



CITY of CALABASAS

CITY COUNCIL AGENDA REPORT

DATE: MARCH 22, 2021

TO: HONRABLE MAYOR AND COUNCILMEMBERS

FROM: TOM BARTLETT, AICP, CITY PLANNER
MICHAEL KLEIN, AICP, SENIOR PLANNER

SUBJECT: STUDY SESSION OF THE 2021–2029 HOUSING ELEMENT UPDATE

**MEETING
DATE:** MARCH 31, 2021

SUMMARY RECOMMENDATION:

That the City Council review feedback from the Planning Commission and community, and provide direction to staff regarding the 2021–2029 Housing Element Update.

BACKGROUND:

Every city and county in California must prepare, adopt and implement a General Plan, which establishes overall goals and policies for future growth of the jurisdiction. As set out in the California Government Code, a city's General Plan must include a Housing Element as one of seven mandatory elements. The Housing Element must include policies and programs to meet existing and future housing needs for the City across a wide socio-economic spectrum, as established by the California Department of Housing and Community Development (HCD) and the Southern California Association of Governments (SCAG).

On July 16, 2020, the Planning Commission held a kick-off meeting to discuss the 2021-2029 Housing Element Update process, take public comment and provide preliminary direction to staff. Staff updated the housing site inventory based on feedback from the Planning Commission, and posted the sites map online for public comment. Additionally, staff developed an online survey with 11 questions for Calabasas residents to provide feedback on the preference for various policy options. The survey was posted on the City website for six weeks; an advertisement with the

website link was placed in the *Acorn*, and the *Las Virgenes Enterprise* (Valley News Group); and, a postcard sent to every residential unit in the City. The City received 913 responses to the survey, which closed on September 30, 2020.

On September 30, 2020, staff held a virtual Community Workshop to provide the public with information regarding the 2021-2029 Housing Element update. In the Community Workshop, staff received active participation by the attendees via quick micro-surveys, site-by-site review of possible sites, and questions and answers. Sixteen people attended the Community Workshop.

On October 15, 2020, the Planning Commission held a public meeting to discuss the results of the online survey and the Community Workshop. The Commission opened the discussion up for additional public comment and provided staff with direction. The Commission also requested that staff return to a future meeting in order to fine-tune the housing site inventory, based on feedback from the community and Commissioners.

On February 4, 2021, the Planning Commission held a public meeting to discuss the housing site inventory in more detail. Staff presented the Commission with two options (see discussion item below) of housing site inventories that incorporate different strategies to achieve HCD's requirements for meeting the City's 6th Cycle RHNA allocation. Although the Commission did not take formal action, the Commissioners unanimously expressed support for Option A (see Attachment A).

DISCUSSION:

6th Cycle of the Regional Housing Needs Assessment (RHNA)

SCAG started the 6th cycle RHNA process through a Local Input Survey, which was distributed to the planning departments for all cities and counties in the region. The survey allowed the Calabasas Planning staff to review SGAG's growth projections and identify errors/constraints in their draft methodology. Planning staff's input also included one-on-one discussions with SCAG representatives to demonstrate the City's severe topographical constraints and extreme wildfire susceptibility. SCAG then used the local input as a basis for finalizing its methodology for RHNA distribution.

Late in 2019, SCAG received from HCD a regional allocation of 1,344,740 total new housing units. Shortly afterward, SCAG issued draft RHNA sub-allocations to the region's individual cities and counties; the City of Calabasas received a preliminary draft allocation of 351 total new housing units, with 290 of those units (more than 80% of the total) to fall into Moderate Income, Low Income, and Very Low Income affordability categories. The draft allocation was later updated by SCAG, and the Calabasas sub-allocation was increased slightly to 353 total housing units. In September 2020 SCAG started the appeals process for the RHNA allocations, and

concluded the appeal hearings in February 2021. Because the allocation to City of Calabasas was substantially lower than the allocations for other local jurisdictions (attributed largely to the up-front efforts by staff to inform SCAG of the City’s many constraints), we elected to not file an appeal. SCAG received 48 appeals during the appeal period, but it granted only two of the appeals. RHNA allocations were then re-adjusted for each jurisdiction one final time, based on the two granted appeals. The final RHNA allocations were adopted by SCAG on March 4, 2021. The City’s final RHNA allocation increased by one additional unit, and detailed below.

6th Cycle RHNA for City of Calabasas

Income Level	Percent of Area Median Income (AMI)	Housing Units	Percent
Very Low	31-50%	132	37%
Low	51-80%	71	20%
Moderate	81-120%	70	20%
Above Moderate	120% +	81	23%
Total		354	100%

State HCD: Plan for Adequate Sites Above and Beyond RHNA

For the preceding RHNA cycles, the City included a reasonable buffer of available sites in its Housing Element. This buffer (or ‘surplus’ of future housing capacity) proved beneficial when the City prepared the 5th RHNA cycle update because the City was able to rely on a surplus of identified sites from the 4th RHNA planning cycle to meet the City’s new 5th RHNA. However, with the City’s higher 6th cycle RHNA allocation, including a much higher percentage of affordable units, as well as substantially more stringent site justification requirements, the existing planned and zoned housing sites will not be adequate. Furthermore, HCD will now requires local jurisdictions to identify enough future housing sites inventory to not only cover the jurisdiction’s 6th RHNA, but to also provide for an additional buffer capacity above the RHNA. The buffer capacity is required to accommodate realistic production rates of affordable housing units; plus having the buffer can allow for instances when a smaller residential project may have to be considered for a given property. (The “No Net Loss” Law -- Government Code section 65863 -- requires enough sites be maintained to meet the RHNA for all income levels throughout the planning period.) The recommendation from HCD is that local jurisdictions adopt a housing site inventory with a buffer of at least 20% over the allocated RHNA.

Staff prepared two housing site inventory options based on feedback from the community via the online survey and virtual workshop, and feedback from the Planning Commission. These options reflect multiple requirements by HCD that must be satisfied in order to include a site in the inventory, as well as an analysis of site feasibility. Both options require restructuring density thresholds, and the adoption of a new Affordable Housing Overlay Zone (see discussion below). The Affordable Housing Overlay Zone would permit higher densities in exchange for provision of greater percentages of affordable housing. Without an Affordable Housing Overlay Zone, the City would be faced with having to rezone or up-zone far more properties – sufficient to accommodate approximately 3,000 total new residential units. This total would be needed because the City must demonstrate capacity for the allocated number of affordable housing units, which otherwise are accomplished through the City’s inclusionary housing program at an average of less than ten percent of all new units. Additionally, both site inventory options include mixed use sites in Craftsman Corner, taking advantage of the City’s planned annexation of this area. As noted above, the Planning Commission reviewed both options at a public meeting on February 4, 2021. After taking public comment and having received written correspondence from the public, the Commission discussed both housing sites options, after which each Commissioner stated their support for Option A.

Option A (see Attachment A) focuses on infill development and repurposing commercially developed properties for multi-family residential use, with a concentration of higher densities along Calabasas and Agoura Road. The sites inventory for this option includes an affordable housing overlay zone on Mixed Use properties and on the Avalon Bay Apartment complex. This approach is aligned with the community survey results. Option A does not include any vacant lands along Mulholland Highway, and does not require the rezoning of any undeveloped parcels.

Option B (see Attachment B) removes the Avalon Apartment Complex from the inventory. However, to offset the loss of housing unit capacity provided by Avalon, this option requires the addition of vacant sites along Mulholland Highway and a rezone program to change these sites from single-family to multi-family zones. Under state law, any property that is part of a rezone effort to meet RHNA is required to be zoned for “by-right” development.

Both options also include within the inventory of future housing sites, several properties located within the planned Craftsman’s Corner Annexation Territory. For the City to rely on a planned annexation area for any future housing in its Housing Element, the annexation must be accomplished within three years. And if the annexation is not completed within that timeframe, the city must replace the planned housing sites with other comparable sites within the city.

Affordable Housing Overlay Zone

New HCD rules require cities to use past performance to identify realistic production of affordable housing. As demonstrated in the table below, the average rate of production for affordable housing in Calabasas is less than 10% of all new housing units. Affordable housing production is accomplished via the City’s inclusionary housing ordinance, which requires any project with five or more residential units to provide deed restricted affordable housing. At a rate of 10%, the City would have to develop a housing inventory with enough feasible sites (mostly vacant) to accommodate approximately 3,000 new residential units, which would yield 300 affordable units via the Inclusionary Housing program to meet the City’s RHNA allocation for very low, low and moderate income housing.

Past Housing Production Statistics

Project Name	Property Type	Source of Assistance	Total Project Units	Affordable Units	% of Total Units Designated Affordable
Paxton Calabasas 4240 Las Virgenes	Townhomes	Inclusionary Ordinance	74	4 Very Low Income	5%
Avanti 23500 Park Sorrento	Condos	Inclusionary Ordinance; Density Bonus	80	8 Very Low Income	10%
Calabasas Creekside 23480 Park Sorrento	Senior Apartments	Inclusionary Ordinance; Density Bonus	42	5 Very Low Income	12%

To increase the production of affordable housing, and reduce the need for a substantially greater total number of new housing units, staff suggests development of an *Affordable Housing Overlay Zone*. Rather than just increasing maximum allowable site densities by right, the overlay zone could be applied to any multi-family zoned property, and would require a property owner to provide additional affordable housing to take advantage of a higher maximum allowable density. For example, for any project that simply meets the City’s inclusionary housing requirement of 5-15% of the units dedicated to very low income housing, a property owner would remain subject to the maximum allowable density of 20 dwelling units per acre for a parcel in the CMU zone. However, if the property owner proposes a project that includes at least 25% of the total units for very low income units, then the Affordable Housing Overlay Zone would allow an increase in density to 35 dwelling units per acre. (Note, however, that State-mandated density bonuses are separately determined under the State formulas, and by law cannot be factored into a local jurisdiction’s housing sites capacity calculations.) As a result, it is the intent of an Affordable Housing Overlay Zone to encourage development of more affordable housing by allowing greater density than would otherwise be permitted.

Minimum Density

In accordance with HCD's "default density" criteria for suburban jurisdictions such as Calabasas, 20 dwelling units per acre is the *minimum* density threshold for sites to be considered suitable for providing housing affordable to very low and low income households. The current permitted density in the Commercial Mixed Use (CMU) and Residential Multi-Family (RM) zones is a maximum of 20 dwelling units per acre. As a result, it is necessary to adjust the permitted density for the CMU and RM-16/20 zones to a range of 20 to 24 dwelling units per acre. This adjustment would comply with HCD's requirement of identifying housing inventory sites that have a minimum density of 20 dwelling units per acre in order to accommodate very low and low income units.

Also, by setting a new maximum allowable density that is only slightly higher, at 24 units per acre, the City can better utilize the incentive based Affordable Housing Overlay Zone as the principal means of accomplishing the new RHNA goals.

Housing Element Background Report

One of the requisite components of a Housing Element update is the "Housing Element Background Report". The purpose of the Housing Element Background Report is to provide an analysis of population and housing characteristics, identify special housing needs among certain population groups, evaluate existing housing conditions, and provide other important information to support the goals, policies, and programs that will meet the needs of current and future Calabasas residents. The draft Background Report is available for review on the City's website at:

<https://www.cityofcalabasas.com/government/community-development/2021-2029-housing-element-update/resources>

Additional General Plan Element Updates

In addition to the 2021-2029 comprehensive update of the Housing Element, the City also must prepare and adopt several other related updates to the General Plan; these include updates to the Land Use Element, Safety Element and Circulation Element. All of these updates are required by new State laws, and to maintain internal consistency throughout the General Plan.

ENVIRONMENTAL IMPACT REVIEW:

An Environmental Impact Report (EIR) is being prepared for the 2021-2029 Housing Element update and associated updates to the General Plan. A Notice of Preparation (NOP) was circulated on February 8, 2021, with the commenting period ending on March 9, 2021. Additionally, staff held an EIR scoping meeting on February 22, 2021, to solicit input on the content of the environmental analysis that will be included

in the EIR. Once completed, the draft EIR will be available for public review in advance of public hearings by the Planning Commission and City Council.

RECOMMENDATION:

That the City Council review feedback from the Planning Commission and community, and provide direction to staff regarding the 2021–2029 Housing Element Update.

ATTACHMENTS:

Attachment A: Housing Site Inventory Option A
Attachment B: Housing Site Inventory Option B
Attachment C: PowerPoint Presentation