

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

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September 24, 2021

David Wahba, Director of Community Development Director
Community Development Department
City of Rolling Hills Estates
4045 Palos Verdes Drive North
Rolling Hills Estates, CA 90274

Dear David Wahba:

RE: Review of Rolling Hills Estates' 6th Cycle (2021-2029) Draft Housing Element

Thank you for submitting the City of Rolling Hills Estates' (City) draft housing element received for review on July 28, 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 our telephone conversation on September 17, 2021, with your consultant Veronica Tam, City Planning Manager Jeannie Naughton, and planner Surabhhi Barbhaya of Michael Baker International, Inc. In addition, HCD considered comments from Josh Albrektson 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 these requirements and other revisions needed to comply with State Housing Element Law.

To remain on an eight-year planning cycle, the City must adopt its housing element within 120 calendar days from the statutory due date of October 15, 2021 for Southern California Association of Government (SCAG) localities. If adopted after this date, Government Code section 65588, subdivision (e)(4), requires the housing element be revised every four years until adopting at least two consecutive revisions by the statutory deadline. For more information on housing element adoption requirements, please visit HCD's website at: http://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/sb375_final100413.pdf.

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. 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.

Pursuant to Government Code section 65583.3, subdivision (b), the City must utilize standards, forms, and definitions adopted by HCD when preparing the sites inventory. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml> for a copy of the form and instructions. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance. Upon adoption of the housing element, the City must submit an electronic version of the sites inventory with its adopted housing element to sitesinventory@hcd.ca.gov.

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 meets housing element requirements for these and other funding sources.

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 Reid Miller, of our staff, at Reid.Miller@hcd.ca.gov or (916) 695-7998.

Sincerely,

A handwritten signature in black ink, appearing to read "Shannan West". The signature is fluid and cursive, with the first name "Shannan" being more prominent than the last name "West".

Shannan West
Land Use & Planning Unit Chief

Enclosure

APPENDIX CITY OF ROLLING HILLS ESTATES

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 evaluation of programs in the past cycle, the element must provide an explanation 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).

B. Housing Needs, Resources, and Constraints

1. *Affirmatively further[ing] fair housing (AFFH) 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))*

While the City's AFFH analysis addresses many statutory requirements, further analysis is required in some areas for the City to achieve full compliance. An analysis generally will identify all fair housing issues, evaluate patterns and trends, analyze other relevant factors, and summarize findings to better inform and prioritize contributing factors to fair housing issues and formulate goals and actions. Specifically, the element must include:

Local Data and Knowledge, and Other Relevant Factors: For all analysis categories (e.g., fair housing enforcement, segregation, and integration, racially and ethnically concentrated areas of poverty, disparities in access to opportunities and disproportionate housing needs), the element must discuss patterns and trends including local data, knowledge, and other relevant factors. The element must discuss and analyze any unique attributes about the City related to fair housing issues and consider local data, knowledge, and relevant factors as part of that analysis. For example, the City states that it is predominantly affluent and white, but it does not offer any analysis as to why this is the case. 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 must include other relevant factors that contribute to fair housing issues in the jurisdiction. The element should analyze historical land use and investment practices or other information and demographic trends such as this history of land use in Rolling Hills Estates related to age restrictions and other conditions, covenants and restrictions that may have impeded housing choices and mobility.

Contributing Factors: The element must list and prioritize contributing factors to fair housing issues, both on a local and regional level. Contributing factors create, contribute to, perpetuate, or increase the severity of fair housing issues and are fundamental to adequate goals and actions. Examples include community opposition to affordable housing, housing discrimination, land use and zoning laws, lack of regional cooperation, location and type or lack of affordable housing and lack of public or private investment in areas of opportunity or affordable housing choices. The City provides adequate contributing factors on a regional level, but contributing factors at the local level should be provided as well wherever possible.

Goals, Priorities, Metrics, and Milestones: Based on the outcomes of a complete analysis, the element must be revised to add or modify goals and actions. In addition, wherever possible, the City should link necessary fair housing action items to programs in their 6th cycle housing element. Table 33 on page 86 of the draft 6th cycle element begins this process, but not every action item in the table has a corresponding program in the updated housing element.

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 metrics and milestones as appropriate and should address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection. Given the history and nature of development patterns in the City, the element could focus on programs that enhance housing mobility and encourage development of more housing choices and affordable housing throughout the community.

For further information about AFFH requirements, please refer to HCD's Affirmatively Further Fair Housing guidance, available here:

https://www.hcd.ca.gov/community-development/affh/docs/affh_document_final_4-27-2021.pdf.

2. *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).)*

The City has a regional housing needs allocation (RHNA) of 191 housing units, of which 124 are for lower-income households. To address this need, the element relies on nonvacant and underutilized sites in the City's Commercial District (C-G), which also has a Mixed-Use Overlay (MUO). Over fifty percent of the sites are being used to accommodate the City's lower-income RHNA, which requires

additional analysis. To demonstrate the adequacy of these sites and strategies to accommodate the City's RHNA, the element must include complete analyses of the following:

Lot Consolidation: Many of the sites in the inventory in the MUO are less than one acre. As stated on Table 25 the minimum lot area for residential development is one acre. The element must describe whether these parcels are expected to develop individually or consolidated with the other parcels under one acre. For parcels anticipated to be consolidated, the element must demonstrate the potential for lot consolidation. For example, analysis describing the City role or track record in facilitating small-lot consolidation, policies or incentives offered or proposed to encourage and facilitate lot consolidation, conditions rendering parcels suitable and ready for redevelopment, recent trends of lot consolidation, and information on the owners of each site. Absent analysis including necessary program actions demonstrating how these parcels will be consolidated to achieve minimum lot size requirements, or removal of the minimum lot size requirement, these sites may not be suitable to accommodate residential development.

Realistic Capacity: The element does not fully analyze the City's methodology for calculating realistic capacity for sites listed in the sites inventory. For sites zoned for nonresidential uses (e.g., commercial, mixed-use zones), the element must describe how the estimated number of residential units for each site was determined. To demonstrate the likelihood for residential development in nonresidential zones, the element could describe any performance standards mandating a specified portion of residential and any factors increasing the potential for residential development such as incentives for residential use, and residential development trends in the same nonresidential zoning districts.

Suitability of Nonvacant Sites: The element offers a high-level analysis of the Promenade Mall Area, Brick Walk Property, and Peninsula Center sites and their suitability for residential development. However, the element must include an analysis to demonstrate the potential for redevelopment. The analysis shall consider factors including, but not limited to, the extent existing uses constitute an impediment, recent developments, development trends and market conditions. In addition, as the element appears to rely on nonvacant sites to accommodate 50 percent or more of the housing needs for lower-income households, this triggers requirements to make findings based on substantial evidence that the existing use is not an impediment and will likely discontinue in the planning period. Additionally, the City states that the Brick Wall property may be impacted by geological challenges and has had a landslide in the past. The element must further analyze the likelihood that the residential development can be developed and that the geological constraint and other environmental issues will not impede the development of the 141 units. For any known environmental constraints, the City could describe any mitigation measures that to counter these constraints in order to achieve the anticipated capacity.

Water Sewer Priority: The element does not address water and sewer priority. For your information, water and sewer service providers must establish specific

procedures to grant priority water and sewer service to developments with units affordable to lower-income households. (Gov. Code, § 65589.7.) Local governments are required to immediately deliver the housing element to water and sewer service providers. HCD recommends including a cover memo describing the City's housing element, including the City's housing needs and regional housing need.

For additional information and sample cover memo, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/other-requirements/priority-for-water-sewer.shtml>.

3. *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. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Government Code section 65584 and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters identified pursuant to paragraph (7). Transitional housing and supportive housing shall be considered a residential use of property and shall be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone (Gov. Code, § 65583, subd. (a)(5)).*

Land-Use Controls: The analysis must evaluate the cumulative impacts of land-use controls on the cost and supply of housing, including the ability to achieve maximum densities and the capacity assumed in the housing element sites inventory. In particular, the element should analyze the 35 percent lot coverage requirement and minimum lot size requirement in the mixed-use overlay for impact as a potential constraint on housing. In addition, The City should address whether it has complied with new transparency laws requiring all zoning and development standards for each parcel to be provided on the jurisdiction's website (Gov. Code, § 65940.1, subd. (a)(1)(B)).

Local Processing and Permit Procedures: The element provides a general overview of the City's processing and permit procedures. However, the element must describe and analyze the development application process and design review requirements including approval procedures and decision-making criteria for their impact as potential constraints on housing supply and affordability. Specifically, the analysis must analyze required findings for the conditional use permit (CUP) process for multifamily development and describe and analyze requirements for the "Precise Plan of Design" in the Commercial Zone-Mixed-Use Overlay and discuss whether objective standards and guidelines improve development certainty and mitigate cost impacts. The element must demonstrate these processes are not a constraint and include a program to address this permitting requirement, as appropriate.

Persons with Disabilities: While the element briefly describes its reasonable accommodation procedures, it should further explain its reasonable accommodation criteria and process. In addition, the element must analyze its CUP process for residential care facilities for seven or more persons as a potential barrier to housing for persons with disabilities and include programs as necessary to address this constraint.

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 address the program requirements of Government Code section 65583, subdivision (c)(1-6), and to facilitate implementation, programs should be revised to include: (1) a description of the City's specific role in implementation; (2) definitive implementation timelines (e.g., December 31, 2021); (3) objectives, quantified where appropriate; and (4) identification of responsible agencies and officials (e.g., Planning Assistant, Community Development, etc.). In addition, the following programs required additional revisions.

Program 4, Affordable Housing Incentives: Program 4 should be revised to clarify when the affordable housing materials it describes will be created and distributed, and how the materials will be distributed. Revisions should also include a more thorough explanation of what is meant by providing, "relaxed development standards" for mixed use development projects that include an affordable housing component, and if there is a specific affordable housing percentage that is needed in a project to gain access to these incentives.

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 B2, 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:

Program 7, Residential Sites Inventory: As the City is relying on nonvacant sites in the MUO, the element should include a program to monitor the development of these sites at least halfway through the planning period to determine if the strategies to facilitate development on these sites are succeeding. Depending on that evaluation, the City should make adjustments as necessary, including, but not limited to, further removal of constraints, added flexibility in the review process, or potential rezoning to ensure the City maintains adequate sites to meet their RHNA requirements.

Program 9, Lot Consolidation Program: As sites are required to be consolidated to achieve the one-acre minimum lot requirement, the program should be revised to require more decisive action than to “consider” appropriate lot consolidation incentives to facilitate mixed-use development.

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 Finding B3, the element requires a complete analysis of potential governmental 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 AFFH 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 previously, the element must include a complete analysis of AFFH. Based on the outcome of that analysis, the element must add or modify programs. Additionally, programs and actions need to be significant, meaningful, and sufficient to overcome identified patterns of segregation and AFFH.

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).)

While the element includes a general summary of the public participation process (Appendix A), 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 describes two public study sessions was held in preparation of the housing element which members of the public and organizations were invited to attend. This does not demonstrate a diligent effort in public participation. The element could describe the efforts to circulate the housing element draft among low- and moderate-income households and organizations that represent them prior to submittal to HCD, the availability of materials in multiple languages, surveys, when the draft was made available to the public, or other efforts to involve such groups and persons in the element throughout the process. The element must also describe any public comments received and how those comments were incorporated into the draft. 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.