



**City of South Pasadena
Planning and Community
Development Department**

Memo

Date: May 11, 2021

To: Chair and Members of the Planning Commission

From: Joanna Hankamer, Planning & Community Development Director

Re: Additional Document No. 1 – General Public Comments

The attached written and audio general public comments were submitted by Anthony Dedousis. Verbal comment can be heard by clicking on this [link](https://www.dropbox.com/sh/xnkojbr77h0ge6p/AAB_Ooo-WcERnvRx7iUJC1jsa?dl=0):
https://www.dropbox.com/sh/xnkojbr77h0ge6p/AAB_Ooo-WcERnvRx7iUJC1jsa?dl=0

Joanna Hankamer

From: Anthony Dedousis <anthony@abundanthousingla.org>
Sent: Monday, April 26, 2021 8:31 AM
To: PlanningComments; City Council Public Comment; Joanna Hankamer
Cc: Jack Donovan; Michael Cacciotti; Diana Mahmud; wtescher@placeworks.com; Evelyn Zneimer; Jon Primuth; Leonora Camner; Sonja Trauss; Jon Wizard; Jes McBride
Subject: South Pasadena Housing Element - Comment Letter

CAUTION: This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Ms. Hankamer,

Hope your week is going well. I'm reaching out to [share a letter from Abundant Housing LA and YIMBY Law to HCD Director Gustavo Velasquez, regarding South Pasadena's draft housing element](#). As you will see, our letter expresses major concerns about the City's intended approach to updating the housing element. We believe that the City's intended approach does not satisfy the intent of state law, which is to expand housing availability at all income levels.

The attached letter contains a detailed explanation of where we view Planning as having fallen short of HCD's standards and state law. I've also included a link to [our letter to the City from March](#), highlighting the need for a high-quality housing element based on HCD's guidance and interpretation of state law.

We respectfully request the opportunity to address our concerns with you. Please let us know when you might have availability to meet in the next few weeks. Thank you for your consideration.

Best,

Anthony

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Anthony Dedousis
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April 23, 2021

Mr. Gustavo Velasquez
Director, California Department of Housing & Community Development
2020 West El Camino Avenue, Suite 500
Sacramento, CA 95833

Dear Director Velasquez,

We are writing on behalf of **Abundant Housing LA** and **YIMBY Law** regarding South Pasadena's 6th Cycle housing element update. **Abundant Housing LA** is a pro-housing, nonprofit advocacy organization working to help solve Southern California's housing crisis, and **YIMBY Law's** mission is to make housing in California more accessible and affordable through enforcement of state housing law. We support more housing at all levels of affordability and reforms to land use and zoning codes, which are needed in order to make housing more affordable, improve access to jobs and transit, promote greater environmental sustainability, and advance racial and economic equity.

In September 2020, AHLA [shared a letter with the City of South Pasadena](#) expressing serious concerns about the City's 2021 Housing Element Update - Preliminary Sites Analysis from the July 21, 2020 Planning Commission Agenda Report. Together with YIMBY Law, we followed up in March 2021 [with a second letter](#), highlighting many inconsistencies and potential violations of state law in City memos and presentations on the housing element update.

Unfortunately, the City has failed to change course. In early April, the City submitted the following draft housing element documents to HCD, all of which contain major inconsistencies with state law and HCD's previous instructions:

- [Land Resources](#)
- [Programs for RHNA Approach](#)
- [Appendix A - Site Inventory Parcels](#)

It is disappointing that the City submitted these documents to HCD without any public outreach, input, discussion, or review, and has been totally unwilling to engage with our organizations despite multiple attempts at outreach. Government Code 65583(c)(9) requires cities to "...include a diligent effort...to achieve public participation of all economic segments of the community in the development of the housing element, and the program shall describe this effort."

We must conclude that the City wishes to avoid public scrutiny of draft housing element documents and to placate local opposition to more housing, rather than accommodate the RHNA goals in good faith.

The following issues are of particular concern to us:

1. Planning's process for selecting sites and assessing their capacity fails to account for parcels' **likelihood of development**, and its draft site inventory includes many parcels where redevelopment is extremely unlikely if not altogether impossible.
2. Planning has counted many vacant sites towards the moderate and above-moderate income RHNA targets, despite their unsuitability for housing production.
3. Planning has made an overly optimistic forecast of **future ADU production** which is unlikely to be achieved even with aggressive policies.
4. Planning misinterprets a SCAG analysis of regional **ADU affordability** to suggest that a significant share of future ADUs in South Pasadena will be affordable to lower-income households, which is unlikely based on local rent data.
5. Planning's proposed Inclusionary Housing Ordinance is unlikely to achieve a significant portion of the lower-income RHNA targets, due to the economic infeasibility of redevelopment where high set-aside percentages apply.
6. Planning fails to **affirmatively further fair housing** and break existing patterns of residential segregation in their site selection and their general approach to the housing element update, despite the City Council's recent adoption of a resolution to acknowledge "past practices of institutionalized racism" and a commitment to being an inclusive community in the present ([Item 11, February 17, 2021](#)).

Problem #1 - Likelihood of Development: *Planning's process for selecting sites and assessing their capacity fails to account for parcels' likelihood of development, and its draft site inventory includes many parcels where housing development is extremely unlikely.*

An accurate assessment of the site inventory's housing capacity is necessary in order for the housing element to achieve sufficient housing production. The site capacity estimate should account for the following **two factors**:

- What is the likelihood that the site will be developed during the planning period?
- If the site were to be developed during the planning period, how many net new units of housing are likely to be built on it?

These are the **likelihood of development**¹ and **net new units if developed**² factors, as required by HCD guidelines. The portion of the jurisdiction's RHNA target that a site will realistically accommodate during the planning period is:

(likelihood of development) x (net new units if developed) = realistic capacity.

At a Planning Commission hearing on January 26, 2021, staff [shared a slide](#) containing a draft map of "best candidate sites to meet RHNA".³ At [minute 36:55 of the meeting](#), Elizabeth Bar-EI stated that if these roughly 20 sites are developed under the proposed Inclusionary Zoning Ordinance and the State Density Bonus program, there will be enough housing production on

¹ [HCD Site Inventory Guidebook, pg. 20](#)

² [HCD Site Inventory Guidebook, pg. 21](#)

³ [Item 3: Draft Inclusionary Housing Ordinance, slide 14](#)

these sites to meet the RHNA targets “with a little bit of a cushion.” Putting aside the issue of which sites may be counted towards the lower-income RHNA goals (see Problem #5), Planning’s approach suggests that they expect all sites to be redeveloped during the 6th Cycle (i.e. it equates *maximum theoretical capacity* with *realistic capacity*, which are two very different things). This is an extremely unlikely outcome given that just 18% of South Pasadena’s excess zoned capacity was on pace to be developed during the 5th Cycle.⁴

Per HCD guidelines, if a jurisdiction assigns more than 50% of its lower-income RHNA to nonvacant sites (a very likely scenario for South Pasadena), **the jurisdiction must make findings supported by “substantial evidence” that the sites’ existing uses are “likely to be discontinued during the planning period.”**⁵ At [minute 147 of the January 26 meeting](#), Planning described its initial outreach to the owners of the “best candidate sites” to determine whether they are likely to be redeveloped during the 6th Cycle, and stated that in cases where Planning did not receive a response from the owner, Planning would keep the site on the suitable sites list. This is improper, given that a lack of responsiveness from the site’s owner does not support a likelihood of development or realistic capacity greater than zero.

Planning’s draft Appendix A proposes 27 sites for lower-income housing production. In 13 cases, Planning did not receive a response from the owner as to whether the site is being considered for residential redevelopment. At a minimum, Planning should have assumed that no more than a pro-rata share of the “no response” sites are likely to have their current use discontinued during the 6th Cycle (for example, if 20 site owners responded to Planning’s outreach, and 10 owners said they intended to discontinue use during the 6th Cycle, and if 40 site owners didn’t respond at all, Planning could assume that 50% of those 40 sites are qualified). **Better yet, Planning should not have included these 13 sites at all.**

The following sites are very unlikely to turn over during the 6th Cycle, and should not have been included on the City’s site inventory:

- **Site 8:** A Trader Joe’s supermarket at 613 Mission Street
- **Site 10:** A storage lot for maintenance vehicles at 825 Mission St; the City actively uses this site for vehicle and equipment storage.
- **Site 11:** A Metro-owned Gold Line storage site at 919 Mission St
- **Site 15:** The City Hall site, which includes the police department headquarters, a fire station, and surface parking lots. By Planning’s own admission, redevelopment of these sites is unlikely during the 6th Cycle.⁶
- **Site 16:** Two parking lots, one of which is owned by the City. It has not been redeveloped despite inclusion in the current Housing Element.⁷

⁴ [AHLA Letter to South Pasadena, 9/4/2020, pg. 3](#)

⁵ Gov’t Code 65583.2(g)(2), also [HCD Site Inventory Guidebook, pg. 26-28](#)

⁶ [Appendix A, pg. 26](#): “There is a possibility that City Hall may move. City Hall office space can easily relocate, but would need to find appropriate space for the Police Department. This site is centrally located near transit and services. The fire station is assumed to remain on this site.”

⁷ [Appendix A, pg. 27](#)

- **Site 22:** A parking lot at 1001 Brent Avenue, which is used by customers of Rite Aid and other nearby stores
- **Site 24:** A Pavilions supermarket at 1213 Fair Oaks Avenue, which [asked South Pasadena's Design Review Board in November 2020 to approve a proposed remodeling](#) (implying that the current usage is likely to continue through the planning period)
- **Site 27:** A Ralphs supermarket at 1745 Garfield Avenue

Of greatest concern is the fact that Planning did not estimate the likelihood of development for parcels on the suitable sites inventory, nor did Planning report the proportion of sites in the 5th Cycle Housing Element's inventory that were developed during the planning period (which could act as a reasonable baseline estimate of likelihood of development for the 6th Cycle). While Planning has estimated "net new units if developed" as 80% of the maximum allowed density, and discounted the suitable sites' theoretical capacity by this factor⁸, Planning incorrectly characterizes this number, which lacks a numerical estimate of likelihood of development, as a site's "realistic development capacity". Additionally, Planning failed to account for the expected "commercial share" of anticipated new projects on mixed-use sites.

Inclusion of the likelihood of development factor is especially necessary in a city like South Pasadena, where local land use restrictions impose major constraints on redevelopment (for example, a citywide 45-foot height limit and a 35-foot height limit on Mission Street, where many of the site inventory parcels are located). **Without the likelihood of development factor, the entire housing element update becomes a mere paper exercise, unmoored from reality.**

Planning has no excuse for failing to provide this estimate; the City of Sacramento's [draft site inventory](#) provided a high-quality analysis of the likelihood of their sites' development through a "tiered classification system to classify the non-vacant underutilized sites".⁹ Sacramento's good approach offers a model for South Pasadena to build on.

Finally, the No Net Loss law established by SB 166 (2017) requires adequate sites to be maintained at all times throughout the planning period to accommodate the remaining RHNA target by each income category.¹⁰ If a jurisdiction approves a development on a parcel listed in the site inventory that will have fewer units (either in total or at a given income level) than the number of units (either in total or at a given income level) anticipated in the site inventory, then the jurisdiction must identify and make available enough sites to accommodate the remaining unmet RHNA target for each income category.¹¹

If additional sites with adequate zoned capacity don't exist, then the jurisdiction must rezone enough sites to accommodate the remaining unmet RHNA target within 180 days. If the jurisdiction fails to accomplish this rezoning in the required period, then the consequences will

⁸ [Draft, City of South Pasadena Housing Element 2021-2029, Section 6.4.2, Land Resources, pg. 2](#)

⁹ [Public Review Draft, City of Sacramento Housing Element 2021-2029, p. H-2-15](#)

¹⁰ HCD [No Net Loss Law Memo](#), pg. 1

¹¹ [HCD Site Inventory Guidebook, pg. 22](#)

include decertification of the housing element and potential state legal action. To ensure that adequate housing capacity at all income levels exists in the housing element through the 6th Cycle, HCD recommends that “the jurisdiction create a buffer in the housing element inventory of at least 15-30% more capacity than required, especially for capacity to accommodate the lower income RHNA.”¹²

However, Planning has failed to incorporate the recommended 15-30% capacity buffer at each income level into its draft housing element. This will put the City at great risk of falling afoul of the No Net Loss requirement, making the city vulnerable to mid-cycle rezoning, which is a costly process in terms of time, money, and political will.

Recommendations:

- 1.1 Provide a quantitative estimate of parcels’ development probabilities, and incorporate this factor into the estimate of sites’ realistic capacity.**
- 1.2 Report the proportion of sites in the previous housing element’s inventory that were developed during the planning period.**
- 1.3 Remove parcels from the site inventory where redevelopment is unlikely to occur during the 6th Cycle.**
- 1.4 Commit to a mid-cycle review to verify Planning’s assumptions about development probabilities.** If it turns out that sites within a tier, or category, were developed at a lower-than-expected rate during the first half of the cycle, then the city should rezone for additional capacity or make other appropriate adjustments for the second half of the planning period.
- 1.5 Identify sufficient sites to provide a 15-30% No Net Loss buffer, or rezone if there aren’t enough suitable sites to provide this buffer.**

Problem #2 - Vacant Sites: *Planning has counted many vacant sites towards the moderate and above-moderate income RHNA targets, despite their unsuitability for housing production.*

In the Land Resources section of the City’s draft housing element, Planning identified vacant parcels where it anticipates the production of 311 homes that are affordable at moderate or above-moderate income levels. Planning states that “All these sites are suitable for development of moderate and above-moderate residential development.”¹³

However, [an audit of these sites](#) indicates that many are entirely unsuitable for housing production. Many are very small and irregularly shaped, some are landlocked sites with no access to a street, some are on a mountainside or very hilly terrain, some have been incorporated into neighboring homes, some directly abut the Gold Line right of way, and others are not vacant at all (e.g. a community garden, two sites that have current plans to become pocket parks, and several parking lots used for businesses). **It is unreasonable to expect that**

¹² [HCD Site Inventory Guidebook, pg. 22](#)

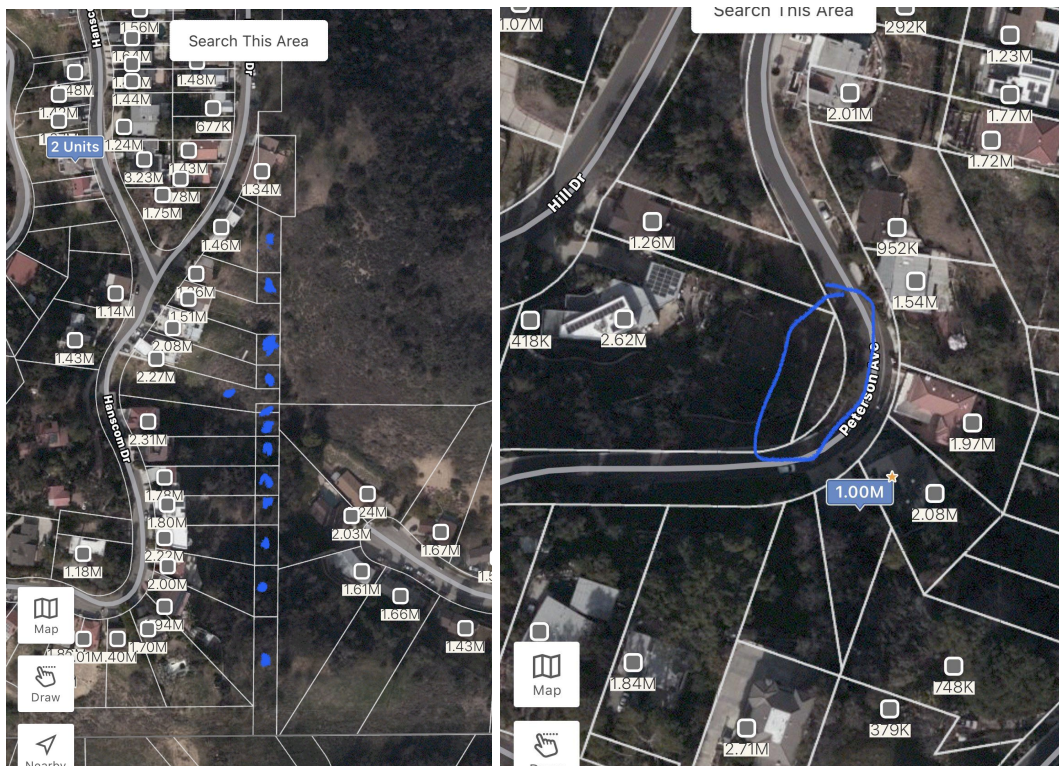
¹³ [Draft, City of South Pasadena Housing Element 2021-2029, Section 6.4.2, Land Resources, pg. 2](#)

homes will be built on these sites; after all, there is a reason they are vacant.

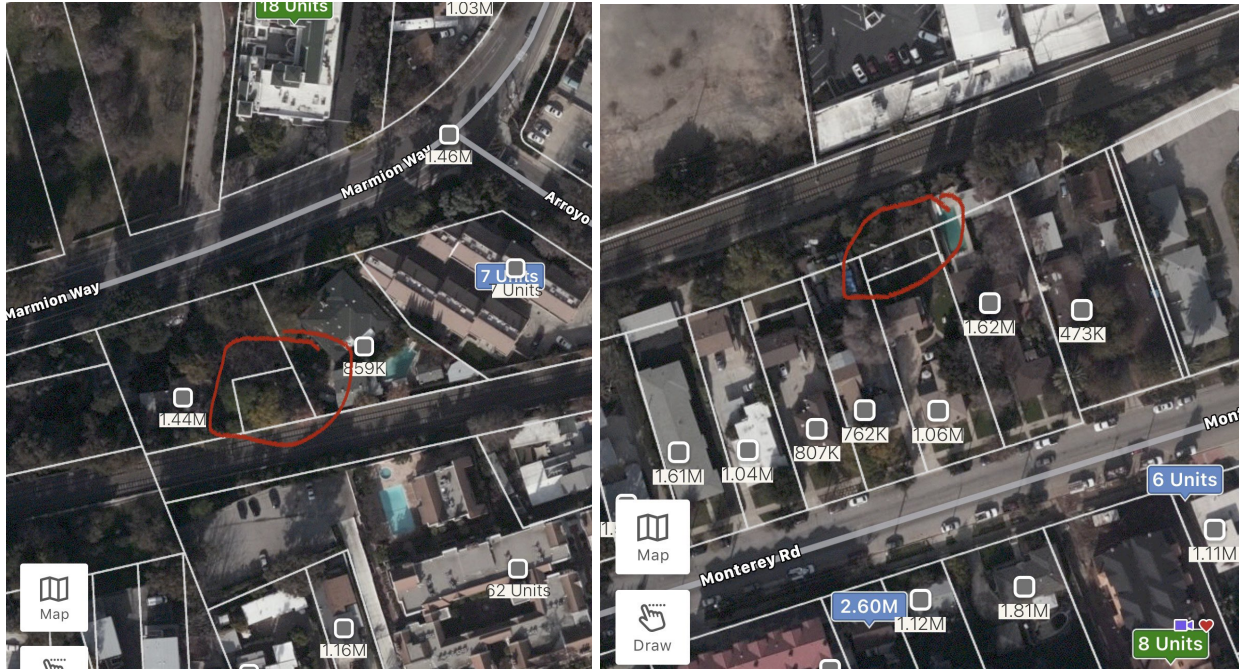
While Planning may count vacant, residentially-zoned sites at their minimum zoned density, rather than conduct a likelihood of development analysis, Planning must ensure that “overlay zones, zoning allowing nonresidential uses, or **other factors potentially impacting the minimum density**” will not preclude development of the site at the minimum zoned density.¹⁴ Surely the shape, size, gradient, and lack of street access of these sites represent “other factors” that make development an impossibility. And surely many of these sites (e.g. the community garden, sites being used as a private garden for a neighboring home, etc.) are not actually vacant at all, necessitating a “factors” analysis.

Planning must not include “vacant” sites that have no realistic chance of being developed. As with the Suitable Sites inventory, these sites must be discounted by their likelihood of development. **Since the likelihood of development for these sites is effectively zero, they should be excluded from Planning’s list of vacant sites.**

Examples of vacant sites included in draft housing element (highlighted in blue or red)



¹⁴ [HCD Site Inventory Guidebook, pg. 19](#)



Recommendations:

- 2.1 Exclude all vacant parcels that are unsuitable for residential development due to size, shape, gradient, location, and lack of street access.
- 2.2 Provide a quantitative estimate of parcels’ development probabilities, and incorporate this factor into the estimate of sites’ realistic capacity.

Problem #3 - ADU Projections: *Planning has made an overly optimistic forecast of future ADU production which is unlikely to be achieved even with aggressive policies.*

HCD has established two safe harbors for forecasting ADU production during the 6th Cycle¹⁵. One option (“Option #1”) is to project forward the local trend in ADU construction since January 2018. The other, for use when no other data is available (“Option #2”), assumes ADU production at five times the local rate of production prior to 2018.

South Pasadena issued permits for 4 ADUs in 2018, 7 ADUs in 2019, and 17 ADUs in 2020. Under a correct calculation of HCD’s “Option #1”, South Pasadena would take the average of the ADU production trend between 2018 and 2020, and forecast that 9.3 ADUs will be permitted per year during the 6th Cycle. This would allow for a **total 6th cycle forecast of 75 ADUs**.

However, in the Land Resources section of the City’s draft housing element, Planning assumes that **555 ADUs will be permitted during the 6th Cycle**. While Planning acknowledges that this goes beyond HCD’s safe harbor, Planning provides no transparency into their methodology for

¹⁵ [HCD Site Inventory Guidebook, pg. 31](#)

reaching this aggressive estimate. Planning's [November 17, 2020 ADU Ordinance Update](#) simply states that "HCD will allow an estimated 555 ADUs to be projected for the 6th Cycle based on historic trends and using the California Department of Housing and Community Development methodology and guidance, **without an additional increase in permitting.**"¹⁶ Again, Planning provides no evidence for this contention. Additionally, since November 17, 2020 came after the beginning of the 6th Cycle planning period, it would be improper to rely upon this ordinance update for the initial submittal and certification of the housing element.

In Land Resources, Planning justifies the 555 ADU assumption "...based on the strong increase in the ADU permitting trends in the last couple of years, because of efforts the City is already making to promote and facilitate ADUs, and additional efforts committed to in the programs in this Housing Element..."¹⁷ These "additional efforts" **do** suggest an additional increase in permitting, which undermines the statement in the November 17 ADU Ordinance Update that 555 ADUs can be built "without an additional increase in permitting".

However, these "additional efforts" appear to refer to the City's new proposed ADU ordinances, which contain provisions that are likely to **reduce** future ADU production. Planning has proposed new restrictions on ADUs in historic districts, including a ban on prefabricated units or pre-approved designs (astonishingly, Planning portrays this as a policy that will "facilitate ADU production on historic properties or within historic districts"¹⁸). These policies would raise the cost of ADU production, thereby discouraging homeowners from pursuing ADU development. This also bolsters the argument that the city cannot rely upon ordinance revisions that occurred after June 30, 2020 in their initial submittal and pursuit of housing element certification, and HCD should not accept any estimate of ADU production beyond the safe harbor. If the city wishes to obtain credit for increased ADU permitting, we urge HCD to condition it upon a specific, measurable, and yearly program to review and revise the City's projections.

Planning's math simply does not add up. Planning must use HCD's Option 1 safe harbor to forecast ADU production during the 6th Cycle.

Recommendations:

3.1 South Pasadena must use HCD's Option 1 safe harbor, and project that 75 ADUs will be permitted during the 6th Cycle. High-quality data is available on the local trend in ADU construction since January 2018, so this is the appropriate safe harbor to use. If the City believes that higher ADU production forecasts are warranted, it must provide well-grounded estimates, based on the pace of ADU production in neighboring jurisdictions, and must explain what programs or policy efforts it will adopt that would lead to higher ADU production than it currently observes.

¹⁶ [Planning Commission Special Meeting Agenda, 11/17/20, pg. 318](#)

¹⁷ [Draft, City of South Pasadena Housing Element 2021-2029, Section 6.4.2, Land Resources, pg. 13](#)

¹⁸ [Draft, City of South Pasadena Housing Element 2021-2029, Section 6.4.2, Land Resources, pg. 13](#)

3.2 Follow HCD’s recommendation to track ADU and JADU creation and affordability levels, and commit to a review at the planning cycle midpoint to evaluate if production estimates are being achieved.¹⁹ South Pasadena’s housing element should commit to mid-cycle rezoning if ADU production is lower than forecasted, and its midpoint review should be linked with immediate and automatic programs to increase housing production in the second half of the RHNA cycle. Our recommended approach is to incorporate by-right density bonuses on inventory sites, which would automatically take effect mid-cycle if the ADU target is not met. The density bonus should be large enough, and apply to enough parcels, to fully make up for any ADU production shortfall.

Problem #4 - ADU Affordability: *Planning misinterprets a SCAG analysis of regional ADU affordability to suggest that a significant share of future ADUs in South Pasadena will be affordable to lower-income households, which is unlikely based on local rent data.*

HCD requires cities to estimate the affordability of forecasted ADUs²⁰, and provides the following examples for methodologies:

- Surveying existing ADUs and JADUs for their current market rents, considering factors like square footage, number of bedrooms, amenities, age of the structure and general location, including proximity to public transportation.
- Examining current market rents for comparable rental properties to determine an average price per square foot in the community. This price can be applied to anticipated sizes of these units to estimate the anticipated affordability of ADUs and JADUs.
- Available regional studies and methodology on ADU affordability can also be a resource to determine the likely affordability mix for ADUs and JADUs.

Planning uses overly optimistic estimates of future production of ADUs that are affordable to lower-income households to avoid rezoning parcels to the Mullin density (i.e. the density at which a parcel is presumed to be developable for multifamily housing that is affordable to lower-income households). In the Land Resources section of the City’s draft housing element, Planning forecasts:²¹

- 134 ADUs (84 ADUs affordable to ELI households and 50 ADUs affordable to VLI households) towards the City’s VLI RHNA target of 754 homes
- 242 ADUs²² towards the City’s LI RHNA target of 397 homes
- 12 ADUs towards the City’s MI RHNA target of 333 homes
- 167 ADUs towards the City’s AMI RHNA target of 578 homes

This breakdown is based on SCAG’s [ADU Affordability Analysis](#), which makes the following estimates of ADU affordability in the “Los Angeles II” region (20 Los Angeles County jurisdictions excluding the City of Los Angeles, Las Virgenes-Malibu, South Bay cities, and

¹⁹ [HCD Site Inventory Guidebook, pg. 31](#)

²⁰ [HCD Site Inventory Guidebook, pg. 30](#)

²¹ Draft, City of South Pasadena Housing Element 2021-2029, Section 6.4.2, Land Resources, pg. 23

²² NB: Planning appears to have made a minor computation error. The SCAG regional analysis assumes that 44.6% of ADUs in the Los Angeles II region will be affordable to LI households; Planning appears to have computed 242 ADUs based on a 43.6% share.

Westside Cities):

- 15% affordable to ELI households
- 9% affordable to VLI households
- 45% affordable to LI households
- 2% affordable to MI households
- 30% affordable to AMI households

However, relying on SCAG’s regional analysis alone would be inaccurate, especially because more reliable, local data exists from which the City can draw its conclusions about ADU affordability. The Los Angeles II region is not an appropriate proxy for assessing the affordability of rental properties in a high-cost city like South Pasadena. SCAG’s analysis defines “Los Angeles II” as 20 inland jurisdictions where housing costs are generally lower. Based on Appendix A, this assumption conflates South Pasadena’s market with lower-cost cities like Palmdale, Montebello, Long Beach, and San Gabriel. Applying the “Los Angeles II” affordability assumptions to South Pasadena overestimates the number of new ADUs that will be affordable to lower-income households, and will set the city up for failure in meeting its lower income RHNA obligations.

[A simple Zillow search](#) for single-family homes for rent in South Pasadena shows that these properties rent for between \$2.32 and \$4.11 per square foot. By taking the average rent per square foot of \$2.86, and applying it to typical ADU sizes, we can estimate that ADUs in South Pasadena will rent for roughly \$1,400-\$1,500/month (a 500 ft² studio), \$2,100-\$2,200/month (a 750 ft² one-bedroom), or \$2,800-\$2,900/month (a 1,000 ft² two-bedroom). If anything, this is an underestimate of likely rents for newly constructed ADUs, since new buildings rent at a premium compared to older ones.

Single-family homes for rent in South Pasadena, February 2021

Listing	Rent	Square footage	Rent / SF
500 Monterey Rd	\$5,000	1,216	\$4.11
1940 Mill Rd Apt B	\$2,295	650	\$3.53
618 Arroyo Dr	\$3,800	1,436	\$2.65
2024 La Fremontia St	\$4,300	1,628	\$2.64
806 La Bellorita St	\$5,600	2,416	\$2.32
Average for SFH	\$4,199	1,469	\$2.86

In Los Angeles County, a low-income (50-80% of AMI) two-person household can pay a maximum monthly rent of \$1,670 without becoming rent-burdened (i.e. paying more than 30% of monthly income towards rent).²³ Based on the above data, we conclude that few new ADUs in South Pasadena would rent for an amount that is affordable to lower-income households.

²³ [SCAG ADU Affordability Analysis, pg. 3](#)

Recommendations:

- 4.1 South Pasadena should follow HCD’s guidance, which clearly demonstrates a preference for assessing the affordability of forecasted ADUs using city-specific data, rather than regional data.** This is particularly necessary given that South Pasadena is a high-cost city relative to its regional neighbors, and because robust data on ADU rents exists. Planning should use current market rents in South Pasadena to assess the likely affordability of new ADUs, and should supplement this analysis with a survey of the owners of recently-constructed ADUs (to determine average rent, as well as the number of ADUs that are rented for free or at a low cost to family members).
- 4.2 Follow HCD’s recommendation to track ADU and JADU creation and affordability levels, and commit to a review at the planning cycle midpoint to evaluate if affordability estimates are being achieved.²⁴**

Problem #5 - Inclusionary Housing Ordinance: *Planning’s proposed Inclusionary Housing Ordinance is unlikely to achieve a significant portion of the lower-income RHNA targets, due to the economic infeasibility of redevelopment where high set-aside percentages apply.*

The City intends to accommodate a significant share of the lower-income RHNA targets through future mixed-income residential development on the suitable sites inventory. This would include a new Inclusionary Housing Ordinance, which would require housing projects with three or more units to set aside at least 20% of the base number of units in the project for lower- or moderate-income households.

While encouraging the production of affordable units within mixed-income developments is a laudable goal, the proposed policy would represent one of the highest inclusionary set-aside requirements in California. Introducing a new cost on development without creating new sources of economic value will discourage development, as occurred when very high inclusionary requirements were introduced in recent years in San Francisco and Santa Monica.

In 2016, [San Francisco passed Proposition C](#), which required market-rate projects with 25 or more units to set aside 25% of units for lower-income renters. This led to [a major slowdown](#) in the production of both market-rate and deed-restricted affordable units. As a result, San Francisco later [lowered its inclusionary set-aside requirement to 18%](#).

Santa Monica passed a similar [inclusionary zoning policy for Downtown](#) in 2017, which implemented a 20-30% inclusionary set-aside for projects with 10 or more units. As in San Francisco, the high set-aside percentage and lack of density bonus incentives have hurt housing production. As of March 2019, developments with 321 units and 29 affordable units had been approved under the plan, but according to the planning department, a number of “property

²⁴ [HCD Site Inventory Guidebook, pg. 31](#)

owners are selecting to not access higher height potential, and instead build by-right projects that avoid many of the Plan’s community benefits.” For example, [developers have proposed single-room occupancy \(SRO\) buildings that only required a 5% affordable set-aside](#). Santa Monica has thus learned the hard way that 20% of zero is zero.

The City of Santa Monica’s draft housing element included an economic analysis of inclusionary zoning, which found that introducing an inclusionary requirement above 7.5% would make redevelopment economically infeasible everywhere outside of Downtown Santa Monica. If a sizable inclusionary requirement would make housing development infeasible in most of Santa Monica, which boasts some of the most desirable land in the United States, then surely it would have a similar impact in South Pasadena. It is disappointing that South Pasadena failed to undertake an economic analysis of its proposed Inclusionary Housing Ordinance before pushing forward with this policy, especially since housing element law requires an analysis of constraints on housing development and a program to mitigate or remove these constraints.

South Pasadena should instead introduce density bonus incentives in order to encourage the production of affordable units, much like [Los Angeles’ successful Transit-Oriented Communities \(TOC\) program](#). TOC has led to the production or proposal of [over 30,000 housing units](#) in the City of Los Angeles, of which 21% are affordable to lower-income households. In return for setting aside units for lower-income households at an affordable rent, projects could be built taller and include more units above and beyond the normal zoning limits, and also receive relief from on-site parking and open space requirements. Developers would participate because the value of the density bonus incentives would outweigh the costs of providing on-site affordable housing units.

Introducing a high set-aside percentage without creating new economic incentives is likely to deter housing production at all income levels. Given South Pasadena’s hesitancy to incorporate affordable housing options throughout the community, this infeasibility may be the intended outcome.

Recommendations:

- 5.1 South Pasadena’s housing element should include a thorough, impartial analysis of the likely impact of the Inclusionary Housing Ordinance on development feasibility, and should incorporate this analysis into its numerical estimate of these sites’ “likelihood of development.”**
- 5.2 Planning should remove as many constraints as possible on the development of sites where the Inclusionary Housing Ordinance would apply by ensuring they are subject to a ministerial development process.** This will maximize the likelihood that these parcels are successfully redeveloped into mixed-income housing projects.
- 5.3 In lieu of the proposed Inclusionary Housing Ordinance, Planning should consider creating a local density bonus program to encourage mixed-income housing production.**

Problem #6 - Affirmatively Furthering Fair Housing: *Planning fails to **affirmatively further fair housing** and break existing patterns of residential segregation in their site selection and their general approach to the housing element update, despite the City Council’s recent adoption of a resolution to acknowledge “past practices of institutionalized racism” and a commitment to being an inclusive community in the present ([Item 11, February 17, 2021](#)).*

AB 686 (2018) requires housing element updates to “affirmatively further fair housing”, which is defined as “taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and fosters inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.” The City must address the issue of residential segregation by accommodating the lower-income RHNA targets in a way that conforms with AFFH requirements.

HCD’s Site Inventory Guidebook offers recommendations for how jurisdictions should accomplish this. HCD is likely to require jurisdictions to distribute lower-income housing opportunities throughout the jurisdiction, and recommends that jurisdictions first identify development potential for lower-income housing in high-opportunity neighborhoods²⁵. Based on Planning’s draft materials and memos relating to the housing element, and on the problems we’ve identified above, **we are concerned that South Pasadena’s housing element update is unlikely to fulfill the state’s AFFH requirement for housing elements.**

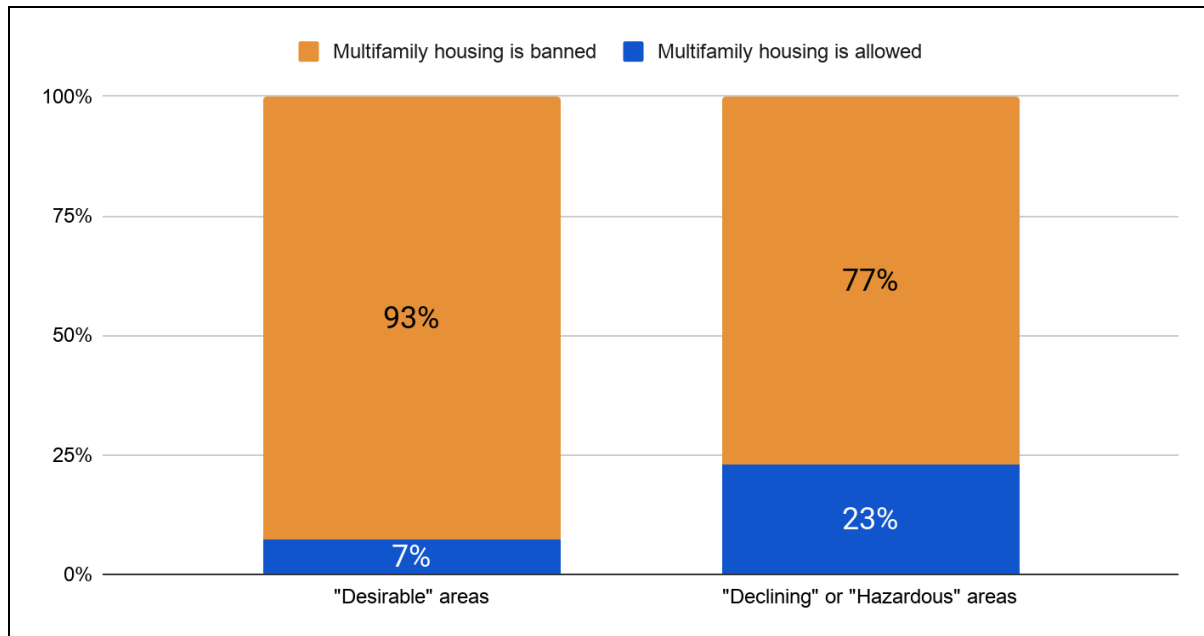
In our region, housing policy and land use regulations were once used to exclude members of minority groups. [Redlining and restrictive covenants](#), which restricted where Black, Latino, and Asian Americans could live, were once commonplace throughout Los Angeles County. Discrimination in housing takes other forms today: even after *de jure* segregation was banned, opponents of neighborhood change in prosperous areas [weaponized zoning policy](#) to make apartment construction illegal in much of Los Angeles County, especially in high-income areas.

South Pasadena’s history details examples of how housing policy and land use regulations were once used to exclude people. In 1946, [city manager Frank Clough stated](#): “We do not have any Negroes, nor do we have any other non-Caucasian people in South Pasadena. To ensure the continuance of this policy, several years ago the city council instructed the city attorney to draw up a restrictive clause and insert it into all properties coming into the possession of the city.” This policy remained in place until 1964. In the 1980s, as South Pasadena’s Asian American population increased rapidly, voters approved a 45-foot height limit on new construction, and a cap of 60 new housing units per year. [A Los Angeles Times article from 1987](#) suggests that these policies may have been partially motivated by a desire to exclude Asian Americans from South Pasadena.

²⁵ [HCD Site Inventory Guidebook, pg. 3](#)

Today, most of South Pasadena’s residentially-zoned land is restricted to single-family housing only, and the areas where apartments are banned tend to be ones that were defined as “desirable” during the age of redlining, and were thus off-limits to many Black, Latino, and Asian Angelenos. As a result, 23% of the parcels located in “C” (“declining”) or “D” (“hazardous”) class areas contain multifamily housing or commercial properties, while only 7% of the parcels located in “A” or “B” class (“desirable”) areas contain multifamily housing or commercial properties. **93% of the parcels in the “desirable” areas contain single-family homes.**

Share of parcels with HOLC categorization where multifamily housing is allowed
 “A” or “B” class (“desirable”) areas vs. “C” (“declining”) or “D” (“hazardous”) class areas



Restrictive zoning has perpetuated historic patterns of segregation and exclusion, and continues to push housing opportunities for lower-income households away from high-cost, high-opportunity cities. Today, the median home sale price in South Pasadena was \$1,095,000 in 2018²⁶, and 41% of the city’s renters are “rent-burdened” (i.e. they spend more than 30% of their income on rent)²⁷. This denies historically disadvantaged groups housing opportunities near job centers, quality schools, and other public resources, a situation that persists today.

Again, comparing redlining maps from the 1930s to the current distribution of Los Angeles County residents by race is instructive. Neighborhoods in the City of Los Angeles like Highland Park and El Sereno were once defined as “declining” or “hazardous”. Today, these neighborhoods, where single-family zoning is less common, are majority Latino, with many census tracts bordering South Pasadena containing populations that are more than 70% Latino. Yet only 20% of South Pasadena’s population is Latino²⁸, with only one census tract containing

²⁶ [SCAG Pre-Certified Local Housing Data, South Pasadena](#)

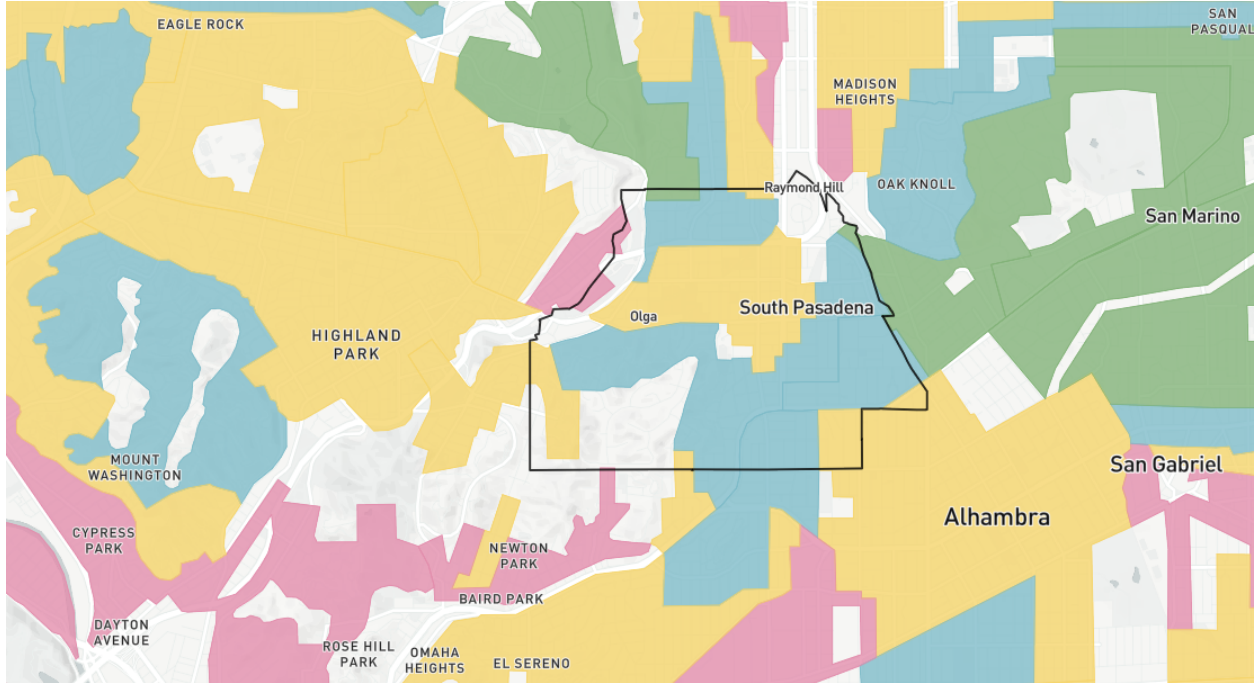
²⁷ [SCAG Pre-Certified Local Housing Data, South Pasadena](#)

²⁸ American Community Survey, 2014-18

a population more than 30% Latino. Exclusionary zoning in South Pasadena partially explains this stark disparity across city borders.

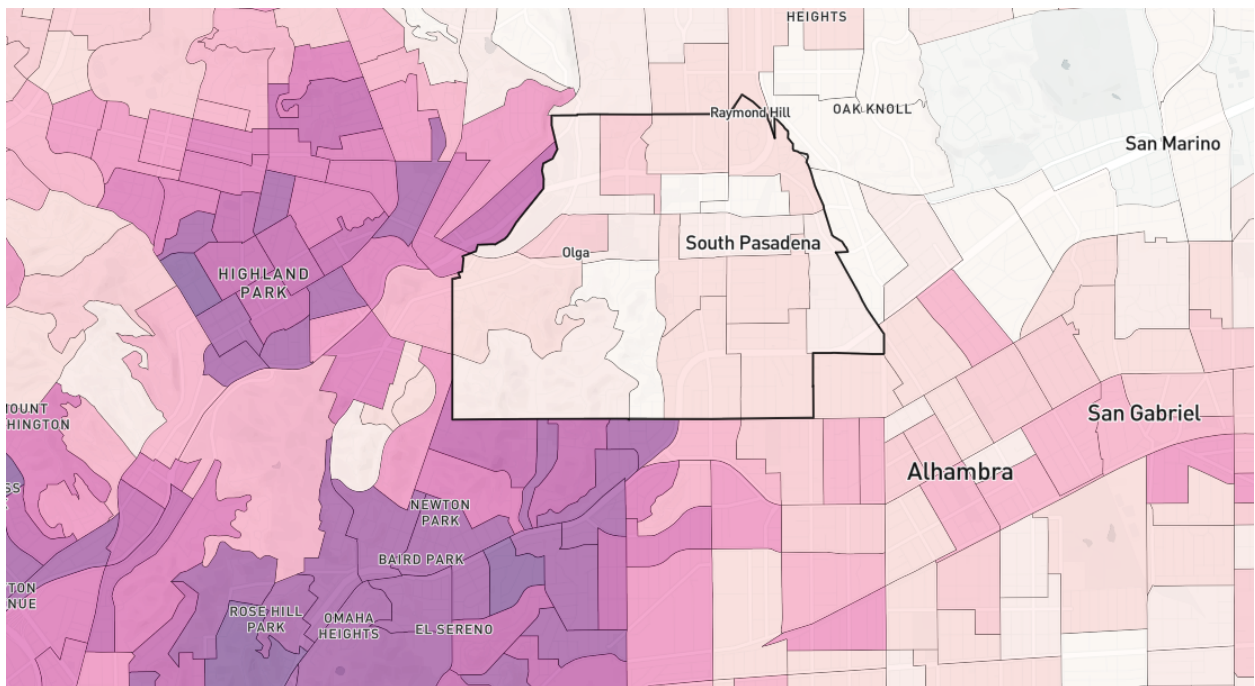
Home Owners' Loan Corporation map, 1930s

“Desirable” areas in green and blue, “declining” or “hazardous” areas in yellow and red



Latino Population by Census Tract

Latino share of the census tract’s population in shades of purple



Given that single-family, exclusionary zoning predominates in South Pasadena, significant rezoning will be required in order to accommodate the RHNA targets for lower-income households in a way that affirmatively furthers fair housing.

Recommendations:

- 6.1 Prioritize rezoning in transit-rich, job-rich, and well-resourced neighborhoods, including single-family zoned areas.** This would expand affordable housing opportunities while minimizing the impact on existing renters in multifamily-zoned areas.
- 6.2 Avoid parcels containing rent-restricted and de facto affordable housing units in the housing element's site inventory.** Instead, identify additional areas for housing production via rezoning. Stronger tenant protection policies, such as expanded affordable unit replacement requirements ("no net loss") for redevelopment of existing rental properties, a "right of return" after redevelopment at the same rent as before, rental assistance during redevelopment, and a voluntary, negotiated tenant buyout system, will help ensure that lower-income renter households can remain in their communities at an affordable rent, as new housing opportunities are created.
- 6.3 Identify funding sources, public resources, and density bonus programs to maximize the likelihood that housing projects with below market-rate units are actually built.** Local measures like a [real estate transfer tax](#) could help generate new funding to support affordable housing production and preservation.

The City of South Pasadena has a legal obligation to sufficiently plan to meet current and future residents' housing needs, in a way that guarantees access to opportunity for Californians of all racial and ethnic backgrounds. This is the third time that we have provided strong evidence suggesting that South Pasadena has no desire to fulfill this legal obligation. We respectfully urge you to remind the City of its legal obligation to accommodate the RHNA goal by promoting a variety of attainable housing options for the residents and workers of South Pasadena.

Thank you for your consideration.

Sincerely,

Leonora Camner
Executive Director
Abundant Housing LA

Anthony Dedousis
Director of Policy and Research
Abundant Housing LA

Sonja Trauss
Executive Director
YIMBY Law



CC: Jason Elliott, Senior Counselor to Governor Gavin Newsom
Assemblymember David Chiu, California State Assembly
Senator Scott Wiener, California State Senate
Megan Kirkeby, Deputy Director, Housing Policy Development, HCD
Melinda Coy, Land Use and Planning Manager, HCD
Tyrone Buckley, Assistant Deputy Director of Fair Housing, HCD
Paul McDougall, Housing Policy Development Manager, HCD
Mayor Diana Mahmud, City of South Pasadena
City Council, City of South Pasadena
Joanna Hankamer, Director of Planning, City of South Pasadena
PlaceWorks



March 10, 2021

Joanna Hankamer
Director, Planning and Community Development
City of South Pasadena
1414 Mission Street
South Pasadena, CA 91030

Dear Ms. Hankamer,

We are writing on behalf of **Abundant Housing LA** and **YIMBY Law** regarding South Pasadena's 6th Cycle housing element update. **Abundant Housing LA** is a pro-housing, nonprofit advocacy organization working to help solve Southern California's housing crisis, and **YIMBY Law's** mission is to make housing in California more accessible and affordable through enforcement of state housing law. We support more housing at all levels of affordability and reforms to land use and zoning codes, which are needed in order to make housing more affordable, improve access to jobs and transit, promote greater environmental sustainability, and advance racial and economic equity.

In September 2020, AHLA [shared a letter with you](#) expressing serious concerns about the City's 2021 Housing Element Update - Preliminary Sites Analysis from the July 21, 2020 Planning Commission Agenda Report. Since September, the City has continued to take steps that are inconsistent with HCD's instructions and the AFFH requirements of Assembly Bill 686. Rather than accommodating housing growth at all levels of income in good faith, the City appears to be developing a housing element that will placate local opposition to more housing.

The following issues are of particular concern to us:

1. Planning's process for selecting sites and assessing their capacity fails to account for parcels' **likelihood of development**, and its map of best candidate sites appears to include many sites where redevelopment is extremely unlikely.
2. Planning continues to make overly optimistic forecasts of future **ADU production** which are unlikely to be achieved even with aggressive policies.
3. Planning misinterprets a SCAG analysis of regional **ADU affordability** to suggest that a significant share of future ADUs in South Pasadena will be affordable to lower-income households, which is unlikely based on local rent data.
4. Planning indicates that the proposed **Inclusionary Housing Ordinance** will help the City achieve its lower-income RHNA targets without a clear assurance that this program will be accompanied by adequate zoning densities.
5. Planning fails to **affirmatively further fair housing** and break existing patterns of residential segregation in their site selection and their general approach to the housing element update, despite the City Council's recent adoption of a resolution to acknowledge "past practices of institutionalized racism" and a commitment to being an inclusive community in the present ([Item 11, February 17, 2021](#)).

Problem #1 - Likelihood of Development: *Planning’s process for selecting sites and assessing their capacity fails to account for parcels’ likelihood of development, and its map of best candidate sites appears to include many sites where redevelopment is extremely unlikely.*

An accurate assessment of the site inventory’s housing capacity is necessary in order for the housing element to achieve sufficient housing production. The site capacity estimate should account for the following **two factors**:

- What is the likelihood that the site will be developed during the planning period?
- If the site were to be developed during the planning period, how many net new units of housing are likely to be built on it?

These are the **likelihood of development**¹ and **net new units if developed**² factors, as required by HCD guidelines. The portion of the jurisdiction’s RHNA target that a site will realistically accommodate during the planning period is:

(likelihood of development) x (net new units if developed) = realistic capacity.

At a Planning Commission hearing on January 26, 2021, staff [shared a slide](#) containing a draft map of “best candidate sites to meet RHNA”.³ At [minute 36:55 of the meeting](#), Elizabeth Bar-El stated that if these roughly 20 sites are developed under the proposed Inclusionary Zoning Ordinance and the State Density Bonus program, there will be enough housing production on these sites to meet the RHNA targets “with a little bit of a cushion.” Putting aside the issue of which sites may be counted towards the lower-income RHNA goals (see Problem #4), Planning’s approach suggests that they expect all sites to be redeveloped during the 6th Cycle (i.e. it equates *maximum theoretical capacity* with *realistic capacity*, which are two very different things). This is an extremely unlikely outcome given that just 18% of South Pasadena’s excess zoned capacity was on pace to be developed during the 5th Cycle.⁴

Per HCD guidelines, if a jurisdiction assigns more than 50% of its lower-income RHNA to nonvacant sites (a very likely scenario for South Pasadena), **the jurisdiction must make findings supported by “substantial evidence” that the sites’ existing uses are “likely to be discontinued during the planning period.”**⁵ At [minute 147 of the January 26 meeting](#), Planning described its initial outreach to the owners of the “best candidate sites” to determine whether they are likely to be redeveloped during the 6th Cycle, and stated that in cases where Planning did not receive a response from the owner, Planning would keep the site on the suitable sites list. This is improper, given that a lack of responsiveness from the site’s owner does not support a likelihood of development or realistic capacity greater than zero.

¹ [HCD Site Inventory Guidebook, pg. 20](#)

² [HCD Site Inventory Guidebook, pg. 21](#)

³ [Item 3: Draft Inclusionary Housing Ordinance, slide 14](#)

⁴ [AHLA Letter to South Pasadena, 9/4/2020, pg. 3](#)

⁵ Gov’t Code 65583.2(g)(2), also [HCD Site Inventory Guidebook, pg. 26-28](#)

At a minimum, Planning should assume that no more than a pro-rata share of the "no response" sites are likely to have their current use discontinued during the 6th Cycle (for example, if 20 site owners responded to Planning's outreach, and 10 owners said they intended to discontinue use during the 6th Cycle, and if 40 site owners didn't respond at all, Planning could assume that 50% of those 40 sites are qualified).

Although Planning did not provide a list of the "best candidate sites" and their addresses, we've been able to identify many of the sites based on the map. The following "best candidate sites" seem very unlikely to turn over during the 6th Cycle:

- A Pavilions supermarket at 1213 Fair Oaks Avenue, which [asked South Pasadena's Design Review Board in November 2020 to approve a proposed remodeling](#) (implying that the current usage is likely to continue through the planning period)
- A Ralphs supermarket at 1745 Garfield Avenue
- A Trader Joe's supermarket at 613 Mission Street
- A retail property at 712 Fair Oaks Avenue which is [currently booking new commercial leases](#)
- A parking lot on the southwest corner of Brent and Mission, which is used by customers of Rite Aid and other nearby stores
- A property at 1100 El Centro Street which was recently purchased by the South Pasadena Unified School District as a future headquarters
- Several key City-owned properties, including City Hall, the police department headquarters, the fire department headquarters, and a storage lot for maintenance vehicles.

Planning must fairly estimate the likelihood of development for all parcels on the suitable sites inventory. The City of Sacramento's [draft site inventory](#) provided a high-quality analysis of the likelihood of their sites' development through a "tiered classification system to classify the non-vacant underutilized sites".⁶ Sacramento's good approach offers a model for South Pasadena to build on.

Finally, No Net Loss law established by SB 166 (2017) requires adequate sites to be maintained at all times throughout the planning period to accommodate the remaining RHNA target by each income category.⁷ If a jurisdiction approves a development on a parcel listed in the site inventory that will have fewer units (either in total or at a given income level) than the number of units (either in total or at a given income level) anticipated in the site inventory, then the jurisdiction must identify and make available enough sites to accommodate the remaining unmet RHNA target for each income category.⁸

If additional sites with adequate zoned capacity don't exist, then the jurisdiction must rezone enough sites to accommodate the remaining unmet RHNA target within 180 days. If the

⁶ [Public Review Draft, City of Sacramento Housing Element 2021-2029, p. H-2-15](#)

⁷ HCD [No Net Loss Law Memo](#), pg. 1

⁸ [HCD Site Inventory Guidebook, pg. 22](#)

jurisdiction fails to accomplish this rezoning in the required period, then the consequences will include decertification of the housing element and potential state legal action. To ensure that adequate housing capacity at all income levels exists in the housing element through the 6th Cycle, HCD recommends that “the jurisdiction create a buffer in the housing element inventory of at least 15-30% more capacity than required, especially for capacity to accommodate the lower income RHNA.”⁹ Given the city’s communications thus far, we are concerned that this No Net Loss buffer will not be included, making the city vulnerable to mid-cycle rezoning, which is a costly process in terms of time, money, and political will.

Recommendations:

- 1.1 Release and explain the data on which Planning relied to estimate parcels’ development probabilities.**
- 1.2 Report proportion of sites in previous HE’s inventory that were developed during the planning period.**
- 1.3 Commit to a mid-cycle review to verify Planning’s assumptions about development probabilities.** If it turns out that sites within a tier, or category, were developed at a lower-than-expected rate during the first half of the cycle, then the city should rezone for additional capacity or make other appropriate adjustments for the second half of the planning period.
- 1.4 Identify sufficient sites to provide a 15-30% No Net Loss buffer, or rezone if there aren’t enough suitable sites to provide this buffer.**

Problem #2 - ADU Projections: *Planning continues to make overly optimistic forecasts of future ADU production which are unlikely to be achieved even with aggressive policies.*

HCD has established two safe harbors for forecasting ADU production during the 6th Cycle¹⁰. One option (“Option #1”) is to project forward the local trend in ADU construction since January 2018. The other, for use when no other data is available (“Option #2”), assumes ADU production at five times the local rate of production prior to 2018.

According to HCD, South Pasadena issued permits for 4 ADUs in 2018 and 7 ADUs in 2019, and Planning’s memo states that 15 ADU permits were issued in 2020 through October 15. Under a correct calculation of HCD’s “Option #1”, South Pasadena would take the average of the ADU production trend between 2018 and 2020, and forecast that 8.7 ADUs will be permitted per year during the 6th Cycle. This would allow for a **total 6th cycle forecast of 70 ADUs**.

The July 2020 Preliminary Sites Analysis assumed that 1,000 ADUs will be built during the 6th Cycle, or 125 ADUs per year (pg. 2 of the Planning Commission report calls this “aggressive ADU production”). This is an unrealistically high estimate, considering that South Pasadena only permitted 7 ADUs in 2019. The Preliminary Sites Analysis presents no justifications or analysis

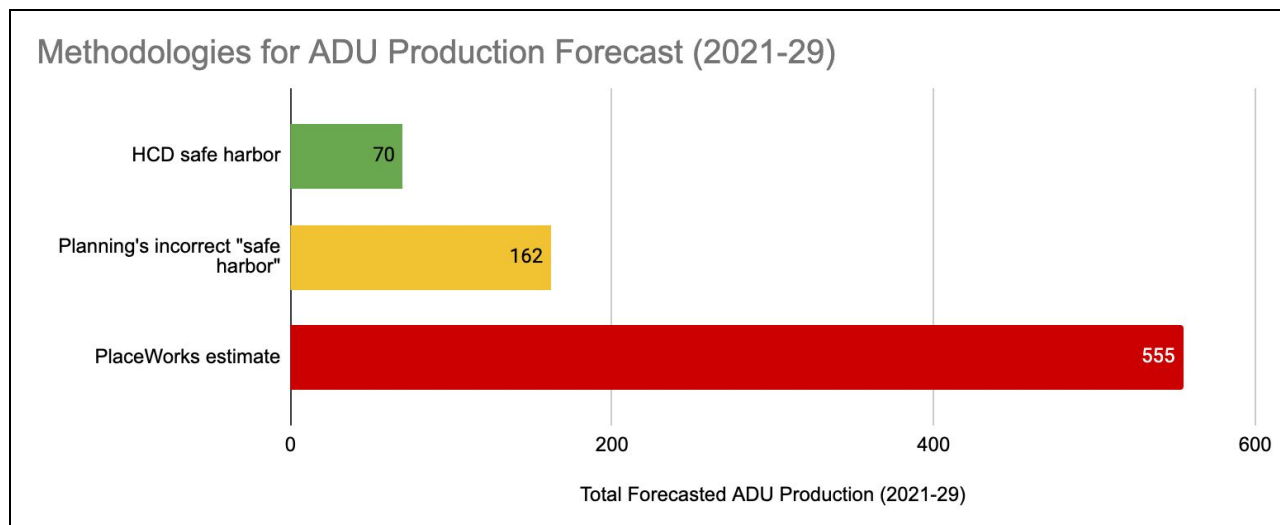
⁹ [HCD Site Inventory Guidebook, pg. 22](#)

¹⁰ [HCD Site Inventory Guidebook, pg. 31](#)

to support this projected 1800% increase in ADU development, nor does it explain any housing element programs or policy efforts that would lead to such a large increase in ADU production.

On November 16, 2020, Planning [issued a memo](#) amending its forecast of ADU production, arguing that HCD’s “safe harbor” methodology allows the City to project that 162 ADUs will be permitted during the 6th Cycle. However, the methodology detailed in the memo is not the HCD safe harbor. The memo assumes ADU production at five times the local rate of production between 2014 and 2020, which is an incorrect interpretation of the safe harbor.

Astonishingly, Planning’s memo goes even further, stating that “Based on the proposed aggressive ADU policies and programs, PlaceWorks currently estimates that the projected number of ADUs can be increased to 555 ADUs.” (The memo does not state what these “aggressive ADU policies and programs” are.) Planning’s [November 17, 2020 ADU Ordinance Update](#) states that “HCD will allow an estimated 555 ADUs to be projected for the 6th Cycle based on historic trends and using the California Department of Housing and Community Development methodology and guidance, without an additional increase in permitting.”¹¹ Our analysis above illustrates that this statement is incorrect, and contradicts the November 16 memo (the November 16 memo states that 555 ADUs can be achieved with “aggressive ADU policies and programs”, which undermines the statement in the November 17 ADU Ordinance Update that 555 ADUs can be built “without an additional increase in permitting.”)



Recommendations:

2.1 South Pasadena should use HCD’s Option 1 safe harbor, and project that 70 ADUs will be permitted during the 6th Cycle. High-quality data is available on the local trend in ADU construction since January 2018, so this is the appropriate safe harbor to use. If the City believes that higher ADU production forecasts are warranted, it must provide

¹¹ [Planning Commission Special Meeting Agenda, 11/17/20, pg. 318](#)

well-grounded estimates, based on the pace of ADU production in neighboring jurisdictions, and must explain what programs or policy efforts it will adopt that would lead to higher ADU production than it currently observes.

- 2.2 Follow HCD’s recommendation to track ADU and JADU creation and affordability levels, and commit to a review at the planning cycle midpoint to evaluate if production estimates are being achieved.”¹²** South Pasadena’s housing element should commit to mid-cycle rezoning if ADU production is lower than forecasted, and its midpoint review should be linked with immediate and automatic programs to increase housing production in the second half of the RHNA cycle. Our recommended approach is to incorporate by-right density bonuses on inventory sites, which would automatically take effect mid-cycle if the ADU target is not met. The density bonus should be large enough, and apply to enough parcels, to fully make up for any ADU production shortfall.

Problem #3 - ADU Affordability: *Planning misinterprets a SCAG analysis of regional ADU affordability to suggest that a significant share of future ADUs in South Pasadena will be affordable to lower-income households, which is unlikely based on local rent data.*

HCD requires cities to estimate the affordability of forecasted ADUs¹³, and provides the following examples for methodologies:

- Surveying existing ADUs and JADUs for their current market rents, considering factors like square footage, number of bedrooms, amenities, age of the structure and general location, including proximity to public transportation.
- Examining current market rents for comparable rental properties to determine an average price per square foot in the community. This price can be applied to anticipated sizes of these units to estimate the anticipated affordability of ADUs and JADUs.
- Available regional studies and methodology on ADU affordability can also be a resource to determine the likely affordability mix for ADUs and JADUs.

Planning appears to be using overly optimistic estimates of future production of ADUs that are affordable to lower-income households to avoid rezoning parcels to the Mullin density (i.e. the density at which a parcel is presumed to be developable for multifamily housing that is affordable to lower-income households). Planning’s November 16, 2020 [ADU forecasting memo](#) states that “In accordance with the Southern California Association of Government’s affordability analysis and HCD methodology, PlaceWorks is confident that at least 200 units can be counted towards the City’s lower income housing units with an aggressive set of policies and programs for the 6th RHNA Cycle.” According to Planning’s [November 17, 2020 ADU Ordinance Update](#), the City believes that SCAG’s [ADU Affordability Analysis](#) justifies the assumption that 68% of new ADUs in South Pasadena (376 ADUs out of an anticipated 555) will be affordable to extremely low income, very low income, and low income households.

SCAG’s ADU Affordability Analysis makes the following estimates of ADU affordability in the

¹² [HCD Site Inventory Guidebook, pg. 31](#)

¹³ [HCD Site Inventory Guidebook, pg. 30](#)

“Los Angeles II” region (20 Los Angeles County jurisdictions excluding the City of Los Angeles, Las Virgenes-Malibu, South Bay cities, and Westside Cities):

- 15% affordable to ELI households
- 9% affordable to VLI households
- 45% affordable to LI households
- 2% affordable to MI households
- 30% affordable to AMI households

Planning’s November 17, 2020 ADU Ordinance Update applies these estimates to its forecast of 555 ADUs permitted during the 6th Cycle, in order to forecast the following:

- 134 ADUs (84 ADUs affordable to ELI households and 50 ADUs affordable to VLI households) towards the City’s VLI RHNA target of 754 homes
- 242 ADUs¹⁴ towards the City’s LI RHNA target of 397 homes
- 12 ADUs towards the City’s MI RHNA target of 333 homes
- 167 ADUs towards the City’s AMI RHNA target of 578 homes

However, relying on SCAG’s regional analysis alone would be inaccurate, especially because more reliable, local data exists from which the City can draw its conclusions about ADU affordability. The Los Angeles II region is not an appropriate proxy for assessing the affordability of rental properties in a high-cost city like South Pasadena. SCAG’s analysis defines “Los Angeles II” as 20 inland jurisdictions where housing costs are generally lower. Based on Appendix A, this assumption conflates South Pasadena’s market with lower-cost cities like Palmdale, Montebello, Long Beach, and San Gabriel. Applying the “Los Angeles II” affordability assumptions to South Pasadena likely overestimates the number of new ADUs that will be affordable to lower-income households, and will set the city up for failure in meeting its lower income RHNA obligations.

[A simple Zillow search](#) for single-family homes for rent in South Pasadena shows that these properties rent for between \$2.32 and \$4.11 per square foot. By taking the average rent per square foot of \$2.86, and applying it to typical ADU sizes, we can estimate that ADUs in South Pasadena will rent for roughly \$1,400-\$1,500/month (a 500 ft² studio), \$2,100-\$2,200/month (a 750 ft² one-bedroom), or \$2,800-\$2,900/month (a 1,000 ft² two-bedroom). If anything, this is an underestimate of likely rents for newly constructed ADUs, since new buildings rent at a premium compared to older ones.

¹⁴ NB: Planning appears to have made a minor computation error. The SCAG regional analysis assumes that 44.6% of ADUs in the Los Angeles II region will be affordable to LI households; Planning appears to have computed 242 ADUs based on a 43.6% share.

Single-family homes for rent in South Pasadena, February 2021

Listing	Rent	Square footage	Rent / SF
500 Monterey Rd	\$5,000	1,216	\$4.11
1940 Mill Rd Apt B	\$2,295	650	\$3.53
618 Arroyo Dr	\$3,800	1,436	\$2.65
2024 La Fremontia St	\$4,300	1,628	\$2.64
806 La Bellorita St	\$5,600	2,416	\$2.32
Average for SFH	\$4,199	1,469	\$2.86

In Los Angeles County, a low-income (50-80% of AMI) two-person household can pay a maximum monthly rent of \$1,670 without becoming rent-burdened (i.e. paying more than 30% of monthly income towards rent).¹⁵ Based on the above data, we conclude that few new ADUs in South Pasadena would rent for an amount that is affordable to lower-income households.

Recommendations:

- 3.1 South Pasadena should follow HCD’s guidance, which clearly demonstrates a preference for assessing the affordability of forecasted ADUs using city-specific data, rather than regional data.** This is particularly necessary given that South Pasadena is a high-cost city relative to its regional neighbors, and because robust data on ADU rents exists. Planning should use current market rents in South Pasadena to assess the likely affordability of new ADUs, and should supplement this analysis with a survey of the owners of recently-constructed ADUs (to determine average rent, as well as the number of ADUs that are rented for free or at a low cost to family members).
- 3.2 Follow HCD’s recommendation to track ADU and JADU creation and affordability levels, and commit to a review at the planning cycle midpoint to evaluate if affordability estimates are being achieved.**¹⁶

Problem #4 - Inclusionary Housing Ordinance: *Planning indicates that the proposed Inclusionary Housing Ordinance will help the City achieve its lower-income RHNA targets without a clear assurance that this program will be accompanied by adequate zoning densities.*

HCD requires cities to analyze the zoning of site inventory parcels in order to determine whether they can be counted towards the low- and very low-income RHNA targets. They can do so in one of two ways:

1. Zone site inventory parcels to allow for at least 30 housing units per acre (the “Mullin density”)¹⁷.

¹⁵ [SCAG ADU Affordability Analysis, pg. 3](#)

¹⁶ [HCD Site Inventory Guidebook, pg. 31](#)

¹⁷ [HCD Site Inventory Guidebook, pg. 13](#)

2. In lieu of rezoning to the Mullin density, demonstrate that parcels' base zoning is otherwise adequate, based on actual experience with affordable housing development in the jurisdiction¹⁸. The city must provide an analysis demonstrating how the allowed densities facilitate the development of housing to accommodate the lower-income RHNA targets, including “factors such as market demand, financial feasibility, and information based on development project experience within a zone or zones, or at densities that accommodate housing for lower income households.”¹⁹

In Option 2, “the analysis of ‘appropriate zoning’ should **not** include residential buildout projections resulting from the implementation of a jurisdiction’s inclusionary program or potential increase in density due to a density bonus, because these tools are not a substitute for addressing whether the underlining (base) zoning densities are appropriate to accommodate the RHNA for lower-income households.”²⁰

HCD thus offers clear guidance that for sites to count towards the lower-income RHNA targets, cities must either a) allow a base zoning of at least 30 housing units per acre on these sites, or b) show, based on input from affordable housing developers and experience with recent affordable housing projects, that sub-Mullin base zoning densities are roughly optimal for affordable housing development in the jurisdiction. HCD also offers clear guidance that a density bonus program is **not** an alternative to demonstrating that a site’s base zoning is suitable for development of lower-income housing. Whether cities choose Option 1 or Option 2 to demonstrate the appropriateness of sites for lower-income housing opportunities, the *base zoning* is what matters.

By stating that “Adopting an inclusionary housing policy, for the City generally and potentially with incentives for some specific sites that have greater development potential, is emerging as a key policy tool to achieve these units and comply with the RHNA”, Planning indicates that it intends to accommodate at least some of the lower-income RHNA target through future mixed-income residential development on the suitable sites inventory, via the proposed Inclusionary Housing Ordinance and the State Density Bonus program.²¹ It is therefore imperative that South Pasadena’s housing element update provide enough sites where the base zoning is appropriate for development of lower-income housing.

Finally, it is worth noting that South Pasadena’s proposed Inclusionary Housing Ordinance would introduce a 15-20% affordable unit set-aside requirement (depending on the number of market-rate units in the proposed development) on all multifamily development above 3 units. While encouraging the production of affordable units within mixed-income developments is a laudable goal, and while an Inclusionary Housing Ordinance may be an appropriate vehicle for achieving this goal, the proposed policy would represent one of the highest inclusionary

¹⁸ [HCD Site Inventory Guidebook, pg. 14](#)

¹⁹ [HCD Site Inventory Guidebook, pg. 14](#)

²⁰ [HCD Site Inventory Guidebook, pg. 14](#)

²¹ [Planning Commission Agenda Report, 1/12/21, pg. 50](#)

set-aside requirements in California. We are concerned that it is so high as to make multifamily housing production economically infeasible and, given South Pasadena's hesitancy to incorporate affordable housing options throughout their community, that this infeasibility is the intended outcome.

Recommendations:

- 4.1 South Pasadena's housing element should include a thorough, impartial analysis of the likely impact of this policy on development feasibility, and should incorporate this analysis into its numerical estimate of these sites' "likelihood of development."**
- 4.2 Planning should remove as many constraints as possible on the development of sites where the Inclusionary Housing Ordinance would apply by ensuring they are subject to a ministerial development process.** This will maximize the likelihood that these parcels are successfully redeveloped into mixed-income housing projects.
- 4.3 In lieu of the proposed Inclusionary Housing Ordinance, Planning should consider creating a local density bonus program to encourage mixed-income housing production.** The City of Los Angeles' [Transit-Oriented Communities \(TOC\) program](#) provides an outstanding example of a successful local density bonus program. In return for setting aside units for lower-income households at an affordable rent, TOC projects can be built taller and include more units above and beyond the normal zoning limits, and also receive relief from on-site parking and open space requirements. Since its inception in 2017, [over 30,000 housing units have been proposed or permitted](#), of which 21% are affordable to lower-income households.

Problem #5 - Affirmatively Furthering Fair Housing: *Planning fails to affirmatively further fair housing and break existing patterns of residential segregation in their site selection and their general approach to the housing element update, despite the City Council's recent adoption of a resolution to acknowledge "past practices of institutionalized racism" and a commitment to being an inclusive community in the present ([Item 11, February 17, 2021](#)).*

AB 686 (2018) requires housing element updates to "affirmatively further fair housing", which is defined as "taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and fosters inclusive communities free from barriers that restrict access to opportunity based on protected characteristics." The City must address the issue of residential segregation by accommodating the lower-income RHNA targets in a way that conforms with AFFH requirements.

HCD's Site Inventory Guidebook offers recommendations for how jurisdictions should accomplish this. HCD is likely to require jurisdictions to distribute lower-income housing opportunities throughout the jurisdiction, and recommends that jurisdictions first identify

development potential for lower-income housing in high-opportunity neighborhoods²². Based on Planning’s draft materials and memos relating to the housing element, and on the four problems we’ve identified above, **we are concerned that South Pasadena’s housing element update is unlikely to fulfill the state’s AFFH requirement for housing elements.**

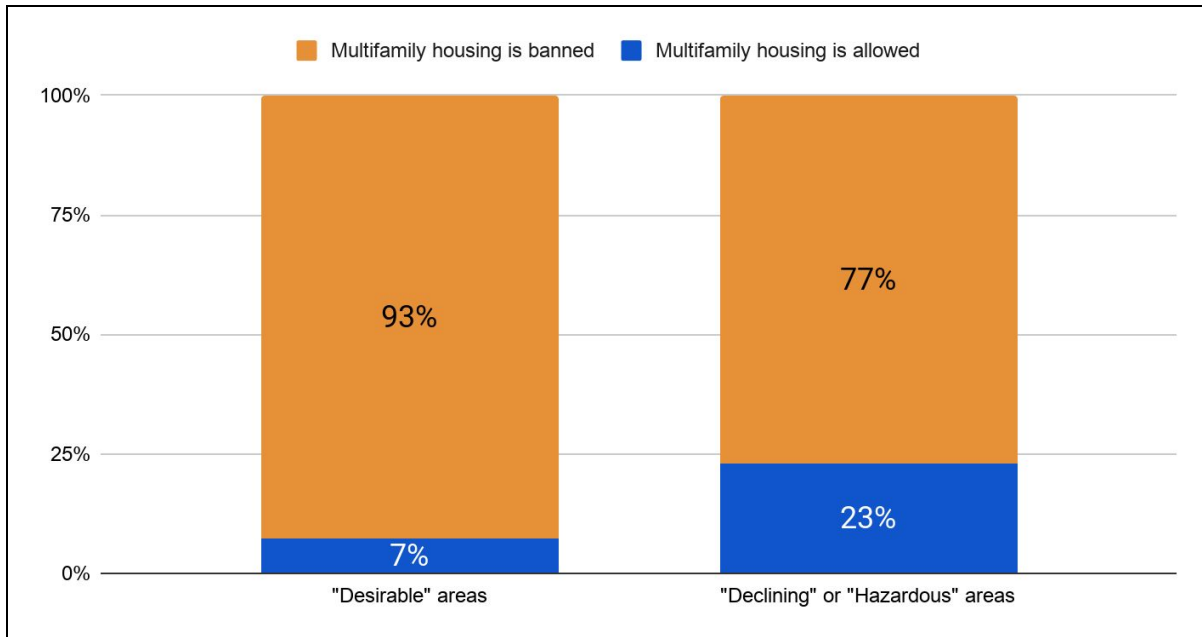
In our region, housing policy and land use regulations were once used to exclude members of minority groups. [Redlining and restrictive covenants](#), which restricted where Black, Latino, and Asian Americans could live, were once commonplace throughout Los Angeles County. Discrimination in housing takes other forms today: even after *de jure* segregation was banned, opponents of neighborhood change in prosperous areas [weaponized zoning policy](#) to make apartment construction illegal in much of Los Angeles County, especially in high-income areas.

South Pasadena’s history details examples of how housing policy and land use regulations were once used to exclude people. In 1946, [city manager Frank Clough stated](#): “We do not have any Negroes, nor do we have any other non-Caucasian people in South Pasadena. To ensure the continuance of this policy, several years ago the city council instructed the city attorney to draw up a restrictive clause and insert it into all properties coming into the possession of the city.” This policy remained in place until 1964. In the 1980s, as South Pasadena’s Asian American population increased rapidly, voters approved a 45-foot height limit on new construction, and a cap of 60 new housing units per year. [A Los Angeles Times article from 1987](#) suggests that these policies may have been partially motivated by a desire to exclude Asian Americans from South Pasadena.

Today, most of South Pasadena’s residentially-zoned land is restricted to single-family housing only, and the areas where apartments are banned tend to be ones that were defined as “desirable” during the age of redlining, and were thus off-limits to many Black, Latino, and Asian Angelenos. As a result, 23% of the parcels located in “C” (“declining”) or “D” (“hazardous”) class areas contain multifamily housing or commercial properties, while only 7% of the parcels located in “A” or “B” class (“desirable”) areas contain multifamily housing or commercial properties. **93% of the parcels in the “desirable” areas contain single-family homes.**

²² [HCD Site Inventory Guidebook, pg. 3](#)

Share of parcels with HOLC categorization where multifamily housing is allowed
 “A” or “B” class (“desirable”) areas vs. “C” (“declining”) or “D” (“hazardous”) class areas



Restrictive zoning has perpetuated historic patterns of segregation and exclusion, and continues to push housing opportunities for lower-income households away from high-cost, high-opportunity cities. Today, the median home sale price in South Pasadena was \$1,095,000 in 2018²³, and 41% of the city’s renters are “rent-burdened” (i.e. they spend more than 30% of their income on rent)²⁴. This denies historically disadvantaged groups housing opportunities near job centers, quality schools, and other public resources, a situation that persists today.

Again, comparing redlining maps from the 1930s to the current distribution of Los Angeles County residents by race is instructive. Neighborhoods in the City of Los Angeles like Highland Park and El Sereno were once defined as “declining” or “hazardous”. Today, these neighborhoods, where single-family zoning is less common, are majority Latino, with many census tracts bordering South Pasadena containing populations that are more than 70% Latino. Yet only 20% of South Pasadena’s population is Latino²⁵, with only one census tract containing a population more than 30% Latino. Exclusionary zoning in South Pasadena partially explains this stark disparity across city borders.

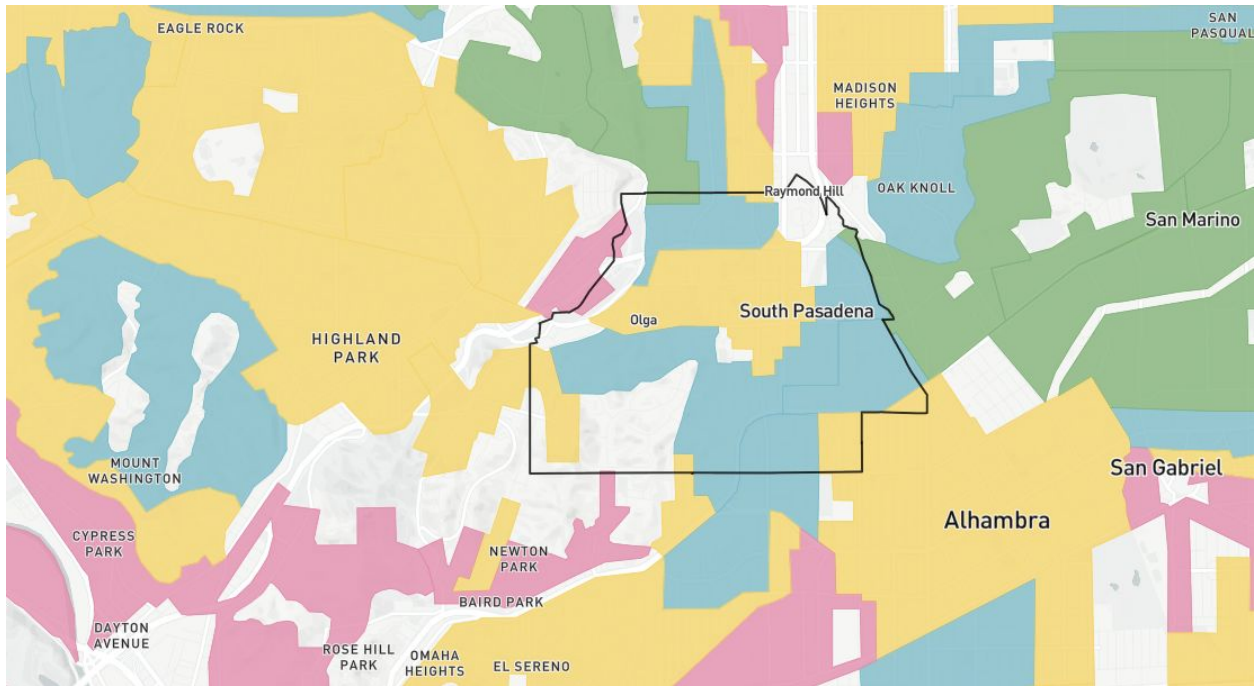
²³ [SCAG Pre-Certified Local Housing Data, South Pasadena](#)

²⁴ [SCAG Pre-Certified Local Housing Data, South Pasadena](#)

²⁵ American Community Survey, 2014-18

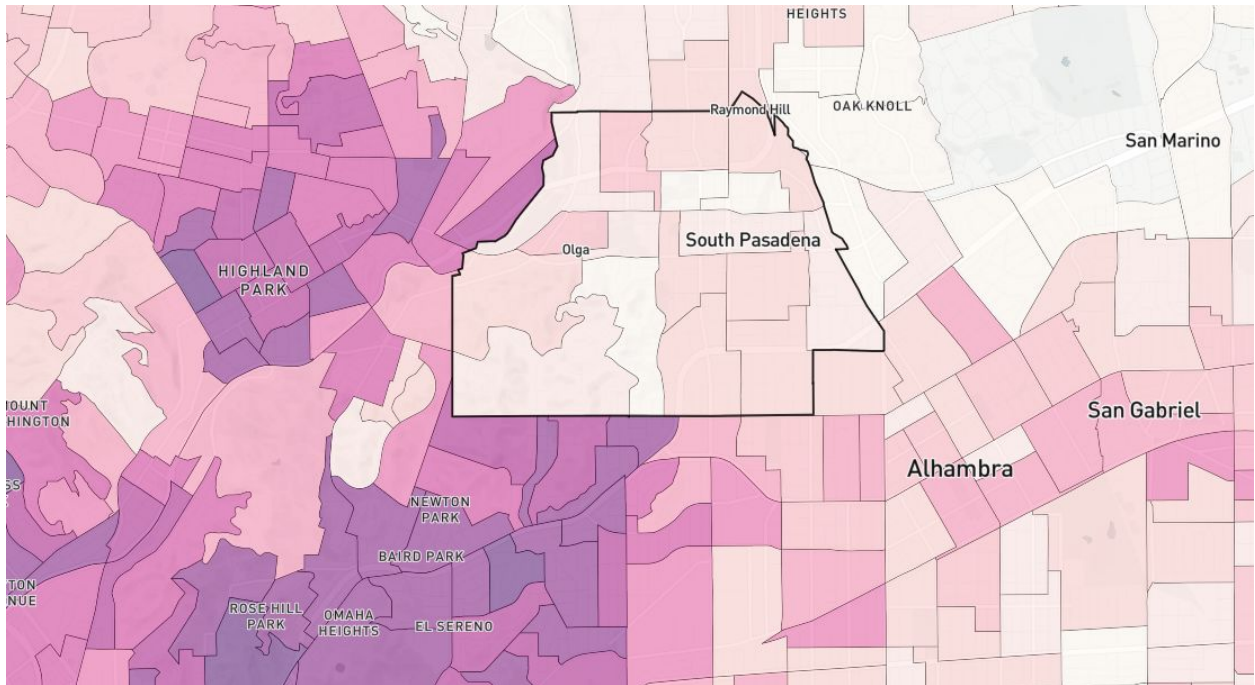
Home Owners' Loan Corporation map, 1930s

“Desirable” areas in green and blue, “declining” or “hazardous” areas in yellow and red



Latino Population by Census Tract

Latino share of the census tract's population in shades of purple



Given that single-family, exclusionary zoning predominates in South Pasadena, significant rezoning will be required in order to accommodate the RHNA targets for lower-income households in a way that affirmatively furthers fair housing.

Recommendations:

- 5.1 Prioritize rezoning in transit-rich, job-rich, and well-resourced neighborhoods, including single-family zoned areas.** This would expand affordable housing opportunities while minimizing the impact on existing renters in multifamily-zoned areas.
- 5.2 Avoid parcels containing rent-restricted and de facto affordable housing units in the housing element's site inventory.** Instead, identify additional areas for housing production via rezoning. Stronger tenant protection policies, such as expanded affordable unit replacement requirements ("no net loss") for redevelopment of existing rental properties, a "right of return" after redevelopment at the same rent as before, rental assistance during redevelopment, and a voluntary, negotiated tenant buyout system, will help ensure that lower-income renter households can remain in their communities at an affordable rent, as new housing opportunities are created.
- 5.3 Identify funding sources, public resources, and density bonus programs to maximize the likelihood that housing projects with below market-rate units are actually built.** Local measures like a [real estate transfer tax](#) could help generate new funding to support affordable housing production and preservation.

The City of South Pasadena has a legal obligation to sufficiently plan to meet current and future residents' housing needs, in a way that guarantees access to opportunity for Californians of all racial and ethnic backgrounds. The five issues that we've highlighted above suggest that South Pasadena is not on a path to fulfilling this legal obligation. We urge you to change course and actively embrace this opportunity to provide a variety of attainable housing options for the residents and workers of South Pasadena.

Finally, it is worth noting that state law imposes penalties on jurisdictions that fail to adopt a compliant 6th cycle housing element update by October 15, 2021. On that date, noncompliant jurisdictions will forfeit the right to deny residential projects on the basis of local zoning, so long as projects include at least a 20% set-aside for below market-rate units or are 100% moderate-rate projects²⁶. Jurisdictions that want to maintain local control over new development should therefore plan to adopt a compliant housing element update on time.

We respectfully request the opportunity to meet with your housing element team to address the concerns raised in this letter. Thank you for your consideration.

²⁶ [California Government Code 65589.5\(d\)\(5\)](#)



Sincerely,

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PlaceWorks

APPENDIX A: PRIOR CORRESPONDENCE

As cities undertake the housing element update process, our organizations seek to hold cities accountable on fulfilling both the letter and the spirit of housing element law. To that end, we have published a memo, [Requirements and Best Practices for Housing Element Updates: The Site Inventory](#), explaining the key legal requirements, as well as HCD and AHLA's recommended best practices, for housing element updates. Additionally, [this checklist provides a summary of our core policy recommendations](#).

Our previous letter to the City of South Pasadena encouraged the Planning Department to incorporate the concepts detailed in these documents into the housing element update, particularly the following four components of the site inventory analysis:

1. Incorporating an estimate of the **likelihood of development** and the **net new units if developed** in the site inventory
2. Using an HCD-recommended “safe harbor” methodology for **forecasting future ADU production**
3. Prioritizing high-opportunity census tracts and well-resourced areas (e.g. near transit, jobs, schools, parks, etc.) when selecting sites for lower-income housing opportunities, in order to **affirmatively further fair housing**
4. Including the HCD-recommended buffer of at least 15-30% extra capacity in the site inventory, in order to **avoid violating the No Net Loss requirement**

In September 2020, we [shared a letter with you](#) expressing serious concerns about the City's 2021 Housing Element Update - Preliminary Sites Analysis from the July 21, 2020 Planning Commission Agenda Report. **The Preliminary Sites Analysis indicated that the City did not plan to incorporate any of the four concepts listed above in the housing element update, and that the City's priority appeared to be to develop a housing element that avoided rezoning low-density neighborhoods at all costs.** Our letter urged the City to develop a housing element update that fully accords with state law, especially the requirement that housing elements affirmatively further fair housing (AB 686, 2018) and with the Department of Housing and Community Development's instructions and recommendations.