



September 15, 2020

Ms. Veronica Tam
Veronica Tam and Associates, Inc.
107 S. Fair Oaks Avenue #212
Pasadena, CA 91105

Subject: Proposal to Prepare an Initial Study/Negative Declaration (ND) or Mitigated Negative Declaration (MND) for the Redondo Beach Housing Element Update

Dear Ms. Tam:

Environmental Science Associates (ESA) appreciates the opportunity to submit this letter proposal to prepare environmental documentation for Redondo Beach Housing Element Update (the Project). The document, which we assume will be a Negative Declaration or Mitigated Negative Declaration [(M)ND], will evaluate the potential environmental effects of the City's Draft Housing Element Update. Included in this proposal is a scope of work to complete the California Environmental Quality Act (CEQA) review process for the Project and an estimate of fees and direct costs for completion of our services.

Project Approach

Our approach to the preparation of the environmental document for the Housing Element Update will be informed by our extensive knowledge of CEQA, our experience preparing CEQA documents for housing elements, and our deep bench of expertise in the technical specialties that require evaluation in an environmental document. Moreover, ESA and the Team expect to work closely with City Staff to understand the key issues of concern and opportunities for growth and change in the City, which will be further informed through public engagement. This will ensure that the CEQA documentation to support the Housing Element Update is comprehensive in its treatment of issues of public concern, as well as physical environmental impacts. Our scope of work and cost estimate reflect our expectations of the level of effort necessary to address the environmental issues that are expected to arise from the Update.

Scope of Work

Based on our experience preparing environmental documentation for Redondo Beach and our understanding of the Project and other similar efforts in the State, ESA anticipates that an Initial Study/(M)ND will be adequate to provide for CEQA clearance of the Project. While not expected, should it be determined that the Project's potential environmental effects could be significant and cannot be reduced to less than significant levels, and thus potentially require the preparation of an EIR, ESA will immediately notify the Veronica Tam & Associates and the City (Project Team).



In accordance with CEQA requirements, ESA will complete the environmental review process for the Project through preparation of an IS/(M)ND with the City of Redondo Beach as the Lead Agency. The table below lists the tasks required for the timely completion of the environmental review process. Following the table is a description of each of these separate tasks.

Task	Task Description
1	Collect Data/Prepare Project Description
2	Prepare Draft Initial Study /(M)ND Package
3	Prepare Final Initial Study /(M)ND

Task 1 – Collect Data/Prepare Project Description

ESA will attend a kickoff meeting with City staff and the Project Team prior to commencing work on the environmental document. Subjects for review and discussion at the meeting will include, but not be limited to:

- finalize project description details;
- identify any prior environmental documentation that may be relevant to the Housing Element Update;
- identify project databases, sources of information, and key contacts; and
- identify key issues known to be of concern to agencies, interest groups, and the public.

It is assumed that the City will provide any site-specific studies prepared to date, exhibits, project description details, and materials for development of the environmental document at the kick-off meeting. If additional data is required, ESA will submit a memo detailing data needs to the City with recommendations on how best to fill them.

ESA will prepare a draft (M)ND Project Description, with input from the Team, for City review, which will include: a project location map; a description of the regional and local setting; the housing element history; planning context; population and housing characteristics and trends; and opportunity sites, if any. ESA assumes the necessary amendments will be included as part of the City's General Plan Update that is currently underway. The Project Description will be used as the basis for preparing the City's Initial Study Checklist, which is described below. Upon receipt of the City's consolidated comments, ESA will make necessary changes to the Project Description and submit for the City's final review and approval.

Deliverables:

- Data Needs Memorandum, if needed (electronic submittal)
- Draft and Final Project Description to City for review and approval (electronic submittal)

Task 2 – Prepare Initial Study/(M)ND Package

The documentation necessary for completion of the Initial Study/(M)ND will consist of the City's Initial Study Checklist form accompanied by an Explanation of Checklist Determinations and the Project



Description cited above. The Initial Study Checklist is comprised of a number of technical questions under 19 issue areas, each of which must be addressed with supporting data, evidence, and logic-based analysis. The Explanation of Checklist Determinations will substantiate why each of the environmental issues included within the Initial Study Checklist will not result in significant and unavoidable impacts to the environment. Given the nature of the Housing Element Update, it is anticipated that most issue areas would result in less than significant or no impacts as the Housing Element Update will lay the groundwork for the City to provide the housing necessary to comply with the RHNA allocation, thereby increasing the housing stock as required. While ESA does not anticipate the need for extensive analysis of environmental issues in light of the nature of the Project, sufficient analysis based on information received in Task 1 will be provided to satisfy the requirements of CEQA. The following CEQA issue areas would be discussed in the IS/(M)ND:

Aesthetics: ESA will discuss the visual character of the City and the potential visual and aesthetics impacts to surrounding land uses as a result of implementation of the Housing Element Update.

Agricultural and Forestry Resources: There are currently no agriculture or forest resources in the City. Thus, it is anticipated that this analysis of this environmental topic would not result in impacts.

Air Quality: The air quality impact analysis will include a general discussion of potential temporary, short-term (i.e., construction) air pollutant effects. ESA will discuss short-term emissions attributable to development anticipated under the housing element and quantitatively assess the proposed project. Projected construction emissions will be discussed based on construction data (e.g., assumed duration of construction, amount of land to be disturbed/graded, typical types of equipment to be used) for the proposed housing sites. Long-term (i.e., operational) air pollutant emissions, including stationary, area, and mobile source emissions will be assessed. Regional mobile source emissions will be estimated based on trip generation data from the transportation analysis. With respect to GHG emissions associated with future development under the housing element, ESA will evaluate consistency with applicable strategies to reduce GHG emissions.

Biological Resources: The City of Redondo Beach is primarily developed. Given that development would likely occur in already urban areas, it is unlikely that there would be significant impacts associated with this topic. Nevertheless, the IS/MND will consider the Housing Element Update's impact on biological resources, including direct and indirect impacts that could arise and identify appropriate mitigation, if necessary.

Cultural Resources: ESA will identify and evaluate the potential impacts to cultural resources associated with the Housing Element Update and identify appropriate mitigation measures, if necessary. ESA will rely in part on information provided in any previous studies done within the City of Redondo Beach to evaluate the cultural context. In addition, ESA will conduct a cultural



resources investigation to assess potential impacts to cultural resources associated with opportunity sites, if such are identified. A desktop geoarchaeological review to assess subsurface sensitivity for archaeological resources will be conducted. Historic architectural resources will be identified through a record search and any other available information. The results of the archaeological records search, geoarchaeological review, and historic database review will be summarized in the IS/(M)ND. ESA will further request a Sacred Lands File search from the Native American Heritage Commission (NAHC) to determine if any Native American traditional/cultural sites are located within the City. In consultation with the City, ESA will prepare SB 18 and AB 52 letters in anticipation of a General Plan amendment and the preparation of a CEQA document, respectively. ESA assumes no cultural resources survey will be conducted. ESA also assumes the City will not require tribal assistance beyond the preparation of the letters.

Energy: ESA will consider the increase in energy resources associated with the implementation of the Housing Element Update. This analysis will consider the potential for any significant direct, indirect, and cumulative energy impacts, and associated mitigation measures. The section will be closely coordinated with the Project Description and GHG analysis to ensure the project and associated environmental effects are consistently characterized.

Geology and Soils: ESA will conduct analyses of the potential impacts associated with geology and soils based on available public information, information in the General Plan, and any information provided by the City. In addition, with regard to paleontological resources, which are analyzed under the geology and soils topic, ESA will conduct background research on the project area. ESA will also discuss the potential impacts to paleontological resources and provide any necessary mitigation.

Greenhouse Gas Emissions: As discussed above under the Air Quality topic, ESA will evaluate potential GHG impacts associated with the implementation of the Housing Element Update including the potential for any significant direct, indirect, and cumulative impacts. The section will be closely coordinated with the Project Description and Air Quality analysis to ensure the Housing Element Update and associated environmental effects are consistently characterized.

Hazards and Hazardous Materials: ESA will evaluate the potential for hazards and hazardous materials impacts associated with the implementation of the Housing Element Update, and identify mitigation measures, if necessary. ESA will rely in part on information provided in any previous studies done within the City of Redondo Beach as well as other available information to evaluate the potential for hazards and hazardous materials.

Hydrology and Water Quality: ESA will evaluate whether the implementation of the Housing Element Update would result in any direct or indirect physical changes to the environment as it



relates to hydrology and water quality and whether the Housing Element Update would change programs or policies related to hydrology or water quality.

Land Use and Planning: The analysis of land use impacts will evaluate the Housing Element Update's consistency with existing land use plans and zoning. This section will discuss the existing land use and planning setting and the potential for environmental impacts associated with the Housing Element Update and identify mitigation measures, where appropriate. Any amendment needed to implement the Housing Element Update will be evaluated through the General Plan Update process.

Mineral Resources: ESA will describe that the Housing Element Update would not result in direct or indirect physical changes to the environment that would affect mineral resources.

Noise: ESA will prepare a noise analysis that will describe the noise impacts resulting from construction and on-site noise levels associated with existing and future traffic on local roadways. ESA will rely on long-term noise data in the General Plan to the extent possible. The impacts of the project's noise and vibration levels will be determined relative to the City's applicable noise level criteria in its Noise Control Ordinance and General Plan Noise Element.

Population and Housing: The Housing Element Update will include programs to increase housing development within the City of Redondo Beach and, as a result, it is anticipated that this Update would increase population. ESA will evaluate the potential for the Housing Element Update to directly or indirectly induce population, housing, and employment growth within the City. The evaluation will identify the existing population, housing, and employment conditions with reliance on the General Plan, other City sources, Census 2010 data, and associated projections for population, housing, and employment, including those provided by SCAG and evaluate the Housing Element Update's effects relative to projected population, housing, and employment to determine any conflicts related to growth, particularly those that would translate to significant physical impacts on the environment.

Public Services/Recreation: The Housing Element Update would include proposed programs that would increase population growth and demand for public services, including fire protection, police protection, schools, parks/recreation, and other public facilities such as libraries, in the City of Redondo Beach. ESA will evaluate whether implementation of the of the Housing Element Update would result in any direct or indirect physical changes to the environment that would affect public services.

Transportation and Circulation: The Housing Element Update has the potential to increase population growth and the use of transportation services. While CEQA section 15064.3 requires an evaluation of Vehicle Miles Traveled (VMT), this analysis is required for development projects and transportation projects, and the adoption of the Housing Element Update would not be



considered as either a development or transportation project. Thus, the evaluation will consider consistency with applicable programs, plans, ordinances, or policies addressing the circulation system and whether the Housing Element Update would result in an increase in hazards or impacts to emergency access.

Tribal Cultural Resources: While AB 52 is the responsibility of the lead CEQA agency, ESA will assist the City in preparing AB 52 letters. ESA assumes that the City will conduct consultation with tribal representatives who have requested notification of projects within the City pursuant to California Public Resources Code Section 21080.3.1 (Assembly Bill 52). ESA will document the results of the City's consultation in the Tribal Cultural Resources discussions. ESA is available to assist with consultation if so requested by the City under a separate scope and cost.

Utilities and Service Systems: The Housing Element Update would include proposed programs that would increase population growth and demand for utilities and services systems, including water, wastewater, stormwater drainage, electric power, natural gas, telecommunication systems, and solid waste, in the City of Redondo Beach. ESA will evaluate whether implementation of the of the Housing Element Update would result in any direct or indirect physical changes to the environment as it related to utilities and service systems.

Wildfire: The City of Redondo Beach is not located within a California Department of Forestry and Fire Protection (CAL FIRE-defined Fire Hazard Severity Zone) Very High Fire Hazard Severity Zone. ESA will evaluate whether the implementation of the Housing Element Update would result in any direct or indirect physical changes to the environment as it relates to wildfire.

Upon completion of the Initial Study/(M)ND, ESA will submit the document to the City for review. ESA will incorporate revisions to the document based on the single set of consolidated City comments. Upon incorporation of City revisions, ESA will prepare a proof-check of the Initial Study/(M)ND package for City review. Upon finalization of the Initial Study/(M)ND package, ESA will provide a public review Draft (M)ND for City use. The City or ESA will prepare and circulate the Notice of Intent to Adopt an (M)ND to Responsible Agencies, trustee agencies, other interested parties and the County Clerk as mandated by CEQA. In addition, ESA assumes the City will arrange for publication of the notice in a newspaper of general circulation pursuant to CEQA Guidelines Section 15072(b)(1). It is assumed that posting of the NOC would be provided at City Hall and/or on the City Website, and would be posted by the City. This scope of work assumes ESA will be responsible for the distribution of the IS/MND to the State Clearinghouse, agencies, interested organizations, and selected public libraries. This notice will start the 30-day review period for the proposed (M)ND.

Deliverables:

- Draft Initial Study/(M)ND for City review (1 electronic copy)



- Proof-Check Draft Initial Study /(M)ND for City Review (1 electronic copy)
- Public Review Draft MND (1 electronic copy)

Task 3 – Prepare Final Initial Study/(M)ND

Upon completion of the public review period mandated by CEQA, ESA will respond to comments on the IS/(M)ND and will revise the document if necessary. The Responses to Comments will be included in the Final MND, or as a standalone document. Public reaction to the IS/(M)ND cannot be predicted with accuracy and could range from a small number of largely positive comments to a substantial number of technical and/or strongly negative comments. In light of the fact that the City will have involved the public during the preparation of the Housing Element Update, it is assumed that comments on the environmental document will be light. If the Housing Element Update is approved and the IS/(M)ND is adopted, ESA will prepare a Notice of Determination (NOD) consistent with Appendix D of the State CEQA Guidelines or in a format typically used by the City. Upon approval, ESA will file the notice with the County Clerk within 5 working days. It is assumed that the City will provide any necessary filing fees. Filing of the NOD starts a 30-day statute of limitations for CEQA challenges on the Housing Element Update. ESA will attend up to two (2) public hearings regarding the IS/(M)ND during the process.

Deliverables:

- Draft - Final MND for City review (1 electronic copy)
- Proof-Check – Final MND for City Review (1 electronic copy)
- Final MND (1 electronic copy)
- Notice of Determination



Proposed Fees

Based on our understanding of the project and the Scope of Work provided in the previous section, our estimated fee to prepare the environmental process is outlined in the table below. Our estimated fees reflect our recent experience with the City.

Summary of Proposed Fees for IS/(M)ND

Task	Task Description	Fees	
		ND	MND
1	Collect Data/Prepare Project Description	\$3,010	\$3,010
2	Prepare Initial Study/MND Package	\$9,050	\$11,270
3	Prepare Final MND	\$2,780	\$3,010
	Subtotal ESA Labor	\$14,840	17,290
	Subtotal Direct Expenses	\$1,000	\$1,000
	TOTAL COST ESTIMATE	\$15,840	\$18,290

^a Dollar values are allowances; actual costs could be higher or lower. Should actual costs be lower, only actual costs will be billed. Should circumstances cause actual cost to exceed budgets for the line items, additional authorization will be sought prior to exceeding approved budgets.

^b Dollar value is an estimate and will generally be determined by the number of copies of the Initial Study/MND and Technical Analyses that will be required.

We appreciate the opportunity to submit this proposal for your consideration. The terms of this revised proposal remain valid for sixty (60) days and are subject to change after that time. Should you have any questions or require additional information please feel free to contact us at (213) 542-6042. Thank you for considering ESA.

Sincerely,

Luci Hise-Fisher, AICP
Project Director

Kimberly Comacho
Project Manager



KEYSER MARSTON ASSOCIATES™
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

September 22, 2020

ADVISORS IN:
Real Estate
Affordable Housing
Economic Development

BERKELEY
A. Jerry Keyser
Timothy C. Kelly
Debbie M. Kern
David Doezenia
Kevin Feeney

LOS ANGELES
Kathleen H. Head
James A. Rabe
Gregory D. Soo-Hoo
Kevin E. Engstrom
Julie L. Romey
Tim R. Bretz

SAN DIEGO
Paul C. Marra

Veronica Tam, AICP
Principal

Veronica Tam and Associates, Inc.
107 South Fair Oaks Avenue, Suite 212
Pasadena, California 91105

Dear Ms. Tam:

Keyser Marston Associates, Inc. (KMA) is pleased to submit the following proposal to assist the City of Redondo Beach (City) in creating an inclusionary housing program. The KMA proposal includes the following information:

1. A summary of KMA's relevant experience;
2. An description of the proposed scope of services; and
3. An identification of the timing and budget for the proposed scope of services.

I. FIRM DESCRIPTION

KMA is a full-service real estate, affordable housing, and economic consulting firm that specializes in advisory and evaluation services. KMA was incorporated in 1973, and we have one of the largest public sector advisory practices on the West Coast. If selected, the Principal-in-Charge of this engagement will be:

Kathleen Head, Managing Principal

500 South Grand Avenue, Suite 1480

Los Angeles, California 90071

Telephone: 213.622.8095 Email: khead@keysermarston.com

The following table provides a list of inclusionary housing assignments that have been completed by the Los Angeles KMA office.

City of Beverly Hills	City of Newport Beach
City of Burbank	City of Oceanside
City of Campbell	City of Pasadena
City of Chino Hills	City of San Buenaventura
City of Claremont	City of San Dimas
City of Dana Point (Not Adopted)	City of San Jose
City of Davis	City of Santa Ana
City of Duarte	City of Santa Clarita
City of Glendale	City of Santa Cruz
City of Huntington Beach	City of Santa Paula
City of Long Beach	City of Tustin
City of Los Angeles (Not Adopted)	City of West Hollywood
County of Los Angeles	City of Whittier

II. PROPOSED SCOPE OF SERVICES

A. Inclusionary Housing: Financial Evaluation

The following summarizes the approach and methodology being proposed by KMA for evaluating the feasibility of adopting an inclusionary housing program on a citywide basis in Redondo Beach. The Inclusionary Housing: Financial Evaluation (Financial Evaluation) will be undertaken in the context of the following:

1. In 2015, the California Supreme Court ruled in the *California Building Industry Association v. City of San Jose*, 61 Cal 4th 435 (San Jose) that Inclusionary Housing ordinances should be viewed as use restrictions that are a valid exercise of a jurisdiction's zoning powers. The San Jose ruling only applies to ownership residential development. The parameters of the San Jose case did not include inclusionary housing restrictions on rental development.
2. In September 2017 the California Legislature adopted AB 1505, which amends Section 65850 of the California Government Code, and adds Section 65850.01. This legislation allows jurisdictions to adopt ordinances that require rental

residential projects to include a defined percentage of affordable housing units.¹ AB 1505 requires jurisdictions to provide options for alternative means of fulfilling inclusionary housing obligations. These options include, but are not limited to, in-lieu fees, land dedication, off-site construction, and the acquisition and rehabilitation of existing units.

3. California Government Code Sections 65915-65918 impose density bonus requirements on projects that fulfill defined income and affordability restrictions.
4. Numerous California jurisdictions are applying inclusionary housing requirements as a community benefits requirement, which is imposed on projects that require rezoning and/or increases in the allowable intensity of development.

FOUNDATIONAL ASSUMPTIONS: FINANCIAL EVALUATION

The purpose of the KMA analysis will be to evaluate the financial feasibility of imposing inclusionary housing requirements on the following types of new residential development within Redondo Beach:

1. Single family homes;
2. Condominiums; and
3. Apartment projects.

For analysis purposes, KMA will create prototype developments for each of the three identified housing types. These prototypes will be developed in consultation with the City staff, and they will be representative of project types currently being developed in Redondo Beach.

The foundation of the Financial Evaluation will be a market analysis, affordability gap analyses, and the use of KMA's proprietary pro forma models. KMA will also review the City's anticipated Regional Housing Needs Assessment (RHNA) targets to gain an

¹ In 2009, the California Court of Appeal ruled in *Palmer/Sixth Street Properties L.P. v. City of Los Angeles*, 175 Cal. App. 4th 1396 that the imposition of inclusionary housing requirements on rental housing development violates the Costa-Hawkins Rental Housing Act. AB 1505 supersedes this decision.

understanding of the existing unmet need for affordable housing at varying income levels. The RHNA information and the results of financial feasibility testing will inform the recommendations regarding the percentage of affordable housing and the depth of affordability to be included in an inclusionary housing program.

The Financial Evaluation will include be used to assist in recommending the following inclusionary housing program characteristics:

1. The threshold project size that will trigger the inclusionary requirements;
2. The percentage of affordable units that will be required to be provided;
3. The income and affordability restrictions that will be imposed;
4. The comparability standards that will be imposed on inclusionary units;
5. The treatment of inclusionary requirements that result in fractional units;
6. The supportable in-lieu fee payment amounts given the affordability gaps associated with the prototype residential types being evaluated;
7. Off-site alternatives to developing the inclusionary units on site within a market-rate project; and
8. Identification of project types that may be exempt from the inclusionary housing requirements.

COMPARATIVE ANALYSIS OF INCLUSIONARY POLICIES

The KMA Los Angeles office has assisted in creating over 25 inclusionary housing programs in California. We have also assisted in establishing the implementing policies and procedures in many of those jurisdictions. The salient characteristics of these 25+ programs will be included in the comparative analysis of existing inclusionary policies. In addition, KMA will undertake a survey of the programs adopted throughout California.

The purpose of the comparative analysis is to identify characteristics of inclusionary housing programs that are typically imposed. The results will be used by KMA to identify the best practices being employed. This information will provide context for the inclusionary housing program parameters to be recommended to the City.

DELIVERABLE PRODUCTS: FINANCIAL EVALUATION

As part of the Financial Evaluation, KMA proposes to deliver the following work products to the City:

1. The major assumptions to be applied in the pro forma analyses will be identified.
2. A draft report will be prepared that will be supported by tables, data and other materials relevant to the analysis.

B. Inclusionary Policy Recommendations

KMA proposes to set forth policy recommendations that will be based on the results of the Financial Evaluation, and the following other sources of information:

1. The City's zoning documents, including the anticipated RHNA targets;
2. The City's affordable housing planning documents;
3. Community input;
4. The best practices identified in the survey of existing inclusionary housing programs; and
5. Ongoing discussions with City staff.

The policy recommendations memorandum will be organized as follows:

1. The findings of the Financial Evaluation will be summarized.
2. The components of the recommended policies will be identified. The following policy recommendations for ownership and rental housing development will be included:
 - a. The financially feasible income targeting to be imposed;

- b. The percentage of housing units that should be set aside as inclusionary housing units;
 - c. The alternatives to on-site inclusionary housing development that should be allowed by right and those that should require approval by the City Council;
 - d. The role that the California Government Code Section 65915 – 65918 density bonus should play in establishing income and affordability requirements for the City’s inclusionary housing program; and
 - e. The implementation and administrative tools that should be created by the City after an inclusionary housing program is adopted.
3. The recommendations implementation package will be described.
4. Case studies will be presented that compare the inclusionary housing options that could potentially be applied to hypothetical projects.

III. PROPOSED TIMING/BUDGET

KMA proposes to complete the proposed draft Financial Evaluation report and Policy Recommendations memorandum within eight weeks of receiving authorization from the City to proceed and the necessary background data from the City. In the following table KMA has provided an estimated fee for each task included in this proposal.

Task	Budget
Inclusionary Housing: Financial Analysis Report	\$27,400
Policy Recommendations Memorandum	\$9,000
Meetings/Presentations	\$2,800
Total	\$39,200

The fee for the individual tasks may vary from these estimates, but the total budget will not be altered unless the work scope is expanded beyond the parameters identified in this proposal. The preceding budget includes up to 10 hours of in-person/virtual meeting time with City staff, Planning Commission and City Council.

It is important to note that if the scope of services changes materially, and/or the in-person/virtual meeting time requested by the City exceeds 10 hours, the budget will need to be adjusted accordingly. If once the project has started, KMA believes that the budget could be exceeded, we will contact the City immediately for further direction.

The KMA hourly billing rate schedule that will be applied to this engagement follows:

KMA Billing Rate Schedule (2020 – 2021)	
Chairman, President, Managing Principals	\$280.00
Senior Principals	\$270.00
Principals	\$250.00
Managers	\$225.00
Senior Associates	\$187.50
Associates	\$167.50
Senior Analysts	\$150.00
Analysts	\$130.00
Technical Staff	\$95.00
Administrative Staff	\$80.00

KMA appreciates the opportunity to submit this proposal. Please do not hesitate to contact me if this proposal can be modified to better meet your needs.

Sincerely,

Keyser Marston Associates, Inc.



Kathleen Head