



Planning Commission Report

Planning Commission Meeting: September 24, 2021		Agenda Item: 9-A
To:	Planning Commission	
From:	Jing Yeo, City Planning Division Manager	
Subject	Adoption of the 6 th Cycle 2021-2029 Housing Element Update	
Recommended Action	Staff recommends that the Planning Commission Adopt Resolution Number 21-011 (PCS) Recommending that the City Council Adopt the 6th Cycle (2021-2029) Housing Element of the General Plan, and Consider and Make a Recommendation to the City Council on the Final Environmental Impact Report (Final EIR) for the 6th Cycle Housing Element.	

Summary

The 6th Cycle Housing Element Update represents a statement of Santa Monica’s housing plan over the next eight years built around four main principles:

- Housing Production – provide incentives to increase housing production, especially affordable housing production
- Housing Stability – ensure that existing residents are protected from displacement
- Location – incentivize and locate housing close to daily services and amenities like parks and schools in addition to places around the city that have historically not accommodate housing
- Equitable Housing Access – overcome historic patterns of segregation by expanding access to housing choices in high opportunity areas

On July 1, 2021, the Draft 6th Cycle Housing Element Update was transmitted to the California Department of Housing and Community Development (HCD) for review. On August 30, 2021, the City received HCD’s formal comment letter. On September 8, 2021, the Commission conducted a preliminary discussion on HCD’s August 30 comment letter. On September 20, 2021, the Planning Commission provided direction regarding redlines to the draft of the 6th Cycle (2021-2029) Housing Element update dated July 1, 2021.

This report presents the Planning Commission’s recommended redlines to the July 1, 2021 draft Housing Element. Each of the Planning Commission’s changes are enumerated in the Addenda (Attachment 1), provided as Exhibit B to the Resolution of Recommendation.

Background

On June 2 and 3, 2021 the Planning Commission held an extensive discussion and recommended the draft Housing Element to the City Council. The Commission discussed the goals, policies, and programs with general emphasis on updating district development standards in non-residential areas to ensure the feasibility for new housing projects, implementing a robust State density bonus program with a broad menu of frequently requested concessions, implementing a moderate-level affordable housing overlay in targeted areas, and initiating an expansive public process that would explore options to redress the impact of historically exclusionary single-unit zoning.

On June 15, 2021, the City Council reviewed the draft Housing Element as recommended by the Commission. Following a thorough discussion, the Council made revisions and directed staff to submit the draft Housing Element to the California Department of Housing and Community Development (“HCD”).

On July 1, 2021, staff submitted the draft Housing Element to HCD thereby initiating a 60-day review period where HCD may provide comments on the draft element.

On August 4, 2021, the Planning Commission adopted two Resolutions of Intention (Resolution Numbers 21-006 and 21-007) to consider recommending to the City Council that the Council 1) adopt amendments to the text of the Zoning Ordinance for consistency with the Goals, Policies and Programs of the 6th Cycle Housing Element and 2) adopt amendments to the 6th Cycle (2021-2029) Housing Element of the City’s General Plan and Amend the Land Use and Circulation Element of the City’s General Plan, the Bergamot Area Plan, and the Downtown Community Plan for consistency with the Goals, Policies and Programs of the 6th Cycle Housing Element.

On August 18, 2021, the Planning Commission discussed concepts for proposed amendments to the Zoning Ordinance, LUCE, BAP, CCSP, and DCP for consistency with the goals, policies, and programs of the 6th Cycle Housing Element. The Planning generally agreed with the concepts presented and provided the following specific direction:

- Streamlining Housing Project Approval
 - Ensure that housing projects that need modifications are also eligible for Administrative Approval process
 - Review public correspondence identifying development standards that have been problematic for housing projects such as:
 - Ground floor height
 - Daylight plane
 - Minimum floor to floor height and relationship of storefronts to sidewalk
 - Modify compact parking and loading spaces
 - Outdoor living area
 - Restriction on total percentage that can be on a roof
 - 2% slope requirement for usability

- Flexibility in selecting front or side parcel line for corner parcel
 - Active commercial design and active commercial use requirements
 - Flexibility in exchanging private and common open space requirements
 - Monitor and report on timelines for processing housing projects in order to provide transparency for applicants
 - Keep Downtown Tier 3 housing projects as DR instead of AA
 - Implement State Density Bonus law and pursue a by-right menu of incentives
- Incentivize Housing Projects on Surface Parking Lots
 - Remove density caps in residentially-zoned surface parking lots associated with existing commercial use
 - Remove barriers to housing projects on “A” lots including prohibition on parking access for replacement commercial parking
- Minimum Parking Requirements
 - Monitor outcome of AB1401
 - Explore reducing or eliminating minimum parking requirements in Transit Priority Areas
- BAP and DCP Development Standards
 - Establish heights that can accommodate revised FAR
 - Allow ground floor residential in mid-block locations
- Moderate Income Overlay
 - Supportive of providing similar incentives that 100% affordable housing projects receive under State density bonus law with the exception that density bonus is 50%
 - Discussion around possibility of incentivizing larger units but need to balance against project feasibility
 - Support for more common area amenities but not prescribe requirements to the extent that it affects project feasibility
- Affordable Housing Production Program Revisions
 - Keep the unit mix consistency requirement between market-rate and affordable housing
 - Preference for units constructed instead of in-lieu fees
 - Support for acquisition/rehabilitation being added to off-site option
 - Consider increasing the threshold when on-site units are required to address problem of underbuilding residentially-zoned sites in order to avoid AHPP requirements
 - Interest in mixed-compliance option that is feasible, does not cause segregation, and would prefer that developers provide moderate-income units and pay fee for lower levels of affordability
- Density Bonus
 - Consider creating a process for “off-menu” requests for incentives
 - Ideas for menu of incentives/concessions
 - Percentage reduction for any standard
 - Orientation of parcel for corner lots
 - Averaging density

- City-owned sites
 - Support for requiring public process and establishing a minimum guaranteed density
- Allow multi-unit housing where it's prohibited
 - Support for locational limitations and mitigation studies
 - Concern that CCSP should primarily be directed for public use and not for incentivizing significant amounts of housing
- Revise development standards to incentivize housing
 - Engage housing production working group to identify standards for possible revisions
- Parking lots of religious congregations
 - Support for special standards to incentivize housing
 - Consider targeting moderate-income units
 - Allow for administrative approval
- Additional direction unrelated to housing element programs
 - Prioritize seismic retrofit
 - Interest in receiving regular reports on housing production
 - Start up sustainability efforts to counterbalance process improvements to increase housing production (e.g. private tree ordinance, solar access ordinance)
 - Concern that new housing units are not affordable to families

On August 30, 2021, HCD issued a letter to report on its review of the draft Housing Element. HCD's review concluded that the draft Housing Element addressed many statutory requirements, but that revisions would be necessary to comply with State Housing Element Law. The letter provided recommended revisions to the Draft Housing Element, to, among other things, provide additional information and analysis of the City's housing needs, resources and constraints, related to fair housing, population and employment trends, household characteristics, the Suitable Sites Inventory ("SSI"), zoning for a variety of housing types, governmental and nongovernmental constraints on housing, special housing needs, and "at risk" housing units. HCD further recommended that the City make revisions to housing programs set forth in the Draft Housing Element: demonstrate adequate capacity for the RHNA allocation; address, and where legally possible, remove, constraints to the maintenance, improvement and development of housing; promote and affirmatively further fair housing; and preserve assisted housing development for low-income households.

On September 8, 2021, the Planning Commission held a discussion regarding staff's initial approaches to address the comments in HCD's letter. In addition, the Planning Commission provided some initial thoughts regarding proposed redlines to the Zoning Ordinance, LUCE, DCP, and BAP however, voted to not move forward with consideration of redline amendments until the Housing Element is finalized. The Planning Commission also directed staff to conduct further outreach on the proposed redline amendments to both the Housing Element housing production and housing stability working groups, Housing Commission, and Rent Control Board.

On September 20, 2021, the Planning Commission held a discussion on Staff's proposed redline revisions to the Housing Element to address the comments in HCD's letter. The Planning Commission provided feedback and suggested language revisions on programs in the revised Housing Element. In addition, the Planning Commission directed that Staff move up the timelines of Programs 1.A (Streamlining Housing Project Approvals), 1.F (Revise Downtown Community Plan Development Standards), 1.J (Rezoning by Revising Development Standards for Housing Projects), 2.C (Update the Affordable Housing Production Program), and 2.D (Update the Density Bonus Ordinance) to December 31, 2022.

Discussion

Further Changes to Revised Housing Element

In response to Planning Commission's direction, staff has prepared an addenda (Attachment 1) that provides a summary of the Commission's direction, language, organized by program number, that reflects the Commission's direction, and staff's response. As indicated in the addenda, staff will be amending some of the programs in the Revised Housing Element following direction from the Commission. These revisions will be included in the revised Housing Element presented to City Council. However, for other programs, staff does not recommend inclusion of the revised language for reasons that include: conflict with prior City Council direction, need for consultation with the Housing Commission and Housing and Human Services Division staff, and concerns about compliance with State housing law.

With regard to the timeline for implementation of Programs 1.A, 1.F, 1.J, 2.C, and 2.D, the Commission made some recommended changes to implementation timelines to December 31, 2021 instead of August 2022. Due to the need for outreach including staff time necessary to prepare materials and convene the working groups, procedural requirements, noticing timelines, and hearings at Planning Commission and City Council, staff does not believe that December 31, 2021 would be realistic. In addition, the City is required to report to HCD on progress in implementing the Housing Element and staff is concerned that if timelines are not met, penalties could be imposed that could be avoided if reasonable timelines are established that account for the realities of workload and significant staffing shortages across the City organization necessary to support this work. As a result, staff is proposing March 31, 2022 as a more reasonable timeline to accomplish this work. It should be noted that the Housing Element may not yet be certified at the time that substantial work towards the implementation actions would be occurring.

The addenda also includes new Program 1.K, Adequate Sites Program, which has been added to comply with State Housing Element law. Under existing development standards, the Suitable Sites Inventory is insufficient to accommodate the RHNA for lower income households (Attachment 2). As such, Government Code section 65583.2(h) states that

the City must identify sites for rezoning and where the City will be accommodating more than 50 percent of the low- and very low-income regional housing need on sites designated for mixed-uses, such mixed-uses sites must be allowed to accommodate 100 percent residential use and require residential use to occupy at least 50 percent of the floor area in a mixed-use project.

In addition, staff has reviewed public correspondence received on Appendix E (Constraints on Housing) of the Revised Housing Element. In general, the letter identified various other factors that are perceived to be constraints to housing and states that such constraints should be included and analyzed in Appendix E. Additional revisions have been made to address the comments where appropriate, as summarized in the attached addenda (Attachment 1), and a newly revised Appendix E has been included in this report (Attachment 3). Additionally, the comment letter requested analysis be provided regarding proposed programs and future potential redline changes to various implementation documents. However, as the purpose of Appendix E is to analyze current constraints on housing, this analysis is not required.

Housing Element Final Environmental Impact Report

In accordance with the California Environmental Quality Act (CEQA), an Environmental Impact Report (EIR) was prepared to analyze the potential environmental effects of the 6th Cycle Housing Element. As required by Section 15082 of the CEQA Guidelines, a Notice of Preparation (NOP) was published commencing on October 30, 2020 and ending on December 31, 2020. The NOP also announced a virtual public scoping meeting for the EIR during the NOP comment period on December 10, 2020. During the scoping meeting, Staff described the Housing Element Update and the environmental review process, and received public comment on the scope and content of the EIR.

On July 1, 2021, a Notice of Completion and Public Availability of the Draft EIR was published, commencing 45-day public comment period for the Draft EIR as required by CEQA. The environmental issues studied in detail in the Draft EIR include:

- Air Quality
- Cultural Resources
- Energy
- Greenhouse Gas Emissions
- Land Use and Planning
- Noise and Vibration
- Population, Housing, and Employment
- Public Services
- Utilities
- Transportation
- Tribal Cultural Resources

Other issue areas such as Aesthetics, Agricultural/Forestry Resources, Biological Resources, Geology/Soils, Hydrology/Water Quality, Mineral Resources, and Wildfires

were determined to be less than significant in the Initial Study (Appendix A of the EIR). The Draft EIR was available for a 45-day public review period, during which a total of 4 comment letters were received. The Final EIR, which was published in September 2021, contains all comments and responses to comments received during the comment period as well as minor changes to the Draft EIR.

Significant Impacts

As indicated in Chapter 3.0, Environmental Analyses, of the EIR, impacts associated with air quality, tribal cultural resources, and noise would be less than significant or less than significant with implementation of mitigation measures as established in the Mitigation Monitoring Reporting Plan (see Chapter 11 of the Final EIR). The Housing Element would however have significant unavoidable impacts associated with construction vibration/construction effects, public services impacts associated with fire protection services, schools, and parks, and transportation impacts associated with VMT, and significant and unavoidable impacts associated with water.

Alternatives Studied

The selection of alternatives studied in the EIR are based on CEQA requirements as well as consideration of public comments received during the NOP comment period for the Draft EIR. The EIR studied three alternatives to the project, which are intended to reduce the environmental impacts of the projects:

- Alternative 1, No Project/No Build, is required pursuant to Section 15126.6(e) of the CEQA Guidelines. While not consistent with the City's obligations under State Housing Law and the State mandate to plan for and accommodate RHNA, the No Project Alternative represents a scenario where the proposed Housing Element is not adopted.
- Alternative 2, Transit-Oriented Housing Development on Fewer Sites Alternative, represents scenario where the City would also plan for the 6th Cycle RHNA; however, new residential development under Alternative 2 would be concentrated within a 0.5-mile radius of the City's three Metro E (Expo) Light Rail Transit stations in order to more fully support transit-oriented communities.
- Alternative 3, Quantified Objective Alternative, generally establish and implement similar policies, development standards, and programs as the proposed Housing Element Update; however, this alternative would substantially reduce the number of new dwelling units as compared to the Housing Element Update. Specifically, this alternative proposes the development of 5,363 net new dwelling units through the planning horizon of 2030, as compared to the City's RHNA of 8,895 dwelling units.

Environmentally Superior Alternative

CEQA Guidelines Section 15126.6(e)(2) indicates that an analysis of alternatives shall identify an environmentally superior alternative among the alternatives evaluated in the EIR. In general, the environmentally superior alternative as defined by CEQA should

minimize adverse impacts to the project site and its surrounding environment. For a broad policy document such as the proposed Housing Element Update, there may not be a clear Environmentally Superior Alternative. An alternative may reduce environmental impacts to certain resource areas and increase impacts to other resource areas as compared to the proposed project, while another alternative may reduce different environmental impacts. Although CEQA does not provide specific guidance in this matter, where an alternative is anticipated to result in reduced impacts for a majority of resource areas and/or substantially reduced impacts in especially critical resource areas, this can support a finding that the alternative is environmentally superior.

In evaluating alternatives under CEQA, different weights may be assigned to the relative importance of specific environmental impacts. In comparing the alternatives to the proposed Housing Element Update, “more weight” was given to air quality, cultural resources, noise, public services, utilities and transportation effects than to other resource area impacts, primarily considering the importance of these issue areas to have the most significant and irreversible impacts. However, in addition to these resource areas, additional importance was placed on how and to what extent each of the alternatives accomplish the goals and objectives of the proposed Housing Element Update. The project objective to “meet the State-mandated 6th Cycle RHNA for the City,” was given particular importance because not doing so could have potentially serious consequences for the City, including limited access to State funding as well as potential for lawsuits. When a jurisdiction’s Housing Element is found to be out of compliance, its general plan is at risk of being deemed inadequate, and therefore invalid. If a jurisdiction is sued over an inadequate general plan, the court may impose requirements for land use decisions until the jurisdiction brings its general plan – including its Housing Element – into compliance with State Housing Law.

In strictly comparing reductions in the severity of physical environmental impacts it has been determined that the implementation of Alternative 2, the Quantified Objective Alternative, would be the environmentally superior alternative. With respect to meeting the basic project objectives, the Quantified Objective Alternative would generally establish and implement similar policies, development standards, and programs as the Housing Element Update. Additionally, implementation of the Quantified Objective Alternative would meet many of the principles and goals of the Housing Element Update; however, the number of dwelling units planned for through the 2030 planning horizon would not meet the City’s 6th Cycle RHNA. As previously described, if HCD determines that the City’s reduced numerical housing target fails to substantially comply with the State Housing Law, there are potentially serious consequences including limited access to State Funding as well as potential for lawsuits.

Next Steps

Staff will be bringing forward the Final EIR for certification and the 6th Cycle (2021-2029) Housing Element, as revised, to the City Council for review and adoption prior to October 15, 2021. Following adoption, Staff will incorporate revisions as necessary and submit the final revised Housing Element to HCD for review and certification. Work efforts to implement the first phase of programs in the 6th Cycle Housing Element will resume after

submittal of the Housing Element to HCD. At the September 8, 2021 meeting, the Planning Commission directed staff to not move forward with any redline amendments to the Zoning Ordinance, LUCE, BAP, or DCP at that time, and directed staff to instead focus on finalizing the Housing Element. The Commission provided further direction to conduct additional outreach with the Rent Control Board, Housing Commission, and the two technical working groups (production and stability) that were previously assembled as part of the draft Housing Element process as part of program implementation. With that direction, Staff will re-engage outreach efforts with anticipated completion of the first phase of program implementation by March 31, 2022.

Attachments

1. Addenda to Revised July 1 Housing Element
2. Revised Appendix F, Suitable Sites Inventory Report (revisions highlighted in gray)
3. Revised Appendix E, Constraints on Housing (revisions highlighted in gray)
4. Final EIR for the 6th Cycle Housing Element
5. Resolution of Recommendation