

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

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April 11, 2022

John F. Signo, Director
Planning & Community Services Department
City of Rolling Hills
2 Portuguese Bend Road
Rolling Hills, CA 90274

Dear John F. Signo:

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

Thank you for submitting the City of Rolling Hill's draft housing element received for review on January 11, 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.

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 the statutory deadline (October 15, 2021), then any rezoning to accommodate the regional housing needs allocation, 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 meets 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 hard work the City's planning staff provided during the course of our 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 additional technical assistance, please contact Gianna Marasovich, of our staff, at Gianna.Marasovich@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall". The signature is stylized and somewhat cursive.

Paul McDougall
Senior Program Manager

Enclosure

APPENDIX CITY OF ROLLING HILLS

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 a cumulative evaluation of the 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).

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).)*

Enforcement and Outreach: The element must describe the City's compliance with existing fair housing laws and regulations. For additional information, please see pages 28-30 on HCD's AFFH Guidance Memo at <https://www.hcd.ca.gov/community-development/affh/index.shtml>.

Regional Analysis: While the element generally describes some regional data, the element must analyze Rolling Hills relative to the rest of the region regarding integration and segregation (disability, familial status, and income), access to opportunity (education, economic, and environmental), and disproportionate housing needs (cost burdened, overcrowding, and homelessness).

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

segregation, or other information that may have impeded housing choices and mobility.

Sites Inventory: The element must identify sites throughout the community to foster inclusive communities. While the element identifies and show sites and zoning throughout the community, it also notes the plan to accommodate half of the regional housing need for lower income households at the Palos Verdes Unified School District (PVUSD). The element should discuss whether this strategy potentially isolates housing need for lower income households and include actions as appropriate.

Goals, Actions, Metrics, and Milestones: Goals and actions must significantly seek to overcome contributing factors to fair housing issues. Programs generally must address enhancing housing mobility strategies; encouraging development of new affordable housing in high resource areas; improving place-based strategies to encourage community conservation and revitalization, including preservation of existing affordable housing; and protecting existing residents from displacement. Given that most of the City is considered a high and highest resource community (pg. 3-50), the element could focus on programs that enhance housing mobility and encourage development of more housing choices and affordable housing. Programs also need to be based on identified contributing factors, be significant and meaningful. The element must add, and revise programs based on a complete analysis and listing and prioritization of contributing factors to fair housing issues. Furthermore, the element must include metrics and milestones for evaluating progress on programs, actions, and fair housing results. For more information, please see HCD's guidance at <https://www.hcd.ca.gov/community-development/affh/index.shtml>.

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).)*

Extremely Low-Income Households: The element includes analysis regarding extremely low-income (ELI) households such as the number of households and overpayment but must also identify projected housing needs. The projected housing need for ELI households can be calculated by using available census data to determine the number of very low-income households that qualify as ELI households or presume that 50 percent of the regional housing need allocation (RHNA) for very low-income households qualify as ELI households. For additional information, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/housing-needs/extremely-low-income-housing-needs.shtml>.

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).)*

Overpayment: While the element identifies the total number of households overpaying for housing, it must quantify and analyze the number of lower-income households overpaying for housing by tenure (i.e., renter and owner).

Housing Stock Condition: The element analyzed the age of the housing stock, discussed code enforcement data, and stated that there are no code enforcement or housing problems in the City. However, the element must estimate the number of units in need of rehabilitation and replacement.

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).)*

Progress in Meeting the RHNA – Accessory Dwelling Unit (ADUs): The element is counting two ADUs as credit towards RHNA. First, the element must demonstrate the availability of these units during the planning period. For example, the element could discuss whether these units have pending or approved building permits. Second, the element must demonstrate affordability based on actual or anticipated rents or other mechanisms ensuring affordability (e.g., deed-restrictions).

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. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance.

Zoning for a Variety of Housing Types:

- *Emergency Shelters*: The element must demonstrate compliance with emergency shelters parking requirements. Pursuant to AB 139 (Chapter 335, Statutes of 2019) emergency shelters are only required to provide sufficient parking to accommodate all staff working in the emergency shelter, provided that the states do not requirement more parking for emergency shelters than other residential or commercial uses within the same zone. Additionally, the element states emergency shelters are not allowed to be within 300 ft from each other; however, state law only allows a maximum of 300 ft separation requirement. The element should describe compliance with these requirements or include programs as appropriate.
- *Permanent Supportive Housing*: Supportive housing shall be a use by-right in zones where multifamily and mixed uses are permitted, including nonresidential zones permitting multifamily uses pursuant to Government Code section 65651. The element must demonstrate compliance with this requirement and include programs as appropriate.
- *Emergency Shelters, Single Room Occupancy (SRO), and Multifamily Zoning*: The element identifies a 31-acre site with an overlay zone that will

accommodate the City's lower-income RHNA, allow for emergency shelters by-right, and SROs with a CUP. The element should discuss and analyze the suitability of this site to accommodate these various housing types and the full spectrum of the housing needs (beyond RHNA).

- *Accessory Dwelling Units (ADU)*: After a cursory review of the City's ordinance, HCD discovered several areas which were not consistent with State ADU Law. This includes but is not limited to restricting bedroom count and permitting procedures, among others. HCD will provide a complete listing of ADU non-compliance issues under a separate cover. As a result, the element should add a program to update the City's ADU ordinance in order to comply with state law. For more information, please consult HCD's ADU Guidebook, published in December 2020, which provides detailed information on new state requirements surrounding ADU development.

Water Sewer Priority: 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. The element should discuss compliance with these requirements and if necessary, add or modify programs to establish a written procedure by a date early in the planning period. 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>.

Availability of Infrastructure: While the element describes infrastructure capacity to accommodate the regional housing need, the element must also provide an analysis on access to dry utilities for the sites identified in the inventory.

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. 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).)*

Processing and Permit Procedures: While the element included some information on approving single family homes, the analysis should address the approval body, the number of public hearings, if any, approval findings, and any other relevant information such as any design review requirements. The analysis should address

impacts on housing cost, supply, timing, and approval certainty. For example, the element mentioned the requirement of a site plan review for any proposed development, the use of conditional use permit for single room occupancy units, and that City Council and Planning Commission take field trips to the proposed site as part of the review process. The element should specifically identify timing, approval findings, and criteria for approvals.

On/Off Site Improvements: While the element stated that specific parcels zoned for multifamily such as the PVUSD site will require ingress and egress improvements (p. 5-23), the element should identify typical site improvement requirements, such as minimum street widths (e.g., 40-foot minimum street width), and analyze their impact as potential constraints on housing supply and affordability. For additional information and a sample analysis, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/constraints/codes-and-enforcement-on-offsite-improvement-standards.shtml>.

Constraints on Housing for Persons with Disabilities:

- *Group Homes for Seven or More:* The element must discuss how the City defines and permits group homes for seven or more persons. For your information, excluding these uses from residential zones or subjecting the uses to conditional use permits (CUP) is generally considered a constraint and programs should be modified as appropriate with specific commitment to allow the use in residential zones with objectivity and certainty.
- *Reasonable Accommodation:* While the element briefly describes its reasonable accommodation procedures, it must describe the process and decision-making criteria such as approval findings and analyze any potential constraints on housing for persons with disabilities.

Other Local Ordinances: The element must analyze any locally adopted ordinances that directly impacts the cost and supply or residential development (e.g., inclusionary requirements, short term rentals, growth controls).

Zoning, Development Standards and Fees: The element must clarify compliance with new transparency requirements for posting all zoning, development standards and fees on the City's website and add a program to address these requirements, as necessary.

SB 35 Streamlined Ministerial Approval Process: The element must clarify whether there are written procedures for the SB 35 (Chapter 366, Statutes of 2017) Streamlined Ministerial Approval Process and add a program to address these requirements, if necessary.

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).)

Approval Time: The element must analyze the length of time between receiving approval for a housing development and submittal of an application for building permits that potentially hinder the construction of a locality's share of the regional housing need.

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 have a beneficial impact in the planning period and address the goals of the housing element, programs must be revised with discrete timelines and specific commitment. Several programs included various actions but still must include a timeline for implementing each action including, Program 8 – Assist Senior and Disabled Households, Program 9 – Assist Extremely Low-Income Households, Program 12 – Facilitate Communication with Affordable Housing Service Providers...Program 14 – Sewer Feasibility Studies and Phase One Construction, Program 20 – Fair Housing Services Program Administration, Program 22 – Fair Housing Training for Staff.

- 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 B4, the element does not include a complete site analysis; therefore, the adequacy of sites and zoning was 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 must be revised, as follows:

Program 2 – Rancho Del Mar Opportunity Site Monitoring: The element identifies one site to accommodate a portion of its lower-income RHNA. While the program includes several actions such as subdividing the site, coordination with the school district, technical assistance and incentives, the program does not commit to these actions nor provide a date for when these actions will occur. Specifically, the element should include timelines for various actions and include commitments to outreaching, coordination, and establishing incentives that facilitate development on this site, as mentioned in the program.

Program 6 – Accessory Dwelling Unit (ADU) Production, Monitoring, and Incentives: The element heavily relies on ADUs to accommodate most of the City’s RHNA for all income levels. Given the City’s assumptions for ADUs exceed recent trends, the element should include a program to monitor permitted ADUs and affordability every other year and take appropriate action such as adjusting assumptions or rezoning within a specified time period (e.g., six months).

Zoning for a Variety of Housing Types: The element identifies Program 4 and 5 committing to provide a variety of housing types (e.g., SROs, transitional and supportive housing, employee housing, etc.) and address constraints for people with disabilities. These actions were also identified in the last planning period but have not been completed. HCD encourages the City to utilize HCD’s technical assistance resources and model ordinances to ensure effective and efficient implementation. Please see the Housing Hub Site: [Housing Planning Hub Site \(arcgis.com\)](https://arcgis.com)

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(s) B5 and B6, the element requires a complete analysis of potential governmental. 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 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 in Finding B1, the element must include a complete analysis of affirmatively furthering fair housing. Based on the outcome of that analysis, the element must add or modify programs.

D. 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).)

While the element does include quantified objectives (p. 6-20), it must be revised to include quantified objectives for number of housing units that will be rehabilitated for low, moderate, and above moderate households.

E. 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)(9).)

While the element described various efforts to achieve public participation in the preparation of the housing element update, it should also describe how comments were considered and incorporated into the element.