

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

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April 12, 2022

Mark Prestwich, City Manager  
City of Palos Verdes Estates  
340 Palos Verdes Dr West  
Palos Verdes Estates, CA 90274

Dear Mark Prestwich:

**RE: City of Palos Verdes Estates' 6<sup>th</sup> Cycle (2021-2029) Adopted Housing Element**

Thank you for submitting the City of Palos Verdes Estates housing element adopted January 25, 2022 and received for review on February 11, 2022. Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from Californians for Homeownership pursuant to Government Code section 65585, subdivision (c).

The adopted housing element addresses many statutory requirements described in HCD's December 3, 2021 letter; however, additional revisions are necessary to fully comply with State Housing Element Law (Article 10.6 of the Gov. Code), see enclosed Appendix.

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 the statutory deadline (October 15, 2021), 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.

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For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at: [http://opr.ca.gov/docs/OPR\\_Appendix\\_C\\_final.pdf](http://opr.ca.gov/docs/OPR_Appendix_C_final.pdf) and [http://opr.ca.gov/docs/Final\\_6.26.15.pdf](http://opr.ca.gov/docs/Final_6.26.15.pdf).

HCD appreciates the hard work of the City's planning staff and consultants provided throughout the course of the housing element review. We are committed to assist the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Gianna Marasovich, of our staff, at [Gianna.Marasovich@hcd.ca.gov](mailto:Gianna.Marasovich@hcd.ca.gov).

Sincerely,



Paul McDougall  
Senior Program Manager

Enclosure

## APPENDIX CITY OF PALOS VERDES ESTATES

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).)*

The element generally was not revised to address this requirement. Please see HCD's prior review for additional information.

### **B. Housing Needs, Resources, and Constraints**

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

Assessment of Fair Housing: As noted in the prior review, the element provides some general data regarding patterns of various socio-economic characteristics across several components of the required analysis. However, the revised element generally does not address this requirement. Please see HCD's prior review for additional information.

Sites and Affirmatively Furthering Fair Housing (AFFH): As noted in the prior review, the element must include an analysis demonstrating whether sites identified to meet the regional housing need allocation (RHNA) are distributed throughout the community in a manner that affirmatively furthers fair housing. In response, the element simply states the entire City is higher resource; therefore, identify sites AFFH. However, the element must include analysis that addresses all of the income categories of identified sites with respect to location, the number of sites and units and how that effects the existing patterns for all components of the assessment of fair housing (e.g., segregation and

integration, access to opportunity), including any isolation of the RHNA by income group. Please see HCD's prior review.

2. *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 Costs: While the element was revised to include information on rent prices, rental information from the American Community Survey does not reflect current market conditions and the element should include an additional data source.

3. *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).)*

Accessory Dwelling Units (ADU): As noted in the prior review, the element should consider ADU figures reported in the City's Annual Progress Report (APR). Those figures are 1 ADU in 2018, none reported in 2019 and 3 ADUs in 2019. In response, the element includes monthly ADU permitting data from June 2020 to August 2021 and projects a per month average of 0.8 ADUs over a year and then rounds up to 10 ADUs per year over the next 8 years. First, the City should reconcile any differences between City records and HCD APR records. The City may contact HCD at [APR@hcd.ca.gov](mailto:APR@hcd.ca.gov). Second, favorably selecting only the last 15 months and projecting that number forward does not consider trends in prior months and years. The element should consider an annual average. For example, the element may utilize the 2020 APR data (3 ADUs) and project the 2021 figures (12 ADUs) for an average of 8 ADUs per year or 64 ADUs in the planning period. Lastly, the element must include a program to monitor the production and affordability of ADUs and make adjustments as appropriate within a specified time period if assumptions are not met.

Sites Identified in Prior Planning Periods: HCD's prior review found the element must clarify sites used in prior planning periods and include a program as appropriate to rezone sites and permit housing development by right pursuant to statutory requirements. In response, the element was revised to include Program 13 (Zoning Code Review and Update). However, the element must still clarify which sites were identified in prior planning periods. To address this requirement, the City may utilize the electronic sites inventory form (noted below).

Small Sites: As noted in the prior review, the element identifies several sites smaller than a half an acre. Sites smaller than a half-acre in size are deemed inadequate to accommodate housing for lower-income households unless it is demonstrated that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower-income housing units as projected for the site or unless the housing element describes other evidence to HCD that the site is adequate to accommodate lower-income housing. While the element was revised to include

Program 12 (Lot Consolidation), it must also include an analysis to demonstrate the potential for lot consolidation as described above.

Nonvacant Sites: The element was not revised to address this requirement. Please see HCD's prior review.

In addition, for your information, the element relies on nonvacant sites to accommodate 50 percent or more of the housing needs for lower-income households, which triggers requirements to make findings based on substantial evidence that the existing use is not an impediment and will likely discontinue in the planning period. While the resolution of adoption includes the appropriate findings, any changes to the analysis should be reflected in future re-adoption of the element.

Electronic Sites Inventory: As noted in the prior review, pursuant to Government Code section 65583.3, the City must submit an electronic sites inventory with its adopted housing element. The City must utilize standards, forms, and definitions adopted by HCD. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml#element> for a copy of the form and instructions. The City can reach out to HCD at [sitesinventory@hcd.ca.gov](mailto:sitesinventory@hcd.ca.gov) for technical assistance. To date, HCD has not received the City's electronic sites inventory and this form must be submitted as part of any future adoption submittal or the element will not be found in compliance.

4. *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: As noted in the prior review, the element must identify and analyze all impacts of relevant land use controls for potential constraints on the cost, supply, timing, and certainty of housing, specifically including heights and parking requirements. In response, the element provides no discussion of parking requirements or programs to address identified constraints and the element must be revised as noted in the prior review. With respect to heights, the element mentions Program 13 will allow three stories but then the element explains conditions, covenants and restrictions (CC&Rs) still restrict heights to two stories; negating any effect of the Program. The element should also include a program to address the height and any other constraints imposed by the CC&Rs. Further, the element (Program 13) now clarifies the Mixed Use Overlay is not triggered until the time of a development application. This description implies the zoning will not be available to the identified sites and that the City does not plan to rezone sites to accommodate the RHNA. The element will not comply with housing element law under this approach. The element should either clarify how the zoning will be made available to identified sites or modify programs to revise the approach. Finally, Program 12 (Lot Consolidation) now indicates the City has a minimum unit size

requirement which was not identified in the housing element. This requirement should also be evaluated for impacts on housing supply (number of units), cost and the ability to achieve maximum densities.

Housing for Persons with Disabilities: HCD's prior review found the element should analyze the process for permitting group homes for seven or more persons as potential constraints on housing for persons with disabilities and add or modify programs as appropriate to ensure zoning permits group homes for seven or more persons objectively with approval certainty. In response, the element now generically describes a conditional use permit (CUP) process but, by no means, relates that to housing for persons with disabilities and does not analyze any impacts such as approval certainty, costs, timing. Further, the element now appears to clarify group homes for seven or more persons are excluded from the R-M zone. A CUP process is a constraint on housing for persons with disabilities. Excluding group homes for seven or more persons from residential zones is a constraint and restricts access to housing opportunities for persons with disabilities. The element must include programs to address these constraints.

Zoning and Development Standards: As noted in the prior review, the element must clarify compliance with new transparency requirements for posting all fees, zoning and development standards on the City's website and add a program to address these requirements, if necessary. In response, the element describes that fees are posted but it must still address these requirements for zoning and development standards.

Processing and Permit Procedures: The element now explains the site plan permit regards multifamily uses as having significant potential for adverse impact on the site and surrounding community. The site plan review applies in the R-M and C zones essentially any time a unit is added. These same zones are planned to accommodate the City's RHNA for lower and moderate-income households. Yet, there is no analysis of this process as a constraint on housing. As noted in the prior review, the element must evaluate the processing and permit procedures' impacts as potential constraints on housing supply and affordability. For example, the analysis should consider processing and approval procedures and time for typical single- and multi-family developments, including approval findings, architectural review, and development standards.

Fees: The element now includes a description of the City's planning fees for single and multifamily housing development; however, the cumulative impact table (Prior Table IV-3) was deleted and should be put back into the element.

5. *An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including... requests to develop housing at densities below those anticipated in the analysis required by subdivision (c) of Government Code section 65583.2... (Gov. Code, § 65583, subd. (a)(6).)*

Requests for Lesser Densities: As noted in the prior review, the element must analyze any requests to develop housing at densities below those anticipated in the sites inventory. The analysis must address any hinderances on housing development and programs should be added as appropriate. In response, the element states lower densities are not incentivized and that development is tracked through the APR. While this may be useful information in formulating appropriate programmatic response, the element must still analyze any requests to develop housing at densities below those anticipated in the sites inventory, including evaluating any hinderances and adding or modifying programs as appropriate.

6. *Analyze any special housing needs such as elderly; persons with disabilities, including a developmental disability; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter. (Gov. Code, § 65583, subd. (a)(7).)*

Persons with Disabilities: While the element briefly describes some information on persons with disabilities, it must also provide a discussion of resources available, including existing housing and services for people with disabilities. For additional information and a sample analysis, see the Building Blocks at <https://www.hcd.ca.gov/community-development/building-blocks/housing-needs/people-with-disabilities.shtml>

### **C. Housing Programs**

1. *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... without rezoning... (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding B3, the element does not include a complete site analysis. 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.

As noted in the prior review, the element must have programs to facilitate lot consolidation and development of housing on small sites. In response, Program 12 now mentions a procedure but should also commit to when that procedure will be established and should go beyond evaluating incentives and list and establish those incentives as part of the procedure. Finally, given the reliance on small sites and consolidation, the Program should include a mid-term evaluation of the program's effectiveness and make adjustments as appropriate within a specified time frame (e.g., 6 months)

2. *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... (Gov. Code, § 65583, subd. (c)(3).)*

As noted in Findings B4 and B5, the element requires a complete analysis of potential governmental and nongovernmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints.

- 3. 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 ... (Gov. Code, § 65583, subd. (c)(5).*

As noted in Finding B1, the element must include a complete assessment of fair housing. Based on the outcomes of that analysis, the element must add or modify programs. 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 specific commitment, metrics, and milestones as appropriate 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.

- 4. Develop a plan that incentivizes and promotes the creation of accessory dwelling units that can be offered at affordable rent, as defined in Section 50053 of the Health and Safety Code, for very low, low-, or moderate-income households... (Gov. Code, § 65583, subd. (c)(7).)*

Program 7 (Encourage ADUs): HCD's prior review found the element must include programs to establish incentives for the creation of ADUs. In response, the element explains ADUs will be exempt from Neighborhood Compatibility Review. This process appears to be a discretionary process that is not allowed by ADU law. The element should either clarify how this review is consistent with state law and exemption is an actual incentive or commit to remove the review all together and establish actual incentives for the creation of ADUs. In addition, the Program should be revised with a monitoring component as described in Finding B3.

#### **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).)*

HCD's prior review found the element should include rehabilitation and conservation objectives. In response, Table V-1 includes a row for these objectives with a target of zero in the eight-year planning period. However, the element must include some target higher



than zero and reflective of the community's needs for the planning period. Please see HCD's prior review for additional information.

**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)(9).)*

The element was not revised to address this finding. Please see HCD's prior review for additional information.