this evaluation.

B. Housing Needs, Resources, and Constraints

1. *Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction. (Gov. Code, § 65583, subd. (c)(10)(A).)*

Outreach: Outreach specifically related to affirmatively furthering fair housing (AFFH) is foundational to a complete analysis and formulating appropriate goals and actions to overcome patterns of segregation and foster more inclusive communities. The City should summarize and relate its and other's outreach efforts to all components of the AFFH analysis and modify or add goals and actions as appropriate. For example, the element could incorporate regional outreach from an analysis of impediments to fair housing choice (AI) or outreach from other planning documents to better formulate appropriate programmatic response.

Assessment of Fair Housing: The element reports and maps data on the components of the assessment of fair housing (e.g., segregation and integration, disparities in access to opportunity) but it must also analyze the information such as trends, coincidence with

other components of the assessment of fair housing and the effectiveness of past and current strategies to promote inclusive communities and equitable quality of life throughout the region. This analysis should be complemented by local data and knowledge, including input from commenters, and other relevant factors as described below. This analysis should particularly focus on the significant regional differences (e.g., income, race, tenure, housing type) between Rancho Palos Verdes and the broader Los Angeles region to identify appropriate programmatic response.

Disproportionate Housing Needs, including Displacement: The element mentions displacement, including a brief remark on sea level rise but it should include analysis to better formulate appropriate response. For example, the City could consider data from the Urban Displacement Project at <https://www.urbandisplacement.org/maps/los-angeles-gentrification-and-displacement/>. The element could also spatially examine data from the noted climate change vulnerability assessment and overlap that data with the AFFH analysis, including identified sites to accommodate the regional housing needs allocation (RHNA) by income group.

Sites Inventory: While the element includes some general discussion of sites and location by income group, a full analysis should address location, the number of sites and units by all income groups and how that affects the existing patterns for all components of the assessment of fair housing (e.g., segregation and integration, access to opportunity) and any isolation of the RHNA by income group. The element should also discuss whether the distribution of sites improves or exacerbates conditions.

Local Data and Knowledge, and Other Relevant Factors: The element must include local data, knowledge, and other relevant factors to discuss and analyze any unique attributes about the City related to fair housing issues. The element should complement federal, state, and regional data with local data and knowledge where appropriate to capture emerging trends and issues, including utilizing knowledge from local and regional advocates and service providers. Also, the element includes some general information on lending, lack of conditions, covenants and restrictions and past atrocities related to Japanese farmers, but it must also include other relevant factors that contribute to fair housing issues in the jurisdiction. For instance, the element should analyze historical land use, zoning (e.g., lack of multifamily zoning), governmental and nongovernmental spending including transportation investments, demographic trends, historical patterns of segregation, or other information that may have impeded housing choices and mobility.

Contributing Factors to Fair Housing Issues: The element should re-assess and prioritize contributing factors upon completion of analysis and make revisions as appropriate. For example, the element lists several contributing factors and concludes, the City's priority is outreach and education. However, the City could consider other contributing factors such as land use and lack of public investment in affordable housing choices to guide the formulation of more appropriate and meaningful goals and actions.

Goals, Actions, Metrics, and Milestones: The element must be revised to add or modify goals and actions based on the outcomes of a complete analysis. Goals and actions must specifically respond to the analysis and to the identified and prioritized contributing factors

to fair housing issues and must be significant and meaningful enough to overcome identified patterns and trends. Actions must have specific commitment, metrics and milestones as appropriate and must address, as appropriate based on the outcomes of the analysis, housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community revitalization and displacement protection. For further guidance, please visit HCD's AFFH in California webpage at <https://www.hcd.ca.gov/community-development/affh/index.shtml>.

2. *Include an analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected needs for all income levels, including extremely low-income households. (Gov. Code, § 65583, subd. (a)(1).)*

Extremely Low-income (ELI) Households: The element (p. 158) notes how the City may calculate the projected need for ELI households, but it should include the actual identification of projected ELI households. In addition, the element reports some data on ELI households (pp. 50-52) but should analyze that data. This is particularly important given the unique and disproportionate needs of ELI households. For example, the element should analyze tenure, cost burden and other household characteristics then examine trends and the availability of resources to determine the magnitude of gaps in housing needs. In turn, this analysis should guide the formulation of responsive policies and programs.

3. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

Parcel Listing: In addition to the other factors listed for identified sites (e.g., zoning, general plan), the element must sufficiently describe existing uses of nonvacant sites to facilitate an analysis of the potential for redevelopment in the planning period.

Small Sites: The element identifies several sites at less than a half-acre in Table 33. Sites smaller than half an acre are deemed inadequate to accommodate housing for lower-income households unless it is demonstrated, with sufficient evidence, that sites of equivalent size with affordability were successfully developed during the prior planning period or other evidence demonstrates the suitability of these sites. For example, the element lists some sites with common ownership, but it could also describe interest from the owners or developers in consolidation. Other smaller sites show a potential less than 16 units and the element should discuss the feasibility of these smaller sites to encourage housing for lower-income households. Based on a complete analysis, the City should consider adding or revising programs to include incentives for facilitating development on small sites.

Large Sites: The element identifies two sites greater than ten acres. For example, Site 47 is 11.15 acres and Site 41 is 39.75 acres. Sites greater than ten acres are not eligible absent a demonstration that sites of equivalent size and affordability were successfully

developed during the prior planning period or other evidence is provided to demonstrate the suitability of these sites. If utilizing these sites toward the housing need for lower-income households, the element must include analysis and programs as appropriate. For example, the element could discuss and reflect in the inventory and programs a mixed-income approach to larger sites that utilizes the City's inclusionary requirements.

Sites to Accommodate Moderate Income RHNA: The element did not allocate any units for moderate income and assumes excess sites for lower will accommodate for moderate income. The sites inventory should be revised to reflect the assumed sites for moderate income.

Realistic Capacity: While the element provides assumptions of buildout for sites included in the inventory, it must also provide support for these assumptions. For example, the element should demonstrate what specific trends, factors, and other evidence led to the assumptions. The estimate of the number of units for each site must be adjusted as necessary, based on the land use controls and site improvements, typical densities of existing or approved residential developments at a similar affordability level.

In addition, the element assumes most of the residential development on sites proposed with a mixed-use overlay zone. However, the element must still account for the likelihood of nonresidential uses in this proposed zone, including an analysis based on indicators such as development trends, performance standards or other relevant factors. For example, the element could commit to residential performance standards in the mixed-use overlay. Depending on the results of a complete analysis, the element may need to adjust residential capacity calculations, policies, and programs accordingly.

Nonvacant Sites: While the element identifies nonvacant sites to accommodate the regional housing need for lower-income households, it must include a methodology that demonstrates the potential for additional development in the planning period. The methodology must consider factors including the extent to which existing uses may constitute an impediment to additional residential development, the City's past experience with converting existing uses to higher density residential development, the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites. For example, the City does not have recent experience developing sites with existing uses to higher density residential development. As a result, the element should focus on the extent existing uses impede additional development. For example, while the element generally mentions some characteristics of redevelopment potential, it could detail indicators of property turnover on a site basis in Appendix C (Piasky Study). The element should also discuss the extent the City's regulatory framework encourages redevelopment to residential uses and adjust programs as appropriate. For example, Appendix C notes the need for an appropriate regulatory framework (e.g., heights, densities, parking, off-site improvements) but should reflect these important actions in the housing program.

In addition, if the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households the housing element must demonstrate existing uses are not an impediment to additional residential development and will likely discontinue in the planning period (Gov. Code, § 65583.2, subd. (g)(2)). Absent findings (e.g., adoption resolution) based on substantial evidence, the existing uses will be presumed to impede additional residential development and will not be utilized toward demonstrating adequate sites to accommodate the RHNA.

Finally, if the element identifies sites with existing residential uses. Absent a replacement housing policy, these sites are not adequate sites to accommodate lower-income households. The replacement housing policy has the same requirements as set forth in Government Code section 65915, subdivision (c), paragraph (3).

Infrastructure: While the element generally describes water and sewer infrastructure, it must clarify sufficient existing or planned capacity to accommodate the RHNA or include programs if necessary.

Environmental Constraints: The element must describe environmental conditions within the City and relate those conditions to identified sites and describe any other known environmental or other constraints that could impact housing development on identified sites in the planning period.

Electronic Sites Inventory: For your information, pursuant to Government Code section 65583.3, the City must submit an electronic sites inventory with its adopted housing element. The City must utilize standards, forms, and definitions adopted by HCD. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml#element> for a copy of the form and instructions. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance.

Zoning for a Variety of Housing Types:

- *Emergency Shelters:* The element indicates emergency shelters are permitted by right in the Commercial General (CG) district that includes over 36 acres with no vacant properties. First, the element should clarify emergency shelters are permitted without discretionary action. Second, the element should discuss any reuse or other opportunities that could accommodate at least one emergency shelter. Third, the element should identify and analyze development standards for any potential constraints on emergency shelters. Lastly, the element must clarify emergency shelters parking requirements have been updated pursuant to AB 139 (Chapter 335, Statutes of 2019) which requires only sufficient parking to accommodate all staff working in the emergency shelter, provided that the standards do not require more parking for emergency shelters than other residential or commercial uses within the same zone. Based on a complete analysis, the element should include programs as appropriate.
- *Transitional Housing and Supportive Housing:* Transitional housing and supportive housing must be permitted as a residential use in all zones allowing residential uses

and only subject to those restrictions that apply to other residential dwellings of the same type in the same zone. The element must describe and analyze the City's transitional and supportive housing standards and codes and demonstrate compliance with this requirement or add or revise programs as appropriate.

- *Permanent Supportive Housing*: Supportive housing shall be a use by-right in zones where multifamily and mixed uses are permitted, including nonresidential zones permitting multifamily uses pursuant to Government Code section 65651. The element must demonstrate compliance with this requirement and add or modify programs if necessary.
- *Employee Housing*: The element must demonstrate zoning is consistent with the Employee Housing Act (Health and Safety Code, § 17000 et seq.) or add or modify programs. Specifically, section 17021.5 requires employee housing for six or fewer employees to be treated as a single-family structure and permitted in the same manner as other dwellings of the same type in the same zone.

4. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures... (Gov. Code, § 65583, subd. (a)(5).)*

Land Use Controls: The element must identify and analyze all relevant land use controls impacts as potential constraints on a variety of housing types. The analysis should address parking, including two garage requirement, and height limits in the multifamily zones and proposed development standards for the mixed-use overlay, particularly in consideration of findings in Appendix C. Based on the outcomes of a complete analysis, the element should include programs to address or remove the identified constraints.

Housing for Persons with Disabilities:

- *Reasonable Accommodation*: The element mentions the City has established a reasonable accommodation procedure but should also describe and analyze that procedure, including approval findings. This finding is particularly important given, as noted on page 57, past complaints on denials of reasonable accommodation.
- *Community Care Facilities*: While the element identifies how community care facilities serving six or fewer persons are permitted, it must describe and analyze how community care facilities serving seven or more persons are approved including any approval findings. The element should analyze the process for potential constraints on housing for persons with disabilities and add or modify programs as appropriate to ensure zoning permits group homes for seven or more persons objectively with approval certainty.

Processing and Permit Procedures: The element must describe and analyze the City's permit processing and approval procedures for single family and multifamily developments. The analysis must evaluate the processing and permit procedures' impacts

as potential constraints on housing supply and affordability. For example, the analysis should consider processing and approval procedures and time for typical single- and multifamily developments, including type of permit, level of review, number of hearings and approval findings.

C. Housing Programs

1. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element through the administration of land use and development controls, the provision of regulatory concessions and incentives, and the utilization of appropriate federal and state financing and subsidy programs when available. The program shall include an identification of the agencies and officials responsible for the implementation of the various actions. (Gov. Code, § 65583, subd. (c).)*

To have a beneficial impact in the planning period and meet the goals and objectives of the housing element, programs must have specific commitment and definitive timelines toward tangible outcomes. Examples of programs to be revised include:

- *Program 5 (Section 8 Rental Assistance)* should commit to how often the City will reach out to property owners and subsequent actions upon submitting a survey to the housing authority.
 - *Program 7 (First-time Homebuyer Assistance)* must commit to include a definitive timeline of how often the connection/outreach will occur.
 - *Program 8 (Outreach for Persons with Disabilities)* should commit to how often the City will conduct outreach and subsequent proactive action to support development.
 - *Program 9 (Extremely Low-income Housing)* should be revised to include a definitive timeline (e.g., annually) on how often the City will support affordable housing.
 - *Program 11 (Fair Housing Information)* should be more specific and describe how and how often the brochures will be distributed.
2. *Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's or county's share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory completed pursuant to paragraph (3) of subdivision (a) without rezoning, and to comply with the requirements of Government Code section 65584.09. Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding B3, the element does not include a complete site analysis, therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types. In addition, the element should be revised as follows:

Shortfall of Sites to Accommodate the RHNA: The element acknowledges that the zoning is not currently in place to accommodate the RHNA and includes Programs 1 (Mixed-use Overlay) and 2 (High Density Residential) which commits to establish the appropriate zoning. However, to the extent necessary to address a shortfall of sites to accommodate the lower-income RHNA, these programs must meet all requirements pursuant to Government Code section 65583.2, subdivisions (h) and (i). For example, sites must permit multifamily uses without discretionary action for developments in which 20 percent or more of the units are affordable to lower-income households. Other examples include accommodating at least 16 units per site, requiring a minimum density of 20 units per acre and establishing residential only performance standards. In addition, the Programs should commit to the shortfall of sites (e.g., number of units by income group), minimum acreage, allowable densities and ensure development standards will encourage achieving maximum allowable densities.

Accessory Dwelling Units (ADU): The element includes Program 3 ADUs to amend the ordinance to meet the minimum requirements of ADU law. Upon a cursory review, HCD has identified some potential areas that require amendment and will send information under separate cover. In addition, the element should consider amendments beyond the minimum statutory requirements and specific commitment to establish incentives beyond developing hand out. This could be particularly important from an AFFH perspective and necessary actions to promote housing choices and affordability. Finally, the Program should monitor the production and affordability at least twice in the planning period and commit to subsequent action within a definitive timeline (e.g., six months) if ADU assumptions are not realized.

3. *The Housing Element shall contain programs which assist in the development of adequate housing to meet the needs of extremely low-, very low-, low- and moderate-income households. (Gov. Code, § 65583, subd. (c)(2).)*

The element must include a program(s) with specific actions and timelines to assist in the development of housing for lower-income households and all special needs households including seniors, homeless, farmworkers, female-headed households and persons with disabilities including developmental. The program(s) could commit the City to adopting priority processing, granting fee waivers or deferrals, modifying development standards, granting concessions and incentives for housing developments that include units affordable to extremely low-income households; assisting, supporting or pursuing funding applications; and outreach and coordination with affordable housing developers. This can also be accomplished through modification of an existing program.

4. *Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of*

housing, including housing for all income levels and housing for persons with disabilities. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. (Gov. Code, § 65583, subd. (c)(3).)

As noted in Finding B4, the element requires a complete analysis of potential governmental and nongovernmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints.

5. *The Housing Element shall include programs to conserve and improve the condition of the existing affordable housing stock. (Gov. Code, § 65583, subd. (c)(4).)*

The element must include a program(s) to conserve and improve the condition of the existing stock, which may include addressing the loss of dwelling units. A program could provide grants for substantial rehabilitation, provide matching grants for homeowner improvements, or implement proactive code enforcement program. These actions may be reflected in quantified objectives for rehabilitation and conservation.

6. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics protected by the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2), Section 65008, and any other state and federal fair housing and planning law. (Gov. Code, § 65583, subd. (c)(5).)*

As noted in Finding B1, the element must include a complete analysis of affirmatively furthering fair housing (AFFH). Based on the outcomes of that analysis, the element must add or modify programs.

D. Quantified Objectives

Establish the number of housing units, by income level, that can be constructed, rehabilitated, and conserved over a five-year time frame. (Gov. Code, § 65583, subd. (b)(1 & 2).)

While the element includes quantified objectives for new construction by income group for very low-, low-, moderate- and above-moderate income, it must also include quantified objectives for rehabilitation and conservation (beyond at-risk preservation). The quantified objectives do not represent a ceiling on development, but rather set a target goal for the City to achieve, based on needs, resources, and constraints.

E. Public Participation

Local governments shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the Housing Element, and the element shall describe this effort. (Gov. Code, § 65583, subd. (c)(8).)

While the element includes a general summary of the public participation, it must also demonstrate diligent efforts were made to involve all economic segments of the community in the development of the housing element. The element should be revised to discuss outreach to lower-income and special needs groups during the public participation efforts, solicitation efforts for survey responses, and participation in community workshops. In addition, the element should summarize the public comments and describe how they were considered and incorporated into the element.