

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

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October 27, 2023

Suja Lowenthal, City Manager  
City of Hermosa Beach  
1315 Valley Drive  
Hermosa Beach, CA 90254

Dear Suja Lowenthal:

**RE: City of Hermosa Beach's 6th Cycle (2021-2029) Adopted Housing Element**

Thank you for submitting the City of Hermosa Beach's (City) housing element update which was adopted August 8, 2023 and received for review on August 30, 2023. The California Department of Housing and Community Development (HCD) considered comments from Californians for Homeownership, Tony Higgins, David Kellog, Jon David, and 'RezHB.' pursuant to Government Code section 65585, subdivision (c). Pursuant to Government Code section 65585, HCD is reporting the results of its review.

The adopted housing element addresses many statutory requirements described in HCD's March 23, 2022 review; however, additional revisions are necessary to substantially comply with State Housing Element Law. (Gov. Code, § 65580 et seq.) The enclosed Appendix describes the revisions needed to comply with State Housing Element Law.

As a reminder, the City of Hermosa Beach 6th cycle 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.

Pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), a jurisdiction that failed to adopt a compliant housing element within one year from the statutory deadline cannot be found in compliance until rezones to make prior identified sites available and accommodate a shortfall of sites are completed pursuant to Government Code section 65583, subdivision (c)(1)(A) and Government Code section 65583.2, subdivision (c). As this year has passed and Program 9 (Adequate Sites to Accommodate Housing Needs) has not been completed, the housing element will remain out of compliance until all necessary rezonings have been completed.

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 of Hermosa Beach must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

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 will meet 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 of Hermosa Beach 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: <https://www.opr.ca.gov/planning/general-plan/guidelines.html>.

HCD is committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Hilda Boyadjian, of our staff, at [Hilda.Boyadjian@hcd.ca.gov](mailto:Hilda.Boyadjian@hcd.ca.gov).

Sincerely,



Paul McDougall  
Senior Program Manager

Enclosures

## APPENDIX CITY OF HERMOSA BEACH

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 briefly explains a few accomplishments such as approving a reasonable accommodate request (p. A-1). However, as part of the review of programs in the past cycle, the element must provide an evaluation of the effectiveness of 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))*

Fair Housing Enforcement and Outreach: While the element briefly describes various fair housing laws, it must still discuss how the City complies with fair housing laws. This discussion should also address any findings, lawsuits, enforcement actions, settlements, or judgments related to fair housing or civil rights.

Integration and Segregation: The element briefly reports that incomes generally are higher in the Hermosa Beach area compared to the broader Los Angeles area. However, the element should supplement this analysis with local data and knowledge and other relevant factors to better understand the differences between the City and the region and formulate appropriate policies and programs. This is particularly important given the City is wholly a highest resource, high median income area and racially concentrated area of affluence and generally has not approved housing assisted with public funding and affordable to lower-income households. An analysis should, for

example, discuss zoning, land use, efforts, or lack of efforts to apply for state and federal funding and promote affordable housing.

Disproportionate Housing Needs and Displacement: The element includes some general discussion of persons experiencing homelessness but should also address any disproportionate impacts on protected characteristics (e.g., race, disability) and patterns of needs and access to services. Patterns of needs should address geographic areas of the City that may have more persons experiencing homelessness than other areas then discuss the availability or lack of availability of transportation and services.

Contributing Factors to Fair Housing Issues: Based on the outcomes of a complete analysis, the element should re-assess and prioritize contributing factors to fair housing issues. This is essential since currently the identified factors do not appear prioritized according to fair housing issues. For example, as noted above, the City is wholly a highest resource and high median income area and racially concentrated area of affluence. Yet, the element identifies lack of fair housing outreach as its highest priority contributing factor. The element should consider other contributing factors as high priority that will lead to significant and meaningful actions to promote a more inclusive community.

2. *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).)*

Small Sites: The element now briefly mentions that only contiguous parcels that are owned by no more than two property owners are utilized toward the lower-income regional housing need allocation (RHNA). However, the element must still provide analysis of small sites or remove the sites from being utilized toward the lower-income RHNA. For example, the analysis could list past examples of consolidation, including for multiple owners and evaluate circumstances likely leading to consolidation such as common ingress and egress, remnant parcels lacking access that must be consolidated or interest from property owners in consolidation. If continuing to utilize small sites toward the lower-income RHNA, given the lack of effectiveness of programs in the prior planning period, the element must include robust actions to facilitate consolidation and promote housing affordable to lower-income households based on the outcomes of this analysis.

Realistic Capacity: While the element notes a trend toward residential development into commercial areas, it must still account for the likelihood of 100 percent nonresidential uses in zones that allow 100 percent nonresidential uses. For example, the element could examine all development in the zones allowing 100 percent nonresidential development, determine how often 100 percent nonresidential development occurs then account for the likelihood in residential capacity assumptions. Alternatively, the element could add or modify programs to require a residential component in zones allowing 100 percent nonresidential uses.

Suitability of Nonvacant Sites: The element now lists some recent redevelopments in the South Bay area and identifies sites with potential for redevelopment that was based on factors but still should be revised, as follows:

- *Redevelopment Factors*: The element utilizes two tiers of factors. The second tier must meet at least two factors. However, some factors appear to overlap. For example, one factor uses similar to recent redevelopment but those uses on recent redevelopment could have been older structures or with a lower improvement to land value ratio. Instead, the analysis should require at least one additional factor to demonstrate the potential for redevelopment. In addition, the element must support the validity of these factors utilizing recent trends or other means.
- *Extent Existing Uses Impede Additional Development*: The element must still evaluate the extent existing uses impede additional development such as evaluating existing leases or other contracts or conditions that would perpetuate the existing use or prevent additional residential development, lack of improvements and frequent turnover in uses.
- *Public Comments*: The element should address the public comments received for this review on identified sites, particularly the Saint Cross site.

In addition, specific analysis and actions are necessary if the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households. For your information, the housing element must demonstrate existing uses are not an impediment to additional residential development and will likely discontinue in the planning period. (Gov. Code, § 65583.2, subd. (g)(2).) Absent findings (e.g., adoption resolution) based on substantial evidence, the existing uses will be presumed to impede additional residential development and will not be utilized toward demonstrating adequate sites to accommodate the RHNA.

Infrastructure: The element generally was not revised to address this requirement. The element must still demonstrate sufficient existing or planned water and sewer supply capacity to accommodate the City's RHNA for the planning period.

Zoning for a Variety of Housing Types (Emergency Shelters): The element mentions the number of parcels and acreage in the R-3 zone but should also discuss the potential reuse or redevelopment of sites to demonstrate sufficient capacity to accommodate the need for emergency shelters.

Electronic Site Inventory: While the City has submitted an electronic version of the sites inventory, if changes occur, any future re-adopted versions of the element must also submit the electronic version of the sites inventory. Pursuant to Government Code section 65583.3, subdivision (b), the City must utilize standards, forms, and definitions adopted by HCD when preparing the sites inventory and submit an electronic version of the sites inventory.

3. *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... (Gov. Code, § 65583, subd. (a)(5).)*

Constraints on Housing for Persons with Disabilities: While the element now adds a program to remove the public hearing constraint on requests for reasonable accommodation, it must still evaluate decision making criteria and add or modify programs as appropriate. Specifically, the description of the reasonable accommodation procedure lists additional factors that may be considered including if the accommodation alters the character of the neighborhood or increases traffic. These factors are potentially constraints and should be evaluated and programs should be added or modified to address the constraints.

### **C. Housing Programs**

1. *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... Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including... emergency shelters... (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding B2, the element does not include a complete site analysis. 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 should be revised, as follows:

- *Program 5 (Facilitate Efficient Use of Sites):* The Program should be revised based on the outcomes of a complete analysis. In addition, the Program should evaluate the effectiveness of the program by 2025 and make adjustments as appropriate within one year, including identifying alternative sites if necessary.
- *Program 9 (Adequate Sites to Accommodate Housing Needs):* The Program should still identify the number of acres to be rezoned and should also commit to rezone M-1 sites (Site 26).
- *Program 10 (Housing for Persons with Special Needs):* The Program should clarify emergency shelters will be permitted without discretionary action and commit to amend the definition of emergency shelter and address the bed limit as a constraint.
- *City-owned Sites:* The element should include a program to facilitate development on City-owned sites. The program should commit to a numerical target in line with assumptions in the inventory, to comply with the Surplus Land

Act and a schedule of actions to facilitate development (coordination, dispositions, funding, entitlement, permits), including alternative actions if the sites do not progress as anticipated.

2. *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 Findings B3, the element requires a complete analysis of potential governmental and nongovernmental constraints. 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. In addition, the element should be revised, as follows:

- *Program 10 (Housing for Persons with Special Needs):* For group homes for seven or more persons or large care facilities, the Program should also commit to permit these uses similar to other residential uses of the same type in the same zone.
  - *Program 12 (Remove Governmental Constraints):* For parking requirements, the Program should specify that parking requirements will be reduced for smaller bedroom units and target a specific reduction (e.g., one space).
  - *Program 7 (Land Value Recapture):* The Program should commit to ensure provisions for any future land value recapture programs are not a constraint on development.
3. *Promote AFFH 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... (Gov. Code, § 65583, subd. (c)(5).)*

As noted in Finding B1, the element must include a complete assessment of fair housing. Based on the outcomes of that analysis, the element must add or modify programs. Programs to affirmatively further fair housing (AFFH) should go beyond status quo actions and should be significant and meaningful to promote inclusive and equitable communities.

In addition, promoting housing mobility removes barriers to higher opportunity areas and strategically enhances access to housing choices and affordability to promote more inclusive neighborhoods, cities and regions. Among other factors, the City is wholly a highest resource, high median income and a racially concentrated area of affluence in contrast to the rest of the region. As a result, the element should include a significant and robust actions with numerical targets (not limited to the RHNA) to promote housing mobility and increasing housing choices and affordability throughout the City.

Examples include promoting more housing choices and affordability in lower density areas, religious institutional sites and City-Owned sites and enhancing accessory dwelling unit (ADU) and junior accessory dwelling unit (JADU) and home sharing strategies. For more information on potential actions, please see HCD's AFFH Guidance Memo (starting on p. 72) at <https://www.hcd.ca.gov/planning-and-community-development/affirmatively-furthering-fair-housing>.

4. *Develop a plan that incentivizes and promotes the creation of accessory dwelling units that can be offered at affordable rent... (Gov. Code, § 65583, subd. (c)(7).)*

The element's ADU program (Program 6) should commit to additional incentives and strategies, frequent monitoring (every other year) of ADU production and affordability and specific commitment to adopt alternative measures such as rezoning or amending the element within a specific time (e.g., six months) if ADU assumptions for the number of units and affordability are not met.

#### **D. 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)(8).)*

The element now describes workshops, including public comments, but as noted in the prior reviews, must still demonstrate diligent efforts were made to involve all economic segments of the community in the development of the housing element. The element could describe the efforts to circulate the housing element among low- and moderate-income households and organizations that represent them and to involve such groups and persons in the element throughout the process.