



Council Agenda Report

To: Mayor Mullen and Honorable Members of the City Council

Prepared by: Joyce Parker-Bozylinski, Contract Planner

Reviewed by: Bonnie Blue, Planning Director

Approved by: Reva Feldman, City Manager 

Date prepared: March 21, 2018 Meeting Date: April 9, 2018

Subject: Annual Progress Report Regarding the Implementation of the City's Housing Element to the California Department of Housing and Community Development

RECOMMENDED ACTION: Direct staff to submit the Annual Housing Element Progress Report to the California Department of Housing and Community Development.

FISCAL IMPACT: There is no fiscal impact associated with the recommended action.

DISCUSSION: On February 12, 2014, the California Department of Housing and Community Development (HCD) certified the City's Housing Element as meeting the requirements of state law for the planning period of 2013-2021. The City is required to prepare an annual progress report pursuant to Government Code Section 65400 on its progress and program status in implementing its housing element. The annual progress report includes information on the jurisdiction's progress in addressing the regional housing needs allocation (RHNA)¹, including the number of housing units permitted by income level, the status of programs in the housing element and efforts to remove governmental constraints. The annual progress report must be submitted to HCD and the Governor's Office of Planning and Research by April of each year.

To implement the Housing Element, the City has also approved a Local Coastal Program Amendment, which will modify the City's Local Coastal Program to incorporate code amendments that will allow for multi-family development in compliance with the adopted 2013-2021 Housing Element. The City approved Local Coastal Program amendment is currently pending approval by the California Coastal Commission.

¹ RHNA Frequently Ask Questions handout: <https://www.scag.ca.gov/Documents/RHNA-2017factsheet.pdf>

The attached report includes a summary of housing units built by income category (Tables A and A3), housing units rehabilitated, preserved or acquired (Table A2), and progress toward the RHNA (Table B). Table C summarizes the City's progress in implementing the programs contained in Section 7.5 of the Housing Element.

Upcoming Year

The California Legislature passed 15 bills as part of a "housing package" on September 15, 2017. Many of the provisions in the housing package became effective on January 1, 2018. As a result of the passage of the 2017 Housing Package, there are additional housing element reporting requirements. One new requirement is that local jurisdictions are now required to consider the annual progress report and accept public comment at a City Council meeting prior to submitting the report. This can be accomplished utilizing the consent calendar and the City is currently in compliance with this new provision. In addition, failure to timely file annual reports may result in court-ordered compliance and sanctions.

HCD has not yet released its new report form including the additional reporting requirements for the annual progress report. HCD plans on updating the annual progress report forms for the 2018 reporting period, which will be due in April 2019. Although the new forms are still under development, they will be designed to collect additional information, including:

- 1) The number of housing development applications received in the prior year;
- 2) The number of units included in all development applications in the prior year;
- 3) The number of units approved and disapproved in the prior year;
- 4) A listing of sites that were rezoned to accommodate any portion of the local government's share of the RHNA for each income level that could not be accommodated on sites identified in the site inventory of the housing element;
- 5) A production report that identifies net new units entitled, permitted or occupied. The report must also provide the breakdown by for-sale or rental and by RHNA income category. Each site will also have a unique identifier, such as the assessor parcel number; and
- 6) A SB35² Report that discusses the impact of SB35's streamlining provisions, which includes the number of applications proposed for streamlining, the location

² SB35 requires cities or counties that have not issued enough building permits to satisfy their RHNA allocation by income category to process eligible housing developments with ministerial approval provided that they comply with objective planning standards and satisfy various criteria. Properties in the coastal zone are exempt from this requirement so this requirement will have minimal impact on the City.

and number of developments approved and building permits issued. The report should also include the total number of units constructed by income category and by unit type (for-sale or rental).

Staff is also looking into recent accessory dwelling unit (ADU) legislation and potential code amendments to support affordable housing and LCP consistency.

ATTACHMENT: 2017 Annual Housing Element Progress Report

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction City of Malibu

Reporting Period 1/1/2017 - 12/31/2017

Table A
Annual Building Activity Report Summary - New Construction
Very Low-, Low-, and Mixed-Income Multifamily Projects

Housing Development Information							Housing with Financial Assistance and/or Deed Restrictions		Housing without Financial Assistance or Deed Restrictions		
1	2	3	4				5	5a	6	7	8
Project Identifier (may be APN No., project name or address)	Unit Category	Tenure R=Renter O=Owner	Affordability by Household Incomes				Total Units per Project	Est. # Infill Units*	Assistance Programs for Each Development	Deed Restricted Units	Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable. Refer to instructions.
			Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income			See Instructions	See Instructions	
(9) Total of Moderate and Above Moderate from Table A3			▶	▶	0	17					
(10) Total by income Table A/A3			▶	▶		17					
(11) Total Extremely Low-Income Units*											

* Note: These fields are voluntary

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Housing Element Implementation

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Jurisdiction City of Malibu
Reporting Period 1/1/2017 - 12/31/2017

Table A2
Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65583.1(c)(1)

Please note: Units may only be credited to the table below when a jurisdiction has included a program in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.1(c)(1)

Activity Type	Affordability by Household Incomes				(4) The Description should adequately document how each unit complies with subsection (c)(7) of Government Code Section 65583.1
	Extremely Low-Income*	Very Low-Income	Low-Income	TOTAL UNITS	
(1) Rehabilitation Activity				0	
(2) Preservation of Units At-Risk				0	
(3) Acquisition of Units				0	
(5) Total Units by Income	0	0	0	0	

* Note: This field is voluntary

Table A3
Annual building Activity Report Summary for Above Moderate-Income Units (not including those units reported on Table A)

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Unit	5. Mobile Homes	6. Total	7. Number of infill units*
No. of Units Permitted for Moderate						0	0
No. of Units Permitted for Above Moderate	16			1		17	0

* Note: This field is voluntary

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Housing Element Implementation

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Jurisdiction City of Malibu

Reporting Period 1/1/2017 - 12/31/2017

Table B

Regional Housing Needs Allocation Progress

Permitted Units Issued by Affordability

Enter Calendar Year starting with the first year of the RHNA allocation period. See Example.		2014	2015	2016								Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income Level		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9			
Very Low	Deed Restricted	1	0	0	0							49	0
	Non-deed restricted		0	0	0								
Low	Deed Restricted	1	0	0	0							49	0
	Non-deed restricted		0	0	0								
Moderate	Deed Restricted	0	0	0	0							49	0
	Non-deed restricted		0	0	0								
Above Moderate			13	16	3	17						49	0
Total RHNA by COG. Enter allocation number:		2	13	16	3	17						49	2
Total Units ▶ ▶ ▶													
Remaining Need for RHNA Period ▶ ▶ ▶ ▶ ▶													

Note: units serving extremely low-income households are included in the very low-income permitted units totals.

**Table C
2017 Annual Housing Element Program Evaluation**

Program	Objective	Timeframe	Implementation Status
<p>Program 1.1 – Code Enforcement Ensure compliance with the City's codes and regulations. Particularly, in the case of code violations in units that are occupied by lower-income persons or persons with special needs, direct property owners and renters to programs that are available to provide assistance. Offer amnesty and legalization for existing housing units where:</p> <ol style="list-style-type: none"> 1) The unit is "livable" and meets basic health and safety requirements 2) The unit existed at the time of the City's incorporation; and 3) The unit is restricted for owner-occupancy or rental by low- or moderate-income persons at an affordable rate. 	Reduce code violations and health & safety issues in existing housing	Throughout the planning period	Ongoing
<p>Program 1.2 – Rebuilding Assistance Expedite permit processing and provide special assistance to homeowners seeking to repair or rebuild homes that have been lost or damaged in a fire, flood or other disaster, especially units that accommodate low- and moderate-income households, elderly, disabled, large families, single heads of households, farm workers, individuals in need of emergency shelter, and other individuals or household types with special needs, unless those units are located in areas that are physically unsuitable for development.</p>	Facilitate rebuilding of lost or damaged homes	Throughout the planning period	Ongoing – no homes were lost or damaged due to natural disaster during the 2017 reporting period.
<p>Program 1.3 – Housing Rehabilitation Assistance Provide incentives to rehabilitate existing housing units, such as permit fee waivers for units that are deed-restricted for low- and moderate-income families.</p>	4 units	Throughout the planning period	Opportunities for this are reviewed on a case by case basis. No requests were made during the 2017 reporting period.
<p>Program 1.4 – Preserve Existing Mobile Home Parks Maintain the Mobile Home Park Rent Control Regulations Ordinance that regulates maximum allowable rents and limits rent increases. Pursuant to the provisions of <i>Government Code</i> §65863.7, require the submittal of a</p>	No net loss of mobile home units	Throughout the planning period	Ongoing – no mobile home parks were proposed for conversion.

Program	Objective	Timeframe	Implementation Status
<p>report detailing the impacts of any proposed mobile home park conversion to a nonresidential use concurrent with the filing of any discretionary permit on such property and impose reasonable mitigation measures upon the park owners.</p>			
<p>Program 1.5 – Conserve Affordable Housing in the Coastal Zone In accordance with <i>Government Code</i> §65590, continue to require the replacement of low- or moderate-income units that have been removed from the coastal zone (either by demolition or conversion), whenever feasible.</p>	<p>LCP and MMC amendment</p>	<p>Throughout the planning period</p>	<p>Ongoing – no low- or moderate-income units were demolished or converted. Implementation of LCP and MMC amendments adopted in August 2013 and are pending CCC certification.</p>
<p>Program 2.1 – Regional Housing Needs Identification Work with the Southern California Association of Governments (SCAG) and the Las Virgenes-Malibu Subregional Council of Governments (COG) to encourage an appropriate fair share allocation of future regional housing needs based on population need, existing supply/demand, ability to accommodate growth given the physical/environmental constraints and the jobs-to-housing ratio.</p>	<p>Encourage fair and realistic RHNA allocations</p>	<p>Throughout the planning period</p>	<p>City staff continued to monitor SCAG programs related to housing needs.</p>

Program	Objective	Timeframe	Implementation Status
<p>Program 2.2 – Ensure Adequate Capacity to Accommodate Regional Housing Needs</p> <p>The City's residential land inventory provides adequate capacity to accommodate the City's housing needs as identified in the 2013-2021 RHNA (see Appendix B). The City will pursue a two-part strategy to provide sites for lower-income housing: 1) Opportunities and incentives for second units; and 2) Zoning regulations to facilitate affordable multi-family or mixed-use development in suitable locations.</p> <p>A. Expand the Supply of Second Units</p> <p>Second units represent an important source of affordable housing in Malibu (see Appendix B for further discussion of second unit production). Due to extraordinarily high land cost and environmental constraints, development of new affordable housing is very difficult. Since second units can be accommodated on developed sites at no additional land cost, they represent an excellent option for addressing the needs of seniors, university students, household employees, local service workers, and extended family members. In order to maximize the availability of additional second units, the City will implement the following actions:</p> <ol style="list-style-type: none"> 1. Promote the Development of Second Units - Develop a brochure to provide information on the City's second unit standards and incentives to promote their development. The brochure will be distributed at City Hall, posted on the website, and provided to all applicants for new residential development. 2. Amnesty Program for Second Units - Continue to implement the Second Unit Amnesty Program for legalized second units that meet all health and safety requirements. The amnesty program may include the waiver of City fees and penalties and will allow the legal registration of both second units and converted guest houses. 3. Financial Assistance for Second Units - Contact local service providers, including the Water District and School District, to pursue 	<p>21 second units during 2013-2021</p>	<p>Throughout the planning period</p>	<p>The City encouraged the development of second residential units over guest houses or studios.</p> <p>No requests were made to legalize previously developed second units during this year. Staff did, however, issue one permit for one new market-rate second unit.</p> <p>Staff is reviewing and implementing steps to streamline the process for development review.</p>

Program	Objective	Timeframe	Implementation Status
<p>reduced development impact fees on second units dedicated for occupancy by lower-income households. Evaluate mechanisms to subsidize impact fees using local, state, and nonprofit sources, including the City's Affordable Housing Trust Fund.</p> <p>4. Pre-Approved Second Unit Prototypes - Make available pre-approved second unit prototype plans to assist applicants and streamline the approval process.</p>			
<p>B. Facilitate New Affordable Housing Development</p> <p>In order to accommodate lower-income housing, the MMC and LCP regulations were amended in the previous planning period to establish an Affordable Housing Overlay allowing multi-family or mixed-use development by-right at a density of 20 units/acre for projects that include affordable housing. In order to qualify for the increased density incentive, all "bonus" units (i.e., additional units allowed above the base density of 6 units per acre) must be deed-restricted for low- and moderate-income households for a minimum of 30 years at a ratio of 50% low- and 50% moderate-income. As an alternative, very-low-income units may offset the requirement for moderate-income units on a one-for-one basis. Any developer utilizing these incentives shall be required to screen tenants or buyers for compliance with income limits and establish a monitoring system to ensure the unit's continued affordability. This program creates a strong incentive for affordable housing development because of the additional units allowed at 20 units per acre compared to the base density of 6 units per acre. The allowable density of 20 units per</p>	<p>Provide suitable sites with appropriate zoning that could accommodate lower- income housing</p>	<p>Throughout the planning period</p>	<p>Ongoing - The City is still working with the California Coastal Commission to approve the required code amendments.</p>

Program	Objective	Timeframe	Implementation Status
<p>acre does not include the state-mandated density bonus, and it is anticipated that all projects utilizing this option will also qualify for a density bonus of up to 35%.</p> <p>This program does not represent an “inclusionary” requirement because property owners who do not wish to take advantage of the density incentive would be allowed to develop market-rate housing at the allowable base density of 6 units/acre.</p> <p>Incentives and concessions for ELI¹ units will include a variety of housing types such as SRO²s and supportive housing. Incentives may include priority processing, density bonus, modified development standards, administrative support with funding applications, and/or fee waivers or deferrals.</p> <p>In order to facilitate development of affordable housing, including housing for persons with developmental disabilities and other special needs, the City will contact non-profit developers annually to implement a strategy for developing housing, including site identification, priority processing, density bonus and modified development standards, administrative support with funding applications, and fee waivers or deferrals if feasible. The City has already had conversations with nonprofit developers regarding affordable housing opportunities on the La Paz site.</p>			
<p>Program 2.3 – Streamline Development Review and Assist Affordable Housing Developments</p> <p>Streamline the development review and permit process for all residential development by providing a series of informational handouts describing how to apply for housing development and summarizing the basic development criteria for different zones. When developers propose to include affordable units in a project, provide assistance through expedited processing, density bonus and other modified development standards, and administrative assistance with grant applications.</p>	<p>Minimize residential permit processing time and assist affordable housing developments</p>	<p>Throughout the planning period</p>	<p>Ongoing – Staff has created various pamphlets as well as forms to help guide applicants through the permitting process. No applications have been submitted for affordable housing projects.</p>

¹ ELI: Extremely Low Income

² SRO: Single Room Occupancy

Program	Objective	Timeframe	Implementation Status
<p>Program 3.1 – Fair Housing</p> <p>Support fair housing efforts by contracting with the Los Angeles County Housing Authority, Westside Fair Housing Council, or other appropriate organization, to create a program that provides fair housing services, including investigation of discrimination complaints, research on housing discrimination-related issues, public information about the rights and responsibilities of landowners and tenants, and landlord/tenant dispute resolution. Promote the program each year through the use of pamphlets, public bulletin boards on community television; educational flyers distributed to property owners, apartment managers and tenants; public service announcements on local radio stations and in local print media; and presentations at community groups.</p>	<p>Provide and publicize fair housing services through contracting with a public or non-profit service provider</p>	<p>Annual appropriation and semi-annual publications and announcements</p>	<p>Ongoing – Staff worked with the Los Angeles County Housing Authority, however, no questions or requests have been made regarding affordable fair housing.</p>
<p>Program 3.2 – Provide Financial Support and Referral Information to Persons in Need of Assistance</p> <p>Malibu is a small jurisdiction without a redevelopment agency or housing department and is not an entitlement jurisdiction for federal grants. Therefore, the City does not have any resources for direct financial housing assistance, other than a small Affordable Housing Trust Fund and Community Development Block Grant (CDBG) funds. The City will provide referral information to extremely-low-, very-low-, low-, and moderate-income persons and families, the elderly, and persons with disabilities regarding affordable and special needs housing, such as Section 8 Rental Assistance and the Mortgage Credit Certificate program. In addition, it will continue to seek CDBG and HOME funds.</p> <p>a. Affordable Housing Trust Fund. Maintain an Affordable Housing Trust Fund and use the proceeds to leverage other sources of funding for affordable housing.</p> <p>b. State and Federal Grants. Where feasible, seek state and federal grant funds, such as CDBG and HOME, in order to provide support for affordable housing activities.</p> <p>c. Section 8 Rental Assistance. Provide referral information to</p>	<p>Disseminate housing assistance information; provide direct funding in support of affordable housing when feasible</p>	<p>The City's Housing Coordinator has responsibility for monitoring all activities related to Housing Element implementation, including preparation of annual progress reports, annual monitoring of sources of financial assistance such as Section 8, state/federal grants, and mortgage credit certificates. The</p>	<p>The City received \$46,237 of CDBG funding in fiscal year 2016-2017. These funds will be utilized within the community to facilitate public service projects benefitting low and moderate income families. For example, the City typically allocates about \$7,000 for the Malibu Community Labor Exchange and in 2017 provided \$50,000 for earthquake preparedness packets for seniors. In addition, in 2017 the City allocated \$100,000 of CDBG funds to the Los Angeles County Homeless Initiatives.</p>

Program	Objective	Timeframe	Implementation Status
<p>low-income persons seeking rental assistance by publicizing the program in flyers posted at City Hall, the City's website and other public locations.</p> <p>d. Mortgage Credit Certificates. Provide referral information regarding the mortgage credit certificate program to homebuyers by publicizing the program in flyers posted at City Hall, the City website and other public locations.</p>		<p>Housing Coordinator shall also be responsible for disseminating information to the community regarding this activities and resources.</p> <p>Depending on program availability and City eligibility, apply for state/federal funds on a bi-annual basis to assist affordable housing development.</p>	
<p>Program 4.1 – Monitor and Report Annually on Housing Program Accomplishments</p> <p>The City will monitor accomplishments toward Housing Element objectives and report annually to the City Council and California Department of Housing and Community Development. If implementation measures are ineffective in achieving desired results, adjustments will be made to improve the efficacy of programs.</p>	<p>Monitor progress and make mid-course corrections if necessary to achieve desired results</p>	<p>Annual progress reports</p>	<p>The City continued to monitor Housing Element programs and report progress annually.</p>