

Agenda Report

November 4, 2013

TO: Honorable Mayor and City Council

FROM: Planning & Community Development

SUBJECT: SUBMITTAL OF THE DRAFT 2014-2021 HOUSING ELEMENT TO THE CALIFORNIA HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT (HCD)

RECOMMENDATION:

It is recommended that the City Council:

1. Approve the Draft 2014-2021 Housing Element (Attachment A); and
2. Authorize the Director of Planning & Community Development to submit the Draft Housing Element to HCD.

PLANNING COMMISSION RECOMMENDATION:

On October 9, 2013, the Planning Commission recommended that the City Council forward the 2014-2021 Draft Housing Element to HCD. Additionally, the Planning Commission made a recommendation that the City Council explore creating a structure to monitor the implementation of the Housing Element.

EXECUTIVE SUMMARY:

Approval of this recommendation will result in the submittal of the Draft Housing Element to HCD for their review. The Housing Element is a key component of the City's General Plan as it describes the needs for housing in the City, analyzes the resources for providing it, and establishes policies and programs to address the development, improvement, and conservation of housing.

The Draft Housing Element complies with State requirements, including the Housing Needs Assessment allocation. The Draft Housing Element goes beyond just meeting the State requirements. A summary of the significant changes from the 2008-2014 Housing Element is as follows. A more detailed analysis of these changes is included further in the report.

- The addition of the preservation of affordable housing as a key part of the housing goals, policies, and programs;

- The emphasis on strategic growth in specific plans and TOD areas, using mixed use as a key housing strategy;
- The change of policies for consistency with the draft Land Use element and other City programs such as the sustainability program;
- The review of tenant protection ordinance to see if the ordinance should be strengthened;
- The review of the inclusionary housing ordinance to determine if more affordable housing can be achieved;
- The consideration of changes to parking requirements;
- To consider a small-lot ordinance;
- A review of the Housing Element programs in four years to evaluate potential changes to programs; and
- The establishment of educational workshops on housing to inform the community of housing issues and strategies.

BACKGROUND:

The Draft Housing Element addresses housing needs in the City for the years 2014-2021. The process of planning for housing growth occurs in cycles and is implemented through the City's Housing and Land Use Elements. The existing Land Use Element ensures that the City has adequate sites to accommodate the full housing production requirements imposed by the State. Moreover, the proposed general plan Land Use Element concept map would continue to ensure that the City would be in compliance with State mandated housing production requirements.

Accomplishments

The City of Pasadena has been at the forefront of housing policies and programs, not only in the San Gabriel Valley, but also in Southern California. The Housing Element is implemented through both the Planning & Community Development Department and the Housing and Career Services Department. Some of the major accomplishments include:

- Producing or rehabilitating 1,034 covenanted affordable units with 59 percent for very low income families since 2002;
- Constructing 450 affordable inclusionary housing units since 2004;
- Assisting 150 households with loans through the Homeownership Assistance Program;
- Providing vouchers to 1,200 residents in the Rental Assistance Program;
- Providing a range of supportive services programs for special needs groups;
- Creating three additional Landmark Districts and the designation of 21 new landmark properties;
- Having 4,000 code compliance inspections, 1,600 occupancy inspections, and 5,300 inspections under the Quadrennial Inspection Program; and
- Assisting in the construction of 142 homeownership projects since 2008.

Housing Element Process

State law requires that the City adopt a new Housing Element by February 12, 2014. If the City does not meet this requirement, it will be out of compliance with recently approved State law and will be ineligible for State housing funds. Over the last four years the City was awarded housing funds from the State under the Building Equity and Growth in Neighborhoods (BEGIN) Program of \$1,714,974 in FY 2010, 2011 and 2012, and under the Workforce Housing Reward Program of \$197,893 in FY 2009.

These are funds that the City could be ineligible for if it did not have an adopted Housing Element. Additionally, the City will be required to update its Housing Element every four years instead of every eight years.

Community outreach has been an important part of the Housing Element update. Because the State requires that the Housing Element be adopted by February 12, 2014, there has been a short time frame that the City has had to prepare the Draft Housing Element. Staff has held community workshops, conducted presentations before the Human Services Commission, the Senior Commission and the Northwest Commission. Additionally, staff has created a web page on the Housing Element and had stakeholder meetings with various community members. Attachment B contains a list of items that staff has undertaken to ensure that public comments are considered.

Population Snapshot

Between 2000 and 2010, Pasadena's population increased by approximately 3,000 residents. There was little growth, but the long term trends are significant and impactful.

Over time these changes will alter the City's housing needs.

- Increased number of adults 45 years and older; a decline in all other age groups;
- Increased number of Asian residents, decline in African Americans; and
- Increased population of single residents and married families without children.

As an established community, Pasadena has a broad array of special needs, including: families with children, senior residents, people with disabilities, people who are homeless, lower income residents, and college students.

Housing Production Goals

The City is required to plan and zone for its fair share of housing under State law. Outside Counsel has prepared a memo on the City's obligations to plan for its fair share of housing (see Attachment C). The City has received its Regional Housing Needs Assessment (RHNA) allocation from the Southern California Association of Governments (SCAG). SCAG determined Pasadena's regional housing needs assessment allocation by determining the projected household growth, the housing market vacancy need, and housing replacement needs for each jurisdiction. The RHNA

number provided for each jurisdiction is broken down into different income categories (very low, low, and moderate income). The City's allocation is 50 percent less than its previous allocation.

PASADENA RHNA ALLOCATION					
	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
Cycle 4: 2006-2014	705	452	491	1,215	2,869
Cycle 5: 2014-2021	340	207	224	561	1,332
Change	-52%	-54%	-54%	-54%	-53%

The drop in the RHNA allocation for the region is due to the poor economic conditions including abnormally high vacancy rates, higher unemployment and increased foreclosures. When the RHNA calculation was made, Pasadena had a vacancy rate of 7.2 percent. In comparison, Burbank and Glendale had a vacancy rate of 5.3 and 5.2 percent, respectively.

The City's RHNA allocation of 1,332 units does not mean that the City must construct 1,332 units by 2021. Instead, the City must demonstrate in its Housing Element that there are sufficient feasible sites to accommodate the number of units. This is done by ensuring that sites are zoned appropriately. The Draft Housing Element shows that the City will meet the RHNA numbers as it identified 80 sites on its inventory and 1,314 units in the pipeline that would be credited to the 2014-2021 RHNA allocation. In the 2014-2021 RHNA cycle, the City would need approximately 166 new units per year. Over the last 30 years, on average, 335 net-new housing units were built per year in Pasadena.

Issues and Challenges

Staff received comments at the various community meetings and stakeholder meetings. The major issues and suggestions for change have been identified below. Attachment D consists of the staff's responses to the issues. Also, included in this attachment is a memo from outside counsel regarding the City's ability to establish a no net loss of affordable housing ordinance.

1. The need to establish a dedicated level of funding for affordable housing as a result of an 85 percent decline in housing production funds due to lower inclusionary housing revenues, loss of redevelopment funds, and decline in other funds for affordable housing production;
2. A desire to increase the production of affordable housing to meet the City's needs;
3. The preservation of affordable housing (with or without covenants), a one-to-one replacement of units that are low or very low (no net lost), and a strengthening of goals to preserve units and assist existing residents;

4. A revision to the City's second unit ordinances to allow for more units to be constructed and the consideration of a small lot housing ordinance to increase the amount of affordable housing;
5. An increase in the inclusionary requirement in Transit Oriented Development areas;
6. The strengthening of protection for renters, and a consideration of a just cause eviction ordinance;
7. The establishment of a Housing Commission to handle housing issues;
8. The addition of formerly incarcerated individuals to the Special Needs Population; and
9. The increasing of education for both the public and the Planning Commission so they have a greater knowledge of housing issues.

DRAFT HOUSING ELEMENT:

Preparation of the Draft Housing Element reflects the public discussions of housing policies and programs. The Draft Housing Element consists of the Housing Framework and Appendices as follows.

- A series of goals, policies, and scheduled programs to further develop, improve, and preserve housing in the Housing Framework;
- Identification and analysis of existing and projected housing needs and an analysis of various governmental and nongovernmental constraints to meeting the housing needs in the Appendices; and
- An inventory and demonstration that the City has sufficient sites to meet its RHNA requirement and a Program Evaluation in the Appendices.

In Appendix E of the Housing Element is the Community Initiatives. This appendix is a summary of public comments regarding Housing issues in Pasadena that have been raised over the past 10 years. The Community Initiatives is part of the current Housing Element and is a record of the various proceedings (forums, task forces, etc.). It serves as a reference document.

Housing Framework

The Housing Framework has a vision that was adopted in 2000. The vision is followed by four goals and a series of policies regarding housing (see Attachment E - Housing Element Tree Board). The policies are followed by programs and objectives which are the implementation strategy for the Housing Element. No change to the Housing Element Vision is proposed.

The Housing Element Vision is:

All Pasadena residents have an equal right to live in decent, safe and affordable housing in a suitable living environment for the long-term well-being and stability of themselves, their families, their neighborhoods, and their

community. The housing vision for Pasadena is to maintain a socially and economically diverse community of homeowners and renters who are afforded this right.

Housing Element Goal Changes

The 2008-2014 Housing Element has four goals to further the Housing Element Vision and set the framework for the housing policies and programs. All four housing goals are carried over to the 2014-2021 Housing Element. However, Goal HE-2 is proposed to be changed. This goal is expanded to include the preservation of housing in order to give the issue of preservation of housing greater prominence.

Housing Element Policy Changes

The housing goals are supported by a series of policies. These policies have been reviewed and in several cases modified. Some policies have been relocated as they are more suitable under a different goal. These revised policies are intended to:

- Back neighborhood efforts such as neighborhood watch groups;
- Support the General Plan and Land Use strategy of neighborhood and transit villages;
- Promote the City policies on healthy housing;
- Encourage the dispersal of affordable housing;
- Support the General Plan and the guiding principal that Pasadena will be a sustainable community; and
- Foster the preservation of existing affordable housing.

Below are new or substantially amended Policies proposed in the Draft Housing Element.

- **HE-1.1 Neighborhood Character.** Encourage, foster, and protect a balanced mix, density, and form of residential and mixed use districts and neighborhoods. Preserve the character, scale, and quality of established residential neighborhoods.
- **HE-1.8 Neighborhood Safety.** Support neighborhood safety measures, including neighborhood watch groups, neighborhood traffic management programs, crime prevention, and other measures to maintain and improve the safety of neighborhoods.
- **HE-2.2 Strategic Growth.** Direct new residential development into the Central District, neighborhood and transit villages to create neighborhoods where people can live and work, shop, and benefit from access to a Gold Line station or public transit.
- **HE-2.3 Environmental Sustainability.** Encourage sustainable patterns of residential growth and preservation with respect to land use, building and site design, resource conservation, open space, and health considerations.

- **HE-2.9 Healthful Housing.** Encourage indoor air quality through a ban on smoking in apartments and condominiums with two or more units and through the use of construction materials which are sustainable, green, and not a detriment to indoor air quality.
- **HE-3.4 Preservation of Affordable Housing.** Establish and seek to renew long-term affordable housing covenants for all City assisted projects; support conservation of market rate rental housing that is affordable to lower income households.
- **HE-3.9 Geographic Dispersal.** Promote a balanced geographical dispersal of assisted affordable housing developments and associated supportive social services for individuals and households throughout the community.

Housing Element Program Changes

The Draft Housing Element has 24 programs with objectives. Some programs have been renumbered, others combined into different programs, and others eliminated due to a lack of funds. The major program changes include:

Changes to the Municipal Code

- Program #10: Inclusionary Housing - An objective will be established to review current ordinance to determine if inclusionary requirements can and should be increased in transit oriented development districts.
- Program #11: Potential Constraints - Under this program an objective will be to review the Zoning Code for possible amendments to address changes in State Law regarding residential definitions, such as transition housing and permanent supportive housing.
- Program #12: Housing Incentives - Two new objectives were added including, considering changes to the Zoning Code to allow for a greater percentage of tandem parking and changes to the Zoning Code to allow for the uncoupling of parking costs from rental costs.
- Program #13: Alternative Housing Opportunities - The objective of reviewing the second unit ordinance is carried over from the previous Housing Element. Also included is a new objective, to consider a small lot Zoning Code amendment that would allow for small lots for home ownership.
- Program #16: Rental Housing Assistance - Because of issues raised by the community regarding the tenant protection ordinance, one of the objectives of this program is for staff to review the tenant protection ordinance and make any recommendations for possible strengthening to the City Council.

Other Major changes

- Program #9: Resource Conservation - A new program is established related to the new General Plan Guiding Principal that Pasadena will be a sustainable community.

- Program #17: Affordable Housing Preservation - This program has an objective that focus on the preservation of affordable housing and in particular affordable housing that is deed restricted. It encourages the City to look for methods to preserve market rate affordable housing.
- Program #24: Housing Education Efforts - This new program includes: Monitoring Program, Community/Commission Education, and Mid-cycle Housing Element review. The program calls for the City to continue to monitor the progress of the Housing Element, and to establish educational efforts to engage and inform the public, decision makers, and stakeholders about housing issues. It also calls for a mid-cycle review (in four years) of the Housing Element to review and adjust programs as needed.

PLANNING COMMISSION COMMENTS:

At the October 9th, Planning Commission meeting, a number of comments were made by the Commissioners. Several of their comments were incorporated into the final of the Draft Housing Element. These included:

- Change the name of Program #24 from Housing Education Efforts to Housing Education and Monitoring.
- Revise Program #11: Potential constraints to remove references to the Matrix Study and focus on possible changes in permit process.

The Commission made a recommendation that the City Council explore creating a structure to monitor the implementation of the Housing Element. Staff has developed an implementation schedule (Attachment F) for the various programs. Once the Final Housing Element is adopted, the implementation schedule will be worked into the two departments' workplans. Additionally, staff will develop a public outreach for the various changes to the zoning code and the municipal code.

NEXT STEPS:

Following this meeting, the Draft Housing Element will be sent to HCD for their comments. Once the comments from HCD are received, any modifications to the Housing Element will be prepared and the final will be brought to the Planning Commission on January 22, 2014 for a recommendation to the City Council. The City Council will review the final Housing Element on or before February 10, 2014.

COUNCIL POLICY CONSIDERATION:

The adoption of this recommendation allows for the Draft Housing Element to be reviewed by HCD. The adoption of the Housing Element establishes the programs that the City will implement regarding housing for the next eight years.

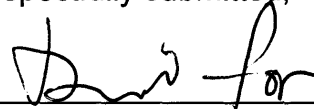
ENVIRONMENTAL:

An Initial Study will be prepared for the environmental clearance for the Draft Housing Element. The Initial Study and the Final Housing Element will be brought to the Planning Commission and City Council after the HCD review is completed.

FISCAL IMPACT:

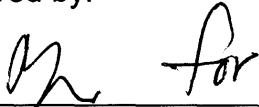
There is no fiscal impact as a result of this action and will not have any indirect or support cost requirements. The anticipated impact to other operational programs or capital projects as a result of this action will be minimal.

Respectfully submitted,



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for

MICHAEL J. BECK
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Attachments: (5)

- Attachment A - Draft Housing Element
- Attachment B - Community Outreach
- Attachment C - Memo on Fair Share Housing
- Attachment D - Responses to Community Issues
- Attachment E - Housing Element Tree Board
- Attachment F - Implementation Schedule