



DATE: September 22, 2022
TO: Planning Commission
FROM: Rachel Molina, Assistant City Manager
BY: Ryan Leonard, Senior Planner
SUBJECT: Housing Element Update for the 6th Cycle Planning Period 2021-2029 (GPA22-00001)

RECOMMENDED ACTION

It is recommended that the Planning Commission adopt Resolution No. PC-2022-20, recommending that the City Council adopt the Housing Element Update for the 6th Cycle Planning Period 2021-2029 in compliance with State law.

BACKGROUND

The City is mandated by California State Law to prepare a Housing Element update for State certification. This update covers the housing planning period between 2021 and 2029, often referred to as the 6th Cycle. The City's existing Housing Element (5th Cycle) was adopted on February 4, 2014 and expired in October 2021.

All cities in California are required by State law to produce, update and certify their Housing Elements every 8 years. The Housing Element is one of the seven mandated elements of a General Plan and sets forth policies and programs to address the housing needs of all households in the City. It is the only element of the General Plan that must be certified by a State agency. The State Department of Housing and Community Development (HCD) is the certifying agency that evaluates each city's Housing Element. In addition to meeting the requirements of state law, a certified housing element enables the City to obtain state and federal funding for various housing and transportation programs/projects, which are essential to the City.

City staff kicked off the process of updating the Housing Element in early 2020. As a part of the process, on April 9, 2020 staff held a community meeting in conjunction with a regularly scheduled Planning Commission meeting to present the Housing Element update process, and to provide an update on new State legislation mandates. In addition, two public workshops were held and multiple emails were sent to interested parties, community members, and housing advocates, requesting comments and input on the draft Housing Element. More than 20 organizations were invited to the meetings, including homeless services, fair housing advocacy groups, church organizations, chamber of commerce, etc. The Housing Element was also made available on the City's website and written comments were accepted at any time.

The first draft was submitted to HCD November 18, 2021. Comments were received on January 21, 2022 and staff made changes to comply with these requirements. The element was resubmitted on April 5, 2022 and a second comment letter was received on June 3, 2022. Additional changes were made and the element was resubmitted again on September 7, 2022.

Although staff believes that these changes are sufficient to bring the element into compliance, as of this writing staff has not received a response to the review request. Staff will report the status of the element orally at the hearing.

ANALYSIS

The 6th Cycle Housing Element retains many of the goals, policies, and relevant implementation programs previously included as part of the 5th Cycle Housing Element, which was adopted by the City in 2014. In general, the 6th Cycle Housing Element covers the planning period of October 15, 2021 through October 15, 2029, and identifies strategies and programs that focus on: 1) conserving and improving existing affordable housing; 2) providing adequate housing sites; 3) assisting in the development of affordable housing; 4) removing governmental and other constraints to housing development; 5) promoting equal housing opportunities; and 6) affirmatively furthering fair housing.

Overall, the Hesperia Housing Element consists of the following major components:

- Introduction: An overview of the purpose and contents of the Housing Element.
- Housing Needs Assessment: An analysis of the demographic and housing characteristics and trends.
- Housing Constraints: A review of potential market, governmental, and environmental constraints to meeting the identified housing needs.
- Housing Resources: An evaluation of resources available to address housing goals.
- Housing Plan: A statement of the Housing Plan to address the identified housing needs, including housing goals, policies, and programs.

Regional Housing Needs Assessment: The Regional Housing Needs Assessment (RHNA), which is required by state law, is a method of allocating housing units to jurisdictions throughout the State. Using State population data, HCD mandates that a certain amount of housing units be constructed within all regional planning areas throughout the State. The Metropolitan Planning Organization (MPO) under which Hesperia is subject to is Southern California Association of Governments (SCAG). SCAG, in collaboration with HCD, calculate the number of existing and projected housing units that must be constructed within the six counties and 191 cities in Southern California. During the fifth housing cycle, SCAG was responsible for allocating 412,000 units throughout the region. Hesperia was assigned to construct 1,715 housing units. During the sixth housing cycle, HCD has mandated SCAG to allocate 1,344,740 units throughout the region. During the sixth housing cycle, the City is required to provide 8,155 housing units. This represents a 475% increase over the previous cycle.

The RHNA allocation establishes the number of new units anticipated to be needed (by income category) to accommodate the expected population growth over the planning period. State law requires that cities incorporate this allocation into their Housing Element Update and plan accordingly. Most importantly, the Housing Element must demonstrate that a city can accommodate its RHNA over the next eight (8) year planning period. Table 1 below provides a summary of the City's RHNA and its breakdown by income category:

Table 1- RHNA Allocation Numbers

| Income Level | Very-low income (<50% of AMI) | Low income (50-80% of AMI) | Moderate income (80-120% of AMI) | Above moderate income (>120% of AMI) | Total |
|-----------------------------------|---|-----------------------------------|---|--|--------------|
| No. of Households required | 1,921 | 1,231 | 1,409 | 3,594 | 8,155 |

With regard to income categories, Hesperia's median household income in 2018 was \$50,271, while the median income of San Bernardino County was \$67,903. Table 2 below shows the income limits for 1-5 person households in San Bernardino County.

Table 2- Income Limits

| Income Limit Category | 1 person | 2 person | 3 person | 4 person | 5 person |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Extremely Low (0-30% AMI) | \$16,600 | \$19,000 | \$21,960 | \$26,500 | \$31,040 |
| Very Low | \$27,650 | \$31,600 | \$35,550 | \$39,500 | \$42,700 |
| Low | \$44,250 | \$50,600 | \$56,900 | \$63,200 | \$68,300 |
| AMI | \$54,250 | \$62,000 | \$69,750 | \$77,500 | \$83,700 |
| Moderate | \$65,100 | \$74,400 | \$83,700 | \$93,000 | \$100,450 |

Additional Buffer: Recent changes to state law require cities to continually maintain adequate capacity in their sites inventories to meet their RHNA for all income levels. In the event that a site is developed below the density projected in the Housing Element, or at a different income than projected, the City must have adequate sites available to accommodate the remaining balance of the RHNA. If the City does not have any additional capacity within the existing zoning, it must identify and rezone for new sites that can accommodate the remaining need. For these reasons, the City is including a buffer of 15 percent above the RHNA requirement in each income category. This is reflected in Table 3 below.

Table 3- No Net Loss Buffer

| | Extremely Low, Very Low, and Low | Moderate | Above Moderate | Total |
|---------------------------|---|-----------------|-----------------------|--------------|
| RHNA | 3,152 | 1,409 | 3,594 | 8,155 |
| No Net Loss (+15%) | 462 | 207 | 531 | 1,200 |
| Total Units | 3,614 | 1,616 | 4,125 | 9,355 |

In order to accommodate the total RHNA and the appropriate buffer required, rezoning will have to occur. This will include increasing the minimum density in the Multi-Family (R3) zone from 15 du/ac to a maximum of 30 du/ac; to allow mixed use developments up to 30 units per acre in the

Regional Commercial (RC) zone; and to allow mixed use developments up to 30 units per acre in the General Commercial (C2) zone. In accordance with Government Code Section 65583.2, subdivision (h), the C2 and RC zones will allow for 100 percent residential uses, and in the case of a mixed use project, residential uses would be required to occupy at least 50 percent of a project's floor area.

It should be noted that HCD sets the baseline minimum density requirements for the Low Income and Very-Low Income levels but allows each jurisdiction to set its own density assumptions for the Moderate and Above Moderate income levels. For the jurisdictions within urbanized areas, which includes the City of Hesperia, the default minimum density set by HCD for Low and Very-Low income levels is 30 du/ac. The City must use the State's default minimum density of 30 dwelling units per acre for the Low and Very-Low income RHNA sites. As a result, the City is obligated to rezone certain areas in the City to meet the State's minimum density requirements.

Site Inventory: State Law requires local governments to prepare a site inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment. This inventory is then used to identify sites that can be developed for housing within the respective planning period.

To meet the RHNA the City has identified land available for residential development under existing and future zoning. As previously mentioned, the City is obligated to rezone land to provide up to 30 du/ac to accommodate lower income sites within the General Commercial (C2) zone located along the Bear Valley Road, the Multi-Family (R3) zone located along Sequoia Street; and the Regional Commercial (RC) zone located along the freeway corridor. Other remaining RHNA sites are primarily dispersed throughout the central and western portion of the City. In general, the RHNA sites are dispersed throughout the City to avoid the over-concentration of housing in a particular area, and to ensure housing is distributed in an equitable fashion when considering the availability and proximity of resources and services.

It's important to point out that while the Housing Element identifies adequate sites to fulfill the RHNA requirements, construction of new housing units will depend upon the private market, including a landowner's desire to develop their land, private financing, developer interest, and overall market demand. The responsibility of the City is to encourage the construction of affordable housing by identifying adequate sites suitable for residential development to meet RHNA obligations, providing policies, programs that promote the development of a variety of housing types, and assistance to developers by facilitating the review and approval of development permits.

Affirmatively Furthering Fair Housing: Recent legislation now requires the inclusion of an "Affirmatively Furthering Fair Housing" (AFFH) component to assure that the City analyzes patterns of segregation, concentrations of poverty, access to housing, and barriers to housing, and based on that analysis, establishes policies and programs that assure that the City is affirmatively eliminating barriers and providing housing opportunities for all members of the community. This analysis has been completed, and policies and programs included in the element to assure that housing is available throughout the community for all residents, and that the City continues to encourage and facilitate housing choice and discourage discrimination.

Enforcement and Penalties: The State adopted legislation that penalizes cities for not having a compliant Housing Element or adopting policies that bring the Housing Element out of compliance. The State has expanded its enforcement role. Cities with compliant housing elements get preference in applying for housing and infrastructure programs. Cities that do not comply are ineligible for certain programs. The Attorney General, through court order or judgement, can direct cities to bring their Housing Elements into compliance. Courts can impose fines, and failure to pay fines, can result in State Controller intercepting any available state and local funds. If cities do not meet their RHNA, certain affordable housing developments must be streamlined and are subject to a ministerial approval process.

State Certification: Under AB-1398 signed into law in 2021, cities without an HCD certified housing element by October 2021 (which represent a vast majority of SCAG cities) were required to accelerate rezoning efforts to accommodate their RHNA allocation by October 2022. However, SB-197 which was signed into law in June of this year changes the Housing Element rezoning deadlines for jurisdictions within the SCAG region. Jurisdictions that have an adopted housing element found in compliance by HCD by October 15, 2022, generally will have until February 2025 to complete the required rezonings.

Environmental Review

An Addendum to the 2010 General Plan Update has been prepared for the 6th Cycle Housing Element Update. The 2021-2029 Housing Element will necessitate future amendments to the General Plan Land Use Map as well as the Safety Element. However, the amendments will occur in the future and are not included as part of the scope of this project. Therefore, in accordance with Section 15164(a) of the CEQA Guidelines, none of the conditions described in Section 15162 calling for preparation of a subsequent EIR have occurred, and an addendum to the 2010 General Plan EIR has been prepared.

Conclusion

The Housing Element, as drafted, continues to assure that sufficient land is available to provide housing for City residents of all income levels. It contains all of the components necessary for “certification” from the State. A certified Housing Element is required per California Government Code and enables the City to qualify for a number of housing, parks and recreation, and transportation grants. Again, it is important to note that the Housing Element does not require the City to be responsible for the construction of any units, but only that it must meet the requirements of the law in terms of enabling the construction of these units by others.

ALTERNATIVE(S)

As the Housing Element is a required part of the General Plan, no alternatives are recommended.

ATTACHMENTS

1. Draft Housing Element Update 2021-2029
2. Resolution No. PC-2020-20 (DCA22-00001)
3. CEQA Addendum