

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

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January 27, 2023

Angelica Frausto-Lupo, Director  
Community Development Department  
City of South Pasadena  
1414 Mission Street  
South Pasadena, CA 91030

Dear Angelica Frausto-Lupo:

**RE: South Pasadena's 6<sup>th</sup> Cycle (2021-2029) Revised Draft Housing Element**

Thank you for submitting the City of South Pasadena's (City) revised draft housing element received for review on December 13, 2022. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from Care First South Pasadena, the South Pasadena Tenants Union, and Josh Albrekston, pursuant to Government Code section 65585, subdivision (c).

The revised draft element addresses many statutory requirements described in HCD's October 28, 2022 review; however, revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code), as follows:

1. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

*Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's or county's share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory completed pursuant to paragraph (3) of subdivision (a) without rezoning... (Gov. Code, § 65583, subd. (c)(1).)*

**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:

- *Site 16 (Pavillions 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.

In addition, because the housing element relies upon nonvacant sites to accommodate more than 50 percent of 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.

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 2.1 (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.

Programs: As noted above, the element does not include a complete site analysis; therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types. In addition, the element should be revised, as follows:

- *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.
2. *Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities... (Gov. Code, § 65583, subd. (c)(3).)*

While the element now includes potentially meaningful programs to address governmental constraints, programs should be revised as follows:

- *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 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.
  - *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.
3. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics... (Gov. Code, § 65583, subd. (c)(5).)*

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.

4. *Local governments shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the Housing Element, and the element shall describe this effort. (Gov. Code, § 65583, subd.(c)(9).)*

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 any new potential constraints and public participation in its mid-term evaluation of the sites inventory.

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.

The element will meet the statutory requirements of State Housing Element Law once it has been revised and adopted to comply with the above requirements pursuant to Government Code section 65585.

As a reminder, the City's 6th cycle housing element was due October 15, 2021. As of today, the City has not completed the housing element process for the 6th cycle. The City's 5th cycle housing element no longer satisfies statutory requirements. HCD encourages the City to revise the element as described above, adopt, and submit to HCD to regain housing element compliance.

Pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), a jurisdiction that failed to adopt a compliant housing element within one year from the statutory deadline cannot be found in compliance until rezones to accommodate

a shortfall of sites pursuant to Government Code section 65583, subdivision (c), paragraph (1), subparagraph (A) and Government Code section 65583.2, subdivision (c) are completed. As this year has passed and Programs 3.a (Rezone and Redesignate Sites to Meet RHNA) has not been completed, the housing element is out of compliance and will remain out of compliance until the rezoning have been completed.

For your information, pursuant to Government Code section 65583.3, the City must submit an electronic sites inventory with its adopted housing element. The City must utilize standards, forms, and definitions adopted by HCD. This is especially important for determining sites that have been utilized in multiple planning periods and are subject to by-right provisions. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements> for a copy of the form and instructions. The City can reach out to HCD at [sitesinventory@hcd.ca.gov](mailto:sitesinventory@hcd.ca.gov) for technical assistance.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant; the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs; and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City will meet housing element requirements for these and other funding sources.

HCD appreciates the hard work and dedication you and the rest of the City's housing element team provided during the review. We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need assistance, please contact Connor Finney at [Connor.Finney@hcd.ca.gov](mailto:Connor.Finney@hcd.ca.gov).

Sincerely,



Paul McDougall  
Senior Program Manager