

**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



February 7, 2023

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

Dear David Wahba:

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

Thank you for submitting the City of Rolling Hills Estates' (City) revised draft housing element that was received for review on December 8, 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. In addition, HCD considered comments from David Kellogg pursuant to Government Code section 65585, subdivision (c).

The revised draft element addresses most statutory requirements described in HCD's June 24, 2022 review; however, revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code), as follows:

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).)*

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).)

Goals, Priorities, Metrics, and Milestones: The element was revised to include additional actions and metrics to address fair housing issues. However, given the City's patterns and fair housing conditions, HCD's prior review found that the element must include significant and meaningful actions to promote housing mobility and increase housing choices and affordability in higher opportunity or relatively higher-income areas throughout the City (not limited to the regional

housing need allocation (RHNA)). While the element was revised to reference specific programs, additional revisions will be needed, as follows:

- *Housing Mobility* – Promoting housing mobility removes barriers to higher opportunity areas and strategically enhances access to housing choices and affordability. Given, among other things, the City is entirely in the highest category of disparities in access opportunity and largely does not reflect the socio-economic characteristics of the broader region. The element must include significant actions to promote housing mobility within the City and relative to the region to promote an overall inclusive community. To address this requirement, the element relied on promoting housing choice vouchers and providing fair housing information on Accessory Dwelling Units (ADU) with a total quantified metric of 12 households throughout the planning period. However, actions and metrics must be significant to facilitate meaningful change. The element could consider improving existing programs or including new programs. Examples include homesharing, promoting a city-wide affordable rental registry, expanding outreach efforts, enhancing zoning strategies, incentivizing ADUs, requiring with affirmative marketing outside of the City and coordinating with regional entities. Additionally, as mentioned, quantifiable metrics should be increased to reflect the needs of the community and region.
 - *Metrics* – The assessment of fair housing demonstrated the City is predominantly higher resourced, higher-income and generally homogenous compared to the broader region. In addition to including significant and meaningful housing mobility programs, the element should include quantified metrics that target specific households e.g., nonresidents in the region, individuals employed in the City and living outside of the City and special-needs households.
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).)*

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

While the element was revised to include additional site-specific information, to address HCD's prior review, the element should be revised, as follows:

- *Promenade Mall* – The element mentioned that this site has a high ratio of services versus retail compared to neighboring regional malls; does not represent the highest and best value of land in comparisons to land values in the area and has owner/developer interest. The element should expand and provide further support for the factors used in this analysis. For example, as the element mentioned that this use does not maximize land value, the analysis could discuss the existing improvement to land value or degree of underutilization. Additionally, the element mentioned that this mall is not competitive compared to other malls in the area. The element could support this assumption by providing local and regional examples of malls redeveloping into housing.
- *Brick Wall* – The analysis noted that the site has a “high vacancy”; however, the element could quantify the percentage of vacancy to better reflect the potential for redevelopment. The analysis stated that redevelopment could occur on this site through demolition or adaptive reuse. To support any future adaptive reuse of this site, the element should include a program committing to facilitating and incentivizing adaptive reuse projects.

In addition to the findings noted above, the analysis relies on owner/developer interest. The element should include a program committing to outreach and coordinating with developers throughout the planning period to facilitate development on these sites. The program could also include other actions including providing incentives, prioritizing funding, and removing regulatory barriers for development.

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.

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

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).)

Local Processing and Permit Procedures: HCD's prior review found that the City must analyze the conditional use permit (CUP) requirements for multifamily housing in high-density multifamily zones (e.g., RPD and MU overlay zones) for any potential or actual constraints. The element was revised to list the CUP approval findings in zones that allow for multifamily housing. The findings illustrated potential constraints for multifamily development by requiring multifamily housing to meet subjective findings and evaluate impacts on surrounding uses. For your information, subjecting multifamily housing to a conditional use permit in zones where multifamily housing is already allowed is considered a constraint.

Additionally, HCD's prior reviews found that the element must analyze the City's precise plan of design requirements including the implementation timeline for establishing objective standards. The revised element indicated that 1) multifamily housing is subject to precise plan of design and 2) the purpose of the plan is to ensure consistency and uniformity with the City's regulations and requirements. The analysis demonstrates that multifamily housing in the mixed-use overlay zones is subject to a CUP meant to address impacts on the community and a precise plan of design also intended to examine impacts on surrounding properties. Essentially the City subjects multifamily housing in the mixed-use overlay zones to two types of processes that are subjective and potentially redundant of each other.

The element must include or modify a program addressing and removing or modifying the conditional use permit and precise plan of design requirements (beyond objective standards) for multifamily housing in zones that are intended to permit multifamily housing (e.g., RPD and MU overlay zones).

Finally, the element should address public comments on this revised draft submittal and discuss compliance with the Permit Streamlining Act and intersections with CEQA and timing requirements, including streamlining determinations and add or modify programs as appropriate.

Constraints on Persons with Disabilities:

- *Group Homes* – HCD's prior review found that the element must analyze and address zoning and permitting requirements for group homes of seven or more. The revised element notes that group homes of seven or more are only allowed in the mixed-use overlay zone and require a CUP

that includes subjective findings. The element included Program 12 committing to “assessing” potential constraints and identify mitigation strategies. However, the element must add or modify a program to 1) allowing group homes of seven or more in all residential zones and 2) permit these uses with objectivity and certainty similar to other residential uses of the same form.

For additional information, please see HCD’s guidance:
<https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/group-home-technical-advisory-2022.pdf>.

- *Reasonable Accommodation* – While the element was revised to address some of HCD’s prior review, Program 12 still must commit to removing the “physical attributes of the property and structures” finding.

The element will meet statutory requirements of State Housing Element Law once it has been revised and adopted to comply with the above requirements pursuant to Government Code section 65585.

Chapter 654, Statutes of 2022 (AB 2339), adds specificity on how cities and counties plan for emergency shelters and ensure sufficient and suitable capacity. Future submittals of the housing element may need to address these statutory requirements. For additional information and timing requirements, please see HCD’s memo at <https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/ab2339-notice.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.

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.

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. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

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 is 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.

Sincerely,

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

Paul McDougall
Senior Planning Manager