



PALMDALE GENERAL PLAN UPDATE



Housing Conditions and Needs

SPRING 2020 | DRAFT REPORT



Envision
PALMDALE 2045
a complete community

Chapter 4: Housing Conditions and Needs

This report on existing conditions provides some background information and highlights several of the issues that must be considered in the Housing Element update. The Housing Element Technical Appendix (to be provided later) will discuss topics in this chapter in greater detail.

Existing Characteristics and Conditions

Household Trends and Characteristics

According to the Census Bureau, 42,952 households resided in Palmdale in 2010, with an average size of 3.55 persons per household unit. For the recent five-year American Community Survey (ACS) for 2013-2017, the overall numbers were similar but the household composition has shown shifts from family to non-family households. From 2010 to 2017, the number of single person households increased by 22 percent and the number of seniors living alone increased by 30 percent (Table 4.1).

According to the Growth Forecast by Jurisdiction prepared by Southern California Association of Governments (SCAG) for the purpose of developing the Regional Housing Needs Allocation, the City of Palmdale is projected to have 61,798 households in 2045, a 40 percent increase from 2017.

Table 4.1 Household Trends and Characteristics

| Household (Hhld) Type | 2010 | | 2017 | | Change |
|-------------------------|------------|------------|------------|------------|-----------|
| | # of Hhlds | % of Total | # of Hhlds | % of Total | 2010-2017 |
| All Households | 42,952 | 100% | 44,075 | 100% | 3% |
| Family Households | | | | | |
| Married-Couple Families | 24,199 | 56% | 23,726 | 54% | -2% |
| Other Families | 11,139 | 26% | 11,119 | 25% | -0.2% |
| Non-Family Households | | | | | |
| Single | 5,828 | 14% | 7,435 | 17% | 22% |
| Seniors Living Alone | 1,880 | 4% | 2,691 | 6% | 30% |
| Other Non-Families | 1,786 | 4% | 1,795 | 4% | 1% |
| Average Hhld Size | 3.55 | | 3.57 | | 0.6% |

Sources: Census 2010; American Community Survey, 2013-2017.

Housing Trends and Characteristics

Housing Stock

The number of housing units in Palmdale increased slightly (a little over one percent) over the last eight years, from 37,622 units in 2010 to 37,899 units in 2018, according to the State Department of Finance Population and Housing Estimates. Between 2010 and 2018 single-family detached units increased by 0.8 percent and multi-family five or more units increased by 4.2 percent (Table 4.2). However, multi-family units constituted less than 20 percent of the overall housing stock.

Table 4.2 Housing Stock

| Unit Type | Number of Units | | Percent Change |
|---------------|-----------------|--------|----------------|
| | 2010 | 2018 | 2010-2018 |
| Single Family | 37,622 | 37,899 | 0.7% |
| Detached | 36,770 | 37,047 | 0.8% |
| Attached | 852 | 852 | 0.0% |
| Multifamily | 8,922 | 9,156 | 2.6% |
| 2-4 Units | 1,416 | 1,416 | 0.0% |
| 5 or more | 5,349 | 5,583 | 4.2% |
| All Others | 2,157 | 2,157 | 0.0% |
| Total Units | 46,544 | 47,055 | 1.1% |

Source: State Department of Finance Population and Housing Estimates, 2010 and 2018.

Age and Condition of Housing Units

Palmdale is a relatively young community with almost 80 percent of its housing stock built after 1980 (Table 4.3) according to the 2013-2017 ACS estimates. It is typical though, that housing over 30 years of age is likely to have rehabilitation needs that may include new plumbing, roof repairs, or other more extensive needs. In Palmdale, approximately 53 percent of units were built before 1990, 20 percent of these were built before 1980, and 13 percent of these were built before 1970. As a housing unit gets older, the more likely it becomes that some rehabilitation or repairs would be needed.

Table 4.3 Housing Age

| Year Built | Number | Percent |
|---------------------|--------|---------|
| Built 2010 or later | 517 | 1.1% |
| 2000 to 2009 | 10,046 | 20.9% |
| 1990 to 1999 | 12,153 | 25.3% |
| 1980 to 1989 | 15,790 | 32.9% |
| 1970 to 1979 | 3,272 | 6.8% |
| 1960 to 1969 | 1,155 | 2.4% |
| 1950 to 1959 | 4,234 | 8.8% |
| 1940 to 1949 | 259 | 0.5% |
| 1939 or earlier | 539 | 1.1% |
| Total | 47,965 | 100.0% |

Source: American Community Survey, 2013-2017.

Housing Tenure and Vacancy Status

Housing tenure refers to whether a unit is owner-occupied or rented. Vacancy status reflects the changing relationship between the demand for housing and the availability of desirable units, which influences the cost of housing.

In 2010, approximately 68 percent of Palmdale residents owned the units they occupied while 32 percent rented. By 2017, the homeownership rate had decreased to 64 percent and the renter rate increased to 36 percent (Table 4.4). Given the City's housing stock, it can be inferred that a significant portion of the City's single-family homes are used as rentals.

The overall vacancy rate in Palmdale was 8.3 percent in 2010 and 8.8 percent in 2017. It should be noted however that the majority of these vacant units were classified as "Other Vacant", which refers to units held vacant by owners for other unspecified reasons. A possible explanation is that homes were purchased by investors during the housing market implosion and they are holding the units until the market prices appreciate further.

Table 4.4 Tenure and Vacancy Rates

| | 2010 | 2017 |
|---------|--------|--------|
| Tenure | | |
| Owner | 29,167 | 28,208 |
| Renter | 13,785 | 15,867 |
| Vacancy | | |
| Owner | 7.1% | 10.5% |
| Renter | 10.9% | 5.8% |

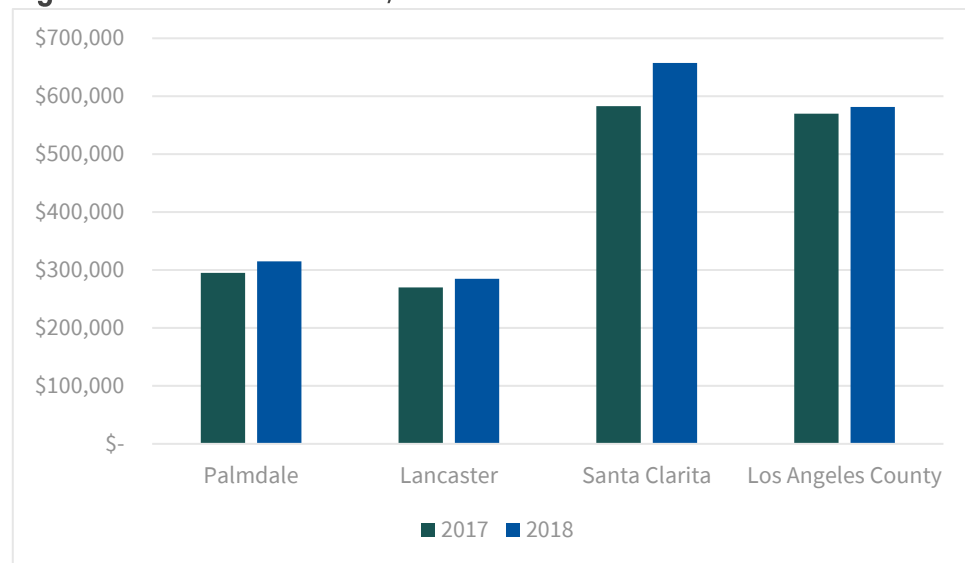
Source: Bureau of the Census, 2010; American Community Survey, 2013-2017.

Home Prices, Rents, Affordability and Crowding

Home Prices

Homes in Palmdale are more affordable compared to nearby cities and Los Angeles County as a whole. Figure 4.1 shows the median homes prices in Palmdale, Lancaster, Santa Clarita and Los Angeles County in December 2017 and December 2018. In Palmdale, as with Lancaster, Santa Clarita and Los Angeles County, median homes prices are rising reflecting an improved housing market and increased demand for housing. However, home prices in Palmdale are still among the lowest in the County falling more than \$250,000 below the County median.

Figure 4.1 Median Sales Price, December 2017 and December 2018



Source: CoreLogic California Home Sale Activity by City, December 2018.

Rental Rates

Similar to home values, median rents in Palmdale and in the region have been trending upward. According to Trulia.com the median rent in Palmdale as of December 2018 was \$1,999.

Specific information on current rental rate by housing type was obtained through a review of rental advertisements on Zillow in February 2019. Of the 30 advertised units 15 were single-family homes or condominiums and the other 15 were apartment rentals. Of the 15 apartment listings acquired during the rental search, the average monthly rent was \$1,387 per month. The average price for a rental home in Palmdale was \$1,997 per month.

Table 4.5 Rental Listings

| Apartment Rental Rates | Studio | 1 Bedroom | 2 Bedrooms | 3+ Bedrooms |
|------------------------|---------|-----------|------------|-------------|
| Number of Units Listed | 1 | 5 | 7 | 2 |
| Average Rent | \$1,150 | \$1,057 | \$1,300 | \$2,120 |
| Home Rental Rates | Studio | 1 Bedroom | 2 Bedrooms | 3+ Bedrooms |
| Number of Units Listed | 0 | 2 | 1 | 12 |
| Average Rent | 0 | \$995 | \$1,300 | \$2,031 |

Source: *www.Zillow.com*, accessed February 28, 2019.

Affordability

A housing cost burden is defined as spending more than 30 percent of a household's gross income on housing cost (including taxes, utilities and insurance). Housing cost burden was more likely to affect renter-households than owner-households in Palmdale at the lower income levels (Table 4.6). The difference for those in the lower income levels may be due largely to two factors:

- Households at these levels are often renters and their housing costs increase annually (if not more frequently) as landlords continue to raise rents to market rates.
- Many lower income homeowners typically purchased their homes many years ago and have low mortgage payments.

In contrast, cost burden was more common among moderate and above moderate-income homeowners than renters. As shown earlier, rents in Palmdale are generally affordable to moderate income households; whereas, homeownership was not achievable to most households in these income levels.

Table 4.6 Households with Housing Cost Burden

| Household Income | Owners | Renters | All Households |
|---|--------|---------|----------------|
| Extremely Low Income (30% AMI) | 2,325 | 5,675 | 8,000 |
| Very Low Income (50% AMI) | 2,820 | 2,590 | 5,410 |
| Low Income (80% AMI) | 2,690 | 1,440 | 4,130 |
| Moderate/Above Moderate Income (>80% AMI) | 1,965 | 355 | 2,320 |
| Total Households | 9,800 | 10,060 | 19,860 |

AMI = Area Median Income

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Data, 2011-2015.

Overcrowding

An overcrowded household is defined as one with more than one person per room, excluding bathrooms, kitchens, hallways and porches. A severely overcrowded household is defined as one with more than 1.5 persons per habitable room. According to the 2013-2017 ACS, nine percent of all Palmdale households lived in overcrowded conditions. Renter-households made up a larger proportion of overcrowded households than owner-households (Table 4.7). Approximately 13 percent of renter-households in Palmdale were overcrowded, compared to six percent of owner-households. Renter-households and owner-households were both susceptible to severe overcrowding.

Table 4.7 Overcrowded Housing

| Household Income | Owners | | Renters | | All Households | |
|--|--------|-----|---------|-----|----------------|------|
| | # | % | # | % | # | % |
| Overcrowded Households (1.01-1.5 persons per room) | 1,480 | 5% | 1,731 | 11% | 3,211 | 7% |
| Severely Overcrowded (1.5+ persons per room) | 260 | 1% | 307 | 2% | 567 | 1% |
| All Overcrowded Households | 1,740 | 6% | 2,038 | 13% | 3,778 | 9% |
| All Households | 28,208 | 64% | 15,867 | 36% | 44,075 | 100% |

Source: American Community Survey, 2013-2017 5-Year Estimates.

Special Needs Populations

Certain groups in Palmdale may have greater difficulty finding decent, affordable housing due to special circumstances. Special circumstances may be related to one's age, family characteristics, disability, or employment among others. Table 4.8 summarizes these groups in Palmdale. A person or household may be affected by more than one characteristic. For example, a senior living alone may suffer from a disability and living below the poverty level; or, a large household may be a

female-headed household and may include a senior member. Therefore, the various categories of special needs presented Table 4.8 are not mutually exclusive.

Table 4.8 Special Needs Populations

| Special Needs Group | # of Persons/ Households | # of Owners | # of Renters | % of Total Persons/ Households |
|--|-----------------------------|----------------|-----------------|--------------------------------------|
| Special Needs Based on Household Characteristics | | | | |
| Households w/ Members Age 65+ | 7,922 | -- | -- | 18.4% |
| Senior Headed Households | 5,461 | 4,170 | 1,291 | 12.7% |
| Seniors Living Alone | 1,880 | 1,221 | 659 | 4.4% |
| Large Households (5+ members) | 12,079 | 7,810 | 4,269 | 28.1% |
| Female-Headed Households | 7,821 | -- | -- | 18.2% |
| With Children (no Spouse) | 4,784 | -- | -- | 11.1% |
| Special Needs Based on Personal Characteristics | | | | |
| Persons with a Disability | 18,121 | -- | -- | 11.5% |
| Farmworkers (Total of Agriculture, Fishing, Hunting, Forestry) | 617 | -- | -- | 0.4% |
| Residents Living Below Poverty | 29,243 | -- | -- | 18.6% |
| Homeless | 345 | -- | -- | 0.7%* |
| Military Personnel | 110 | -- | -- | 0.1% |
| Students (Total enrolled) | 12,253 | -- | -- | 7.8% |

Sources: Bureau of the Census, 2010; American Community Survey, 2013-2017; 2018 Greater Los Angeles Homeless Count

*Percent of Los Angeles County homeless

Affordable Housing

The City of Palmdale has facilitated the development of numerous projects to improve the supply of affordable housing through construction of new units and the acquisition and rehabilitation of old units. There are 24 developments in the City that provide 2,507 affordable units to residents.

Table 4.9 Inventory of Affordable Housing

| Development Name | Total Units | Low/Mod Units | Household Type | Funding Source | Expiration of Affordability |
|-------------------------|-------------|---------------|------------------|--|-----------------------------|
| Manzanita Villas | 144 | 29 | Family | City Regulatory Agreement | 2042 |
| Carmel Apartments | 112 | 23 | Family | Local Mortgage Revenue Bond | 2023 |
| Summerwood Apartments | 54 | 52 | Family | Multifamily Housing Revenue Bond | 9/3/2070 |
| La Quinta Apartments | 100 | 98 | Family | Multifamily Housing Revenue Bond | 9/3/2070 |
| Park Vista Apartments | 28 | 27 | Family | Multifamily Housing Revenue Bond | 9/3/2070 |
| Impressions Apartments | 109 | 107 | Senior | Multifamily Housing Revenue Bond | 9/3/2070 |
| Boulders at the Ranch I | 358 | 358 | Mobile Home Park | Tax-Exempt (A) and Taxable Bonds secured by Housing Set-Aside funds(B) | 5/6/2032 |

| Development Name | Total Units | Low/Mod Units | Household Type | Funding Source | Expiration of Affordability |
|---|-------------|---------------|------------------|--|-----------------------------|
| Boulders at the Ranch II | 206 | 206 | Mobile Home Park | Tax-Exempt (A) and Taxable Bonds secured by Housing Set-Aside funds(B) | 5/6/2032 |
| Boulders at the Lake | 222 | 222 | Mobile Home Park | Tax-Exempt (A) and Taxable Bonds secured by Housing Set-Aside funds(B) | 5/6/2032 |
| Palmdalia Apartments | 64 | 64 | Family | Section 8 | 7/1/2044 |
| Palmdale Gardens | 76 | 76 | Senior | Section 8 | N/A |
| Palmdale East Q | 90 | 90 | Family | Section 8, LIHTC | 2055 |
| East 35 th Street Apartments | 48 | 48 | Family | Section 8 | 2025 |
| Palmdale Desert Club Apartments | 80 | 80 | Family | Section 8, LIHTC | N/A |
| Village Garden Apartments | 80 | 80 | Family | Section 8 | N/A |
| Desert View Apartments | 55 | 55 | Family | Section 8 | 9/1/2023 |
| Whispering Palms | 75 | 74 | Senior | Housing Set Aside Funds, Multifamily Housing Revenue Bond, HOME | 2073 |

| Development Name | Total Units | Low/Mod Units | Household Type | Funding Source | Expiration of Affordability |
|--|--------------|---------------|----------------|--------------------------------------|-----------------------------|
| Cielo Azul | 80 | 79 | Senior | Housing Set Aside Funds, LIHTC | 8/13/2063 |
| Summer Terrace | 80 | 79 | Senior | Housing Set Aside Funds, LIHTC, HOME | 2064 |
| Palo Verde Terrace | 78 | 77 | Senior | Housing Set Aside Funds, LIHTC, HOME | 12/30/2065 |
| Casablanca Apartments | 200 | 200 | Family | LIHTC | 2055 |
| Wright Brothers Court | 156 | 156 | Family | Housing Set Aside Funds, LIHTC, HOME | 2074 |
| Courson Arts Colony – East & West (Meta Housing) | 161 | 160 | Family | LIHTC, HOME Housing Assets Fund | TBD |
| Total | 2,656 | 2,440 | | | |

Units at Risk of Converting to Market Rate

State law requires that the City identify, analyze, and propose programs to preserve existing multi-family rental units which are eligible to convert to non-low-income housing uses due to termination of subsidy contract, mortgage prepayment, or expiring use restrictions during a ten-year period commencing on the statutory deadline of the Housing Element update. This at-risk housing analysis covers from October 15, 2021 through October 15, 2031. Three out of the 24 developments consisting of 126 affordable units are at-risk of being converted to market rate housing.

Recent Trends and Planned Projects

Progress toward RHNA

For the fifth cycle Housing Element update, the City of Palmdale has been assigned a Regional Housing Needs Allocation (RHNA) of 5,452 units. The City’s 2018 Housing Element Annual Progress Report documents the City’s progress toward meeting this RHNA.

Table 4.10 Progress toward RHNA

| | Very Low | Low | Moderate | Above Moderate | Total |
|-----------------|----------|-----|----------|----------------|-------|
| RHNA | 1,395 | 827 | 898 | 2,332 | 5,452 |
| Units Permitted | 103 | 138 | 149 | 137 | 527 |

Source: City of Palmdale 2018 Housing Element Annual Progress Report.

Recent Residential Building Activities

Between 2010 and 2017, the City’s housing stock increased by 511 units. However, a few recent residential development projects will increase the housing stock by more than 600 units. According to the City’s Building Permit Report, as of February 6, 2019, 648 housing units have been permitted. One project alone will bring 484 of these housing units in the form of single-family detached homes. The Courson Arts Colony – East and Courson Arts Colony – West projects, both under construction, will expand the City’s affordable housing inventory by 160 units (along with a manager’s unit).

Existing Plans, Policies and Programs

Several existing plans, policies and programs will influence this Housing Element update:

2013-2021 Palmdale Housing Element: The Housing Element is a mandated element of the General Plan and must include the following key components: an assessment of the existing and projected housing needs; a review of constraints and opportunities for the improvement and construction of housing; and a plan of action to address the identified housing needs.

2021-2029 Regional Housing Needs Allocation (RHNA): The RHNA establishes the total number of housing units that each city and county must plan for within the planning period. Based on the adopted RHNA, each city and county must update its Housing Element to demonstrate how the jurisdiction will meet the expected growth in housing need over this period of time. The Southern California Association of Governments (SCAG) is responsible for assigning the allocations to cities and counties. This upcoming RHNA will cover the planning period from October 2021 through October 2029 and will be adopted by SCAG in October 2020.

2020-2025 Consolidated Plan: The Consolidated Plan outlines the housing and community development needs in Palmdale and the potential use of Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD) to address the priority needs. Annually, the City receives approximately \$1,400,000 under the CDBG program. The city also receives HOME Investment Partnerships (HOME) funds that can be utilized to assist with a wide range of affordable housing activities. Annually, the City receives approximately \$400,000 under the HOME program.

Issues and Opportunities

Based on preliminary discussions with staff, the City faces a myriad of housing challenges, including:

Housing Needs

- Need for a variety of housing options, especially for the younger generation, such as apartments, condos, and townhomes.
- Unique housing needs for artist (live/work arrangements) and housing for professionals who commute to the City for work during weekdays.
- While the City’s housing stock is relatively new, parts of town contain aging housing units, especially multi-family rental housing constructed decades ago and is exhibiting signs of disrepair. The City has limited funding to address this issue and landlords are not willing to comply with the covenant requirements of public rehabilitation assistance.

Housing Production and Housing Options

- Relatively stagnant housing production in recent years as the City is gradually recovering from the housing recession.
- Virtually no multi-family housing construction occurs in the City except in the form of affordable housing.

Affordable Housing

- While the community recognizes the need for affordable housing, many express the preference for mixed income housing instead of 100 percent affordable housing. This preference presents a dilemma as 100 percent affordable projects are typically more competitive in funding programs such as Low-Income Housing Tax Credits (LIHTC)

Construction Opportunities and Constraints

- While the City has a large inventory of vacant land, a significant portion has no infrastructure. Construction costs become prohibitive when developers have to factor in the costs of infrastructure.
- New State law (AB 1397) would likely subject the City to higher standards of review for what constitute feasible land for near-term development in the sixth cycle Housing Element.

Recent Changes to State Housing Laws

The following briefly summarizes key legislative requirements concerning the Housing Element Update for the sixth cycle, especially regarding residential sites inventory and Regional Housing Needs Allocation (RHNA). Specifically, SB 166 (Continued Ability to Meet RHNA and Not Net Loss) and AB 1397 (Adequate Sites) have the most implications for the City of Palmdale.

Continued Ability to Meet RHNA

State Housing Element law requires that each local jurisdiction maintain a residential sites inventory that is adequate to accommodate its share of the region's housing needs, i.e. Regional Housing Needs Assessment (RHNA). Demonstrating the ability to meet the RHNA is the most critical component of receiving State Department of Housing and Community Development (HCD) certification of the Housing Element. The continued ability to meet the RHNA throughout the duration of the Housing Element planning period is important to maintaining the certification status.

In measuring the ability to meet the RHNA in the Housing Element, State law uses a default density of 30 units per acre (du/ac) as potentially feasible to facilitate lower income housing. The City may identify adequate sites at this density to facilitate and encourage development of housing affordable to lower income households. However, as housing development occurs, even at this specific density, if the project does not include affordable units as assumed in the Housing Element, the City must ensure that its remaining available sites are adequate to accommodate its remaining RHNA.

Today, affordable housing for lower income households is virtually impossible without substantial public funds. Therefore, the majority of the high-density housing produced by the market would not be affordable. This new law essentially requires jurisdictions to have an inventory of sites with a capacity for lower income units that is significantly larger than the RHNA allocation if the jurisdiction is anticipating market-rate multi-family construction.

No Net Loss

State Housing Element law has a No-Net-Loss provision that guards against the reduction in development potential to ensure continued ability to meet the RHNA. It applies when:

- Any site in the Housing Element inventory either downzoned to reduce density; or approved at lower density than shown; OR
- Site approved with fewer units at the income level shown in the Housing Element inventory (see discussions above under Continued Ability to Meet RHNA).

In processing housing applications, the City must conduct a No-Net-Loss Analysis:

- OK if:
 - Reduction is consistent with the General Plan and Housing Element; and
 - Remaining sites in Housing Element are adequate at all income levels. Must quantify unmet need and remaining capacity by income level.
 - If remaining sites are not adequate, can identify “additional, adequate, and available sites” so there is ‘no net loss’ in capacity.

The No-Net-Loss requirement is solely the City's responsibility unless developer's application had lower density; developer has no responsibility for income level.

The City cannot deny because developer's project results in need for additional sites.

Adequate Sites

Vacant Sites

AB 1397 subjects jurisdictions to higher standards for adequate sites to accommodate the RHNA if the jurisdiction plans to reuse vacant or underutilized sites that have been identified in previous Housing Elements. This is likely to affect Palmdale as the remaining vacant sites in the City have mostly been identified in the fourth and fifth Housing Elements. To reuse these sites for the sixth cycle, the following criteria apply:

- The site is zoned at densities deemed appropriate to accommodate the lower income RHNA; and,
- The site is subject to a program in the housing element requiring **rezoning** within three years of the beginning of the planning period to allow residential use by right for housing developments in which at least **20% of the units are affordable** to lower-income households. A city that is an unincorporated area in a nonmetropolitan county, as specified, shall not be subject to the requirements of this subdivision to allow residential use by right.

Large Sites

Most of the vacant sites in the City available for high density housing are larger sites. A site that is smaller than one-half acre or larger than ten acres is not considered a feasible site for lower income housing unless the City can:

- Demonstrate that sites of equivalent size were **successfully developed during the prior planning period** for an equivalent number of lower income housing units as projected for the site; or
- Provide other evidence to HCD that the site can be developed as lower income housing. Specifies that "site" means that portion of a parcel or parcels designated to accommodate lower income housing needs.

Reliance on Mixed Use

While many State land use related laws and programs promote mixed use development, the Housing Element law discounts development potential on mixed use sites, especially if a community relies more than 50 percent of its lower income RHNA on mixed use designations. This is because a mixed-use zoning does not typically guarantee all development in that zone would include a residential component. State law and HCD both recommend discounting the development potential on mixed use sites by either using the minimum density or at 50 percent of the maximum allowable density.