

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

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July 8, 2022

Angelica Frausto-Lupo, Director
Community Development Department
City of South Pasadena
1414 Mission Street
South Pasadena, CA 91030

Dear Angelica Frausto-Lupo:

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

Thank you for submitting the City of South Pasadena's (City) revised draft housing element received for review on May 11, 2022 along with revisions made available to the public on June 29, 2022. 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 June 22, 2022 with you, Elizabeth Bar-El, Interim Long Range Planning Principal Planner, Matt Chang, Planning Manager, Andrew L. Jared, City Attorney and your consultant team. In addition, HCD considered comments from Active San Gabriel Valley, Californians for Homeownership and Josh Albrekston pursuant to Government Code section 65585, subdivision (c).

The revised draft element addresses many statutory requirements described in HCD's December 21, 2021 review; 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), as the City failed to adopt a compliant housing element within 120 days of the statutory deadline (October 15, 2021), Program 3.a (Rezone and Redesignate Sites) and related programs must 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). Please be aware, if the City fails to adopt a compliant housing element within one year from the statutory deadline, the element cannot be found in substantial compliance until rezones to accommodate a shortfall of sites pursuant to Government Code section 65583, subdivision (c), paragraph (1), subparagraph (A) and Government Code section 65583.2, subdivision (c) are completed.

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.

HCD appreciates the hard work and dedication of you and the rest of the City's housing element team 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 assistance, please contact Connor Finney at Connor.Finney@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager

Enclosure

APPENDIX CITY OF SOUTH PASADENA

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. 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).)*

Identified Sites and Affirmatively Furthering Fair Housing (AFFH): The element includes some discussion of sites relative to groups of socio-economic characteristics. For example, the element notes the proportion of sites to accommodate housing for above moderate-income households in a group where less than 10 percent of the households are below the poverty line. However, as noted in the prior review, the element must still analyze the location and impact of sites by all income groups. For example, the element could evaluate the number of units by income group by census tract or neighborhood. This analysis should also specifically address sites by all income groups by income in addition to poverty. Based on this analysis, the element should then address any isolation of the regional housing need allocation (RHNA) and formulate appropriate policies and programs to foster more inclusive communities.

Local Data and Knowledge: While the element now includes some discussion of historical development patterns and racial exclusion for significant portion of the 20th century, it should include additional discussion of land use practices including zoning, growth controls, height initiatives and any other practices that affect housing choices since the latter half of the 20th century. This information should complement the discussion of the socio-economic patterns within the City and the City relative to the region and based on a complete analysis, the element should formulate appropriate policies and programs to combat past patterns and impacts on inclusive communities.

Contributing Factors to Fair Housing Issues: The element should re-assess and prioritize contributing factors based upon a complete analysis.

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, milestones and geographic targeting and must 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. *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).)*

Realistic Capacity: As found in the prior review, due to recent legislation (SB 9), the element assumes 100 percent of larger (greater than 0.2 acres) vacant sites will double in capacity and should support these assumptions. In response, the element states the City has received a fair amount of interest but has not received any SB 9 related applications. There is no discussion of what a fair amount of interest means or whether that interest is related to the assumptions of larger vacant sites. As a result, the element should still include information to support this assumption. For example, the City could survey owners or rescale assumptions with enhanced policies and programs, including monitoring and alternative actions, to encourage development consistent with recent legislation.

Suitability of Nonvacant Sites: As found in the prior review, the element must include additional discussion of recent experience in redevelopment and either remove sites or include additional analysis on the extent existing uses impeded additional development. In response, the element does not remove sites and added little to no discussion of existing uses. In addition, HCD has considered significant comments indicating that existing uses impede additional development on many sites, including those noted in the prior review. The element must address HCD's prior finding as well as public comments regarding the extent existing uses impede additional development. For example, Sites 3, 5, 6, 8, 10 should include specific information, such as concrete evidence of owner interest, as well as analysis on how given land use constraints such as height limits and the inclusionary zoning requirements may make development infeasible on sites. For site 9, the element should include evidence development is cleared by Edison. Additional sites warranting evidence the uses will likely discontinue include sites 2, 13, 14, 17, 18, 19, 20, 21, 22, 23, and 24. In some cases, some sites, have had recent renovations, plans on future renovations, new businesses with new leases, healthy and necessary businesses such as grocery stores and malls that serve large populations with busy parking lots. The element should include information addresses these uses and how redevelopment is likely in the planning period.

In addition, because the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households, it 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.

Small Sites: 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 are suitable to accommodate housing for lower-income households. While the City's response document includes some discussion of small sites and common ownership, this information should be incorporated into the element and programs should be modified as necessary to address the additional discussion.

City-owned Sites: While the element now includes a program to facilitate development on City-owned sites and coordinate with property owners, it should still discuss whether existing uses impede additional development and any known conditions that preclude development in the planning period. In addition, the housing element must include a description of whether there are any plans to dispose of the properties during the planning period and how the jurisdiction will comply with the Surplus Land Act Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5.

Environmental Constraints: As discussed in our previous letter, the element notes many parcels are impacted by environmental constraints and sensitivities and generally describes a few environmental conditions in some detail, such as slopes, within the City. However, the element must relate those conditions to identified sites and describe any other known environmental or other conditions that could impact housing development on identified sites in the planning period. For example, the analysis on sites on steep slopes should include trends and examples of homes being built on these sites as well as why these sites have not been redeveloped.

Accessory Dwelling Units (ADUs): As noted in the prior, the element should either adjust projections downward based actual on the average number of ADU permitted since 2018 (approximately 10 units per year) or include additional analysis and policies and programs. In response, the element continues similar projections, but revisions made available note some more recent trends. The element should be updated and projections should be scaled based on the recent trends. In addition, the City's records differ from HCD's ADU records and should be reconciled and, while HCD is supportive of regional affordability analysis, the element should also address public comments regarding HCD's prior finding on ADU affordability.

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. This is especially important for determining sites that have been utilized in multiple planning periods and are subject to by-right provisions. 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.

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... (Gov. Code, § 65583, subd. (a)(5).)

Land-Use Controls: The prior review found the element must analyze, among other things multifamily parking garages, heights and open space and must address how development standards will facilitate achieving maximum allowable densities under the proposed overlay zones. In response, the element now identifies these standards but contains little to no analysis as described in the prior review. The revisions made available June 29, 2022, state these standards will be revised as part of Program 3.A but the program contains ambiguous commitment and generally states the standards “may” need revising. The element must include specific analysis as part of the housing element update and revise programs with specific commitments to address identified constraints, including heights. The City should engage the development community as part of this analysis. Please see HCD’s prior review for additional information.

Processing and Permit Procedures: While the element now lists approval findings for various procedures, it must analyze these findings for impacts on housing cost, timing and approval certainty and include specific commitment to address identified constraints.

Other Local Ordinances: While the element now describes the inclusionary housing requirement and local height initiative, it generally does not analyze the impacts on housing cost, supply and ability to achieve maximum densities, including densities proposed as part of this housing element. For example, the analysis of the inclusionary requirement should, among other items, address the 20 percent requirement and cost impacts, 10 unit threshold, in lieu fees and cost of a comparable unit and how the inclusionary relates to State Density Bonus Law. The City should engage the development community as part of this analysis. Please see HCD’s prior review for additional information.

B. 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... (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding A2, 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 3.b (Mixed-use Development): As noted in the prior review, the Program should be revised with additional incentives or other strategies based on a complete analysis of nonvacant sites and realistic capacity assumptions.
- Program 3.d (Enable Parcel Assemblage): The Program should be modified based on a complete analysis of small sites. In addition, the program should consider additional incentives and more frequent review and revision.
- Program 3.f (ADU): While the program commits to review regulations in December 2023, it should commit to an earlier timeframe if comments are received from HCD on the City's recently amended ordinance.

2. *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 A3, 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.

3. *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 A1, the element requires a complete analysis of AFFH. Depending upon the results of that analysis, the City must revise or add programs.

C. 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).)

The prior review found the element could consider conservation objectives beyond 5 units in the planning period. In response, the City adjusted its target to 20 units. HCD encourages the City to target a higher impact for the 8 year planning period.

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 describes comments and generally addresses comments, in some cases, comments do not appear incorporated into the housing element. The element should re-evaluate these comments and new comments received and incorporate those comments where appropriate. For example, HCD has considered many comments on identified sites as well as implementation of key mobility strategies such as the bike master plan that should be addressed and incorporated into the element.

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