



Affordable Housing Strategic Plan Update

El Segundo Planning Commission

Thursday, January 23, 2025



Midyear Update

- Progress Report on:
 - A Local Trust Fund for Affordable Housing funding strategy
 - Live/Work Policy Preference
- Future Work:
 - An Affordable Housing Focus Area Program
 - A Downtown Homes for Young Professionals Program

Funding El Segundo Affordable Housing

Affordable Housing Strategic Plan Update



Funding Strategy Considerations

- City has \$5.3 million held for future housing projects but no ongoing stream of income to fund projects
- Leveraging funds is common in today's affordable housing environment
- RSG evaluated several typical affordable housing funding sources used by other cities to identify sources for El Segundo to consider



Common Affordable Housing Funding Sources

- Local Housing funds
 - HCD (via County) Permanent Local Housing Allocation (PLHA)
 - HCD (via COG) Regional Early Action Planning (REAP) 2.0 funds
- CA Dept. of Housing and Community Development (HCD)
 - Local Housing Trust Fund (LHTF)
 - Multifamily & Homeownership Super NOFA
 - Affordable Housing & Sustainable Communities Program (AHSC)
 - Pro-Housing Designation/Pro-Housing Incentive Program (PIP)



Additional Funding Sources

- U.S. Environmental Protection Agency (EPA)
 - Environmental Assessment Grants
 - Targeted Brownfields Assessments



Takeaways

- Difficult to assure that sufficient funding will be available
 - Funding sources change over time and most are very competitive today
- City may want to explore eligibility for a Pro-Housing Designation to increase potential for receiving state funds
- City may wish to consider other means to raise local housing funds such as inclusionary housing, commercial linkage fees, community benefits, and other means.

Live/Work Preference Policy Considerations

Affordable Housing Strategic Plan Update



Proposed Policy

- The City's Affordable Housing Strategic Plan prioritizes a Live/Work Preference Policy with the following goals:
 - Codify that part of an affordable housing agreement (incl. a DDA, density bonus agreement, etc.) include a local priority preference for people who live or work in El Segundo when applying for new affordable housing rental units
 - Remedy or mitigate the displacement and gentrification impacts that may result from development activities

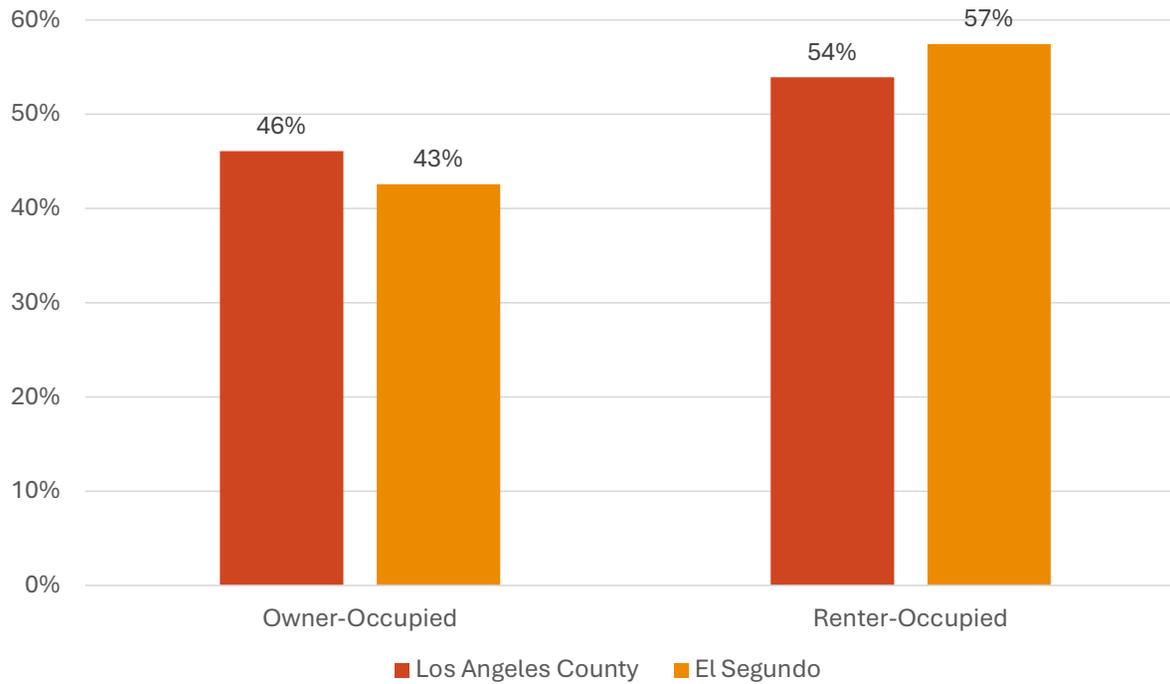


Policy Overview

- The U.S. Housing and Urban Development Department (“HUD”) allows the creation of tenant preference policies to prioritize tenant applicants based on certain preferences so long as they comply with federal civil rights and fair housing laws.
- In other words, the City must ensure that policies or practices do not have a discriminatory effect on federally protected groups, even if there is no explicit discriminatory intent.



Renter vs. Owner Occupied Housing Units



Source: ACS Census Bureau (2023 5-Year Estimates)



Income

LA County Median Income: \$86,587

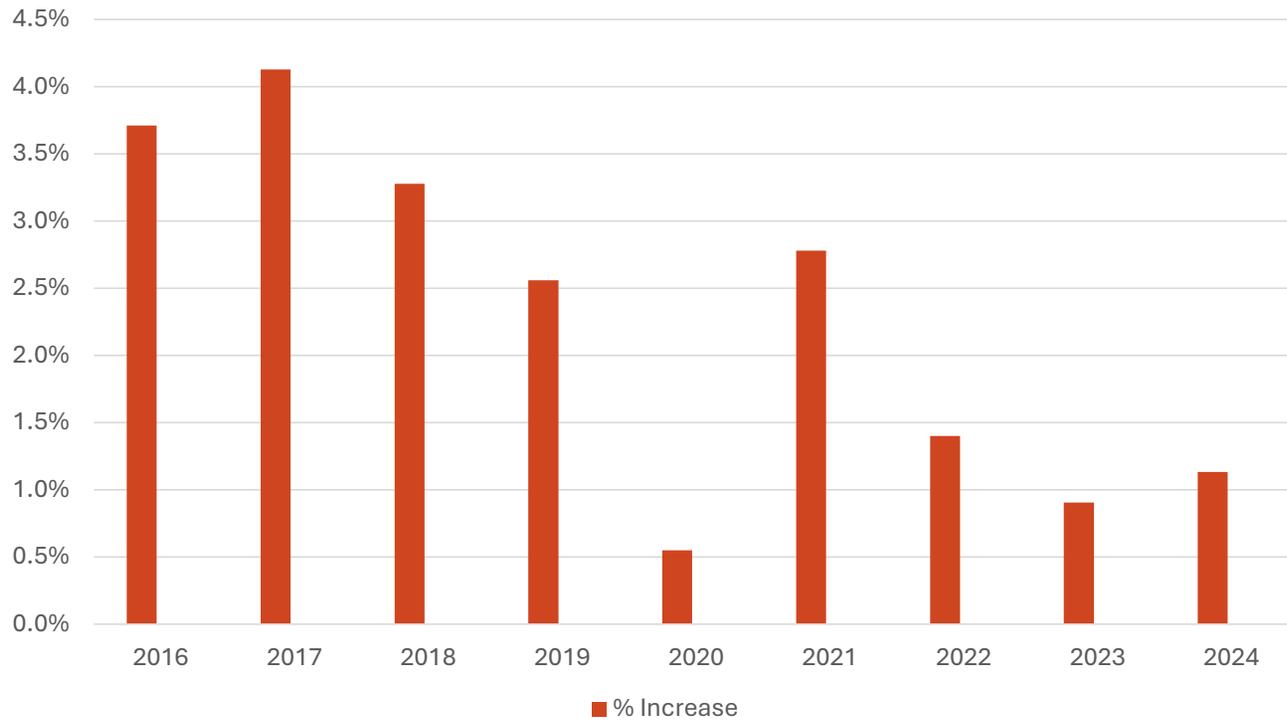
El Segundo Median Income: \$149,149



Source: ACS Census Bureau (2023 5-Year Estimates)



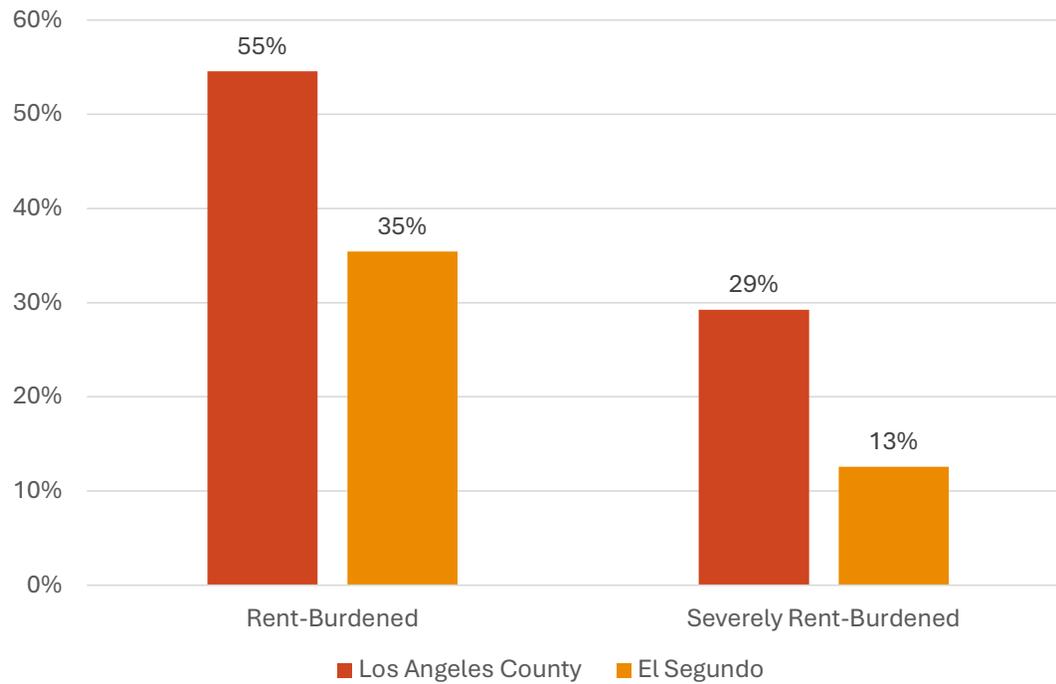
El Segundo Rent Increases (2016-2024)



Source: CoStar – El Segundo Multifamily Properties 5+ Units



Percentage of Rent-Burdened Households



Note: Rent-burdened households refer to households in which rent exceeds 30% income earned. Severely rent-burdened households refer to households in which rent exceeds 50% income earned.

Source: ACS Census Bureau (2023 5-Year Estimates)



Comparable Jurisdictions

- RSG conducted initial research on the following jurisdictions with tenant preference policies:
 - San Jose
 - Santa Monica*
 - National City
 - Oakland
 - Chula Vista*

*Limited information was available for these programs



Key Policy Components

There are 3 high-level policy considerations that provide the framework for a Live/ Work Preference Policy:

1. Eligibility Requirements: Who is eligible to receive preference?
2. Property Applicability: Which properties are subject to the policy?
3. Unit Proportion: How many units in a housing development are subject to the policy?



Eligibility Requirements

In comparable jurisdictions, applicants must meet certain income thresholds, in addition to one of the following to receive preference:

- 1) Live within a certain radius (ex. one sq. mi.) of the project site;
- 2) Live within the same Council District as the project site;
- 3) Must have at least one household member whose primary place of residence is in the City;
- 4) Employed by an employer located within the City;
- 5) Participate in an education or job training program located within the City; or
- 6) Must have at least one household member who has received and accepted a bona fide offer of employment within the City.



Property Applicability

- 3 out of 5 comparable jurisdictions clearly specified which properties are subject to preference policies.
- In those 3 comparable jurisdictions, preference policies apply to new City-assisted affordable housing projects and preference only applies during initial lease-up of the project.
- Some policies are only applicable to projects that meet more specific parameters, including a minimum number of units in a project, certain AMI levels (below 80 or 120% AMI), and minimum affordability length.



Unit Proportion

- 3 out of 5 comparable jurisdictions clearly specified the percentage of units in a new City-assisted affordable housing project that are subject to the preference policy
- Varies greatly between jurisdictions (15%-100% of rent restricted units)
- Compliance with fair housing law may be the ultimate determinant of unit proportion
 - City would likely need to conduct an analysis of demographic conditions to ensure the policy does not create a disparate impact on any protected classes
 - Example: NYC's 1988 policy



Additional Components

- Some comparable jurisdictions incorporate tenant eligibility requirements based on displacement risk using Urban Displacement Project data.
 - All of El Segundo is considered “low estimated renter displacement risk”. Therefore, incorporating displacement risk into a policy would have little to no impact.



El Segundo Preference Policy

- Given city's high employment base, policy could provide additional opportunity for the workforce to reside within El Segundo.
- Despite need for additional affordable housing opportunities, the City's population size, demographic composition, and lack of affordable housing development in the pipeline may mitigate the potential effectiveness of a tenant preference policy and cause fair housing concerns.
- Tenant preference policies are generally seen in geographically larger communities with diverse housing opportunities, sites, and demographics.



Policy Recommendations

- Keep policy components simple
- Consider policy components incorporated in other jurisdictions and how City would like to address them
 - In consultation with City staff, RSG recommends the City consider adopting a 15% set-aside requirement for the initial lease up of new affordable housing projects.
- Compliance with fair housing laws will ultimately be a key determinant of policy components