



TERRA NOVA PLANNING & RESEARCH, INC.

March 5, 2018

Mssrs. Danny Porras and Scott Taschner
City of Desert Hot Springs
65950 Pierson Boulevard
Desert Hot Springs, CA 92240

RE: Proposal to Prepare Housing Element Update and Assist in General Plan Peer Review

Dear Danny and Scott:

Following our conversations last week, and review of the materials you sent, Terra Nova is pleased to submit this proposal letter for your consideration.

Understanding of Project and Scope of Work

Housing Element

The City is currently undertaking an update to its General Plan through MIG, a third party consulting firm. The update includes all elements of the General Plan. The City, however, wishes to have Terra Nova complete the Housing Element and process it through the California Department of Housing and Community Development (HCD). The City's Housing Element is currently out of compliance with State law. The City did not submit a Housing Element for the 2014-2021 cycle. As a result, provisions of State law require that the City revise its Housing Element every four years until it has received certification from the State for two cycles. In addition, the next Housing Element cycle is upcoming, and the City will need to participate in that process and assure that it complies with law. The changes required in the Housing Element for high density (30 units/acre) sites will also affect the Land Use Element and Land Use Map, other components of the Plan, the traffic study currently under way, and the Environmental Impact Report (EIR) for the project. Finally, the current overall General Plan update is planned for the end of this year, but may extend into 2019. All these factors contribute to confusion and uncertainty in how the City will be required to update its Housing Element. For purposes of this proposal, and as recommended when we discussed the matter last week, we therefore anticipate close and careful coordination with HCD will be required at the beginning of this process to assure that we can most efficiently complete the document and help the City secure HCD certification.

We have also assumed that City staff will be able to gather information for us in support of the Housing Element update, including:

- New, substantially remodeled or rehabilitated units with income restrictions/covenants built from 2006 to the present.

- New market rate units built from 2006 to the present, and their valuations. The state will allow use of market rate housing for moderate income households if it is demonstrated that these units were affordable to those households.
- Any and all activity by the City's Redevelopment Agency prior to its dissolution, and any activity by the Successor Agency since dissolution relating to providing affordable housing (funds expended, projects funded, rehabilitation units, infrastructure added, information on units at risk, etc.). This includes efforts to meet the stated participation of the City in production of 408 affordable units as described on page 2-23 of the 2006-2014 document.
- Any and all zone text amendments, if any, relating to homeless shelters, transitional and supportive housing, SROs, and density bonuses as required by State law.
- Any and all zoning map amendments/GPAs associated with increased densities for higher density projects, including both low income (deed restricted) and market housing.
- Status of any development undertaken on sites listed in Table 2-4 of the 2006-2014 Housing Element.
- Any information the City has, or contact information for County Housing Authority staff, regarding Section 8 and other voucher/subsidy programs in terms of number of residents/housing units, level of affordability (extremely low, very low and low), etc.
- Any and all information on annual Code Enforcement activities associated with sub-standard housing cases.
- Current development impact fee schedules, application costs, etc.

General Plan & EIR Peer Review

In addition to the Housing Element, the City is seeking assistance in its review of General Plan and EIR documentation. This task remains somewhat undefined, but is likely to include the review of draft General Plan and EIR text, participation in team meetings or public outreach, review of technical studies, and similar activities. Because of the lack of definition, a time and materials budget is proposed for this task, as described below.

Scope of Work

Based on our understanding of the project, we have prepared the following scope of work.

- **Prepare Housing Element:** Terra Nova will prepare a Housing Element update for submittal to HCD. The scope of the effort will include:
 - In close coordination with City staff, develop a strategy for discussion with HCD on the update process, and the associated need for a 2021-2029 update. This will include contact with HCD staff and negotiation of what can be done to simplify the City's obligations, if anything.
 - Develop a public participation program: we envision the inclusion of two workshops to discuss concerns with residents. In addition, we recommend that the City include housing issues in upcoming General Plan workshops.

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- Prepare an evaluation of the 2006-2014 goals, policies and programs, including quantification of programs where appropriate.
 - Update all required demographics to reflect, at a minimum, 2010 Census data, and more recent information where it is available. Data will be provided for population, housing units, employment, senior and disabled households, overpayment, overcrowding, homelessness, large and single-parent households, etc. This will also include an analysis of the age and condition of housing stock, based on City records, Code Enforcement case work, rehabilitation records, and a windshield survey of existing neighborhoods.
 - Describe existing local, regional, State and federal affordable housing programs and deed restricted housing units, including at risk units, if applicable.
 - Describe existing governmental and non-governmental constraints to housing development.
 - Describe the City's housing needs, including a comprehensive inventory of available sites and corresponding map. Demonstrate that sufficient lands are available to meet the City's need. Establish changes needed to the General Plan and Zoning Ordinance to allow minimum densities consistent with State law (30 units per acre), and coordinate with General Plan team to assure that those sites are assigned appropriate designations in the Land Use Element and Land Use Map. Develop an affordability argument for market housing to accommodate moderate income households.
 - Describe the City's RHNA allocation, including the roll-over requirements from the previous Element and the current RHNA, and provide Quantified Objectives.
 - Comprehensively update the goals, policies and programs to address the RHNA demand, provide for all requirements of law and demonstrate the City's ability to meet its requirements.
 - Coordinate review by City staff, and submit to HCD for review. We anticipate two review and amend cycles with HCD to achieve compliance.
 - Neither SB 18 or AB 52 consultation is expected for this project, as we assume that the General Plan consultant has undertaken these efforts as part of the overall update process.
 - Attend one Planning Commission and one City Council hearing and represent the Housing Element at those hearings.
 - **General Plan Peer Review:** At the City's direction, review documentation for General Plan, EIR, and technical studies to assure compliance with law; attend meetings as requested; coordinate with staff regarding project status and next steps; and undertake other assignments as needed. This task will be undertaken on a time and materials basis. Terra Nova will estimate hours required for each task in advance of undertaking the work, to the greatest extent possible.

Budget

Based on the scope of work provided above, we have prepared the following budget.

Budget Category	Amount
Housing Element	
HCD Strategy, Meetings and Negotiations (20 hours @ \$165/hour)	\$ 3,300.00
Prepare for and attend two public workshops (8 hours @ \$165/hour)	\$ 1,320.00
(12 hours @ \$115/hour)	\$ 1,380.00
Evaluation of 2006-2014 Element effectiveness (32 hours @ \$140/hour)	\$ 4,480.00
Data Collection, demographics update (16 hours @ \$140/hour)	\$ 2,240.00
(30 hours @ \$95/hour)	\$ 2,850.00
Research and describe existing programs and units, constraints analysis (18 hours @ \$140/hour)	\$ 2,520.00
(16 hours @ \$95/hour)	\$ 1,520.00
RHNA analysis, including sites analysis and selection (24 hours @ \$165/hour)	\$ 3,960.00
(18 hours @ \$140/hour)	\$ 2,520.00
Submittal and revisions for HCD (30 hours @ \$165/hour)	\$ 4,950.00
Project Management & City Staff Support (26 hours @ \$165/hour)	\$ 4,290.00
GIS support, including available sites mapping	\$ 1,440.00
Public Hearings (2)	\$ 1,600.00
Admin. Support (Doc. Formatting & Transmittals)	\$ 900.00
Misc. Office: Printing, misc. copies, etc.	\$ 500.00
Subtotal Housing Element	\$ 39,770.00
General Plan Peer Review (as directed by City staff) (140 hours @ \$165/hour)	\$ 23,100.00
Total	\$ 62,870.00

Schedule

Peer review services will be provided as needed over the life of the General Plan update. It is expected that the development of a strategy for the Housing Element and discussions with HCD staff will require 30 days. Research and development of a screencheck draft Housing Element update will require 3 to 4 months. The process through HCD is likely to take 6 months.

Conclusion

Based on the assumptions above, and the information we received from you, I believe the scope and budget reflect the level of effort required to complete the work.

Please let me know if you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nicole Sauviat Criste". The signature is fluid and cursive, with the first name "Nicole" being the most prominent part.

Nicole Sauviat Criste
Principal



TERRA NOVA PLANNING & RESEARCH, INC.®

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STANDARD FEE SCHEDULE

2018

Terra Nova invoices its clients on a cost-basis using an hourly billing system. The scope of each planning effort is typically broken down by task and assigned estimated necessary staff time and the applicable hourly rate. Reimbursable expenses are charged on a cost basis, except where otherwise indicated.

Terra Nova Staff	Hourly Rate
Principal Planner	\$ 165.00
Senior Planner	\$ 140.00
Associate Planner	\$ 115.00
Assistant Planner	\$ 95.00
Senior Engineer	\$ 155.00
Associate Engineer	\$ 125.00
Graphic Design Specialist	\$ 60.00
Administrative Assistant	\$ 45.00

REIMBURSABLES

Photo Copies (BW)	\$ 0.15 ea.
(Color)	\$ 1.00 ea.
Blueprints/Xerox (BW)	\$ 2.00/S.F.
(Color)	\$ 8.00/S.F.
Computer Plotter	\$ 30.00/Hr.
Telephone Toll Charges	Cost
FAX Transmittals	Cost
Reproduction, special photographic services, postage, document printing, aerial photogrammetry, postage, etc.	Cost