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PLANNING AND ENVIRONMENTAL CONSULTING

City of Del Rey Oaks Housing Element Update – 6th Cycle

March 23, 2023

Overview

The City of Del Rey Oaks (City) is required to perform a Housing Element update every 8 years, at minimum, with the same timelines applicable to all local and county governments within the jurisdiction of Association of Monterey Bay Area Government (AMBAG). AMBAG adopted the final Regional Housing Needs Allocation (RHNA) for 6th cycle in October 2022 for local governments within their jurisdiction. The 6th Cycle Housing Element Update must contain detailed information on purposes, State requirements, demographics, housing needs, housing opportunities and constraints, goals, objectives, policies and programs, and progress towards meeting those items. The following provides background information, and a scope, budget and schedule, for preparation of the 6th Cycle Housing Element Update in accordance with state requirements.

Current 2015-2023 Housing Element

The City is currently finalizing an updated 5th Cycle Housing Element and has also implemented a number of its current Housing Element programs from 2015-2023.

RHNA and Other State Mandates

In 2017, Governor Brown signed a 15-bill housing package aimed at addressing the state's housing shortage and rising housing costs, particularly through funding, streamlining permits, increasing local accountability, inclusionary zoning, and preserving existing affordable housing. Since then, legislative sessions have also created more stringent requirements for site selection, removing barriers to production, reducing fees, and limiting local discretionary control under certain circumstances.

Updating the Housing Element will be a more complex and involved process than past cycles due to the legislation, State mandates, and a substantial increase in RHNA numbers for communities in the Monterey Bay Area, including the City. The 6th Cycle RHNA for City of Del Rey Oaks is 184 units, with 53.26% of those units (98 units) being affordable to low and very-low-income households. The updated Housing Element is required to focus on housing that meets the affordability component of the RHNA. New mandates require that additional public outreach be conducted and new and/or revised policies be enacted that address inequities in housing policies. The mandates also make it more difficult to "carry-over" previous opportunity sites without re-zoning or applying "by-right" development standards. "By right" standards entitle property owners to certain types of development with less local review and discretionary approval.

Approach to Services

DD&A will complete the following scope of services for the City for the 6th Cycle Housing Element Update. Key consideration has been given in our proposed approach to the scope of services described below to facilitate adoption of the updated Housing Element by the City Council prior to the December, 2023 statutory deadline. DD&A has focused our proposed scope of services based upon on our knowledge of

the City and background and preparing the 2019 Housing Element update and the 5th Cycle update. This work will include:

- Holding a kickoff meeting with staff to refine the scope of services (Wednesday March 29 – March 30, 2023);
- Meeting with HCD to review schedule and public review requirements (March 2023)
- Preparing a refined schedule with identification of dates for specific meetings, and work products, working with City staff for facilities and outreach.
- Facilitating up to two (2) open houses, listening sessions or workshops with discussion of strategies to meet the City's RHNA 6 and the housing element update (sites and programs);
- Up to two (2) Planning Commission and Council meetings (may be combined at the discretion of the City)
- Delivering a draft and final draft housing element for HCD.
- Preparing responses to HCD review comments.
- Preparing final housing element and participating in hearings to adopt the housing element.
- Preparing a CEQA document to accompany housing element for certification at time of adoption.

The statutory deadline for completing the update is December 15, 2023. This tight timeline necessitates a process for rapid community review and collaboration. There are no City Council or Commission approval requirements prior to the initial draft submittal to HCD. HCD requires a 90-day review period with the preliminary draft, preceded with a 30-day public comment period according to AB 215. HCD's revision requests from the first draft will guide any subsequent drafts. Additionally, HCD's review of the 5th cycle programs and assessment will help with the 6th cycle program evaluation. Note that while the goal is to not need HCD reviews subsequent to their first review, in all cases that we have reviewed, a second review is anticipated to be necessary within the timeline.

Scope of Services

The scope of services involves the development of a housing element and accompanying public outreach, that will lead to HCD certification of the housing element by December 31, 2023.

Task 1. Initiation and City and HCD Meetings

This task consists of the following items to facilitate project initiation:

- Kickoff meeting with staff to refine the scope of services (Wednesday March 29 – March 30, 2023);
- Meeting(s) with HCD to review schedule and public review requirements (March, April, May 2023);
- Identification of dates for specific meetings, and work products, working with City staff for facilities and dates and assuming up to two (2) open houses, listening sessions or workshops as outlined in Task 1a below;
- Discussion of strategies to meet the City's RHNA 6th cycle and the housing element update (sites and programs); and
- Confirming with HCD review comments and City staff review times.

City staff is expected to be available for meetings with DD&A, to participate in regular coordination phone calls, and to provide City documents and background data as needed.

Task 1a Public Outreach

This task involves measures that DD&A will take to engage the community in the housing element update process. This assumes that the following tasks would be required:

- Participating in up to two (2) open houses, listening sessions or workshops (one (1) or both meetings may be conducted via Zoom),
- Participating in Planning Commission and City Council study sessions (one (1) meeting each for a total of two (2) meetings, unless combined), and
- Conducting tribal consultation in compliance with SB 18, including preparing all notices and mailings.
- Working with City staff to coordinate website updates and outreach mailings and notices.

DD&A will also work with City staff to update the current list of organizations that will be contacted to participate in the update process. City staff will be responsible for identifying and/or confirming focus group members and providing DD&A with appropriate email contact information.

Task 2. Housing Element Update Components

Task 2a. Review of Existing Programs

This task involves the review of the City's current housing element to identify the City's success in accomplishing/implementing housing goals, policies and programs. This review includes explanations and updates for goals, policies, or programs that are in progress, that have been abandoned, or that have proven ineffective. DD&A will make use of materials provided in the City's annual progress report to HCD as well as 5th Cycle materials on program implementation and progress.

Task 2b. Housing Assessment and Needs Analysis

An update to the housing assessment and needs analysis will be prepared pursuant to State housing law. The housing assessment and needs analysis will contain all topics to satisfy Government Code Section 65583(a) and Senate Bill 379 requirements. Updated information on current population, demographics, income, and employment trends, as well as affordability, housing stock and special needs housing and population will be provided. DD&A will also analyze special housing needs based on data from Census 2020 and interviews with social service agencies in the area. Special housing needs will be evaluated for the disabled, elderly, large families, families with female heads of households, and families and persons in need of emergency shelter.

Task 2c. Housing Resources and Opportunities

DD&A will complete an update to the housing resources, including available programmatic, physical and financial resources.

Task 2d. Housing Constraints Analysis

Potential governmental and non-governmental constraints to housing production will be identified, including environmental and infrastructural constraints. This analysis must contain a review of factors that may potentially constrain the development, improvement, and preservation of housing in the City of Del Rey Oaks. New housing element laws require the assessment of non-governmental constraints, including “NIMBYism”, lending practices, shortage of labor, and other economic factors. This work will include also address an updated discussion of city regulations, codes, and standards related to housing.

Task 2e. Sites Inventory

DD&A will use the inventory of the previous and current sites to determine sites citywide that may be viable RHNA sites based on new State requirements. This task involves the preparation of an inventory of vacant and underutilized sites that demonstrates the City’s capacity to accommodate its RHNA numbers. DD&A will prepare an inventory, map, and analysis illustrating the City’s capacity to accommodate the 6th Cycle RHNA. Requirements include documenting the realistic development capacity of each site and prepare a map showing all identified sites. The sites inventory will be compiled using the HCD template. This task includes inputting the information into HCD’s electronic form for submittal with the updated element.

Task 2f. Affirmatively Furthering Fair Housing Analysis

Per AB 686 (Fair Housing Work), the Affirmatively Furthering Fair Housing Analysis (AFFH)/ AB 686 analysis will be conducted on a Countywide basis and it is assumed that the City, AMBAG and available resources online will provide a portion of the information. Messaging, outreach, contextual awareness, and analysis of proposed meaningful actions are examples of work efforts intended to evolve throughout the process of this update to meet state standards for affirmatively further fair housing.

Task 2g. Revisions and New Programs

DD&A will prepare a Housing Element implementation program, inclusive of quantifiable objectives and programs, to address housing needs for all income levels, the elderly, veterans, and populations with disabilities, special needs or experiencing homelessness. This includes updating housing goals and policies to address compliance with State law and effectively responds to the housing needs, constraints, and key priorities identified through data gathering and analysis and the public participation process; and preparing an implementation program, including quantified objectives, to address housing needs for all income levels, seniors, veterans, populations with disabilities, or special needs, and those experiencing homelessness. This may also include establishing a rezoning plan to identify potential areas for rezoning if additional properties are needed to address any RHNA allocation shortfall.

Task 3. Prepare Draft and Final Housing Element

This task involves preparation of the housing element document, which includes collating materials developed in the previous tasks.

DD&A will prepare and submit an administrative draft housing element for City staff review. City staff will provide a comprehensive set of recommended changes. Once edits are complete, DD&A will then prepare a public review draft housing element that is made available to the public and presented to Planning

Commission, and City Council. DD&A will prepare PowerPoint presentations and attend meetings/hearings. Based on input, the team will then prepare a HCD review draft and submit it to HCD for the mandated 90-day review.

This task involves working closely with HCD and City Staff to respond to comments and produce a Final Draft Housing Element for adoption. DD&A will prepare PowerPoint presentations and present the final draft document at public hearings before the Planning Commission and before the City Council for final approval. DD&A will work with City staff and City attorney to prepare resolutions for EIR certification and Housing Element adoption. After the hearings, DD&A will then prepare the final adopted housing element, including any changes from the public hearings, and submit it to HCD for final certification. DD&A will also distribute the document to the applicable water/sewer district and the California Office of Planning and Research.

Task 4. Planning Commission & Council Meetings Support

This task includes action meeting notes for staff preparation of public hearing staff reports, preparation of PowerPoint presentations with notes for staff.

Task 5. Environmental Documents/CEQA

This task involves the preparation, posting, and filing all the appropriate environmental documents for compliance with the California Environmental Quality Act (CEQA), including the Initial Study, Notice of Intent to Adopt a Mitigated Negative Declaration (or other CEQA determinations as applicable), response to comments, mitigation measures, mitigation monitoring program, and notice of completion to be filed with Governor's Office of Planning and Research and the County Clerk. In addition, the Consultant or Consultant Team will be responsible for preparing all notices and mailings for AB 52 (Tribal Consultation in CEQA process). This proposal assumes that CEQA review will be limited to the preparation of an initial study/mitigated negative declaration, with an optional contingency budget to cover costs for a full Environmental Impact Report (as described below under Optional Task 8).

Task 6. Additional Tasks Requested

This task includes attendance at City Council meetings, and preparation of additional staff reports and monthly progress reports for presenting to the City Council.

Deliverables

The following is a list of deliverables that DD&A is committed to providing through the course of its work program.

Deliverables Specific to the Housing Element Update:

1. Draft Housing Element –DD&A will work with City staff, the City Council and the Planning Commission in drafting the update to the Housing Element.
2. Adoption of Housing Element – DD&A will present the Housing Element Update to the Planning Commission and City Council at one public hearing. Additional hearings may be provided according to costs for time, materials, and travel.

3. Preparation of the Final Housing Element – DD&A will make necessary revisions to the Housing Element Update document as a result of public comments and HCD comments received during the public review process.

Optional Tasks

DD&A offers the following optional services for this planning process including an update to the City's safety element. Services such as rezoning may take place following the December 2023 HCD deadline for the 6th Cycle Housing Element update.

Optional Task 7. Pro-Housing Designation, Increased Support

This budget assumes maximum use of available materials from the 5th Cycle Housing Element. Depending on HCD review, or other factors, additional staff time, subconsultants and/or personnel could potentially be required to meet the deadline for adoption of the 6th Cycle Housing Element Update. In this event, DD&A will coordinate the assignment of additional personnel or subconsultants to support the completion of key deliverables. Additional costs required under this task would require authorization by the City. As an example of increased support, the City may decide to employ California's new Pro-Housing ^{Designation}. This designation has been cited as one way to improve the likelihood of prompt certification and to avoid the expense of multiple rounds of review and revision. In the 2019-2020 legislative cycle, the Newsom Administration and the California Legislature passed the Pro-Housing Designation Program to address housing and homelessness. The California Department of Housing and Community Development (HCD) administers the program, which provides incentives for local governments to local governments to increase the availability of housing in their communities.

Optional Task 8. CEQA Environmental Impact Report (EIR) to include 6th Cycle

This scope of work assumes use of an IS/MND or for CEQA documentation. DD&A is currently preparing an EIR for 5th cycle with analysis of cumulative impacts of 6th cycle RHNA. If an EIR is needed for 6th cycle, this optional task is proposed. In this event, DD&A would prepare a scope of work amendment for preparation of the EIR and approval by the City. This fee proposal includes an estimated not-to-exceed dollar amount for EIR completion as a contingency item.

Optional Task 9. Rezoning & Land Use Update

Should programs for the Housing Element Update require updates to the General Plan, such as the General Plan Land Use Element, Safety Element and zoning code revisions, or prior to certification by HCD, this task provides additional budget for this occurrence. Additional tasks may include added hearings, and resolutions & ordinances and additional presentation of materials to the Planning Commission and City Council. The City Manager and/or City Attorney shall review all material prior to distribution and provide direction on local practice & City process. In this event, DD&A would prepare a scope of work amendment for preparation of the required updates to complete these additional services.

Schedule and Budget

The project schedule is included in **Attachment A**, and the budget is presented in **Attachment B**.

Attachment A
Project Schedule

Schedule City of Del Rey Oaks Housing Element Update – 6th Cycle	
Tasks	Time Frame
Task 1 – Initiation and City and HCD Meetings	March and April 2023
<i>Task 1a – Public Outreach</i>	<p>Public Outreach will be ongoing through completion of project</p> <p>Initial meetings to be conducted in March and April.</p> <p>April/May - Up to two (2) open houses, listening sessions or workshops (one (1) or both meetings may be conducted via Zoom depending on outreach needs).</p> <p>April/May - Planning Commission and City Council study sessions (one (1) meeting each for a total of two (2) meetings, unless combined), and</p> <p>May - Conduct tribal consultation in compliance with SB 18, including preparing all notices and mailings.</p>
Task 2 – Housing Element Update Components	April/May 2023 – (Internal City Staff review to be completed by section)
<i>Task 2a - Review of Existing Programs</i>	April 2023
<i>Task 2b - Housing Assessment and Needs Analysis</i>	April 2023
<i>Task 2c - Housing Resources and Opportunities</i>	April/May 2023 -
<i>Task 2d - Housing Constraints Analysis</i>	April/May 2023 -
<i>Task 2e - Sites Inventory</i>	May 2023
<i>Task 2f - AFFH Analysis</i>	May 2023
<i>Task 2g- Revisions and New Programs</i>	May/early June 2023
Task 3 – Prepare Draft Housing Element	April/May/early June 2023
Task 4 – Public Review	30 days starting end of May/early June 2023
<i>Task 4a - HCD review and Housing Element Revisions</i>	<p>90 days starting July/August through early September</p> <p>Mid-September and October Revisions</p>
Task 5 – Environmental Documents/CEQA	Summer 2023 through November 2023
Task 6 – Adoption and Planning Commission & Council Meetings	October/November/December 2023
City of Del Rey Oaks Housing Element Update – 6th Cycle, March 23, 2023	

Attachment B
Budget Estimate

Attachment B. City of Del Rey Oaks Housing Element Update – 6th Cycle

Task Description	Cost by Individual Task	Total Task
TASK 1: INITIATION, CITY AND HCD MEETINGS		
Review of New Requirements/Previous Programs	\$ 3,500	
Meetings/ HCD/Staff during Draft HE	\$ 2,700	
Refined Schedule for 6th Cycle Meetings	\$ 600	
Public workshops (two)	\$ 3,000	
	\$ 9,800	\$ 9,800
Task 2: HOUSING ELEMENT UPDATE COMPONENTS		
Review of Existing Conditions and Needs	\$ 3,500	
Housing Assessment and Needs Analysis	\$ 3,000	
Housing Resources and Opportunities	\$ 3,000	
Housing Constraints Analysis	\$ 3,500	
Sites Inventory	\$ 4,000	
Affirmatively Furthering Fair Housing Analysis	\$ 10,000	
Revisions and New Programs	\$ 9,000	
	\$ 36,000	\$ 36,000
Task 3: DRAFT HOUSING ELEMENT UPDATE REVIEW AND OUTREACH		
Screencheck Draft	\$ 10,000	
Public Meetings during Public Review	\$ 3,500	
Public Review Draft (30-day public review)	\$ 1,100	
Revisions per Public Review Comments	\$ 3,000	
HCD Draft (90-day review period by HCD)	\$ 1,100	
	\$ 18,700	\$ 18,700
Task 4: PREPARE DRAFT AND FINAL HOUSING ELEMENT PER COMMENTS		
HCD Review Letter and Coordination meetings	\$ 2,200	
Revisions per HCD and additional Public Review Comments	\$ 12,000	
Final Housing Element/Public Hearings/Submittal to HCD	\$ 12,000	
	\$ 26,200	\$ 26,200
Task 5: CEQA		
Initial determination of CEQA document	\$ 2,000	
Estimated CEQA costs for ISMND <i>*see note</i>	\$ 35,000	\$ 37,000
Task 6: Additional Tasks Requested		
Staff Reports and Monthly Progress Reports	\$ 6,000.00	
Additional meetings/materials and coordination with City staff	\$ 3,000.00	\$ 9,000.00
DD&A Labor		\$ 136,700.00
Estimated expenses		\$ 2,200.00
Total		\$ 138,900.00
<i>Optional Tasks</i>		
Optional Task 7. Pro-Housing Designation, Increased Support	\$ 12,000.00	\$ 12,000.00
Optional Task 8. CEQA Environmental Impact Report (EIR) to include 6 th	\$ 60,000.00	\$ 60,000.00
Optional Task 9. Rezoning & Land Use Update		
General Plan Amendment/Rezoning	\$ 8,500.00	\$ 8,500.00
* NOTE: Actual costs to be finalized in initial task. If Task 8, EIR Optional task occurs, then \$35,000 in Task 5 is eliminated.		
CEQA costs to not include excessive responses to comments or litigation response		