



City of Culver City

Staff Report

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Item #: A-1.

PC - Review of the Revised Draft 2021-2029 Housing Element Update Pursuant to California Department of Housing and Community Development (HCD) Comments after their 60-Day Review.

Meeting Date: November 30, 2021

Contact Person/Dept: Lauren Marsiglia/Advance Planning/CDD

Phone Number: (310) 253-5774

Fiscal Impact: Yes No

General Fund: Yes No

Public Hearing: **Action Item:** **Attachments:**

Commission Action Required: Yes No **Date:**

Public Notification: (E-Mail) Meetings and Agendas - Planning Commission and Stay Informed - General Plan Update (11/19/2021 and 11/24/2021); (Posted) City Website (11/22/2021);

Department Approval: Sol Blumenfeld, Community Development Director (11/24/2021)

RECOMMENDATION

Staff recommends the Planning Commission review revisions to the Draft 2021-2029 Housing Element update pursuant to comments received from California Department of Housing and Community Development (HCD) after their 60-day review.

INTRODUCTION

The Housing Element of the City's General Plan is the primary planning guide to meet the housing needs of everyone in Culver City. It outlines goals, policies, and programs to meet these needs while balancing other community objectives and resources. Housing Elements are meant to support various housing types for all income groups, help develop lower- and moderate-income housing, remove constraints to housing, conserve and improve existing housing, and promote fair housing opportunities.

Every eight years, the State of California Housing Department (HCD) requires local agencies (e.g., cities and counties) to update their Housing Elements following its Regional Housing Needs

Allocation (RHNA). The RHNA quantifies how much housing a jurisdiction should plan for to meet existing and future housing needs resulting from population, employment, and household growth. The Housing Element is unique among General Plan elements in the extent to which State law prescribes local policies. Of the General Plan elements required by State law, the Housing Element is the only one that the State is mandated to review progress of past accomplishments and certify that it complies with State law.

The legislature granted HCD the authority to review local governments' Housing Elements and issue findings regarding whether, in its opinion, the Housing Element substantially complies with State law requirements (Government Code Section 65580 et seq.). Cities are required to submit draft Housing Elements to HCD for review before adoption. Once adopted, cities are required to submit the final, adopted element for HCD's approval and certification. An HCD-certified Housing Element validates the plan in the event of a legal challenge to it. Cities are also required to submit annual reports to HCD regarding their progress in implementing the policies and programs in the Housing Element.

BACKGROUND

The City began drafting the 2021-2029 Housing Element after holding a Housing Element kickoff meeting with the Planning Commission on May 12, 2021 to discuss minimum requirements, contents, RHNA, past accomplishments, process, and timeline. However, community engagement around Culver City's housing needs and goals for the Housing Element Update (HEU) began in June 2020. At that time, the City released a report and video summary on Culver City's existing housing conditions as of 2019 for the General Plan Update (GPU) and asked community members for their input on housing priorities, priority populations, and desired housing types through a survey. Since then, the City has held a series of community meetings and workshops asking for input on the community's housing needs and goals that informed the Draft 2021-2029 Housing Element. These meetings and workshops are outlined in the "Engagement and Key Milestones" section below.

To create a Housing Element that meets community needs, communities must know how much housing and at what income levels housing is needed. The RHNA, which is mandated by California housing law, quantifies the need for housing across all income levels in every community. Every community must plan for RHNA in its Housing Element to ensure there are enough sites and adequate zoning to accommodate the anticipated population growth.

During the fifth Housing Element cycle (2013-2021), the overall lack of housing production resulted in communities falling short of meeting their RHNA goals across the state. For example, while Culver City exceeded the allocation for above moderate-income levels in the fifth cycle, the City only met about 13% of units allocated for the moderate-, low-, and very low-income categories. Factors that added to the housing crisis in past cycles include insufficient administrative and financial resources to support affordable housing production and a lack of penalties to compel local agencies to meet their allocations.

The sixth Housing Element cycle (2021-2029) allocates more housing units to communities, especially in urban areas, to address California's housing crisis, and adds stricter penalties for cities' non-compliance. Culver City's increased allocation in the sixth cycle totals 3,341 units compared to the fifth cycle allocation of 185 units. New penalties include Assembly Bill 1398 (AB 1398), which states that local governments that fail to adopt a compliant housing element within the 120-day grace

period ending February 11, 2022, must rezone to accommodate the RHNA by October 15, 2022, one year from the statutory deadline. If a local government fails to rezone by the deadline, its Housing Element will be subject to specified enforcement provisions, including potential action by the Attorney General. The anticipated adoption date for the GPU is Fall of 2022 and the comprehensive Zoning Code Update process was originally anticipated to begin after adopting the GPU. If the City does not adopt a compliant Housing Element by February 11, 2022, it would continue to comprehensively update its General Plan while also updating its Zoning Code, both within one year, by the Fall of 2022.

Housing is also considered in other General Plan elements, such as land use, mobility, and environmental justice. For example, a new requirement enacted since the fifth Housing Element cycle is Senate Bill 1000 (SB 1000). SB 1000 requires policies to ensure healthy and safe housing, such as addressing the presence of lead-based building materials, which has shown to be a factor in Culver City's SB 1000 priority neighborhoods (portions of Clarkdale and Culver/West). This will be addressed in the General Plan's Environmental Justice Element and be consistent with the Housing Element. SB 1000 and related topics will be covered at a community workshop in February 2022.

DISCUSSION

The City timely submitted its draft Housing Element Update to HCD for review and comment only on September 13, 2021. The process for review with HCD is iterative with the expectation that HCD will have substantive comments for the City's response. HCD had 29 comments, many related to quantifying the number of units to be developed and some related to City expectations on the number and type of properties that may be made available for recycling and redevelopment on existing developed sites.

The City posted a First Draft of the Housing Element on the GPU project website for public review on July 19, 2021 and accepted comments through October 1, 2021. The First Draft and comments received on it (Attachment No. 8) are available to view on the GPU project website at www.PictureCulverCity.com/Housing-Element <<http://www.PictureCulverCity.com/Housing-Element>>. During the public review period, the City also presented and discussed the Draft Housing Element with the General Plan Advisory Committee (GPAC) on July 22, 2021; the Housing Technical Advisory Committee on July 28, 2021; the Planning Commission on July 28, 2021; and the Advisory Committee on Housing and Homelessness (ACOHH) on August 16, 2021 and compiled the input received from each body (Attachment No. 11).

After receiving preliminary feedback on the Draft Housing Element from the public, GPAC, TAC, the Planning Commission, and the ACOHH, the GPU team¹ evaluated the comments and made corresponding changes to the Draft Housing Element (Second Draft), where feasible. The City submitted this Second Draft for HCD's 60-day review on September 13, 2021. The Second Draft was made available for public review on the GPU project website at www.PictureCulverCity.com/Housing-Element <<http://www.PictureCulverCity.com/Housing-Element>> while the City continued to accept comments on the First Draft. The community was encouraged to review and provide input on the Second Draft as well. The Draft and comments received on it (Attachments No. 6-7) are available to view on the GPU project website. Attachment No. 7 includes the Public Participation Appendix Attachments separately due to file size. Engagement information can also be found online at www.pictureculvercity.com/housing-element

<http://www.pictureculvercity.com/housing-element>>.

Through the July 19 through October 1, 2021 public comment period, City staff received 106 emailed correspondences (Attachment No.12), 331 comments on the interactive online first Draft HEU posted on July 19, 2021 (Attachment No. 8); and 100 comments on the interactive online Second Draft HEU submitted to HCD on September 13, 2021 and posted on the GPU project website the same day (Attachments No. 6 and 7). HCD received 342 public comments during their 60-day review period (Attachment No. 3).

The type of input received related to the HEU includes how it could be improved, sites inventory and related methodology, housing plan (policies and programs), and fair housing assessment. Other comments received explained how the HEU does not comply with City Council's Guiding Principles (Attachment No. 9) and suggestions on how to do so. Many comments were submitted on the changes to single-family residential land use being studied with the preferred² land use alternative, which informed the sites inventory. Several related questions were added to the project's Frequently Asked Questions webpage at www.pictureculvercity.com/faq <<http://www.pictureculvercity.com/faq>>.

HCD staff contacted the City with additional comments and questions on November 3, 2021 and sent their comment letter to staff at the end of the 60-day period on November 9, 2021. The City is carefully reviewing HCD's comments, preparing revisions and comments as necessary to the draft document to address their concerns. The City will also update the responses to the Housing Element Guiding Principles (Attachment No. 10) to reflect any changes. HCD is likely to approve and certify the Draft Housing Element if the City can address their comments. HCD's pre-submittal letter and the City's in progress draft responses to their comments are attached (Attachment No. 2).

Most of the comments HCD from property owners requested that their residential properties be excluded in the City's Sites Inventory of properties for redevelopment and recycling. Incremental infill³ is a land use designation to expand the options for redevelopment in low density residential areas.

The Sites Inventory list is used to help estimate how many new residential properties are expected to be recycled to new use during the Housing Element planning period to address Culver City RHNA requirements. In order to prepare an accurate estimate, the GPU team examined how many parcels typically recycle each year in Culver City. A property owners' interest in redeveloping their property during Housing Element planning period is a critical factor to consider when estimating how many added sites can realistically be added to the Sites Inventory. Removal from the Sites Inventory does not preclude the site from redevelopment.

Notably, being removed from the list of potential properties does not change the property's proposed incremental infill land use map designation. However, removal from the Sites Inventory impacts the GPU's calculations to estimate how many sites may redevelop during this Housing Element cycle (2021-2029).

At the June 23, 2021 joint City Council/Planning Commission meeting, City Council directed the GPU team to study how incremental infill can affect where the additional housing units required by RHNA will be designated to go. The GPU identified 1,342 parcels under the proposed incremental infill land use designation as having potential for redevelopment based on objective criteria (e.g., age, existing floor area ratio, lot size, etc.). In October, City Council also directed staff to remove properties in the Culver Crest neighborhood from the Incremental Infill designation. Combined with those properties

that had requested to be removed from the inventory, the net number of properties identified for redevelopment totals 1,246 (Please see Attachment No. 2 for HCD's list of comments and staff responses to comments).

Given the urgency of getting to hearings for Planning Commission and City Council this year to adopt the Housing Element before HCD's mandated adoption deadline, the City has not completed reviewing the comments received from both the community and HCD, preparing responses to them, and making edits to the Housing Element, where feasible (Attachments No. 4-5). Appendix D of the Draft Housing Element (Attachment No. 6-7) will be revised to summarize all the public comments received to-date and respond to them. City Council will consider this final 2021-2029 Housing Element for adoption before HCD's mandated adoption deadline. The 2021-2029 Housing Element will supersede the 2013-2021 Housing Element, which was adopted on January 27, 2014 and certified by HCD as meeting all the State law requirements. Please refer to Next Steps below for the remaining steps in the process.

Housing Element Contents: The 2021-2029 Housing Element includes the following sections:

- Chapter 1 - Introduction: Introduction and summary of the Housing Element's purpose, content, requirements, how it aligns with other Elements in the General Plan, and how it meets City Council's Guiding Principles;
- Chapter 2 - Housing Needs Assessment: Analysis of population, household and employment trends, housing stock characteristics, housing costs and affordability gap analysis, housing assistance needs, and summary of assisted housing at risk of conversion;
- Chapter 3 - Resources and Opportunities: Overview of the Regional Housing Needs Assessment (RHNA), financial and administrative resources that can help develop and preserve housing, and energy conservation opportunities;
- Chapter 4 - Constraints: Review of potential governmental and non-governmental constraints to meeting identified housing needs;
- Chapter 5 - Housing Plan: Housing Plan to address identified needs, including housing goals, objectives, policies, and programs;
- Appendix A - Evaluation of the 2013-2021 Housing Element: Evaluation of the City's housing accomplishments during the previous planning period;
- Appendix B - Residential Sites Inventory: Overview of progress towards meeting the RHNA, opportunity sites for development, applying an incremental infill approach to residential development, the inventory of potential sites for residential development, and a review of the 5th cycle sites inventory;
- Appendix C - Inventory of Affordable Housing Units: Inventory of assisted and at-risk affordable housing units;

- Appendix D - Public Participation Summary: Summary of public engagement activities during the Housing Element update process;
- Appendix E - Fair Housing Assessment: Overview of Assembly Bill 686, fair housing issues, and contributing factors to fair housing; and
- Appendix F - Acronyms: List of Acronyms used throughout the Housing Element.

Engagement and Key Milestones

On June 14, 2021, a GPU Deliverables and Engagement Summary detailing milestones to date, including housing-related items, was presented to City Council. While nearly every GPU engagement event and activity have touched on housing to a degree, the list below summarizes the most recent and closely related to housing.

The General Plan Advisory Committee (GPAC) and Housing Technical Advisory Committee (HTAC) have received presentations on and discussed Culver City's existing conditions, issues, opportunities, and alternatives related to housing and reviewed the first Draft HEU. The Advisory Committee on Housing and Homelessness (ACOH) received a presentation on and discussed the Draft HEU. The Planning Commission (PC) and City Council (CC) held several meetings on land use and housing that informed the Draft HEU, including City Council's meetings on the Housing Element Guiding Principles and PC's review and discussion of the Draft HEU.

- June 11, 2020: Culver City's existing housing conditions as of 2019 report for the Housing Element Update in the General Plan Update completed
- August 13, 2020: GPAC - Housing, land use, and community design
- September 10, 2020: GPAC - Land use and community design
- October 8, 2020: GPAC - Land use and community design
- December 8, 2020: HTAC - Identify housing issues and opportunities
- January 27, 2021: Community workshop on land use scenarios
- January 27, 2021: CC/PC - Land use scenarios
- March 11, 2021: HTAC - Innovative housing programs, initiatives, tools
- March 22, 2021
 - HCD approved SCAG's 6th Cycle Final RHNA Allocation Plan
 - CC - Discussion of Housing Element Guiding Principles and direction to staff
- April 8, 2021: GPAC - Proposed land use alternatives
- April 12, 2021: CC - Adoption of Housing Element Guiding Principles
- April 20, 2021: HTAC - Land use strategies and alternatives
- April 29 and May 5, 2021: Community workshops on land use alternatives
- April 29 to June 13, 2021: Online land use alternatives survey
- May 12, 2021: PC - HEU kickoff
- June 10, 2021: GPAC - Proposed land use alternatives
- June 23, 2021: CC/PC - Discussion on exclusionary zoning practices and direction to staff on affordable housing studies
- June 23 and 28: CC/PC - Direction on preferred land use map to inform the HEU sites

inventory analysis

- July 22, 2021: GPAC - Draft HEU review
- July 28, 2021: HTAC - Draft HEU review
- July 28, 2021: PC - Draft HEU review
- August 16, 2021: ACOHH - Draft HUE review
- July 19 to October 1, 2021: Online Draft HEU public comment period
- September 9 - October 9, 2021: Tribal consultation on Draft IS/ND
- September 13, 2021: The City submitted a revised 2021-2029 Draft (Second Draft) to the HCD for their 60-day review
- September 27, 2021: CC - Discuss the progress on the Housing Element after the City submitted the draft to the HCD for their 60-day review
- October 7 - November 8, 2021: 30-day CEQA circulation
- November 9, 2021: The HCD sent the City a letter outlining requested revisions to ensure the 2021-2029 Housing Element complies with State law once adopted by the City Council
- November 30, 2021: PC - Discuss updates on the Housing Element and related CEQA findings
- December 10, 2021: CC - Discuss updates on the Housing Element and related CEQA findings
- January 6, 2021: PC Adoption Hearing - Recommend the City Council adopt the 2021-2029 Housing Element and related CEQA findings
- January 24, 2022: CC Final Adoption Hearing - Adopt the 2021-2029 Housing Element and related CEQA findings

Several ongoing efforts may impact the contents of the Housing Element after adoption. These include further efforts to satisfy the City's Housing Element Guiding Principles, the results of City staff's study of affordable housing tools based on Council's June 23, 2021 direction, and the results of the Westside Cities Council of Governments' Regional Early Action Planning (REAP) Grant project. The REAP Grant's intent is to develop a comprehensive subregional approach to accelerating housing production to accommodate critically needed affordable housing within the Westside subregion. If needed, the City may choose to amend the Housing Element when the remainder of the GPU elements are adopted, and these additional studies are completed.

Veronica Tam, from Veronica Tam and Associates (GPU Housing subconsultant), and staff will lead the Commission through a review and discussion of the Draft Housing Element. No action is being sought on the Housing Element Update at this meeting, and discussions do not have a legally binding effect on future discretionary actions. Further information on all the above can be found online at pictureculvercity.com/faq, [/housing-element](http://pictureculvercity.com/housing-element), and [/alternatives](http://pictureculvercity.com/alternatives).

Some Options to Consider Related to HCD Comments:

As noted above, HCD's Housing Element Update review includes 29 recommendations and staff and the City's consultant are preparing a response that will address all of them for presentation at the follow-up Planning Commission and City Council hearings. Some of the draft responses addressed to date are offered below for consideration:

1. HCD requested that the City consider additional solutions to encourage housing production to

meet the RHNA in the event that the market demand for converting R-1 property to multi-family development through incremental infill is overstated in the HEU or if the ADU construction rate does not meet expectations. As of October 2021 in Culver City, the median sales price for a new single-family home is \$1,460,000.⁴ This high median sales price may act as an impediment to recycling under-developed single-family zoned property to more dense land since it may be more profitable to redevelop the site as a single family home.

This condition is also observed now in R-2 multifamily zones where the existing land use density supports more units, but the owner may opt to redevelop the site with a single-family home because it may be more profitable to do so. Thus, multifamily zoned property may be similarly constrained and some parcels are redeveloped with single family housing instead of multifamily housing. One solution to address maximizing multifamily redevelopment on multifamily zoned properties is to set a floor on the number of units that may be developed on lots ranging from Residential Two Family (R2) to Residential Medium Density Multiple (RMD). This would require a future Zoning Code text amendment to establish a minimum density.

2. Recalculate the number of properties expected to be recycled in R1, single family zones, based upon the market considerations noted above, and adjust the number of sites for redevelopment on the Sites Inventory list. Based on a rate of 109 market feasible units per 1,000 properties, the 1,246 properties are expected to yield 135 additional units as a result of infill development.
3. Examine additional housing sites that could be expected to be developed at existing under-performing shopping centers in response to financial trends that have resulted in reduced mortar and brick retailing and expanding on-line sales.
4. Streamline permitting for mixed use development to accelerate the potential for increased mixed use housing production by expanding the threshold for ministerial review of all affordable mixed use housing developments.
5. Consider methods to promote the recycling of shopping centers for new mixed- use development through adaptive reuse, outreach programs to shopping center owners to encourage redevelopment and adding zoning incentives through added density.

NEXT STEPS

Upcoming public meetings and hearings related to the Housing Element are outlined below. Due to scope of work and budget limitations, the GPU subconsultants who worked on the Housing Element

(Veronica Tam and Associates) and the CEQA analysis (ESA) can each only attend one of two meetings with Planning Commission and one of two meetings with City Council for the Housing Element adoption process. Both will be available to answer questions during the November 30, 2021 Planning Commission meeting. However, the only other opportunities the subconsultants will be available during a discussion in the Housing Element adoption process⁵ are noted below. Questions for the subconsultants should be prepared accordingly.

- **December 10:** The GPU team will provide updates on the Housing Element and related CEQA findings at a Special City Council public meeting.
 - GPU Subconsultant present: Veronica Tam and Associates
- **January 6:** The GPU team will present the final 2021-2029 Housing Element and related CEQA findings and seek a recommendation for City Council's adoption at a public hearing before the Planning Commission.
 - GPU Subconsultant present: None
- **January 24:** The GPU team will present the final 2021-2029 Housing Element and related CEQA findings for adoption at a public hearing before the City Council.
 - GPU Subconsultant present: ESA

ENVIRONMENTAL ANALYSIS

Pursuant to the California Environmental Quality Act (CEQA) guidelines, an Initial Study prepared for the Draft 2021-2029 Housing Element determined that the Housing Element will not have a significant adverse impact on the environment and that a Negative Declaration (ND) finding is appropriate (Attachment No. 1). The minimum 30-day Notice of Intent (NOI) to Adopt a Negative Declaration was circulated for public review from October 7 through November 8, 2021.

A separate CEQA analysis will be conducted for any future and specific development projects associated with this Housing Element. Senate Bill (SB) 18 and Assembly Bill (AB) 52 Tribal Consultation are required and started on September 9, 2021. In the Consultation notifications, staff requested that the SB18 consultation period be 30 instead of 90 days to match the AB 52 timeline. This condensed timeline was requested since an Environmental Impact Report (EIR) will be prepared for the GPU, including the HEU, and to meet the Housing Element deadline. The HEU environmental documentation will inform the GPU EIR anticipated for Fall 2022.

A special meeting of the Planning Commission is scheduled for January 6, 2022, to consider a recommendation to the City Council to adopt the final Housing Element and Negative Declaration. On January 24, 2022, the City Council is scheduled to meet to consider adoption of the Final Housing Element and related CEQA determination.

FISCAL ANALYSIS

There is no fiscal impact associated with this item.

ATTACHMENTS

1. 2021-11-30_ATT_Draft Initial Study and Negative Declaration
2. 2021-11-30_ATT_HCD Pre-Submittal Letter and Draft City Responses
3. 2021-11-30_ATT_Public Comments Submitted to HCD
4. 2021-11-30_ATT_3rd Draft HEU (Redline, see Note 6)
5. 2021-11-30_ATT_3rd Draft HEU (Clean)
6. 2021-11-30_ATT_2nd Draft HEU with Public Comments
7. 2021-11-30_ATT_2nd Draft HEU Public Participation Appendix Attachments
8. 2021-11-30_ATT_1st Draft HEU with Public Comments
9. 2021-11-30_ATT_2021-2029 Housing Element Guiding Principles
10. 2021-11-30_ATT_2021-2029 Housing Element Guiding Principles Compliance Summary
11. 2021-11-30_ATT_Commission Committees Input Summary
12. 2021-11-30_ATT_Public Comments Submitted to the City

NOTES

1. The GPU team for the Housing Element includes Veronica Tam and Associates, the City's housing consultant; Raimi + Associates, the City's lead consultant; and City staff.
2. The term "preferred" refers to an environmentally preferred alternative under the California Environmental Quality Act, not a reference to the community's preference.
3. Under the incremental infill land use designation, a property owner can choose to redevelop the site into any configuration, including a fourplex (inclusive of an ADU and JADU), and not restricted to single-family detached/attached units with ADUs.
4. Source: www.Redfin.com
5. The adoption public hearing dates have been updated to reflect modified project timelines. Past dates shared with the public previously reflected a November 10, 2021 PC adoption hearing and December 13, 2021 CC adoption hearing.
6. Attachment No. 4 shows a redline with changes to the draft in progress in response to HCD and community input. This is the same content as the "clean" version shown in Attachment No. 5 but shows where changes were made.

MOTION

None.