

City of Hesperia STAFF REPORT



DATE: April 9, 2020
TO: Chairman and Planning Commission
FROM: Chris Borchert, Principal Planner
BY: Daniel Alcayaga, Senior Planner
SUBJECT: Community Meeting on the Housing Element Update

RECOMMENDED ACTION

Staff recommends that the Planning Commission receive an update on new state housing mandates; take public testimony; and discuss the housing needs of Hesperia.

BACKGROUND

Housing Element is one of seven required Elements of the General Plan. General plans serve as the local government's "blueprint" for how the city will grow and develop. The purpose of the Housing Element is to adequately plan to meet the housing needs of everyone in the community. Housing Elements must be updated every eight years.

In February 2014, the City Council adopted the latest Housing Element, which covered a period between October 2013 and October 2021, known as the "fifth housing element cycle". California is entering its "sixth housing element cycle" (October 2021-October 2029). The deadline to have a compliant Housing Element Update is October 2021. If Hesperia does not have a compliant element within 120 days of this deadline, the Housing Element must be updated every four years until two consecutive housing elements are adopted on time.

The purpose of this meeting is to engage the community into the Housing Element Update process; to discuss housing needs; and incorporate comments into the Housing Element. This meeting is a requirement of Housing Element Law. Over 20 organizations were invited to this meeting, including homeless services, fair housing advocacy groups, church organizations, chamber of commerce, etc. At the end of this report, staff included local demographics and data intended to start a discussion on housing needs in Hesperia.

Staff would like to use this opportunity to discuss the State's most recent housing mandates. In 2017-2019, the California Legislature substantially amended housing and planning laws. Many of these bills limit local discretion and impose tough mandates on the City. In the sixth housing element cycle, cities face challenges in complying with Housing Element Law.

Housing Element law, which was enacted in 1969, mandates that local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. The California Department of Housing and Community Development (HCD) reviews every local government's housing element to determine whether it complies with state law and then submits written findings back to each local government. HCD's approval is required before a local government can adopt its housing element as part of its overall General Plan.

The Regional Housing Needs Assessment (RHNA), which is required by state law, is a method of allocating housing units to jurisdictions throughout the State. Using State population data, HCD mandates that a certain amount of housing units be constructed within all regional planning areas throughout the State. The Metropolitan Planning Organization (MPO) under which Hesperia is subject to is Southern California Association of Governments (SCAG). SCAG, in collaboration with HCD, calculate the number of existing and projected housing units that must be constructed within the six counties and 191 cities in Southern California. During the fifth housing cycle, SCAG was responsible for allocating 412,000 units throughout the region. Hesperia was assigned to construct 1,715 housing units. During the sixth housing cycle, HCD has mandated SCAG to allocate 1,344,740 units throughout the region. Under the draft RHNA methodology, the City would be required to provide 8,125 housing units. This represents a 474% increase over the previous cycle. The final RHNA allocations are scheduled to be adopted in October 2020 by SCAG.

Table 1 shows the City’s current progress towards achieving the current cycle’s RHNA. As shown, Hesperia has exceeded the above moderate income category. The allocation of units at the very low, low and moderate income categories have not been met. Table 2 shows how the 8,125 units are proposed to be distributed by income category between the period of 2021-2029, as currently proposed by SCAG.

Table 1 – SCAG’s 5th Cycle RHNA

Income Level	Very-low income (<50% of AMI)	Low income (50-80% of AMI)	Moderate income (80-120% of AMI)	Above moderate income (>120% of AMI)	Total
No. of Households required	398	274	314	729	1,715
No. of Households constructed	20	75	14	1,471*	1,580
	(378)	(199)	(300)	742	(135)

Notes: AMI stands for Area Median Income

*Projections were made for 2020 & 2021

Table 2- SCAGs 6th Cycle RHNA (Draft)

Income Level	Very-low income (<50% of AMI)	Low income (50-80% of AMI)	Moderate income (80-120% of AMI)	Above moderate income (>120% of AMI)	Total
No. of Households required	1,914	1,227	1,404	3,580	8,125

New Legislation: The following is a summary of new legislation that must be addressed in the sixth housing element cycle. HCD states that they will come up with new guidelines this year on how to comply with new laws.

Suitable sites: As part of preparation of the Housing Element update, jurisdictions are required to identify an inventory of suitable sites that can accommodate the allocation. The 2018 legislative session brought new restrictions to the criteria applied to suitable sites. Staff is beginning to analyze the possible impacts of the new suitable sites criteria in the context of the RHNA process in order to understand potential implications for Hesperia. As a point of reference, the 2013-2021 certified Housing Element indicated that 1,034.4 acres had a potential capacity of 12,941 units. The last element accounted for this allocation to be developed within the Main Street and Freeway Corridor Specific Plan, which is where development is expected to occur in the City.

Affirmatively Furthering Fair Housing (AFFH): AB 686 adds an AFFH analysis to the Housing Element for plans that are due beginning in 2021. “Affirmatively furthering fair housing” means taking meaningful actions that overcome patterns of segregation and foster inclusive communities from barriers that restrict access to opportunities. The Housing Element’s AFFH analysis must include a required examination of issues such as segregation and resident displacement, as well as the required identification of fair housing goals.

AB 671 requires cities to include a plan that incentivizes and promotes the creation of Accessory Dwelling Units (ADUs), formerly known as Second Dwelling Units, that can be offered at affordable rent for very low, low-, or moderate-income households in its housing element. HCD is also to develop a list of existing state grants and financial incentives for operating, administrative, and other expenses in connection with the planning, construction, and operation of ADUs with affordable rent. Other state bills that were adopted in the 2019 legislative session were intended to make it easier to construct ADUs. An Ordinance addressing state law with respect to ADUs is being presented to the Commission as a separate item.

Enforcement and Penalties: The State adopted legislation that penalizes cities for not having a compliant Housing Element or adopting policies that bring the Housing Element out of compliance. The State has expanded its enforcement role. Cities with compliant housing elements get preference in applying for housing and infrastructure programs. Cities that do not comply are ineligible for certain programs. The Attorney General, through court order or judgement, can direct cities to bring their Housing Elements into compliance. Courts can impose fines, and failure to pay fines, can result in State Controller intercepting any available state and local funds. If cities do not meet their RHNA, certain affordable housing developments must be streamlined and are subject to a ministerial approval process.

LOCAL FACTORS

The housing crisis in California is centered on increased homelessness, overcrowding, cost of housing, and housing shortage. The City does not face the same challenges other cities face. Although the cost of housing has increased following the Great Recession, the City is still an affordable place to live for most income groups. The City does not have a problem with overcrowding or homelessness. In 2019, Hesperia had a total of 24 homeless persons, while Victorville had 133.

Table 3 shows demographics and data to review trends in Hesperia during the last 6 to 9 years. While the median income increased by 2.8%, the cost of housing has increased significantly. The median rent increased by 27.5%, and the median home sale price increased by 84.5%. The City is mostly a single-family residential community. A total of 83.0% of households are Single-Family Homes, and 11.9% are Multi-Family Homes (California Department of Justice, 2019).

Table 3 - City Demographics/Data for Hesperia

	2010	2019	% Increase
Population (Estimate):	91,173	96,362	5.7%
Households (Estimate):	29,004	29,893	3.1%
Median Income	\$48,386	\$49,726 (2017)	2.8%
Median Rent:	\$1,185.00 (2013)	\$1,511.00	27.5%
Median Home Sale Price:	\$151,750 (2013)	\$280,000	84.5%

Table 4 shows how households are distributed within the four income categories in Hesperia. The highest income category is the above moderate income group by 35%. The second highest income group is the very low income group by 29%, which includes the extremely low income group. This table shows that Hesperia offers households of all income categories.

Table 4 - Existing Household Distribution by Income Category (SCAG)

Very Low Income	Low Income	Moderate Income	Above Moderate Income
29.0%	17.5%	18.5%	35.0%

In the Hesperia 2034 Community Survey (2016), 42% of the respondents stated that affordable housing was what they liked best about Hesperia. Hesperia is an affordable place to live for low, moderate, and above moderate income households. On the other hand, homeownership is not affordable to very low income households in Hesperia. Very low income households can afford some of the City's smaller market-rate rental units.

A rental rate survey was conducted in December of 2019 for available rentals in Hesperia. The survey found that rents for a one-bedroom residence ranged between \$800 and \$1,200. Rents for a two-bedroom residence ranged between \$995 and \$1,750. Overpayment for housing (also known as housing cost burden) is defined as a housing cost that exceeds 30 percent of a household's gross income. Under this definition, a family of four considered very low income or making under \$35,950 could only afford a rental of \$899 before overpaying for housing. In 2016, 10,377 (35%) households in Hesperia overpaid for housing. Approximately 52 percent (5,354 households) of these households overpaying for housing are renter-households and 48 percent (5,023 households) are owner-households.

HCD defines overcrowding as a household with more than one person per room (excluding bathroom, kitchen). Severely overcrowding is one with more than 1.5 persons per room. In Hesperia, 10.5% of households that are rentals are considered overcrowded (see Table 5). All other categories appear to have low percentages. Staff reviewed overcrowding at the state and regional levels, as a comparison, and found that overcrowding regularly presents itself in communities with large immigrant populations. Hesperia does not appear to have a problem with overcrowding.

Table 5 – Overcrowding

	Owner- Households	Renter- Households	Total Households
Total Overcrowded (1.0 to 1.5 persons/room)	3.9%	10.5%	6.4%
Severely Overcrowded (>1.5 persons/room)	0.7%	3.4%	1.7%

Source: 2013-2017 American Community Survey 5-Year Estimates

Conclusion: The purpose of the meeting is to obtain feedback from the community on housing needs in Hesperia, and engage the community into the Housing Element Update process. This community meeting is being conducted as a requirement of Housing Element Law. Staff used this opportunity to provide an update on new state legislation and mandates. It is evident that state mandates are getting tough with respect to getting cities to increase housing production within their jurisdictions. HCD will be coming out with new guidelines this year on how to comply with recently adopted legislation. In the upcoming months, staff expects to be working with HCD in obtaining compliance with the Housing Element for the sixth housing cycle.