General Plan Market and Land Use Considerations

This memorandum supplements the Redondo Beach Market Study prepared by BAE with further discussion of some of the key findings and considerations, and explores some of the potential land use and policy implications to be addressed in the General Plan Update.

Each of the key findings below includes a description of the issue and the potential implications, followed by recommendations for how the issues could be addressed through the General Plan Update process.

Housing Affordability

Housing Affordability. Despite a high median household income, the high price of housing in Redondo Beach pushes homeownership out of reach for most: households earning the median household income could afford to purchase only 1.2 percent of single family homes or 17.9 percent of condominiums at 2016 sales prices. Rental rates are similarly high, with a median residential rent at over $3,500 per month, and are increasing at a rate higher than the County. This crisis of housing affordability is a regional issue occurring throughout coastal California, and is not unique to Redondo Beach, but ramifications can be felt locally. In this market, middle-income households and first-time homebuyers have relatively few opportunities to live in the City, and middle-income employment opportunities in the City will be largely filled by workers that work outside the community and commute in.

Market Considerations

• Expand the range of housing unit types and ownership structures to enable development of housing at a variety of price points. Housing unit types that share the cost of the underlying land, such as townhomes, small-lot subdivisions, and condominiums can help mitigate high land costs.

• Facilitating the development of accessory dwelling units – sometimes called “granny flats” – can also provide an opportunity for additional units as a relatively low cost and impact.

Land Use Considerations

Housing prices and rents throughout the coastal California region including Redondo Beach have escalated significantly since the end of the 2008 recession, without comparable increases in incomes. This has resulted in a corresponding decline in affordability making it difficult for younger persons entering and in the early years of their careers to purchase or rent housing, resulting in the aging of the City’s population.
Potential Implementation Actions

- A review of existing conditions in residential districts and the zoning code development guidelines would help identify whether there are any opportunities for additional residential typologies in existing neighborhoods.

- An Improvements/Land Value analysis of properties in areas of potential change, such as commercial corridors or areas of mixed-use zoning, could point to opportunities and help define the scale of the opportunity for development of new housing units.

Loss of working-age adult residents

Between 2010 and 2017, the City lost 10 percent of its population of adults between the ages of 25 and 44. Also, the average age of Redondo Beach residents is significantly higher than the County average, and the population of residents aged 55 years and older is growing. If the population trends continue in this manner, the City’s provision of services would need to adapt to the aging population.

This will have fiscal implications as seniors tend to move between housing units less frequently, meaning that more of the City’s property taxes will come from units long impacted by Proposition 13. In addition, as senior households retire and move towards living on fixed incomes, their disposable income available to purchase taxable retail items also diminishes, potentially impacting the viability of retail uses and sales tax revenues.

Housing affordability is clearly a significant factor, as younger, middle-income households and first-time homebuyers are priced out of the market.

Market Considerations

- As discussed above, expanding the range and supply of housing units available at a range of prices will help provide opportunities to retain younger households.

Potential Implementation Action

- Additionally, the City could consider policy approaches to encourage the development of more units at lower prices. Policy approaches could include inclusionary housing requirements, where a certain portion of units developed are reserved for low or middle-income households, or a development impact fee that assesses new residential and commercial developments to provide funds to support development of affordable housing units.

Office Space

A large portion of Redondo Beach residents are employed in office-based job sectors. However, the inventory of local office space to potentially house those workers is fairly old, and there has not been much recent investment in new or improved office inventory. Accordingly, rental rates are lower than in the adjacent Beach Cities and in LA County. However, local vacancy rates are also very low at less than 2.0 percent, indicating an opportunity for development of new office properties and rehabilitation of existing properties. In a market with static, aging inventory, the addition of competitive new product can spur investment and raise rental rates in existing product.
Land Use Considerations

Because there is such a high demand for office space and an opportunity to bring new jobs into the City, revisions to the existing land plan could include identification of areas where new office could be located.

Potential Implementation Action

- Conversations with commercial brokers could help validate and inform the opportunity for investment in office space, and what office tenants and developers are looking for in terms of location, size, and available amenities.

- A feasibility analysis of new office development would help identify whether there are any City-controlled factors, such as allowable FAR, parking ratios, permitting or development fees or other policies that impact the feasibility of office development.

- An Improvements/Land Value analysis of commercially-zoned properties would help define the scale of the opportunity for development of new office product.

- An economic development strategy that evaluates the potential for Redondo Beach to capture some of the silicon beach uses as they move south from Santa Monica and El Segundo, and provides for the types of office space they need, could also result in attracting users that provide the City with Business to Business sales tax revenues.

Nationwide structural changes in the retail environment

In Redondo Beach, despite the fact that the retail sector is not performing as well as the rest of the Beach Cities with respect to asking rents, vacancy rates are still below five percent, indicating that the City is not necessarily “over-retailed” with respect to land use.

Lower-than-average asking rents and per-capita retail sales do, however, suggest that the existing commercial buildouts could be utilized more efficiently and be better tailored to suit the future needs of retail tenants. To this end, the City should evaluate ways to encourage the reuse of existing commercial land uses to allow developers the most flexibility with respect to potential long-term structural changes in the sector. Across the region and country, the retail environment is undergoing structural changes, with potential impacts on the amount and type of retail establishments that will be supported in the future.

Land Use Considerations

- Revitalization of major older commercial locations that have the potential for more regional draw need significant reinvestment to help recapture retail spending that has migrated to newer more competitive centers in neighboring jurisdictions.

- Look at potential to replace of underperforming strip/corridor commercial with office and multifamily residential development.
The South Bay Galleria has lost a number of key retail tenants and is anticipating re-positioning itself for a mix of uses.

Much of the City’s commercial districts are configured as automobile-oriented strip development, with a limited number of multi-tenant centers along Pacific Coast Highway and Artesia Boulevard. Opportunity areas for new land uses may be limited in what they can accommodate as a result of shallow or small lots and older structures with minimal parking that don’t meet current parking requirements for similar use and size of structures.

Neighborhood-serving commercial uses are located at some distance from most residential neighborhoods, not easily accessible by walking.

**Potential Implementation Actions**

- Review current retail land use efficiency (FAR buildouts, Improvement/Land Value analysis) at appropriate sites to explore opportunities for reconfiguring dated buildouts to help accommodate the next generation of retail tenants.
- Identify the commercial development opportunities that, because of their location, the scale of development, or mix of amenities, have the most potential to be a unique, regional draw for commercial patrons.
- Require new facilities like parking structures to be configured such that they can be repurposed over the long term to accommodate other commercial uses like creative office and retail (e.g., gyms and theaters).
- Encourage new residential development at key commercial nodes to help support the ongoing vitality of neighborhood-serving retail.
- Evaluate potential locations for strategic offsite parking structures/locations to open up more size-constrained lots for development.

**Other Land Use Considerations**

**Corridors**

- Most commercial corridors are characterized by their dispersal of buildings requiring automobile access and on-site parking.
- The sidewalks in most commercial corridors contain little landscaping and few amenities and are not attractive places for walking.
- Development can be constrained by shallow parcel depths and configuration, which can preclude traditional retail and office prototypical projects and parking structures for multi-story projects and may require contemporary approaches to parking and design.
- The scale of development in corridors is also constrained by the need to ensure compatibility and provide transitions in heights and property setbacks with adjoining residential neighborhoods.
- Development of housing and/or mixed-use projects can result in a random and “hop-scotch” pattern of uses unless clustered.
- Insufficient parking to support businesses in some corridors, particularly those on Artesia Boulevard.
Mixed-Use Development

- Experience indicates that ground floor retail uses in mixed-use buildings only succeed when located in an existing active commercial corridor or center.

Transit-Oriented Development

- The proposed southerly extension of the Metro Green Line presents an opportunity for developing a station near the South Bay Galleria, with new development on adjoining properties.

Open Space

- Often, not enough open space is properly integrated into higher density residential neighborhoods. Need to consider City’s definition of what constitutes open space in a built out city (beaches, plazas, greenroofs, etc) to ensure it is contemporary and responsive to community’s needs for activities and space.

Sidewalks, Parkways, and Streetscape

- Some residential neighborhoods, including those north of Artesia Boulevard, are not fully developed with sidewalks or parkways.