

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

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December 2, 2021

Vanessa Reynoso, Deputy Director
Community Development Department
City of Alhambra
111 South First Street
Alhambra, CA 91801

Dear Vanessa Reynoso:

RE: City of Alhambra's 6th Cycle (2021-2029) Draft Housing Element

Thank you for submitting the City of Alhambra's (City) draft housing element received for review on October 5, 2021. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from Henry Fung; Paul Talbot; Our Future LA; Alexander M. DeGood-Cox; Castle Nicholson; Abundant Housing LA and YIMBY Law pursuant to Government Code section 65585, subdivision (c).

The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code). The enclosed Appendix describes the revisions needed to comply with State Housing Element Law.

As a reminder, the City's 6th cycle housing 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.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), if a local government fails to adopt a compliant housing element within 120 days of this statutory deadline, then any rezoning to accommodate the regional housing needs allocation (RHNA), including for lower-income households, shall be completed no later than one year from the statutory deadline. Otherwise, the local government's housing element will no longer comply with State Housing Element Law and HCD may revoke its finding of substantial compliance pursuant to Government Code section 65585, subdivision (i).

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.

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 should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate.

HCD appreciates the dedication and hard work the housing element team provided during the review. We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions, please contact Gerlinde Bernd, of our staff, at Gerlinde.Bernd@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall". The signature is stylized and cursive.

Paul McDougall
Senior Program Manager

Enclosure

APPENDIX CITY OF ALHAMBRA

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).)

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). Programs should be revised depending on the outcomes of a complete evaluation of effectiveness of prior programs. For additional information and sample analysis, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/getting-started/review-revise.shtml>.

B. Housing Needs, Resources, and Constraints

1. *Affirmatively further[ing] fair housing (AFFH) 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).)*

Enforcement and Outreach: The element generally describes the outreach efforts related to the recent Analysis of Impediments to Fair Housing Choice (AI), various data sources (p. 111) and surveys. However, the element could also summarize the results of those outreach efforts to better formulate goals and actions. In addition, the analysis must address compliance with existing fair housing laws as well as any past or current fair housing lawsuits, findings, settlements, judgements, or complaints.

Integration and Segregation: While the element provides analysis utilizing dissimilarity and isolation indices, it should utilize additional data sources to evaluate patterns and trends within the City, specifically for race, disability, and familial status. For example, the City could utilize the HCD affirmatively furthering fair housing (AFFH) Data Viewer. In addition, the element should analyze dissimilarities at a regional scale (comparing city-wide data to regional level data) for disability and familial status.

Disproportionate Housing Needs, Including Displacement: The element includes some local data on cost burdened households (overpayment) and overcrowding. However, the element must also evaluate patterns and trends within the City and at a regional scale for overpayment, overcrowding and housing conditions and should address impacts on protected characteristics and access to opportunity for persons experiencing homelessness.

Other Relevant Factors: The element must include other relevant factors that contribute to fair housing issues in the jurisdiction. For instance, the element can analyze historical land use, zoning, governmental and nongovernmental spending, including transportation investments, history of lending practices and demographic trends.

Contributing Factors: The element must list and prioritize contributing factors to fair housing issues. While the element lists some fair housing issues, it generally does not list and prioritize contributing factors. Contributing factors create, contribute to, perpetuate, or increase the severity of fair housing issues and are fundamental to developing adequate goals and actions. Examples include community opposition to affordable housing, housing discrimination, land use and zoning laws, lack of regional cooperation, location and type or lack of affordable housing, and lack of public or private investment in areas of opportunity or affordable housing choices.

Sites Inventory and AFFH: The element discusses that most sites to accommodate housing for lower-income households is identified in moderate or high resource areas, but it should also address the number of units and impact of those units on existing patterns for all income groups (e.g., lower, moderate, and above-moderate) to better evaluate whether sites foster inclusive communities. **In addition, this analysis should address the other components of the fair housing assessment (e.g., segregation and integration and disproportionate housing needs, including displacement risk).**

Goals, Priorities, Metrics, and Milestones: Based on the outcomes of a complete analysis, the element must be revised to add or modify goals and actions accordingly. Goals and actions must specifically respond to the analysis and to the identified and prioritized contributing factors to fair housing issues and must be significant and meaningful enough to overcome identified patterns and trends. Actions must have appropriate metrics and milestones and must address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection. For further guidance, please visit HCD's Affirmatively Furthering Fair Housing in California webpage at <https://www.hcd.ca.gov/community-development/affh/index.shtml>.

- 2. Include an analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected needs for all income levels, including extremely low-income households. (Gov. Code, § 65583, subd. (a)(1).)*

Extremely Low-Income (ELI) Households: While the element reports some numerical information for extremely low-income households, it must still identify their projected housing needs and analyze existing housing needs. This is particularly important given the unique and

disproportionate housing needs of ELI households. For example, the element should analyze tenure, cost burden, overcrowding and other household characteristics then examine trends and the availability of resources to determine the magnitude of gaps in housing needs. The projected housing need for ELI households can be calculated by using available census data to determine the number of very low-income households that qualify as ELI households or presume that 50 percent of the regional housing need allocation (RHNA) for very low-income households qualify as ELI households.

For additional information, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/housing-needs/extremely-low-income-housing-needs.shtml>.

3. *Include an analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition. (Gov. Code, § 65583, subd. (a)(2).)*

Housing Conditions: The element identifies the age of the housing stock, but it should also include an estimate of the number of units in need of rehabilitation and replacement. For example, the analysis could include estimates from a recent windshield survey or sampling, estimates from the code enforcement agency, or information from knowledgeable organizations.

4. *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).)*

Progress toward the (RHNA): The City's RHNA may be reduced by the number of new units pending, approved, permitted, or built since July 1, 2021 by demonstrating availability and affordability based on rents, sale prices or other mechanisms ensuring affordability (e.g., deed restrictions). The element lists and describes several projects that represent 1,163 units (p. 167) but it still must demonstrate the affordability of these units as described above and address any inconsistency between the project listings and descriptions. In addition, the element must demonstrate the availability of these units in the planning period or remove sites or units as appropriate. This is particularly important given the recent denial of The Villages at The Alhambra that represents over two-thirds of the listed number of units.

Parcel Listing: The element lists parcels by various factors such as size and zoning. However, the listing must also include sites by general plan designation.

Realistic Capacity: The element assumes 90 percent of maximum allowable densities to calculate residential capacity on identified sites and lists several examples of recent developments, but it should also list those sites by affordability (e.g., deed restricted, market rate). In addition, if future sites with anticipated zoning allow 100 percent non-residential uses, the element should include an analysis to account for the likelihood of 100 percent non-residential uses occurring on identified sites. The analysis should be based on factors such as development trends, performance standards or other relevant factors. For example, the element could analyze all recent development activity in

comparable non-residential zones, how often residential development occurs and adjust residential capacity calculations, policies, and programs accordingly.

Nonvacant Sites: The element explains, among several other indicators, that the potential of additional development on nonvacant sites is based on (1) age of improvements, (2) redevelopment indicators (land to improvement value ratio), (3) residential redevelopment factors and (4) existing uses. While the inventory lists the value for redevelopment indicators, it should also list the value for the other indicators. In addition, the element should expand the discussion of redevelopment trends to support these assumptions and adjust calculations if appropriate.

In addition, 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.

Small Sites: The element identifies a significant number of sites at less than a half-acre. These sites are not eligible absent a demonstration that sites of equivalent size and affordability were successfully developed during the prior planning period or unless other evidence is provided. The element lists recent projects from throughout the broader area, but the listing does not address the projects' affordability or relationship to the inventory. The element also states the necessity for lot consolidation and the inventory indicates which sites might have potential for consolidation. However, the element should include analysis to demonstrate the potential for consolidation. For example, the analysis could describe the conditions rendering parcels suitable and ready for lot consolidation, common ownership or information from the owners of each aggregated site. Based on the outcomes of this analysis, the element should add or modify programs.

Environmental Constraints: While the element generally describes a few environmental conditions within the City (p. 101), it must include a discussion relative to identified sites and describe any known environmental or other conditions that could impact housing development on identified sites in the planning period.

Infrastructure: The element mentions the urban water management plan and sewer collection system. However, it must also clarify sufficient total water and sewer capacity (existing and planned) to accommodate the regional housing need.

In addition, water and sewer service providers must establish specific procedures to grant priority water and sewer service to developments with units affordable to lower-income households. (Gov. Code, § 65589.7.) Local governments are required to immediately deliver the housing element to water and sewer service providers. The element should discuss compliance with these requirements and if necessary, include a program to establish a written procedure by a date early in the planning period. For additional information and sample cover memo, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/other-requirements/priority-for-water-sewer.shtml>.

Electronic Sites Inventory Form: 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. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml> for a copy of the form and instructions. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance. Please note, upon adoption of the housing element, the City must submit an electronic version of the sites inventory with its adopted housing element to sitesinventory@hcd.ca.gov.

Accessory Dwelling Units (ADUs): The element assumes 75 ADUs per year for a potential buildout of 600 units within the planning period. According to HCD records, the City has permitted an average of 16 units per year since 2018, which is far less than the 75 units assumed in the element. The trends used in the element appear inconsistent with HCD records and, further, do not support an assumption of 75 ADUs per year. To support assumptions for ADUs in the planning period, the element should reconsider assumptions, reconcile trends with HCD records, include additional information, such as more recent permitted units and inquiries, resources and incentives, other relevant factors, and modify policies and programs as appropriate.

Zoning for a Variety of Housing Types:

- Emergency Shelters: The element mentions emergency shelters are permitted in the Valley Boulevard Corridor Specific Plan and Industrial Planned Development Zones. The element should also clarify shelters are permitted without discretionary action and address proximity to transportation and services and any conditions inappropriate for human habitability.
 - Transitional and Supportive Housing: Transitional housing and supportive housing must be permitted as a residential use in all zones allowing residential uses and only subject to those restrictions that apply to other residential dwellings of the same type in the same zone. The element explains these uses are considered a residential use but then also indicates the uses are subject to a conditional use permit (CUP) if for seven or more persons, unlike other residential uses. The element should either demonstrate compliance with Government Code section 65583, subdivision (a)(5) or add or revise programs for compliance.
5. *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).)*

Land-Use Controls: The element must identify and analyze all relevant land use controls impacts as potential constraints on a variety of housing types. The analysis should analyze land use controls independently and cumulatively with other factors. The analysis should specifically address requirements related to multifamily parking requirements, including

garages. The analysis should address any impacts on cost, supply, housing choice, affordability, timing, approval certainty and ability to achieve maximum densities and include programs to address identified constraints.

Fees and Other Exactions: The element lists development fees for single family, multifamily and mixed-use development but it should also incorporate impact fees and evaluate impacts as potential constraints on housing cost and supply.

Local Processing and Permit Procedures: While the element briefly describes some local processing and permit procedures (p. 100), it must evaluate the processing and permit procedures' impacts as potential constraints on housing supply, affordability, timing, and approval certainty. Specifically, the analysis should address approval procedures and findings for the Residential Planned Development permit including the number of public hearings, approval findings and any other discretionary approval procedures.

Constraints on Housing for Persons with Disabilities: Group homes for seven or more persons appear to be excluded from some zones allowing residential uses and are subject to a CUP. The element should evaluate these requirements as constraints and include programs as appropriate.

Zoning, Development Standards and Fees: The element must clarify compliance with new transparency requirements for posting all zoning, development standards and fees on the City's website and add a program to address these requirements, if necessary.

6. *An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, the cost of construction, the requests to develop housing at densities below those anticipated in the analysis required by subdivision (c) of Government Code section 65583.2, and the length of time between receiving approval for a housing development and submittal of an application for building permits for that housing development that hinder the construction of a locality's share of the regional housing need in accordance with Government Code section 65584... (Gov. Code, § 65583, subd. (a)(6).)*

The element must be revised to include analysis of requests to develop housing at densities below those anticipated in the sites inventory and the length of time between receiving approval for a housing development and submittal of an application for building permits. The analysis must address any potential hinderances on the construction of a locality's share of the regional housing need.

7. *Analyze existing assisted housing developments that are eligible to change to non-low-income housing uses during the next ten years due to termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions. (Gov. Code, § 65583, subd. (a)(9) through 65583(a)(9)(D).)*

The element identifies assisted housing developments with funding sources that expire during the planning period (p. 49), but it must also provide an analysis. The analysis of "at-risk" units must include the following:

- Listing of each development by project name and address;
- Type of governmental assistance received;
- Earliest date of change from low-income use;
- Total number of elderly and non-elderly units;
- Estimated total cost for producing, replacing and preserving the units at-risk;
- Identification of public and private non-profit corporations known to the City to have the legal and managerial capacity to acquire and manage at-risk units; and
- Identification and consideration of use of federal, state and local financing and subsidy programs.

For additional information and sample analysis, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/housing-needs/assisted-housing-developments.shtml> and for more information on identifying units at-risk, see the California Housing Partnership Corporation at <http://www.chpc.net>.

C. Housing Programs

1. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land use and development controls, the provision of regulatory concessions and incentives, and the utilization of appropriate federal and state financing and subsidy programs when available. The program shall include an identification of the agencies and officials responsible for the implementation of the various actions. (Gov. Code, § 65583, subd. (c).)*

To have a beneficial impact in the planning period and address the goals of the housing element, programs must be revised with discrete timelines and specific commitment. Programs that should be revised with discrete timelines include Programs 1 (Housing Rehabilitation), 10 (Cooperation with Affordable Housing Developers), 11 (Expand Affordable Housing Funding), 20 (Adaptive Reuse), 24 (Reduce Development Constraints for Affordable Housing) and 25 (Housing Production Education). Programs to revised with specific commitment include:

- *Program 19 (City-owned Land)*: The Program should consider steps beyond “inventory and assess” and include a schedule of actions to facilitate development.
- *Program 22 (Lot Consolidation and Assemblage)*: The Program should go beyond exploring actions or exploring acquisition opportunities and identify and implement actions by a specified date. The Program should also include a specific date for adopting incentives.
- *Program 23 (ADUs)*: The element should include subsequent actions (e.g., rezone) within a specified time if ADUs are not permitted as assumed in the element.
- *Program 24 (Reduce Development Constraints for Affordable Housing)*: The element identifies several constraints such as development standards (p. 78), RPD (p. 79) and emergency shelter development standards (p. 88). In response, Program 24 lists

standards that “may” be revised. However, this Program should include specific commitments to amend standards and procedure as noted in the element.

- *Program 26 (Development Streamlining):* The Program should consider a timeline earlier in the planning period (e.g., 1-2 years) and actions beyond “explore” to streamline procedures.

2. *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 to accommodate that portion of the city’s or county’s share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory completed pursuant to paragraph (3) of subdivision (a) without rezoning, and to comply with the requirements of Government Code section 65584.09. Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding B4, the element does not include a complete site analysis; therefore, the adequacy of sites and zoning was not established. 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, Program 16 (Rezone and Upzone Strategies) should be amended to ensure compliance with all by-right requirements pursuant to Government Code section 65583.2, subdivisions (h) & (i).

3. *The housing element shall contain programs which assist in the development of adequate housing to meet the needs of extremely low-, very low-, low- and moderate-income households. (Gov. Code, § 65583, subd. (c)(2).)*

While the element includes programs to assist in the development of very low-, low-, and moderate-income households, it must also include a program(s) to assist in the development of housing for ELI and all special needs households (e.g., elderly, homeless, farmworkers, persons with disabilities, female-headed households). Program actions could include proactive outreach and assistance to non-profit service providers and developers, prioritizing some funding for housing developments affordable to ELI and special needs households and offering financial incentives or regulatory concessions to encourage a variety of housing types.

4. *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 B5 and B6, the element requires a complete analysis of potential governmental and non-governmental constraints. Depending upon the results of that

analysis, the City may need to revise or add programs to address and remove or mitigate any identified constraints.

5. *Promote and affirmatively further fair housing 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 protected by the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2), Section 65008, and any other state and federal fair housing and planning law. (Gov. Code, § 65583, subd. (c)(5).)*

As noted in Finding B1, the element does not contain programs that satisfy the AFFH requirements for specific and meaningful actions to overcome fair housing issues. Based on a complete analysis, the element must add or revise programs.

D. Quantified Objectives

Establish the number of housing units, by income level, that can be constructed, rehabilitated, and conserved over a five-year time frame. (Gov. Code, § 65583, subd. (b)(1 & 2).)

While the element includes quantified objectives for construction, rehabilitation and conservation, it must also address these objectives for extremely low-income households.

E. 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).)

While the element includes a general summary of the public participation process, it must also summarize the public comments and describe how they were considered and incorporated into the element.