



# 2021-2029 HOUSING ELEMENT UPDATE

## FREQUENTLY ASKED QUESTIONS

### 1. What is Included in the Housing Element?

The Housing Element is comprised of the following major components:

- Review of effectiveness of existing Housing Element
- Assessment of existing and projected housing needs
- Identification of resources – financial, land, administrative
- Evaluation of constraints to housing
- Housing Plan – goals, policies and programs

Results from each of the four key components of the analysis -- review & revise, housing needs, resources, and constraints -- are reflected in the Housing Element's goals, policies and programs in the implementation plan. The entire process must reflect public participation from the draft stage to final adoption.

### 2. Why does Sierra Madre have to plan for more housing?

Based on California's continued population growth, the State Department of Housing and Community Development (HCD) estimates that the state needs upwards of 200,000 housing units per year in order to maintain a healthy housing sector. Currently, the market is producing less than half of that amount. This scarcity has driven California's housing costs to be the highest in the nation, prohibiting occupations like teachers, nurses, public safety officers and younger professionals the ability to afford owning a home, essential for building a stronger and vibrant economy.

California law requires each city and county to plan for their "fair share" of the State's housing growth needs. Based on economic and demographic forecasts, the State has determined that the Southern California Association of Governments (SCAG) region needs to accommodate 1,341,827 housing units between 2021 and 2029 to meet housing demand.

### 3. How much new housing will Sierra Madre need to plan for in the next 8-year Housing Element cycle?

SCAG has allocated the region's 1,341,827 housing unit growth needs to each city and county through a process called the Regional Housing Needs Assessment (RHNA). Sierra Madre's draft RHNA for the 2021-2029 planning period (6th RHNA cycle) is 886 units, distributed among the following income categories:

Income Level	Percent of Area Median Income (AMI)	2020 Income (3 ppl hh)	Units	Percent
Very Low	31-50%	\$50,700	79	39%
Low	51-80%	\$81,100	39	19%
Moderate	81-120%	\$83,500	35	17%
Above Moderate	120%+	> \$83,500	51	25%
<b>TOTAL</b>			<b>204</b>	<b>100%</b>

The RHNA represents the minimum number of housing units Sierra Madre is required to plan for in its Housing Element by providing “adequate sites” through general plan and zoning. The State requires that jurisdictions create a sufficient buffer in the Housing Element sites inventory beyond that required by the RHNA to ensure adequate site capacity exists throughout the planning period.

#### **4. What is the City’s obligation to accommodate its Regional Housing Need (RHNA), and what happens if at the end of the Housing Element cycle if the City falls short of its RHNA goals?**

The City’s RHNA represents a planning target and is not a building quota. However, the City must provide sufficient sites, which are realistic and probable for housing development within the prescribed timeframe, and the City cannot impose constraints to development. Otherwise, if the City falls short of its RHNA goals, the City can be penalized. For example, in jurisdictions that did not permit enough housing consistent with RHNA goals for the current (5th Cycle) planning period, residential projects that meet certain conditions may proceed under a streamlined approval process with no public hearings.

#### **5. What was Sierra Madre’s RHNA for the 2014-2021 (5th Cycle) planning period, and how did the City accommodate this need?**

The City’s 2014-2021 RHNA was for 55 total new housing units, including 32 affordable units (very low, low and moderate income). The City was able to demonstrate the availability of adequate sites using a combination of the following methods:

- Already approved residential development projects (having zoning entitlements)
- Vacant residentially zoned sites
- Underutilized residentially zoned sites
- Accessory Dwelling Units (both new units and units permitted under an amnesty program)

Sierra Madre’s residential sites inventory from the above sources provided capacity for up to 186 additional units, including sites suitable for development of 33 lower income units, 34 moderate-income units, and 119 above moderate-income units.

#### **6. How is affordable housing defined?**

State and Federal definitions of housing affordability are generally based on the standard of spending no greater than 30% of household income on housing costs, including utility payments, taxes, insurance, homeowner association fees, etc. Affordable housing is relative to the amount households of different income levels and sizes can afford to pay for housing. For example, the 2020 maximum affordable rent for a very-low income, 3-person household (2-bedroom unit) in Los Angeles County is approximately \$1,268, whereas affordable rent for a 3-person, low-income household is approximately \$2,028.

#### **7. In addition to providing sufficient sites to address the total RHNA, how does the City’s zoning translate to providing adequate sites for each RHNA income category?**

Housing Element law provides for the use of “default densities” to assess affordability when evaluating the adequacy of sites to address the RHNA affordability targets. Based on its population within Los Angeles County, Sierra Madre falls within the default density of 20 units per acre for providing sites suitable for development of housing for very low- and low-income households, and 12 units/acre for sites suitable for moderate income households. This is generally consistent with the default density approach that applied when the City updated the Housing Element in 2014, except that for this new 6th RHNA cycle housing sites will need to be designated and zoned with a minimum allowable density at these levels to count toward the associated lower and moderate income categories.

## 8. What do communities do when they run out of vacant and buildable land?

Communities with little or no remaining vacant land are not exempt from RHNA -- they must still update their Housing Element to accommodate their designated fair share of the regional housing need. In these cases, the Housing Element may evaluate existing developed properties as "underutilized sites". Such properties may be available for intensification, or they may be non-residential sites with potential for re-designation and redevelopment for housing or mixed-use development. Examples of land with potential for recycling may include fragmented sites suitable for assembly, publicly owned surplus land, areas with mixed-use potential, properties facing substantial functional obsolescence, and blighted areas with abandoned or vacant buildings. Accessory dwelling units also provide a means of accommodating additional housing in built-out communities. Under limited circumstances, a portion of the City's RHNA may be met through conversion of existing market rate apartments to affordable levels; preservation of affordable units at-risk of conversion to market rate; and substantial rehabilitation of substandard apartment units combined with long term affordability covenants.

## 9. What happens if Sierra Madre does not have its Housing Element certified by the State Department of Housing and Community Development (HCD)?

There are a number of potentially significant consequences:

- Risk of litigation from housing advocacy groups, an aggrieved housing developer, or other entity or person based on the City having a legally inadequate General Plan. If courts rule the Housing Element invalid, they can impose a range of sanctions including placing State HCD into the role of reviewing and approving housing development projects in the City, or having such matters decided ministerially (no hearings) via a court-appointed official; and placing a moratorium on issuance of building permits and other local land use authorities until the Housing Element is brought into compliance. Furthermore, the jurisdiction is responsible for paying the litigant's attorney fees. Settlement agreements between the parties often include stipulations for mandatory rezoning and affordable housing production requirements.
- State housing and related parks and infrastructure grant and loan funds typically require verification of Housing Element compliance for eligibility, so failure to secure an HCD certification can result in a loss of funding.
- And where a jurisdiction's prior Housing Element failed to identify adequate sites to address the RHNA, this unmet RHNA carries over to the next Housing Element, rendering HCD compliance in future housing element cycles tremendously challenging.

AB 72 now expands HCDs enforcement authority to refer non-compliant jurisdictions to the State Attorney General's Office for litigation, as evidenced by the 2019 lawsuit the State brought against the City of Huntington Beach.