



Affordable Housing Strategic Planning Study Session

March 24, 2022

Agenda



- *Background*
- *Overview of Affordable Housing*
- *Community Outreach*
- *Affordable Housing Efforts Currently Underway*
- *Overview of Housing Programs from the Housing Element*
- *Options to Encourage Affordable Housing*
- *Next Steps*
- *Feedback and Q&A*

BACKGROUND



- 11/20/20: RFQ for Affordable Housing Development & Administrative Services.
- 02/16/21: ENA with Many Mansions (MM) to be the City's Affordable Housing Services Provider.
- 10/05/21: Executed a Professional Services Agreement with MM to provide (at "no cost") an Affordable Housing Strategic Plan (AHSP).
 - ❖ Emphasis on meeting Regional Housing Needs Assessment (RHNA) goals.
- MM worked with city staff/consultants to review the Housing Element (HE); Pacific Coast Commons Development Agreement; & participate in various pro-housing strategies.
- AHSP will effectuate & augment the Housing Programs identified in the HE.



A 'Snapshot' of Many Mansions.....

- Nonprofit Affordable Housing & Service Provider
- 43 Years of experience
- 70+ staff members and volunteer Board of Directors
- Owner/property manager of 16 affordable housing apartment communities in Southern California
 - ❖ 538 apartment homes
 - ❖ 1,400+ low-, very low- and extremely-low income residents served
 - ❖ Leader in Supportive Housing
- 4 developments (226 apartments) in construction & another 300+ affordable apts. in development
- Provide free, 'life enriching' service programs for residents
- Affordable Housing Developer of Year (2020)



Hillcrest Villas (60 apartments for families, Thousand Oaks)



City Requirements (RHNA)

Regional Housing Needs Assessment (RHNA) 2021-2029

Income Category	5 th Cycle Carryover	6 th Cycle RHNA	Total RHNA	Percent
Extremely/Very Low Income (ELI/VLI)	18	189	207	39.7%
Low Income (LI)	11	88	99	19.0%
Moderate Income	0	84	84	16.1%
Above Moderate Income	0	131	131	25.1%
Total	29	492	521	100.0%

Note: The City has a RHNA allocation of 207 very low income units (inclusive of extremely low income units). Pursuant to State law (AB 2634), the City must project the number of ELI housing needs based on Census income distribution or assume 50% of the VLI units as extremely low. Assuming an even split, the City's RHNA allocation of 207 VLI units may be divided into **104 very low and 103 ELI units**. However, for purposes of identifying adequate sites for the RHNA allocation, State law doesn't mandate the separate accounting for the ELI category.

Source: Southern California Association of Governments (SCAG), 6th Cycle Final RHNA Allocation Plan, 2021.

Consequences of Noncompliance

Risk of litigation (AB 72, AB 101)

1. HCD monitors for noncompliance and reports to Attorney General (AG)
2. Court can impose fines up to \$100,000/month
3. Huntington Beach sued by AG for continued inaction and settled
4. Pleasanton sued by AG and was suspended from issuing building permits for over one year
5. Pomona and San Clemente sued by nonprofits

Ineligibility for State grants

1. SB 2 grant
2. Other infrastructure/transportation funds being considered

What is Affordable Housing?



- Deed restricted housing for moderate-income ($\leq \$153,240$), low-income ($\leq \$94,560$), or very low-income ($\leq \$59,100$) households based on family size & median income level for L.A. County.
- Includes housing for many of our essential workers
- Residents pay ~30% of the monthly household income for rent & utilities.
- Applicants undergo a more vigorous qualification process (e.g. criminal history check) than market-rate developments.
 - ❖ *MM will help monitor affordable housing commitments*
- Often built by nonprofits or civically-minded for-profits.
- Design, quality, and amenities meet or exceed market-rate developments.
- Often have “free” on-site services



Ormond Beach Villas, 40 apartments for Vets, Oxnard

What Affordable Housing Looks Like



Hillcrest Villas, 60 apartments, Thousand Oaks



Hacienda de Feliz, 25 apartments, Thousand Oaks



Walnut Street, 24 apartments, Moorpark



Ormond Beach Villas, 40 apartments, Oxnard



Mountain View, 77 apartments, Fillmore



Vista Campanario, 60 Apts. & 8 For-sale, Camarillo

Why Do We Need More Affordable Housing?



- No apartments built in the past 40 years
- Zero affordable housing units per Gov. Code § 65583 (A) (8)
- Naturally occurring affordable housing often is or becomes dilapidated, overcrowded, or lost to market forces
- 40% of residents are moderate-income & 25% are low-income
- 7.8% (1,306) of residents living in poverty, 7.8% (1,306) are disabled, & 0.3% (>50 people) are homeless
- Median sales price for a SFH is ~\$1.5 million
- At a max. affordable purchase price of ~\$347,334, unlikely a low-income household could afford even a small condominium.

Benefits of Affordable Housing



1. Allows lower-income persons, seniors, and children who grew up In El Segundo to stay in their community
2. Improves educational outcomes of lower-income adults and children
3. Reduces incarceration and recidivism
4. Improves health outcomes
5. Permanent supportive housing for the homeless produces significant savings on the healthcare & public safety systems (police/fire)
6. Boosts local economic activity via construction related employment + ongoing jobs & consumer driven jobs in the local economy
7. Access to affordable housing improves an employer's ability to attract and retain employees and remain competitive the in global economy

Housing-Related Community Outreach Efforts

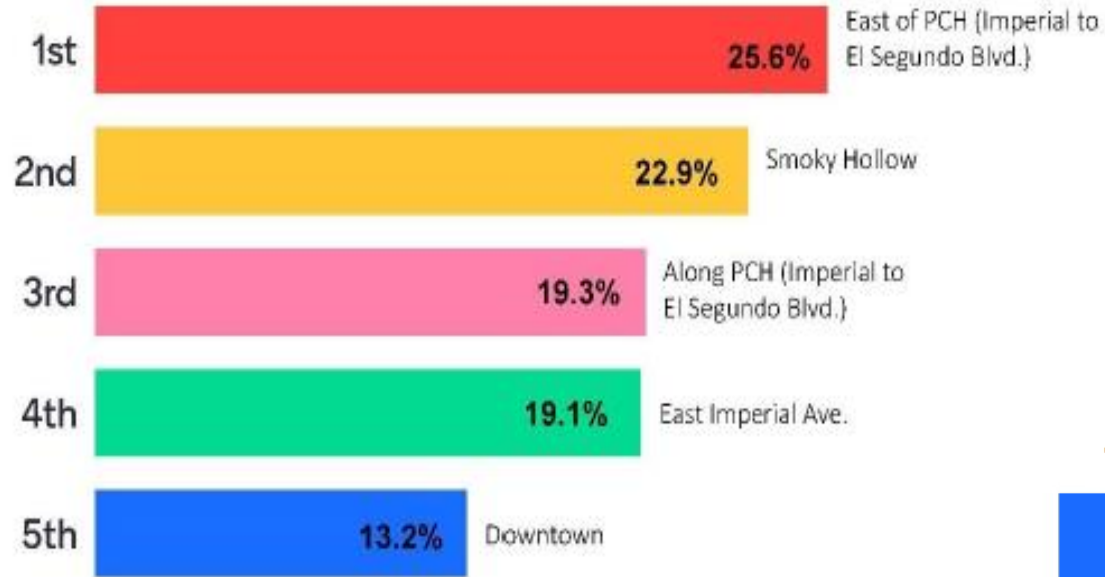


- Community Meeting on 4/13/21
- City webpage for HE Update
- Community survey - Over 500 survey participants
- YouTube Video regarding HE Update
- Social media (Facebook, Twitter, City's website, etc.)
- Postcards to agencies, local business, non-profits, & religious facilities
- Notices published in El Segundo Herald on April 8, May 13, & June 10, 2021
- Joint Planning Commission/City Council mtg. on 6/14/21
- Planning Commission review of Housing Element on 9/30/21 & 1/13/22
- City Council review & adoption of the Housing Element on 2/1/22

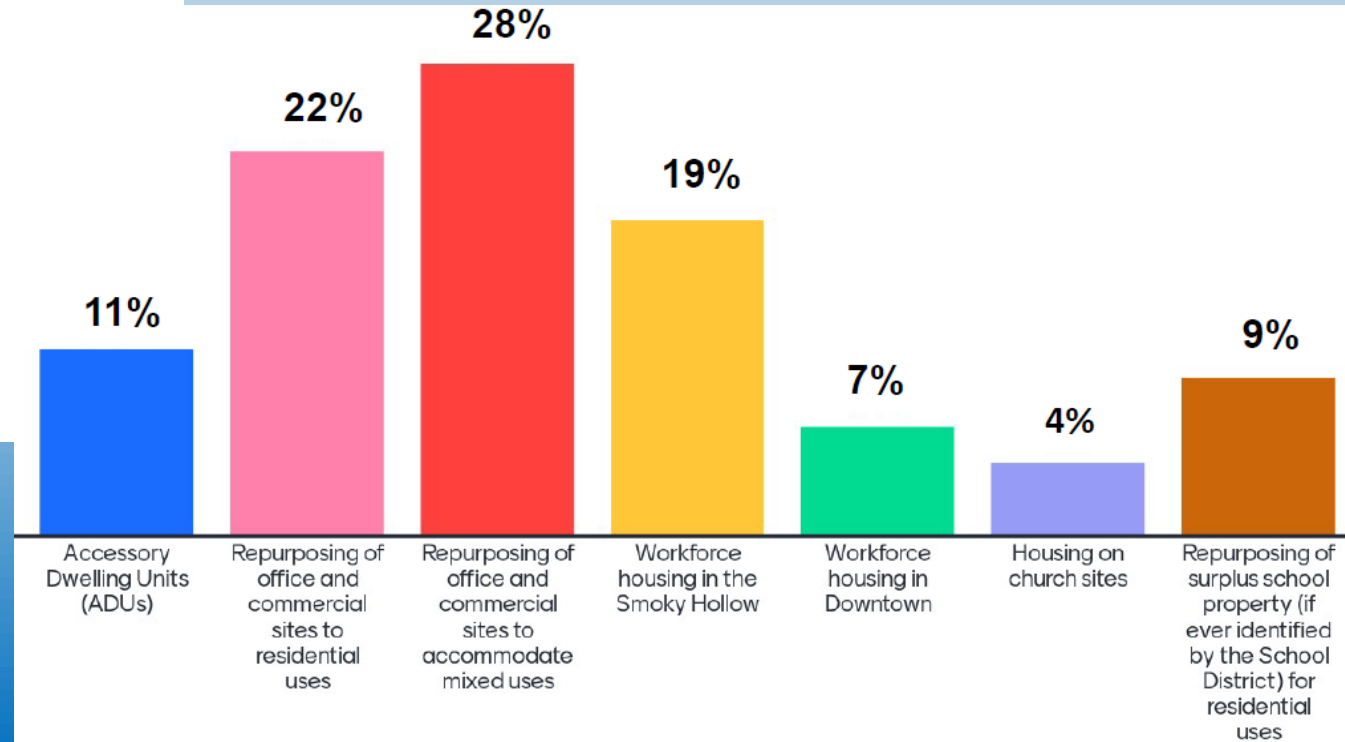


Highlights of Community Housing Survey

Please rank from 1-5, with 1 being your first choice, in what area of El Segundo should new housing be built?



In your opinion, what housing types would you like to see more of in El Segundo?



Business Community Input



PILLAR ONE: Why Housing is Important?

- Loss of talent is a significant issue for employers here in El Segundo
- Inability to get top talent is a significant issue for employers here in El Segundo
- Without talent, companies cannot thrive no matter how business friendly the city of El Segundo is
- Employees don't want to get pushed to live further from their office base – either surrounding cities or distant suburbs
- Employees, and thus employers, thrive on an integration of work / life within the same city
- If we cannot solve housing issues, companies will not choose to remain here in El Segundo for an extended period of time

Summary of Housing Efforts Underway



Housing Element Programs

- Minor Home Repair Program (MHR) – Program 1
- Accessory Dwelling Units (ADU)/(SB9/10 Implementation) – Program 3
- Inclusionary Housing Ordinance – Program 4
- Affordable Housing Strategic Plan (AHSP) – Program 4
- Rezone adequate sites to accommodate RHNA shortfall (29 units), amend ESMC for by-right approval if 20% LI, & develop objective residential design standards consistent with SB 330 – Program 5
- ESMC Amendments – Density Bonus (AB1763 & AB2345); Transitional, SRO (Micro Units), & Supportive Housing Ordinances – Program 8

Housing Efforts Underway



- Past programs currently underway & new programs added to address the City's unmet housing needs & fulfill the requirements of CA Housing Element law.

PROGRAM 1: HOUSING REHABILITATION

- Due to the lack of funding, the City suspended its two residential rehabilitation assistance programs:
- Minor Home Repair Program (MHR): This program provides loans and grants for low-income property owners, zero interest deferred loans (due upon sale or transfer of ownership).
- ❖ In 2022, assess specific housing rehabilitation needs, including if certain neighborhoods should be targeted for assistance due to age of housing stock and existing conditions.
- ❖ In 2023 and annually thereafter, identify appropriate funding sources to reinstate residential rehabilitation assistance programs.

Funding Source: To be determined (*possibly the "Affordable Housing Fund"*)

Responsible Agency: Development Services Department/Housing Division

Housing Efforts Underway



PROGRAM 3: ACCESSORY DWELLING UNITS (ADU)

To facilitate ADU development, the City will consider the following:

- ❖ Pursue State funding to assist lower- & moderate-income homeowners to build ADUs and/or to provide grants in exchange for deed restriction as low- income use.
- ❖ Conduct increased outreach and education on ADU options and requirements.

Objectives and Timeline:

- ❖ Develop incentives/tools to facilitate ADU construction by 12/31/23 (goal of 80 ADUs in 8 yrs.)
- ❖ City Council mtg. to discuss amending the ESMC Titles 14/15 to comply with SB9 in R-1.
- ❖ In 2022, update City website with more ADU resources, such as grants for homeowners to build ADU's.
- ❖ Beginning in 2022, pursue available funding to facilitate ADU construction, including affordable ADUs.
- ❖ Monitor ADU const. trends in 2024 & make necessary adjustments to incentives/tools w/in 6 months.

Funding Source: General Fund

Responsible Agency: Development Services Department/Planning Division

HOUSING PROGRAMS



PROGRAM 4: INCLUSIONARY HOUSING ORDINANCE AND AFFORDABLE HOUSING STRATEGY

➤ To facilitate affordable housing development, the City will:

- ❖ Offer streamlined processing of permit applications;
- ❖ Waive or defer development fees;
- ❖ Consider reducing certain development standards (such as parking requirements); and/or
- ❖ Provide financial assistance to nonprofit developers to the extent possible.

The City is contemplating an inclusionary housing ordinance to include a 15-20% requirement with a potential in-lieu fee option. Once established, the ordinance will have the potential of creating AH opportunities & generating potential in-lieu fees to be deposited into the City's Affordable Housing (AH) Fund (\$5.3 million currently in the Fund).

- ❖ On 4/19/21, the City hired a consultant to assist in the development of an Inclusionary Housing policy/ordinance.
- ❖ A study session with the City Council was conducted on 3/1/22 & this policy has been deferred for further study.

Objectives and Timeline:

- ❖ Establish the Inclusionary Housing program by summer 2022

HOUSING PROGRAMS



PROGRAM 4: INCLUSIONARY HOUSING ORDINANCE AND AFFORDABLE HOUSING STRATEGY

On October 5, 2021, the City Council entered a contract with Many Mansions to provide the following services:

- ❖ Finalize the City's affordable housing goals and objectives
- ❖ Recommend strategies to remove constraints and/or increase affordable housing
- ❖ Create a list of high priority neighborhoods and/or sites
- ❖ Solicit community feedback via a City-approved community engagement plan
- ❖ Develop an Affordable Housing Strategic Plan (AHSP) to meet the Housing Element Goals
- ❖ Work with the City to identify properties with the potential for affordable housing development
- ❖ Assist the City with the ongoing monitoring and administration of affordable and/or senior housing units

Objectives and Timeline:

- [Develop Affordable Housing Strategic Plan](#) by June 30, 2022
- Establish written procedures to streamline affordable housing pursuant to SB 35 by the end of 2022.

Funding Source: Affordable Housing Fund

Responsible Agency: Development Services Department/Housing Division

HOUSING PROGRAMS



PROGRAM 5: PROVISION OF ADEQUATE SITES

- RHNA obligation of 521 units (includes 207 very low-, 99 low-, 84 moderate-, & 131 above moderate-income units)

Objectives and Timeline:

- By 10/15/22, rezone sites for 29-unit RHNA shortfall from the last Housing Element.
- By 10/15/22, amend ESMC to provide by right approval if project provides $\geq 20\%$ LI units.
- By 10/15/22, develop objective design standards for residential dev. consistent with SB 330.
- By 10/15/22, rezone sites for the current RHNA shortfall
- By October 15, 2024, update Downtown Specific Plan to include additional opportunities for residential development.

Funding Source: General funds

Responsible Agency: Dev. Services Dept./Planning Division

Sites Inventory Implementation

Sites will be designated with a RNHA Overlay Zone

- **RHNA Overlay Zone (RNHA - O)**
 - 30 DU/AC Minimum (30-40 DU/AC)
 - Used for all sites except those adjacent to PCH
 - Sites will retain existing base zone until a housing application is submitted
 - Overlay density and development standards will be applied after housing application approval
 - Commercial sites become strictly residential once RNHA-O is implemented
- **RHNA Mixed Use Overlay Zone (RNHA MU- O)**
 - 40 DU/AC Minimum (40-50 DU/AC)
 - Used for all sites adjacent to PCH
 - Allows for residential and non-residential uses
- **A General Plan Update will be required to implement the Overlay Zones**

HOUSING PROGRAMS



PROGRAM 7: LOT CONSOLIDATION

- Facilitate residential development on small lots through the consolidation or incentives.
- Consolidation encouraged through the on-going identification of lots that allow for greater density & affordability.
- Incentives may include the development of a “package” of incentives targeting projects that include VLI & ELI units.

Objectives and Timeline:

- ❖ Continue to facilitate the redevelopment of underutilized sites by annually contacting the development community
- ❖ By 10/15/24, develop strategies to encourage the development & consolidation of small lots, especially for affordable housing.

Funding Source: General funds

Responsible Agency: Development Services Department/Planning Division

HOUSING PROGRAMS



PROGRAM 8: EL SEGUNDO MUNICIPAL CODE (ESMC) AMENDMENTS

Per SB 2 grant-funded planning efforts, the City is currently in the process of amending the ESMC to address the following:

- **Density Bonus**: ESMC doesn't include Density Bonus regulations & several State Density Bonus laws recently passed. These include:
 - ❖ **AB 1763 (100% Affordable Housing)** – Density bonus/increased incentives for 100% AH projects for LI households.
 - ❖ **AB 2345 (Increase Max. Density)** - Revised the requirements for receiving concessions/incentives & max. density bonus.
- **Transitional Housing**: Amending the ESMC to allow transitional housing in all zones where residential uses are permitted, subject to the same development standards and permitting processes as the same type of housing in the same zone.
- **Single Room Occupancy (SRO) Housing**: Amending the ESMC to address the provision of SRO or micro units.
- **Supportive Housing (SH)**: Per State law SH is a residential use & must be permitted in the same manner as similar uses in the same zone. AB 2162 requires SH projects of ≤50 units to be permitted by right in zones where multi-family & mixed-use developments are permitted. Also, prohibits min. parking requirements for SH within ½ mile of a public transit stop.

Objectives and Timeline:

- By June 2022, [complete ESMC revisions to address density bonus, SRO, and transitional housing as part of the City's SB 2 grant efforts.](#)
- By the end of 2023, [complete ESMC revisions to address provisions for SH.](#)
- By the end of 2023, [consider an administrative subdivision process for projects with ten or fewer units.](#)

Funding Source: General funds; SB 2

Responsible Agency: Development Services Department/Planning Division



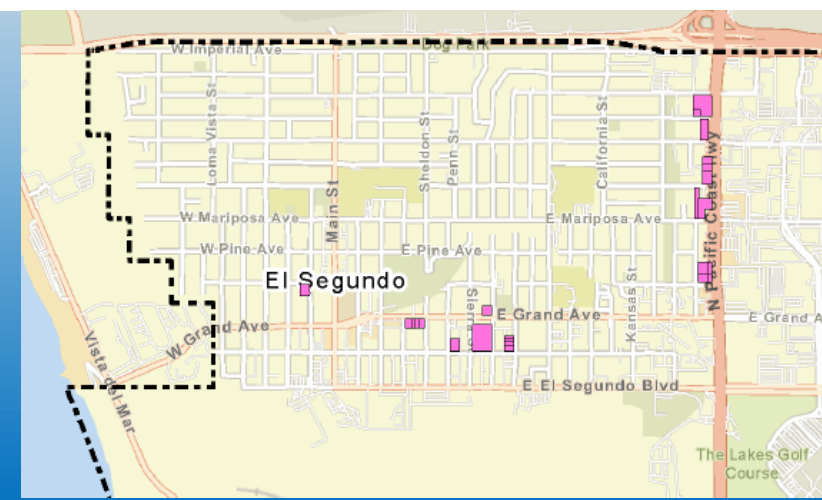
More is Needed to Encourage Affordable Housing

The HE is well done & a great start but its not enough to produce sufficient units to meet the City's RHNA Goals.

- The Site Inventory properties are privately owned, and the owners may not be willing to sell at a feasible price.
- The City is primarily built out & many existing parcels are too small (even if assembled) to be feasible.
 - ❖ Besides the approved PCC project, only a few sites can accommodate more than 30 units.
 - ❖ Based on land costs, escalating construction costs, & governmental funding requirements that favor larger projects, it necessary to build at least 30 units (but really 50+ units) for feasibility as an affordable housing development. Thus, AH via the HE up-zoning will have to accommodate most of the lower-income units.
 - ❖ These rezone sites are only subject to by-right approval if the project includes 20% LI units.

Table 5-5: Lot Consolidation and Income Level Distribution

Consol.	Parcel Number	Acres	Address	Low Income	Moderate Income	Above Moderate Income	Total Capacity
1	4135-017-900	0.6	210 Penn St	9	10	0	19
	4135-022-025	0.3	817 E Franklin Ave	3	6	0	9
2	4135-022-026	0.2	Maryland St/ Franklin Ave	4	0	0	4
	4135-022-027	0.2	Maryland St/ Franklin Ave	4	0	0	4
	4135-022-028	0.2	Maryland St/ Franklin Ave	4	0	0	4
3	4135-022-035	2.8	205 Lomita	75	38	0	113
4	4135-023-023	0.5	717 E Grand Ave	16	3	0	19
5	4136-017-046	0.6	361 Richmond St	10	0	12	22
6	4139-017-004	0.3	1755 E Sycamore Ave	10	0	0	10
	4139-017-040	1.8	835 N Pacific Coast Highway	57	0	15	72
7	4139-017-043	0.9	1804 E Sycamore Ave	14	20	0	34
8	4139-018-001	0.7	703 N Pacific Coast Highway	11	10	7	28
	4139-018-002	0.3	739 N Pacific Coast Highway	13	0	0	13
	4139-018-003	0.3	755 N PCH	7	6	0	13
9	4139-025-075	0.2	PCH/ Holly Ave	3	0	5	8
	4139-025-073	0.6	Indiana St / E Holly Ave	4	0	19	23
	4139-025-074	0.4	Indiana St / E Holly Ave	4	0	30	34
	4139-025-076	0.3	E Holly Ave / N PCH	4	0	19	23
	4139-024-057	0.7	E Mariposa/ N PCH	6	0	48	54
	4139-024-058	1.1	E Mariposa/ N PCH	11	0	78	89
Total		14.0		264	93	233	590





More is Needed to Encourage Affordable Housing

Case Study: Pacific Coast Commons

- The first apartment project in 30+ years
- Risky/costly - needed a specific plan, general plan amendment, zone change, zone text amendment, etc.
- Large (263 units is > than 2X the amount in all the rezoning sites)
- Dense (90 Units/Acre vs. the 30/50 Units/Acre for the rezoning sites)
- Tall (up to 6 stories vs 32 ft./2 stories in all residential zones)
- Only able to accommodate 12% of the total units as LI (including just 1% or 3 units as VLI) vs. the 20% LI needed for by right approval of the rezoning sites.
 - After the PCC, the City will still need to facilitate the creation of 204 VLI units & 70 LI units
 - Very low-income (VLI) units rarely created by voluntary market forces & need incentivizes

Conclusion: *It's very unlikely that market-rate developers will be able to meet the city's RHNA goals, especially the VLI units. So, more must be done if the city wants to achieve its RHNA goals & avoid future penalties or loss of control from the State.*





Options to Encourage Affordable Housing

THE GOAL 1: Preserve and protect the existing housing stock by encouraging the rehabilitation of deteriorating dwelling units and the conservation of the currently sound housing stock.

Policy 1.1: Continue to promote the use of rehabilitation assistance programs to encourage property owners to rehabilitate owner-occupied and rental housing where feasible.

- ~90% of the housing units ≥ 30 years old, the age when a housing unit typically requires major repairs.
- Reinstate/fund the Minor Home Repair Program (MHR) program for LI residents using the Affordable Housing Fund
- *In 2022, assess specific housing rehabilitation needs, including if certain neighborhoods should be targeted*
- *In 2023 and annually thereafter, identify appropriate funding sources to continue the MHR*

Policy 1.3: Encourage the maintenance of sound owner-occupied and renter-occupied housing.

- Make new affordable housing developments available to low- and moderate-income residents in perpetuity, as a supplemental element to newly created pro-housing policies.
- Explore restructuring Park Vista to obtain RHNA credit.



Options to Encourage Affordable Housing

HE GOAL 2: Provide sufficient new, affordable housing opportunities in the City to meet the needs of groups with special requirements, including the needs of lower and moderate- income households.

Policy 2.1: Provide regulations, as required by California Law, to facilitate additional housing and develop programs to serve special needs groups (including persons with developmental disabilities).

- *Complete ESMC Amendments – Density Bonus; Transitional, SRO (Micro Units), & SH Ordinances*
- *Encourage the use of the middle-income housing program to provide affordable housing for essential workers*
- *Explore the use of Enhanced Infrastructure Financing Districts (EIFDs) to raise funds for the AH Fund*

Policy 2.2: Facilitate the creation of affordable housing opportunities for ELI, VLI & LI households.

- *Explore obtaining a State Prohousing Designation – City and projects more competitive for State housing funding*
- *Explore mechanism(s) that enable consistent contributions to the City's Affordable Housing (AH) Fund*
- *Use the AHFund (~\$5.3 million) to encourage AH development*
 - ❖ *Provide assistance to nonprofit developers, Land Banking, pay developers (including ADU's) to add and/or maintain affordable housing units, and/or fund the MHR*
- *Further explore an Inclusionary Housing Ordinance*



Options to Encourage Affordable Housing

HE GOAL 3: Provide opportunities for new housing construction in a variety of locations and a variety of densities.

Policy 3.1: Provide for the construction of adequate housing in order to meet the goals of the Regional Housing Needs Assessment (RHNA).

- *Rezone sites to accommodate RHNA goals & amend ESMC for by-right approval if 20% of units are LI*
- *Consider designating Civic Center property as surplus & open opportunity for AH*
- Explore a religious institution overlay
- Explore an affordable housing overlay
- Explore scattered site development standards, in addition to *lot consolidation dev. standards*
- Allow multifamily residential consistent with the RHNA MU-O zone in all commercial zones
- Encourage multifamily residential consistent with the RHNA MU-O zone in the Downtown Specific Plan as walkable developments reduce traffic, increase consumerism, & help attract younger professionals.

Policy 3.3: Facilitate development on vacant and underdeveloped property designated as residential or mixed use to accommodate a diversity of types, prices and tenure.

- Establish a live/work preference, as a supplemental element to newly created pro-housing policies.



Options to Encourage Affordable Housing

He GOAL 4: Remove governmental constraints on housing development.

Policy 4.2: Continue to allow factory-produced housing according to the ESMC.

- Explore streamlining of the factory-built permitting process

Policy 4.3: Facilitate timely development processing for residential construction projects and expedite the project review process.

- Offer streamlined processing of permit applications for AH
- *Develop objective residential design standards consistent with SB 330*
- *Consider reducing certain development standards (e.g. parking requirements or setbacks)*

Policy 4.4: Facilitate provision of infrastructure to accommodate residential development.

- *Waive or defer development fees for affordable housing*

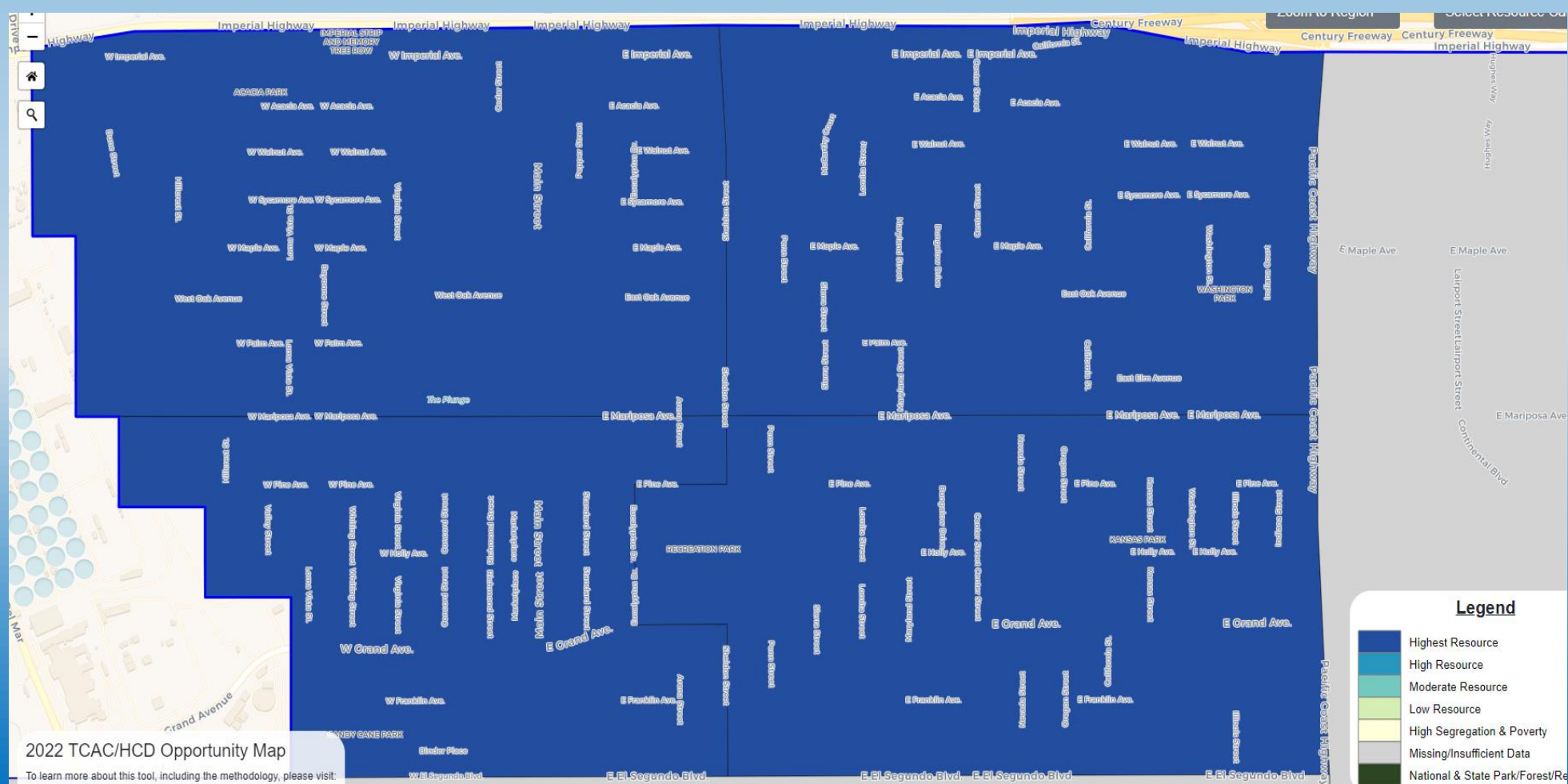
Policy 4.4: Facilitate provision of infrastructure to accommodate residential development.

- Encourage development standards consistent with the State's Infill Infrastructure Grant Program (e.g. density, local support, prohousing policies).



Options to Encourage Affordable Housing

High priority neighborhood(s) based on the Housing Element, Community Feedback, & Many Mansions' expertise





Next Steps

- Refine pro-housing policies based on community input – Spring 2022
- Draft an Affordable Housing Strategic Plan (AHSP) – early summer 2022
- Planning Commission review of the AHSP – early summer 2022
- City Council review of the AHSP – late summer 2022



Community Input and Q&A