

CITY OF MONTEBELLO  
October 15, 2013

**TO:** Planning Commission  
**FROM:** Planning Division  
**SUBJECT:** General Plan Housing Element Update  
**LOCATION:** Citywide

**STAFF RECOMMENDATION:** Authorize the submittal of the Administrative Draft Housing Element (Attachment 1) to the State Department of Housing and Community Development (HCD).

---

### **BACKGROUND**

The State of California requires that all local governments prepare and maintain housing elements to identify strategies to conserve, rehabilitate, and provide housing to meet the existing and future needs of the community. Specific requirements concerning the scope and content of housing elements have been established by the State Legislature. The Department of Housing and Community Development (HCD) is the State Agency that is responsible for ensuring that State housing law is being implemented at the local level. The responsibility of HCD involves reviewing and certifying housing elements prepared by local governments. The current HCD timetable calls for the submittal of the draft Housing Element within the Southern California Association of Governments (SCAG) planning area for review by October 15, 2013.

Montebello's last adopted Housing Element addressed housing conditions between January 1, 1989 and December 31, 1997. Montebello did not adopt an updated element for the fourth cycle 2000-2008 planning period. Finally, the City must also prepare a housing element that addresses the current fifth cycle (2014-2021) planning period.

This Housing Element evaluates the current Regional Housing Needs Assessment (RHNA) developed by the Southern California Association of Governments (SCAG) and indicates how the City intends to accommodate the future housing demand identified by the RHNA. In addition, this Housing Element serves as an update of the background information used in the evaluation and formulation of housing policy in coming years. This Housing Element considers the existing and projected housing need for the City of Montebello.

The consequences to the City of not having a certified Housing Element include the potential disqualification of obtaining government grants and other financial assistance for housing programs. In addition, a HCD certified Housing Element will be very advantageous in any future potential land use and development litigation.

### **DISCUSSION**

The Housing Element differs from the other General Plan Elements in that the Housing Element must be reviewed by HCD to ensure it conforms to State requirements. Pursuant to State law (Section 65580) of the Government Code, this Housing Element must conform to the following requirements:

- The Housing Element must identify sites, with appropriate zoning, development standards, and with services and facilities, so as to accommodate the City's Regional Housing Needs Assessment (RHNA).
- The Housing Element must examine strategies that will assist in the development of new housing designed to meet the needs of existing and future residents.

- The Housing Element must identify and address potential governmental constraints that may impede the maintenance, improvement, and development of new housing, including housing for lower income households and for persons with disabilities.
- The Housing Element must strive to conserve the existing affordable housing stock and to preserve lower income housing developments that exist in the City.
- The Housing Element must continue to support equal housing regulations for all persons, regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability.

The Housing Element establishes specific actions, objectives, and timelines for addressing the above requirements. In response to changing State law pertinent to housing elements, this Housing Element also addresses new State laws that are intended to facilitate and expedite the construction of affordable housing. The more recent regulations related to the scope and content of local housing elements include the following:

- *Extremely Low Income Households.* AB 2635 requires local jurisdictions to assess the housing needs of extremely low income households, in addition to the established requirement to examine the needs of very low, low, and moderate income households. Extremely low income households are defined as households with annual incomes of less than 30% of the median income for the County (also referred to as the Area Median Income).
- *Land Inventory and Analysis.* AB 2348 (Chapter 724) amended the housing element law to include more specific requirements related to the analysis of available land for new housing. Specifically, the land inventory must include parcel-specific listing of available sites.
- *Constraints for Persons with Disabilities.* SB 520 requires that housing elements identify potential and actual constraints on the development, maintenance and improvement of housing for persons with disabilities. The State now requires all cities to maintain a “reasonable accommodation ordinance” to ensure that zoning and development requirements do not hinder the implementation of housing improvements that aid disabled persons.
- *Emergency shelters.* SB 2, Chapter 633 requires that local governments assess homeless need and identify opportunities for addressing this need through establishing candidate sites for potential emergency shelters. The requirement is related to the provision of appropriate zoning regulations that would permit such uses in a particular zone by right. The law does not require the City to construct and/or operate an emergency shelter.
- *Density Bonus Requirements.* The City is required under State law to have adopted density bonus regulations in its Zoning Ordinance. The Density Bonus Law is found in California Government Code Sections 65915—65918. A developer who meets the requirements of the State law is entitled to receive the density bonus and other benefits.
- *Energy Conservation.* The City is now required to review the Zoning Ordinance and subdivision requirements, as well as other applicable codes, to promote energy conservation in housing rehabilitation and in the construction of new housing. This effort will supplement existing City initiatives related to the enforcement of the State’s construction codes that require the installation of energy efficiency equipment and appliances in new development.
- *Single-Room Occupancy Housing.* The State requires all cities to update their zoning ordinances to provide for single room occupancy (SRO) housing. A SRO development may serve as an important source of affordable housing for lower-income individuals, seniors, and persons with disabilities.

- *Supportive and Transitional Housing.* The State requires all cities to update their zoning ordinances to provide for supportive and transitional housing. The State requires that local governments take a proactive role in facilitating the review and approval process. As a result, the City will be required to amend its Zoning Ordinance to permit such housing in its residential zone districts as a permitted use.

### **REGIONAL HOUSING NEEDS ASSESSMENT (RHNA)**

The Draft Housing Element must specifically address the housing need projections developed by the Southern California Association of Governments (SCAG) as part of the Regional Housing Needs Assessment (RHNA). The authority to determine housing needs for the various income groups for cities within the region has been delegated to the Southern California Association of Governments (SCAG), pursuant to Section 65584 of the Government Code. The RHNA housing need for Montebello is categorized according to the following income groups:

- The *Very Low income* households are those households whose income does not exceed 50% of the median household income for the greater Los Angeles area;
- The *Low income* households earn from 51% to 80% of the median;
- The *Moderate income* groups earn from 81% to 120% of the median; and,
- The *Above Moderate* households earn over 120% of the median income.

The City did not meet its RHNA housing unit requirements for very low income, moderate, and above moderate income households for the 1998-2005 period. The remaining 1998-2005 RHNA for Montebello is 221 units, including 131 very low-income units, 2 moderate-income units, and 88 above moderate-income units. The City of Montebello must also accommodate the 2006-2014 RHNA. A significant portion of the 2006-2014 RHNA was achieved with housing units constructed, under construction, and approved. A total of 167 units have been constructed or approved since January 1, 2006, including 54 low income units and 18 moderate income units. An additional 17 accessory (second) dwelling units were constructed during this planning cycle. The current RHNA for the fifth cycle (2014-2021) is 269 very low income units, 161 low income units, 175 moderate income units, and 461 above moderate income units for a total of 1,066 units for the current 2014-2021 planning period.

### **HOUSING PROGRAMS**

The Housing Element is structured around a number of Housing Programs that are designed to conserve existing housing and promote the development of new housing. HCD typically requires new housing programs to be adopted within 12 months following certification of the Housing Element. The *existing* housing programs included in the Draft Housing Element are as follows:

- *Program 1: Code Enforcement Program (CEP).* Code enforcement is essential to ensuring housing conservation and rehabilitation. The City has long maintained an aggressive code enforcement program (CEP) to preserve and protect existing neighborhoods against the harmful effects of deterioration caused by neglect, graffiti, and deferred maintenance. In addition, a property maintenance ordinance was adopted to allow code enforcement to abate specific conditions on private property as a public nuisance.
- *Program 2: Home Improvement Programs.* The City offers multiple home improvement programs to lower income homeowners with homes in need of repair. The Home Improvement program maintains affordable single-family housing stock through provision of amortized and deferred loans to extremely low, very low, low, and moderate income (as defined by HUD) homeowners for major home repairs. The Senior Grant Program provides grants for up to \$10,000 to very low-income senior homeowners to fund home repairs.

- *Program 3: Rental Rehabilitation Program (RRP).* The City's Rental Rehabilitation Program (RRP) is designed to improve the existing rental housing stock and to allow lower income renters to afford the rehabilitated units. The City will continue to provide funding for the RRP to improve the City's rental housing stock in need of rehabilitation, to provide safe, decent, and sanitary housing for lower income families.
- *Program 4: Neighborhood Revitalization.* The goal of the neighborhood revitalization program is to eliminate slum and blight conditions and improve living conditions through the provision of rehabilitation activities and public improvement projects. The City's goal is to stabilize neighborhoods and create a viable and livable community through rehabilitation and new homeownership opportunities.
- *Program 5: Preservation of At-Risk Housing.* To meet the housing needs of persons of all economic groups, the City is committed to guarding against the loss of housing units reserved for lower-income households. Over the next 10 years, one assisted project in Montebello, Beverly Towers, which provides 189 affordable units, has an expiring Section 8 contract and is at risk of converting to market rate. However, because the project is owned and operated by a non-profit organization, it is considered to be at low risk of converting to market rate. The City will continue to monitor Section 8 legislation and all units considered at risk of conversion to market rate, and assist property owners in maintaining the affordability of these units.
- *Program 6: Zoning Revision.* Upon adoption of the General Plan, the City will undertake a comprehensive update to the Zoning Code. The update will create consistency between the Land Use Element of the General Plan and the Zoning Code, provide updated development and use standards, and will remove constraints to housing development.
- *Program 7: Density Bonuses.* The City abides by State density bonus law to facilitate the development of affordable and senior housing. Pursuant to State law, the City offers density bonuses of between 20% and 35% for the provision of affordable housing, depending on the amount and type provided. Financial incentives or regulatory concessions may also be granted when a developer proposes to construct affordable housing.
- *Program 8: Extremely Low-Income and Special Needs Housing.* Extremely low-income households and households with special needs have limited housing options. Housing types appropriate for these groups include: emergency shelters, transitional housing, supportive housing, and single-room occupancy (SRO) units. As part of the Governmental Constraints analysis for the Housing Element update, revisions to the Montebello Zoning Ordinance are necessary as appropriate to better facilitate the provision of a variety of housing types.
- *Program 9: Water and Sewer Service Providers.* In accordance with Government Code Section 65589.7 as revised in 2005, immediately following City Council adoption, the City must deliver the Housing Element to all public agencies or private entities that provide water or sewer services to properties within Montebello.
- *Program 10: Provision of Adequate Sites.* The City will maximize the density potential of limited land resources by promoting residential densities that achieve the highest allowable density for specific properties; to maintain, on an ongoing basis, a vacant and underutilized residential sites inventory and provide sites information to interested developers; and to provide technical assistance and information on available City-owned parcels for lower-income developments to housing providers.
- *Program 11: Mixed use Sites.* Mixed use development will add more residential units along Whittier Boulevard and at strategic intersections along Beverly Boulevard. Such development is expected to enhance the market for businesses along these corridors, and provide significant opportunities for affordable housing development. The sites

chosen as opportunity areas are located in high-visibility areas and intersections, and are significantly underutilized given their size and location. The City's development standards encourage the development of mixed use in these areas and interest among developers to complete such projects within Montebello is evident.

- *Program 12: Affordable Housing Development.* For-profit and non-profit developers play a significant role in providing affordable housing in Montebello. The City provides land, regulatory incentives, and financial assistance to developers to complete both ownership and rental housing for very low, low, and moderate income households. On a case-by-case basis, the City will assess the financial incentives needed to facilitate the development of affordable housing.
- *Program 13: First Time Homebuyer Program.* The City is committed to expanding homeownership opportunities for lower income households through the First-Time Homebuyer Program. The goal of this program is to increase the percentage of homeowners in the community and assist with the stabilization of residential neighborhoods. The program is coordinated by the Montebello Housing Development Corporation. It provides second mortgage loans to first time homebuyers of low to moderate income means. These loans are provided for acquisition of homes on the City of Montebello open market. The loans provide the bridge between the sales price of homes and the available buying power of the first time homebuyers of low to moderate income means, and are funded through a CalHome grant.
- *Program 14: Section 8 Rental Subsidies.* Both tenant- and project-based Section 8 subsidies relieve housing costs to households that spend more than 30% of their income on rent. Tenant-based Section 8 Housing Choice Voucher program is funded by HUD. Under the project-based Section 8 program, subsidies are distributed to apartments that house very-low-income households. The County of Los Angeles Housing Authority distributes tenant-based Section 8 Housing vouchers to renters who wish to apply the voucher to landowners who accept such vouchers. Montebello participates in the Section 8 program by advertising the program and referring potential recipients to appropriate authorities.
- *Program 15: Fair Housing Services/Housing Rights Services.* The City contracts with the Housing Rights Center to provide fair housing services in Montebello. Services include housing discrimination response, landlord-tenant relations, and housing information counseling.
- *Program 16: Housing Mediation Board.* The City will continue to provide fair housing services through the Housing Mediation Board to provide an atmosphere in which disputing parties of rental housing are able to reach a mutual workable solution to excessive rent increases, claims of wrongful notices to quit, and clarification of general rights and responsibilities of property owners and tenants.
- *Program 17: Reasonable Accommodation.* Reasonable accommodation provides a means of requesting from the local government flexibility in the application of land use and zoning regulations. Cities and counties are required to consider requests for accommodations related to housing for people with disabilities and provide the accommodation when it is determined to be "reasonable" based on fair housing laws and case law interpreting the statutes.

The State also requires local governments to implement *Extremely Low income (ELI) Household Incentive Program(s)*. The goal of these new ELI programs is to facilitate the provision of new housing opportunities for extremely low income residents. Primary objectives of these programs are to promote the development of housing units for households earning 30 percent or less of the *Median Family Income* for Los Angeles County. Four programs will address this requirement; the *Accessory (Second) Unit Ordinance*, the *Density Bonus Program*, the *Emergency Shelter Program*, and the *Single-Room Occupancy Housing Program*.

## **NEXT STEPS**

The remaining steps of this work program are listed below:

- The Draft Housing Element will be submitted to HCD for review and conditional certification.
- The Draft Housing Element will be publicly circulated concurrent with HCD review.
- The environmental documentation required pursuant to the California Environmental Quality Act (CEQA) will also be circulated concurrent with the Housing Element. This review period will be 30 days as is required under State law.
- Following the HCD's review of the Draft Housing Element, the necessary revisions will be made.
- The Planning Commission will review the Draft Housing Element during the 30-day review period.
- After conducting a public hearing, the City Council will direct staff to make any required revisions for the Housing Element to be adopted. The adopted Housing Element will be forwarded to HCD.
- HCD will then issue a formal certification letter assuming the adopted Housing Element incorporated the HCD's changes.

## **FISCAL IMPACT**

The cost related to the implementation of the Housing Element is directly related to the cost associated with the implementation of the individual housing programs. The two primary funding sources include the General Fund and Community Development Block Grant (CDBG). The programs requiring assistance from the General Fund are related to the review and revisions of housing-related ordinances by staff.

## **ATTACHMENTS**

1. Draft Housing Element (Dated October 9, 2013).