

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



October 18, 2019

Maureen Tamuri, AIA, AICP
Community Development Director
City of Calabasas
100 Civic Center Way
Calabasas, CA 91302

RE: City of Calabasas, Avalon Project

Dear Maureen Tamuri:

The purpose of this letter is to underscore the importance of the proposed Avalon Bay project in addressing the City's housing needs and preserving existing affordable housing opportunities, and to remind the City of its obligation to preserve units at risk of conversion to market rate under Housing Element Law (Article 10.6 of the Government Code). The Department (HCD) understands the complexity and challenges surrounding land-use proposals and appreciates the City's consideration in its decision making.

State Housing Law and the City's Housing Element Commitments

State Housing Element Law requires the identification of existing subsidized affordable housing developments eligible to convert from low income housing uses and, more importantly, a program to preserve those units using all available ordinances and subsidy programs and/or strategies that involve local regulation and technical assistance (Government Code section 65583 (a)(9) and (c)(6)). As you are aware on October 15, 2013, the City of Calabasas's adopted housing element was found in compliance with State Housing Element Law. This finding of compliance was predicated on the risk assessment of conversion to market rate of three apartment complexes including 120 units in Archstone Calabasas (now Avalon Bay), 140 units of the Malibu Canyon Apartments, and 74 units Canyon Creek Apartments. Compliance was also based on the inclusion of Policy V-4 to "*Undertake proactive steps to preserve existing assisted rental housing at-risk of conversion to market rents*" and Program 6 (Preservation of Assisted Housing). The City's 2017 Housing Element Annual Progress Report received March 22, 2018 reported the City was unsuccessful in preserving the Malibu Canyon Apartments resulting in the loss of 140 units of affordable housing from its housing stock.

The City's housing element identified Archstone Calabasas as a low risk of conversion due to the original County of Los Angeles bond pay out date. However, when the bond was paid in September 2018, the covenant restriction ensuring affordability expired. The property was purchased by Avalon Bay. The County Board of Supervisors has provided

a temporary subsidy to the tenants of the 120 units until January 1, 2020. Because of attrition due to lower-income families moving from these previously dedicated units, HCD understands only 80 of the 120 units remain affordable to lower-income households representing a loss of 40 units. Therefore, it is critical that the City take action to preserve the remaining 80 units of housing affordable to lower-income households. The risk of conversion of these remaining affordable units was recognized in the City's 2018 Housing Element Annual Progress Report received on May 31, 2019, and the City committed to "Continue to work proactively with the property owner to find a solution that will maintain those units for affordable housing".

Avalon Bay Project and Risk of Resident Displacement

The Department has been made aware that the City is considering a proposal from the property owner-developer to voluntarily preserve and privately subsidize the affordability of these 80 units with 55-year covenants, while also constructing 160 market rate units within the envelope of the existing complex. By allowing an increase in the number of units on the existing Avalon Bay site, the City would enable the developer to use private funds to preserve 80 units of one of the last remaining affordable housing developments in the City. Due to the significance of the loss of the 140 units at Malibu Canyon and the lack of progress in meeting its Regional Housing Need Allocation (RHNA) objectives for lower-income households, the preservation of these 80 units as lower-income is imperative. According to the 2018 Housing Element Annual Progress Report, the City has only issued building permits for 12 of the 130 units needed for housing affordable to lower-income households.

In addition, there is a concerning lack of availability of housing for residents of Avalon Bay to remain in the community should they be displaced due to loss of affordability covenants resulting from disapproval of this project. Residents living in those 80 affordable units include 161 people with a median income of \$54,000, including 42 children under the age of 18 (26%) and 39 residents over the age of 55 (24%). Of those 55 and older, the median length of tenancy at Avalon Bay is 8.28 years, where overall, 47% of the affordable units include tenants who have lived at Avalon Bay for over 5 years, with the longest resident in one of these units having lived in this community for 22 years.

HCD's Enforcement Authority

In 2017, Assembly Bill (AB) 72 (Chapter 370 Statutes of 2017), expanded and clarified HCD's enforcement authority to authorize HCD to review local government actions and inactions, which includes program action commitments within an adopted housing element, to determine consistency or inconsistency with state law. If HCD finds that a City's act or omission does not substantially comply with state law, housing element compliance may be revoked, and HCD may notify the Attorney General's Office that the City is in violation of state law.

HCD encourages the City to approve the Avalon Bay project which will preserve 80 units of critically important affordable housing and take all necessary and proactive steps to ensure compliance with state law and the fulfillment of its policy and programmatic commitments in its adopted housing element. HCD remains committed to supporting the City in achieving its housing objectives and preservation goals. Please contact Melinda Coy, of our staff at 916-263-7425 with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Zachary Olmstead". The signature is fluid and cursive, with the first name "Zachary" being more prominent than the last name "Olmstead".

Zachary Olmstead
Deputy Director

cc: David J. Shapiro, Mayor
City of Calabasas

Dr. Gary J. Lysik, City Manager
City of Calabasas

Glenn Michitsch, Senior Planner
City of Calabasas