

March 13, 2023

Paul McDougall, Senior Program Manager
Department of Housing and Community Development
Division of Housing Policy Development
2020 W. El Camino, Suite 500
Sacramento, CA 95833

**Subject: City of South Pasadena Revised Draft 2021-2029 Housing Element;
Submitted Pursuant to Government Code section 65754**

Dear Mr. McDougall:

We are pleased to submit a fifth draft of the 2021-2029 South Pasadena Housing Element for review. This draft being submitted to HCD pursuant to the review procedure set forth in Government Code section 65754, and based on the terms of the Stipulated Judgment and Settlement Agreement (the "Court Judgment") in the action captioned *Californians for Homeownership v. City of South Pasadena* (LASC Case No. 22STCP01388). Such action was brought against the City under Code of Civil Procedure section 1085 and section 65751 of Article 14 of Chapter 3 of Division 1 of Title 7 of the Government Code, alleging that the City failed to adopt its housing element within the time required by law prior to the October 15, 2021 deadline. The Court Judgment was approved by the Court on August 3, 2022.

The process to get to this point has been long and arduous as we have grappled with meeting the State demands--not just the Regional Housing Needs Assessment (RHNA) allocation of 2,067 housing units, but also crafting programs to meet the goals of Affirmatively Furthering Fair Housing (AFFH).

Reconciling the various State laws with the concerns of the community has not been easy but during this process we have come together as a community--residents, staff, and elected officials--working together to get to this point. Since September 2020, we have hosted several community input efforts. Additionally, we increased our community participation efforts in the summer of 2022 and, over the last eight months, we have worked tirelessly to meet with residents. We hosted public meetings, hosted information tables at the South Pasadena Farmers' Market and the Social Justice Forum. We have met with individuals and groups such as Care First, South Pasadena Preservation Foundation, South Pasadena Tenants Union, and WISPPA (Women involved in South Pasadena Political Activism) to ensure we listened. We exchanged ideas and concepts to develop a Housing Element representative of the entire community.

The City of South Pasadena remains committed to providing various housing types for all persons regardless of income. During this cycle, we will continue to analyze additional sites such

as land at the City of South Pasadena and Los Angeles border in the Arroyo, specifically the City land by the baseball field at Bridewell and the State Route 110, Arroyo Seco Parkway. We also make a commitment to continue to come up with new and creative solutions to address affordable housing such as the tenant protection programs included in this draft.

We would like to point out that should the City Council approve the rent registry and the rent stabilization programs, staff will begin the program development as soon as possible, as we believe these programs will benefit the City and our rental residents that comprise over 50% of South Pasadena residents. Finally, we remain committed to working closely with the California Department of Housing and Community Development (HCD) to implement the goals and programs in the Housing Element.

Revisions have been made in response to the letter from HCD dated January 27, 2023, public comments received on the Fourth Draft as submitted to HCD. The Fifth Public Draft was posted for public comment on March 2, 2023, with version reposted on March 7, 2023. Public comment was held open until March 13, 2023.

In addition to changes made for the March 7th draft, two additional changes were made in response to public comments received since March 7th:

- Clarifying that the City will revise the mixed-use development standards for all parcels that have a base density of over 50 du/ac within 120 days of enactment of a height limit repeal or replacement. The development standards identified in the March 7th draft of the Housing Element were revised to ensure consistency with the existing height limit. The statements initially inadvertently created a condition where the identified development standards could constrain the densities identified in the Housing Element. This change should correct for that oversight and ensure the future development standards allow for the identified densities to achieve the RHNA. If a ballot measure is adopted by the voters to address the height limit, a 120-day timeframe for implementation of corresponding code amendments is now also stated.
- Including an exemption from the Inclusionary Housing Ordinance for projects with less than 10 units. This was presented at the February 1st City Council meeting as a response to HCD's comments, but was inadvertently left out of the changes incorporated for the public review drafts released on March 3rd or March 7th.

If these revisions require further seven day public review and comment period, please let us know by March 16, 2023 so we can re-post for public review and still meet the Court required deadline of May 31, 2023 for adoption of a certified Housing Element.

This draft of the Housing Element represents a significant change to the way the City of South Pasadena is planning to accommodate its RHNA and AFFH requirements. Included in this revision is an increase to the zoning capacity of the Medium and High Density Residential Zones to a maximum of 30 and 45 du/ac, respectively. Additionally, the City is committed to developing a missing middle housing program in residential zones along high quality transit corridors/transit stops, excepting high fire hazard areas.

Furthermore, the City is expanding the area for mixed-use residential outside of the Downtown Specific Plan (DTSP) area to incorporate the majority of the City’s arterial corridors. As part of these revisions, the Housing Element greatly expanded the previous DTSP analysis to these other areas, and better explained the methodology for calculating anticipated development in these areas.

In addition, the Housing Element now increases the zoning capacity within the DTSP in the Fair Oaks Zone from 70 du/ac to 110 du/ac. This change, along with other revisions to development standards and the Inclusionary Housing Ordinance, is not only intended to accommodate additional units, but to respond to comments made by the Site 15 property owner to ensure the site is a viable site for housing development. The result of these changes is to increase the overall zoning capacity to a level that accommodates a 15% buffer above the City’s lower income RHNA and more than a 30% buffer above the City’s overall RHNA.

The table below identifies specific comments provided by HCD in its January 27th letter that have been addressed in the document.

Comment	Response
<p>Suitability of Nonvacant Sites: Per previous reviews, the element must include additional discussion of recent experience in redevelopment and either remove sites or include additional analysis of the extent existing uses impeded additional development. In response, the element removed and added several sites and added additional discussion of sites but must still demonstrate the existing uses and circumstances do not impede additional development, as follows:</p> <ul style="list-style-type: none"> • Site 16 (Pavilions Parking Lot): Although owner interest was emphasized in this draft and it was polled highly by the development community, the element still should discuss the impacts of parking for the existing use on the feasibility of development, including plans for replacement parking and parking needs during construction. • Site 17 (Retail and Restaurant Buildings and Parking Lot): While the element now discusses the short-term nature of leases, based on City records, the owner does not appear interested in residential development as noted in the element. The element should either remove the site, establish owner interest or demonstrate the existing uses will not impede additional development and will likely discontinue in the planning period. <p>In addition, because the housing element relies upon nonvacant sites to accommodate more than 50 percent of</p>	<p>The anticipated unit projection for the Pavilions site (renumbered from 16 to 15) has been updated based on comments made by the property owner at the February 1st City Council meeting and the revised development standards identified in the Housing Element, including the increase in allowable density from 70 to 110 du/ac.</p> <p>The site formerly included as Site 17 (Retail and Restaurant Buildings and Parking Lot) has been removed from the Housing Element as an identified site.</p>

Comment	Response
<p>the regional housing needs allocation (RHNA) for lower-income households, it must demonstrate existing uses are not an impediment to additional residential development and will likely discontinue in the planning period. (Gov. Code, § 65583.2, subd. (g)(2).) Absent findings as part of the adoption resolution based on substantial evidence, the existing uses will be presumed to impede additional residential development and will not be utilized toward demonstrating adequate sites to accommodate the RHNA.</p>	
<p>City-Owned Sites: The element now includes information on compliance with the Surplus Land Act and demonstrates the suitability and availability of Site 13 (City-owned Parking Lot). However, the element must still discuss whether existing uses impede additional development and any known conditions that preclude development in the planning period for Site 8 (Public Works Yard). As noted in the prior review, the element should discuss the impacts of the underground gasoline tank and filling station and soil contamination on the timing and cost of development in the planning period. In addition, Program 2.l (Affordable Housing on City-owned Property) should commit to monitor City-owned sites every other year and identify alternative sites within 6 months if necessary if sites will not be developed in the planning period.</p>	<p>Additional information has been added to the description of the existing uses of Site 8 (Public Works Yard) showing where those existing uses can move in order to accommodate the needs of the Public Works Department. Additionally, information about the scope and scale of any possible environmental remediation has been included to show that it will not be a constraint on development of the site.</p>
<p>Program 3.b (Mixed Use Development): While the Program now includes actions to reduce parking requirements, as noted in the prior review, it should also establish incentives (beyond state density bonus law) by a specified date such as specific commitments to increased density, relaxation of development standards, fee reductions and expedited permit processing.</p>	<p>Program 3.b has been revised to provide a limit for certain development standard in all mixed-use areas for those development standards that have been identified as creating a constraint on development. Additionally, the City has provided a commitment to adopt additional development incentives to encourage the development of affordable housing in the mixed-use zones, with a list of incentives that may be included.</p>
<p>Programs 2.i and 2.m (Inclusionary Housing Regulations): Per our previous review, the program should commit to engage and incorporate comments from the development community (including smaller developers and property owners) as part of the feasibility analysis and make</p>	<p>Programs 2.i and 2.m have been revised to commit to revising the Inclusionary Housing Ordinance if it is found that the Ordinance is an impediment to housing production</p>

Comment	Response
<p>adjustments as appropriate. To ensure that the projects are feasible, the program should also go beyond reviewing provisions (e.g., ten unit threshold, in-lieu fees, comparable unit costs) and commit to make revisions, including a balanced blend of affordability (Moderate and Lower-income). In addition, while Program 2.i (Inclusionary Housing Regulations) commits to evaluate the effectiveness of the ordinance, the evaluation should also utilize constraints on development as criteria, including housing costs and timing and ensure revisions do not act as a constraint on development.</p>	<p>during the scheduled reviews of the Ordinance. Additionally, Program 2.m has been revised to exempt projects with less than 10 units from the ordinance.</p>
<p>Program 2.n (Citywide Height Limit Ballot Initiative): While the program now commits to height limits no less than 60 feet or six stories, it should also consider appropriate height limits for 70 units per acre. The Program could either commit to (a) remove height limits all together and replace all height limits as appropriate to encourage maximum densities, (b) specifically commit to accommodate 70 units per acre (e.g., seven stories and 84 feet) in addition to accommodating 50 units per acre or (c) replace the minimum height to be established with seven stories and 84 feet.</p>	<p>Program 2.n has been revised to provide for the option of either removing the height limit for parcels zoned with a base density of greater than 50 du/ac, or be replaced with a height limit of no less than 84 feet for parcels with a base density greater than 50 du/ac to achieve the densities identified in the Housing Element.</p>
<p>While the element modifies several programs to affirmatively further fair housing (AFFH), it should include specific commitment and additional actions to improve housing mobility and increase new housing choices and affordability in higher resource or relatively higher income areas (not limited to the RHNA) throughout the City. For example, the element should make more specific commitments to density increases and changes to development standards to accommodate this increased density in single family neighborhoods.</p>	<p>The Housing Element has been revised to commit the City to allow for missing middle housing types on residentially zoned properties along high quality transit corridors/transit stops, except in high fire hazard areas. This program will establish objective design standards for certain housing types which may include duplexes, triplexes, four-plexes, and cottage courts.</p>
<p>Public comments from fair housing advocates point to issues relating to both the Caltrans sites as an opportunity to redevelop deed restricted, affordable, multifamily housing in higher opportunity or higher income neighborhood. In addition, comments indicate the Cultural Heritage Commissions efforts to increase the number of historic districts; potentially constraining residential development opportunities. The City should consider and revise the element in response to these comments as appropriate. For example, the element could incorporate</p>	<p>The Housing Element has been revised to more clearly articulate the options the City is currently analyzing for the disposition of the surplus Caltrans properties and the use of those properties for the creation of affordable housing. These options include the sale of some properties for the creation of an affordable housing fund for</p>

Comment	Response
<p>any new potential constraints and public participation in its mid-term evaluation of the sites inventory.</p> <p>Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate. Please be aware, any revisions to the element must be posted on the local government’s website and to email a link to all individuals and organizations that have previously requested notices relating to the local government’s housing element at least seven days before submitting to HCD.</p>	<p>the City, the affordable sale or rental of some properties to income-qualified households, and/or the construction of additional affordable units on the properties. The City is still working with Caltrans to determine the feasibility of any of these options.</p>

As mentioned above, the City released the 5th Draft Housing Element for public review on March 2, 2023, though no requirement exists under Article 14 of Chapter 3 of Division 1 of Title 7 of the Government Code (section 65750, et seq.) for posting prior to submission to HCD. The City released an amended draft on March 7, 2023. These amendments included revisions to:

- Program 1.b, *Convert Caltrans Homes to Affordable Housing*, to further clarify the options the City is analyzing for the eventual dispensation of the surplus Caltrans properties;
- Program 2.n, *Citywide Height Limit Ballot Initiative*, to clarify and affirmatively state that any new height limit, if imposed, will allow for the densities identified in the Housing Element;
- Program 3.b, *Mixed-Use Developments and Adaptive Re-Use*, to ensure consistency with the General Plan and existing height limit; and
- Program 3.m, *Implement SB 9 and SB 10*, to clarify the actions the City will take to allow for missing middle housing types in high quality transit corridors/transit stops.

Three versions of the document are being provided for your review:

- Fifth Draft clean version,
- Fifth Draft redlined version (showing changes from the Fourth Draft), and
- Fifth Draft redlined version (showing revisions since the First Draft submitted to HCD in 2021).

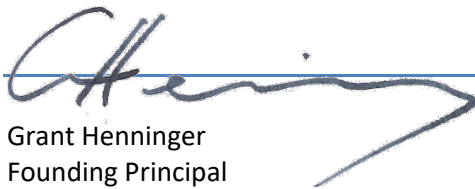
The City of South Pasadena is committed to working with the California Department of Housing and Community Development to ensure that this Housing Element obtains certification pursuant to the Court Judgment, to maintain eligibility for grant funding programs, to ensure the legal adequacy of the General Plan, and to preserve local control of land use decisions. As demonstrated in the Housing Development Resources and Housing Plan and Quantified

Objectives sections of the Housing Element, the City has land zoned for housing units and is proposing rezoning of additional land to meet the needs of residents at all income levels.

We look forward to hearing from you as soon as possible. Please do not hesitate to contact Angelica Frausto-Lupo, Community Development Director (afraustolupo@southpasadenaca.gov) or me at (714) 323-5731/ grant@mobius-planning.com with any questions regarding the draft.

Sincerely,

Mobius Planning



Grant Henninger
Founding Principal

Cc:

Angelica Frausto-Lupo, Community Development Director, City of South Pasadena
Andrew L. Jared, City Attorney

Attached:

1. City of South Pasadena Fifth Draft 2021-2029 Housing Element
2. City of South Pasadena Fifth Draft 2021-2029 Housing Element – Tracked Version from Fourth Draft
3. City of South Pasadena Fifth Draft 2021-2029 Housing Element – Tracked Version from First Draft