



# Administrative Report

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H.12., File # 20-1411

Meeting Date: 10/20/2020

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**To:** MAYOR AND CITY COUNCIL

**From:** BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

## **TITLE**

APPROVE CONTRACT WITH VERONICA TAM & ASSOCIATES, INC. FOR CONSULTING SERVICES ASSOCIATED WITH THE HOUSING ELEMENT UPDATE AND THE PREPARATION OF AN INCLUSIONARY HOUSING ORDINANCE FOR THE TOTAL AMOUNT NOT TO EXCEED \$161,950 FOR THE TERM OF OCTOBER 20, 2020 THROUGH JUNE 30, 2022.

## **EXECUTIVE SUMMARY**

The City of Redondo Beach is preparing to update its current Housing Element for the 2021-2029 planning period, as mandated by State law. The Housing Element does require California Environmental Quality Act (CEQA) analysis, typically an Initial Study/Negative Declaration or an Initial Study/Mitigated Negative Declaration.

Additionally, the City Council has expressed interest in having an Inclusionary Housing Ordinance prepared. Although this type of ordinance is expected to be eligible for a CEQA exemption, there is typically a financial feasibility analysis that accompanies an Inclusionary Housing Ordinance to ensure that the requirements established in the ordinance are justifiable and in accordance with State housing laws.

This City Council agenda item is for the approval of a contract with Veronica Tam and Associates, Inc. for the preparation of the Housing Element Update and Inclusionary Housing Ordinance for an amount not to exceed \$161,950 for a term through June 30, 2022.

## **BACKGROUND**

### **HOUSING ELEMENT UPDATE**

The existing Housing Element was updated in 2013, covering an 8-year cycle from 2013-2021. The City provided a mid-term update to the Housing Element in 2017. The City of Redondo Beach is preparing to update its current Housing Element for the 2021-2029 planning period, as mandated by State law. The Housing Element Update provides a timely and extensive process by which the City of Redondo Beach can collectively and comprehensively plan for the development of housing on specific sites throughout the entirety of the City.

As part of the Housing Element Update, Redondo Beach must identify ways to reduce regulatory, physical, and environmental constraints to the production of housing and identify a sufficient amount

of developable land that can accommodate its assigned housing growth. This process and the resulting documentation will identify and zone specific housing sites for the City to meet its Regional Housing Needs Allocation (RHNA) amount of 2,483 for the 6<sup>th</sup> Cycle. The Housing Element Update also includes outreach to obtain input, allay concerns, and identify solutions from the local community - bringing the public along with the overall planning effort.

Overall, the Housing Element provides a policy-level foundation to expand housing production, coupled with a strong implementation plan that includes specific quantified objectives and programs with some mandates for execution in the first part of the planning period (e.g., within the first three years for any rezoning needed to accommodate the RHNA, Section 65583(c)(1)(A) and 65583.2(c) of Government Code).

### **INCLUSIONARY HOUSING ORDINANCE**

The City Council has expressed interest in the preparation of an Inclusionary Housing Ordinance. This type of ordinance requires a percentage of units to be restricted to certain levels of affordability in housing development projects meeting a set size threshold. There are several parameters that the City Council must decide upon. Once those are selected, it is necessary to conduct a financial feasibility analysis to determine that the ordinance with those parameters would not preclude or deter market rate housing from being built. This is a necessary step to ensure that the ordinance is justifiable and in accordance with State housing laws.

### **TIMING FOR PROJECT**

Once the contract with VTA is approved, the consultant will begin work on both the Housing Element and the Inclusionary Housing Ordinance immediately. These two tasks can be conducted simultaneously.

#### Timing for Housing Element Update

The process for the Housing Element Update includes evaluating the existing Housing Element and Annual Progress Reports to determine changes needed in programs and objectives. The needs analysis will be conducted. Since the 6<sup>th</sup> Cycle RHNA amount almost doubled the City's 5<sup>th</sup> Cycle RHNA obligation, the sites inventory and analysis will need to be updated and expanded. The consultant will then identify housing constraints and opportunities. Finally, the Housing Implementation Plan will be prepared, updating the Housing Element. Community participation meetings will be conducted, including a GPAC meeting and meetings before the Planning Commission and City Council.

The work to prepare the Housing Element Update will occur through the summer of 2021, with an environmental review being conducted once the draft is prepared. The Housing Element adoption deadline is within a 120-day grace period of October 15, 2021. Thus, the Housing Element Update will be submitted to the State Department of Housing and Community Development (HCD) by February 11, 2022. The review schedule for HCD is 90 days after submittal, with additional coordination with HCD incorporated into the scope of work.

#### Timing for Inclusionary Housing Ordinance

It is expected that the first discussion meeting for the Inclusionary Housing Ordinance could be scheduled as early as mid-November of this year, providing a basic understanding about inclusionary housing programs, a description of the process and parameters for consideration, and the relationship of the ordinance with the Housing Element and RHNA. The next meeting with the

consultant will be initial parameter setting. This discussion will establish the basic parameters the City Council is interested in for the financial feasibility sub-consultant to evaluate. Once that evaluation is completed (approximately 8 weeks from receiving direction on parameters from City Council), the results will be presented to Council to discuss any modifications needed to parameters. The ordinance will then be prepared with those parameters incorporated.

### **CONSULTANT**

Veronica Tam & Associates, Inc. (VTA) has substantial experience in assisting municipalities in preparing Housing Element Updates and in preparing Inclusionary Housing Ordinances. VTA has a long history working with the City of Redondo Beach and is familiar with the constraints the City of Redondo Beach is faced with regarding housing. The subconsultants for this contract include Environmental Science Associates (ESA) to prepare the CEQA analysis for the Housing Element and Keyser Marston Associates (KMA) to conduct the financial evaluation for the Inclusionary Housing Ordinance. Both firms have extensive experience in their respective fields, and the City has utilized ESA to conduct CEQA processes in the past.

The existing Housing Element was updated in 2013, covering an 8-year cycle from 2013-2021. The City provided a mid-term update to the Housing Element in 2017. The City applied for the SB2 Grant Funds from HCD to cover the preparation of the next Housing Element commencing in 2020. That grant agreement was executed in June 2020, authorizing the City to begin the procurement process. The agreement allows the City as the Grantee to utilize its normal procurement policy, including the use of sole source purchasing. The RBMC does permit use of professional services without seeking competitive bids, as authorized by RBMC 2-6.09, and Staff have followed the necessary procurement policies and procedures for this contract.

VTA has worked with the City on housing issues for several years, including providing critical support to the City's decision makers and the Community Development Department regarding preparation of Housing Element reports; review of adopted housing bills; and consideration of RHNA methodologies, allocations, and appeals. VTA has extensive knowledge of Redondo Beach's housing constraints and sites inventory. Utilizing another firm would require an extensive learning curve, adding cost and time to the contract. Due to sole source qualifications of VTA, the time constraints of the Housing Element deadline, and the City Council's interest in pursuing an Inclusionary Housing Ordinance in a timely fashion, Staff is recommending the City Council approve the contract with VTA for a total not to exceed amount of \$161,950.

### **COORDINATION**

The Community Development Department collaborated with the City Attorney's Office to develop the agreement. The City Attorney's Office has approved the agreement as to form.

### **FISCAL IMPACT**

The cost of this agreement includes the Housing Element for \$88,410, the CEQA Clearance for the Housing Element for \$18,290, and the Inclusionary Housing Ordinance for \$55,250, for a total not to exceed amount of \$161,950. The funding sources for this contract include up to \$106,700 (Housing Element and CEQA review) from the SB2 Grant Award received by HCD and the remainder to be funded through the General Plan Maintenance Fund.

### **APPROVED BY:**

*Joe Hoefgen, City Manager*

**ATTACHMENTS**

Contract with Veronica Tam & Associates, Inc.

Veronica Tam & Associates, Inc. proposal

Sub-consultant proposals from ESA and KMA