



Workshop Report

Housing Element
Draft Update
2021-2029
Workshop

06-23-21

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Subject: 2021-2029 Housing Element Draft Update Workshop

DISCUSSION: The City of Malibu is hosting a virtual workshop to encourage public participation and increase understanding and awareness regarding the preparation of the 2021-2029 Housing Element update.

The purpose of the virtual workshop is to discuss the Housing Element currently being drafted. During the workshop, members of the public will have an opportunity to ask questions and provide input on the preparation of the draft ordinance.

Background and Analysis

The purpose of this workshop is to provide community stakeholders with an overview of the State-mandated update to the Housing Element of the City's General Plan for the 2021-2029 planning period.

State Housing Element Requirements

State law requires each city to adopt a General Plan to guide land use and development. Among the various "elements" of the General Plan is the Housing Element, which establishes City policies and programs for maintaining and improving existing housing, as well as accommodating development of new housing to meet the City's assigned share of housing needs under the Regional Housing Needs Assessment (RHNA).

In addition to the Housing Element, the Malibu General Plan includes the following elements:

- 1.0 Land Use
- 2.0 Open Space and Recreation
- 3.0 Conservation
- 4.0 Circulation and Infrastructure
- 5.0 Safety and Health
- 6.0 Noise

The City's current Housing Element update was adopted in 2014. While many elements of the General Plan have a time horizon of approximately 20-25 years into the future, State law requires that the Housing Element be updated every 8 years. Housing Element planning periods are sometimes referred to as "cycles." The City's current Housing Element covers the planning period extending from 2013 to 2021, which is referred to as the "5th Housing Element cycle" in reference to the five required updates that have occurred since the comprehensive revision to State Housing Element law in 1980. Every city within the Southern California Association of Governments ("SCAG") region is required to prepare a Housing Element update for the 6th planning cycle, which spans the 2021-2029 period, regardless of when the other elements of the General Plan were adopted.

HCD Review and Certification

An important difference between the Housing Element and other elements of the General Plan is the extent of State oversight. Under California law, land use and development are generally within the authority of cities through the adoption of policies and regulations in General Plans and municipal codes. However, State law establishes many specific limitations on city land use authority with regard to housing.

The State legislature has also declared an adequate supply of housing to be a matter of statewide importance and has delegated authority to the California Department of Housing and Community Development ("HCD") to review local government Housing Elements and issue opinions regarding their compliance with State law. A finding of Housing Element compliance by HCD is referred to as "certification" of the Housing Element. Certification is important to enhance cities' eligibility for grant funds and also to support local land use authority.

HCD review of Housing Elements is required both prior to and after final adoption by the City Council.

Issues to be Addressed in the Housing Element

State law requires the Housing Element to address a number of issues including preservation of the existing housing stock, future housing needs of the community, resources and constraints affecting housing, and fair housing. The focus of the Housing Element is on the needs of lower-income persons, and special needs such as homelessness and persons with disabilities.

Typically, one of the issues that receives a high level of attention is whether the Housing Element demonstrates compliance with State law regarding the RHNA.

RHNA Requirements

One of the most important requirements of State Housing Element law is that each city must adopt land use plans and regulations that create sufficient opportunities for residential development to accommodate its assigned share of statewide housing need. The RHNA is the process by which each city's need for additional housing is determined.

Prior to each Housing Element planning cycle the region's total housing need is established by HCD based primarily on population growth trends and existing housing problems such as overcrowding and overpayment. The total housing need for the Southern California region is then distributed to cities and counties by the Southern California Association of Governments (SCAG) based upon criteria established in State law. The SCAG region includes Los Angeles, Orange, Riverside, San Bernardino, Imperial and Ventura counties.

In late 2019, HCD issued a RHNA determination of 1,341,827 additional housing units for the SCAG region during the 2021-2029 period. Following HCD's RHNA determination, SCAG prepared a methodology for distributing the total RHNA to jurisdictions in the region consistent with criteria established in State law. In early 2020 SCAG's Regional Council adopted the RHNA methodology and the final RHNA Plan was adopted on March 4, 2021.

Housing needs allocated through the RHNA process are distributed among the income categories as shown in the following table.

Table 1. RHNA Income Categories

Income Category	% of County Median Income
Extremely low*	Up to 30%
Very low*	31-50%
Low	51-80%
Moderate	81-120%
Above moderate	Over 120%

Source: California Government Code Sec. 65584(f)

*RHNA allocations for the extremely-low and very-low categories are combined into a single number

Affordable housing rents and purchase prices are determined based on State policy that households should not have to pay more than 30% of their gross income for suitable housing. Affordable housing costs for all jurisdictions in Los Angeles County that correspond to the various income categories are shown in Table 2. Affordability numbers are adjusted each year based on the countywide median income and family size. Table 2 provides the current figures for a 4-person family in Los Angeles County. Income limits and affordable cost are adjusted up or down based on family size.

Table 2. Income Categories and Affordable Housing Costs – Los Angeles County

Income Category	Maximum Income	Affordable Rent	Affordable Price (est.)
Extremely low	\$35,450	\$886	*
Very low	\$59,100	\$1,478	*
Low	\$94,600	\$2,365	*
Moderate	\$96,000	\$2,400	\$375,000
Above moderate	>\$96,000	>\$2,400	>\$375,000

Assumptions:

-Based on a family of 4 and 2021 State income limits

-30% of gross income for rent or principal, interest, taxes & insurance plus utility allowance

-10% down payment, 3.75% interest, 1.25% taxes & insurance, \$350 HOA dues

* For-sale affordable housing is typically at the moderate-income level

Source: Cal. HCD; JHD Planning LLC

Table 3 shows the RHNA allocations for Malibu, Los Angeles County, and the SCAG region.

Table 3. 6th Cycle RHNA – Malibu, Los Angeles County and SCAG Region

	Malibu	Los Angeles County	SCAG Region
Additional housing need 2021-2029 (units)	79	812,060	1,341,827

Source: SCAG, March 4, 2021

The RHNA also allocates total housing need to the income categories described in Table 2 (the extremely-low and very-low categories are combined for RHNA purposes). The 6th cycle RHNA allocation by income category for Malibu is shown in Table 4.

Table 4. 6th RHNA by Income Category – Malibu

Very Low	Low	Moderate	Above Moderate	Total
28	19	17	15	79

Source: SCAG, March 4, 2021

The RHNA identifies the amount of additional housing at different price levels a jurisdiction would need to fully accommodate its existing population plus its assigned share projected growth over the next 8 years while avoiding problems like overcrowding and overpayment. The RHNA is a planning requirement based upon housing need, *not a construction quota or mandate*. The primary significance of the RHNA is that jurisdictions are required to adopt land use plans and development regulations that create sufficient opportunities for additional housing development commensurate with the RHNA allocation. Under current law, cities are not penalized if actual housing production does not achieve the RHNA allocation, but cities may be required to streamline the approval process for qualifying housing developments that meet specific standards (such as affordability and prevailing wage labor requirements) if housing production falls short of the RHNA allocation.

The Housing Element must demonstrate compliance with the RHNA by analyzing the city’s capacity for additional housing based on an evaluation of land use patterns, development regulations, potential constraints (such as infrastructure availability and environmental conditions) and real estate market trends. The analysis must be prepared at a parcel-specific level of detail and identify properties (or “sites”) where additional housing could be built under current regulations. State law requires that the sites analysis demonstrate that city land use plans and regulations provide adequate capacity to fully accommodate its RHNA allocation in each income category. If the current development capacity is not sufficient to fully accommodate the RHNA, the Housing Element must describe proactive steps the City will take to increase housing capacity commensurate with the RHNA –

typically through amendments to land use plans and development regulations that could facilitate production of additional housing. Such amendments generally include increasing allowable residential densities, modifying other development standards, or allowing housing to be built in areas where residential development is not currently allowed, such as areas zoned for commercial use. *It is important to note that neither cities nor property owners are required to develop additional housing on the sites identified in the Housing Element, or to provide funding for housing development.*

Future accessory dwelling units (ADUs) can also satisfy a portion of the RHNA allocation based on permit trends and city ADU regulations.

As part of the Housing Element update, the current capacity for additional housing will be analyzed to determine whether capacity is sufficient to accommodate the RHNA allocation at each income level. Staff's preliminary analysis suggests that based on current zoning, there is adequate capacity to fully accommodate the RHNA allocation in all income categories.

Next Steps:

Over the next few months staff will prepare a draft Housing Element for review by the Planning Commission, City Council, community stakeholders and HCD, and additional public meetings will be held to solicit comments and discuss policy options. Draft Housing Elements must be submitted to HCD for review, and cities are required to address comments raised by HCD when the Housing Element is adopted.

Opportunities For Public Involvement:

Additional materials regarding the Housing Element update process, including a Housing Element FAQ, meeting notices and draft documents, will be posted on the City's Housing Element website at: <https://www.malibucity.org/HousingElement>. Interested parties may also ask to be added to the City's Housing Element interest list or submit questions or comments throughout the Housing Element update process by email to Justine Kendall, Associate Planner at jkendall@malibucity.org.

ATTACHMENT: None