

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

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



December 14, 2021

Michelle Ramirez, Director
Community Development Department
City of Torrance
3031 Torrance Blvd
Torrance, CA 90503

Dear Michelle Ramirez:

RE: City of Torrance's 6th Cycle (2021-2029) Draft Housing Element

Thank you for submitting the City of Torrance's draft housing element received for review on October 15, 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 December 8, 2021 with you, Gregg Lodan, Planning Manager; Carolyn Chun, Senior Planning Associate; Kevin Joe, Planning Associate and your consultants Veronica Tam and Claudia Tedford. In addition, HCD considered comments from Erik Felix, California for Homeownership; Our Future LA Coalition; Abundant Housing LA; Torrance for Everyone; and YIMBY LA 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 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 this statutory deadline, 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 dedication of the housing element team during the update. We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Dulce Ochoa, of our staff, at dulce.ochoa@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 TORRANCE

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).)

The element must provide an evaluation of the cumulative effectiveness of past 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) and revise programs as appropriate.

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 element should summarize outreach relative to the City's fair housing issues and formulate appropriate programmatic response.

Assessment of Fair Housing: The element provides data regarding the patterns of various socio-economic characteristics across all components of the required analysis (e.g., segregation and integration, access to opportunity, displacement). However, the element should also generally discuss and analyze patterns and trends for the various socio-economic characteristics.

Disproportionate Housing Needs Including Displacement Risk: While the element provided an analysis for cost burden and severe cost burden by tenure at the local level, the

analysis must also address homelessness for disproportionate impacts on protected characteristics and disparities in access to opportunity.

Sites Inventory: While the element maps identified sites to accommodate the regional housing needs allocation (RHNA), it generally does not address this requirement. The analysis must evaluate the location of sites by income group, the magnitude of the impact on current patterns, any isolation of the RHNA by income groups and conclude whether sites improve or exacerbate conditions. The analysis should address the income categories of identified sites for all components of the assessment of fair housing (e.g., segregation and integration, access to opportunity). If sites exacerbate conditions, the element should identify further program actions that will be taken to promote equitable quality of life throughout the community (e.g., anti-displacement and place-based community revitalization strategies).

Local Data and Knowledge: 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, public comments, and service providers.

Other Relevant Factors: The element must include other relevant factors that contribute to fair housing issues in the jurisdiction. For instance, the element can analyze historical land use, zoning, governmental and nongovernmental spending including transportation investments, history of lending practices and demographic trends.

Contributing Factors: Based on the outcomes of a complete analysis, the element should re-evaluate and prioritize contributing factors to fair housing issues as appropriate.

Goals and Actions: Based on the outcomes of a complete analysis, the element must be revised to add or modify goals and actions. Goals and actions must specifically respond to the analysis and prioritized contributing factors to fair housing issues. Actions must have metrics and milestones as appropriate and address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection.

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).)*

Overpayment: While the element identifies over 20,000 overpaying households (p.18), it must analyze the number of overpaying households by tenure (i.e., renter and owner), including for lower-income households.

Extremely Low-Income (ELI) Households: The element must analyze the housing needs of ELI households. 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.

3. *Include an analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition. (Gov. Code, § 65583, subd. (a)(2).)*

Housing Conditions: The element identifies the age of the housing stock and provides information on code compliance cases (p. 30). However, the element should also estimate the number of units in need of rehabilitation and replacement to better formulate policies and programs.

4. *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: The parcel listing should describe the existing use for each parcel. The description should be sufficiently detailed to facilitate an analysis that the use will likely discontinue in the planning period. In addition, various sites identify the affordability level of the units as "mixed." The element must specify the number of units being credited toward lower, moderate, and above moderate.

Realistic Capacity: The element lists various zones by target or expected densities and then also assumes a percentage to be developed with residential uses (Table H-42). In almost all cases, the element assumes residential uses will occur 100 percent of the time, despite the zones apparently allowing 100 percent nonresidential uses. The element must include analysis to support these assumptions and adjust capacity calculations if necessary. This analysis should consider the likelihood of 100 percent nonresidential uses, performance standards for residential development and development trends supporting residential. For example, the element could analyze all development activity in these nonresidential zones, how often residential development occurs and adjust residential capacity calculations, policies, and programs accordingly.

In addition, the element assumes the Religious Institutions Housing Overlay Zone (RIH-OZ) will develop 25 percent residential but provides no support for this assumption. The element should demonstrate what specific trends, factors, and other evidence led to the assumption or adjust assumptions as appropriate.

Small and Large Sites: Sites smaller than a half-acre or larger than ten acres in size are deemed inadequate to accommodate housing for lower-income housing unless it is demonstrated that sites of equivalent size and affordability were successfully developed during the prior planning period or other evidence that demonstrates the adequacy of these sites to accommodate housing for lower-income households.

Suitability of Nonvacant Sites: The element notes the City has very little vacant land and describes a multi-pronged strategy that includes nonvacant sites in housing corridors, residential infill and religious institution housing overlays. The element further explains various market factors, regulatory incentives, overarching strategies on where to promote growth and descriptions of key areas with a reasonable likelihood to develop with higher

intensity uses. In some cases, the element notes conditions that uses will likely discontinue like expressed interest from property owners. However, the element must reflect these conditions in the inventory and evaluate past experience in converting uses to higher density and other redevelopment trends and relate these experiences to factors for determining underutilization of identified sites. For example, if a site has expressed interest or vacancy or presence of other conditions indicating turnover of uses, the inventory should note these conditions. If the City has recently redeveloped sites with commercial uses on sites that are predominantly underutilized, the element should discuss this recent experience and relate the experience to similar sites. Specifically, the analysis must consider factors including the extent to which existing uses may constitute an impediment to additional residential development, 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.

In addition, the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households. For your information, 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 regional housing need allocation.

Finally, if element utilizes 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).

City-owned Sites: For your information, if the sites inventory identifies sites that are City-Owned the element must include an analysis to demonstrate their suitability and availability in the planning period. Specifically, the analysis should address general plan designations, zoning, allowable densities, support for residential capacity assumptions, existing uses and any known conditions that preclude development in the planning period and the potential schedule for development. If zoning does not currently allow residential uses at appropriate densities, then the element must include programs to rezone sites pursuant to Government Code section 65583.2, subdivisions (h) and (i).

Accessory Dwelling Units (ADU): ADUs may be counted toward the RHNA based on past permitted units and other factors. In the element, the City projects 800 ADUs to be constructed over the planning period, averaging 100 units per year (p. 81). This projection was based on figures provided based on 100 ADUs in 2021. However, HCD records indicate 1 ADU for 2018, 26 ADUs for 2019, and 2 ADUs for 2020. The element should reconcile these figures, consider past permitted trends, potential for future fluctuations and other relevant factors and adjust assumptions based on permitted units as appropriate.

Environmental Constraints: While the element generally describes a few environmental conditions within the City, it must 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.

Zoning for a Variety of Housing Types:

- *Emergency Shelters:* The element mentions emergency shelters are permitted in the M-2 zone. However, the element should also clarify shelters are permitted without discretionary action and identify and evaluate development standards as potential constraints.
- *Employee Housing:* The element must demonstrate zoning in compliance with the Employee Housing Act (Health and Safety Code, § 17000 et seq.). 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. The element should either describe how the City's zoning explicitly complies with this provision or add or modify programs.

5. *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 analyze land use controls independently and cumulatively with other land use controls. The analysis should specifically address requirements related to heights, unit sizes and garage requirements for parking. The analysis should address any impacts on cost, supply, housing choice, affordability, timing, approval certainty and ability to achieve maximum densities and include programs to address identified constraints.

Processing and Permit Procedures: While the element includes information about processing times, it should also describe the procedures for a typical single family and multifamily development. The analysis should address the approval body, the number of public hearing if any, approval findings and any other relevant information. The analysis should address impacts on housing cost, supply, timing and approval certainty.

Fees and Exactions: While the element lists various planning fees, it must specifically analyze the fees for a conditional use permit (Tier 2) and include programs to address identified constraints as appropriate.

SB 330 Preliminary Application: The element must clarify compliance with SB 330 (Statutes of 2019) and add or modify programs to establish compliance if necessary

Zoning, Development Standards and Fees: The element must clarify whether the community complies with new transparency requirements for posting all zoning, development standards and fees or include programs as appropriate.

6. *An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, the cost of construction, the requests to develop housing at densities below those anticipated in the analysis required by subdivision (c) of Government Code section 65583.2, and the length of time between receiving approval for a housing development and submittal of an application for building permits for that housing development that hinder the construction of a locality's share of the regional housing need in accordance with Government Code section 65584. The analysis shall also demonstrate local efforts to remove nongovernmental constraints that create a gap between the locality's planning for the development of housing for all income levels and the construction of that housing. (Gov. Code, § 65583, subd. (a)(6).)*

Construction Costs: The element must estimate typical total construction costs, including materials and labor.

Requests for Lower Density, Permit Times, and Efforts to Address Nongovernmental Constraints: The element must analyze (1) requests to develop housing at densities below those identified in the inventory, (2) the length of time between receiving approval for a housing development and submittal of an application for building permits, and (3) any local efforts to address or mitigate nongovernmental constraints such as reduced fees, financing for affordable housing or expedited processes. The analysis should address any hinderances on the construction of a locality's share of the regional housing need and programs should be added or modified as appropriate.

7. *Analyze any special housing needs such as elderly; persons with disabilities, including a developmental disability; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter. (Gov. Code, § 65583, subd. (a)(7).)*

The element includes data and analysis for persons with special needs. However, to better formulate policies and programs, it should also provide the total number of persons with developmental disabilities (e.g., CA Department of Developmental Services) and permanent and seasonal farmworkers at a county level (e.g., USDA Census of Agriculture).

8. *Analyze existing assisted housing developments that are eligible to change to non-low-income housing uses during the next 10 years due to termination of subsidy contracts,*

mortgage prepayment, or expiration of use restrictions. (Gov. Code, § 65583, subd. (a)(9) through 65583(a)(9)(D).)

The element identified 112 units at-risk within a ten-year period, the analysis of “at-risk” units meets most analysis requirements (p. 34). However, the analysis of must include the following (Gov. Code, § 65583, subd. (a)(9).):

- Total number of elderly and non-elderly units.
- Estimated total cost for producing, replacing, and preserving the units at-risk.
- Identification of public and private non-profit corporations known to the City to have the legal and managerial capacity to acquire and manage at-risk units.
- Identification and consideration of use of federal, state, and local financing and subsidy programs.

For additional information and sample analysis, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/housing-needs/assisted-housing-developments.shtml>.

C. Housing Programs

1. *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 B4, 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:

- Adequate Sites: The element includes various actions that appear intended to address a shortfall of sites to accommodate the RHNA. For any program intended to address a shortfall of sites at appropriate densities to accommodate the RHNA for lower-income households, the program must meet all requirements pursuant to Government Code sections 65583.2, subdivisions (h) and (i). In addition, these programs should identify the shortfall, minimum acreage to be rezoned and anticipated allowable densities. Programs that may require revising include Programs 1 (Adequate Sites to Accommodate the RHNA), 7 (Religious institution Housing Overlay Zone) and 8 (Residential and Mixed-Use Corridors).

- Lot Consolidation: The element includes actions within Program 3 (Removal of Governmental Constraints) to promote lot consolidation. These actions should be modified to be proactive and include discrete timing. For example, the Program should commit to proactive technical assistance with developers and property owners and when and how often (e.g., every other year) the City will survey and develop new incentives. Finally, this program may require additional revision upon a complete analysis of identified smaller sites.
- Replacement Housing Requirements: If nonvacant sites are identified with residential uses, the housing element must include a program to provide replacement housing. (Gov. Code, § 65583.2, subd. (g)(3).) The replacement housing program must adhere to the same requirements as set forth in Government Code section 65915, subdivision (c)(3).

2. *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).)*

Program 9 (Affordable Housing Development): As noted in Appendix B, the City did not accomplish one unit affordable to lower-income households in the prior planning period. As a result, Program 9 should be modified, instead of continued without change, with additional actions to assist in the development of housing for lower-income households, including ELI and special needs households. For example, the Program must include a proactive component to reach out to developers, service providers or any related organizations to better seek and identify opportunities. The Program should also include clear milestones for actions. A milestone of ongoing does not appear to be successful and the City should consider more discrete timelines (e.g., annual). Please see the Building Blocks for additional information. The Program should also have clear and specific action related to the housing needs of ELI and special needs households.

3. *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 Findings B5 and B6, 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.

4. *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... (Gov. Code, § 65583, subd. (c)(5).)*

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

5. *Develop a plan that incentivizes and promotes the creation of accessory dwelling units that can be offered at affordable rent, as defined in Section 50053 of the Health and Safety Code, for very low, low-, or moderate-income households. For purposes of this paragraph, “accessory dwelling units” has the same meaning as “accessory dwelling unit” as defined in paragraph (4) of subdivision (i) of Section 65852.2. (Gov. Code, § 65583, subd. (c)(7).)*

Program 6 (Accessory Dwelling Units) (ADU): The element indicates that within one year of adoption the City will develop a program to promote ADU development (p. 102). However, the element should consider actions beyond promoting ADUs and clarify options the City will be considering. Examples include exploring and pursuing funding, modifying development standards, and reducing fees beyond state law, pre-approved plans, and homeowner/applicant assistance tools. In addition, the Program should commit to more frequent monitoring of ADU production and affordability and timing (e.g., within 6 months) for when policies and efforts will be revised if ADUs are not permitted according to assumptions in the element.

D. 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).)

HCD understands the draft element was made available for review on October 1, 2021, only 14 days before submittal to HCD. By not providing an opportunity for the public to review and comment on a draft of the element in advance of submission, the City has not yet complied with statutory mandates to make a diligent effort to encourage the public participation in the development of the element and it reduces HCD's ability to consider public comments in its review. The availability of the document to the public and opportunity for public comment prior to submittal to HCD is essential to the public process and HCD's review. The City must proactively make future revisions available to the public, including any commenters, prior to submitting any revisions to HCD and diligently consider and address comments, including revising the document where appropriate. HCD's future review will consider the extent to which the revised element documents how the City solicited, considered, and addressed public comments in the element. The City's consideration of public comments must not be limited by HCD's findings in this review letter.