

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

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November 3, 2021

Colleen Doan, Director
Community Development Department
City of Signal Hill
2175 Cherry Avenue
Signal Hill, CA 90755

Dear Colleen Doan:

RE: City of Signal Hill's 6th Cycle (2021-2029) Draft Housing Element

Thank you for submitting the City of Signal Hill's draft housing element received for review on September 15, 2021. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. Our review was facilitated by a conversation on November 2, 2021 with Erika Ramirez, Planning Manager.

The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code). The enclosed Appendix describes revisions needed to comply with State Housing Element Law.

The City's statutory deadline to adopt a housing element was October 15, 2021. For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), if a local government fails to adopt a compliant housing element within 120 days of this statutory deadline, then any rezoning to accommodate the regional housing needs allocation (RHNA), including for lower-income households, shall be completed no later than one year from the statutory deadline. Otherwise, the local government's housing element will no longer comply with State Housing Element Law, and HCD may revoke its finding of substantial compliance pursuant to Government Code section 65585, subdivision (i).

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill

(SB) 1 Sustainable Communities grant; the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs; and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City will meet housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at:
http://opr.ca.gov/docs/OPR_Appendix_C_final.pdf and
http://opr.ca.gov/docs/Final_6.26.15.pdf.

HCD appreciates the dedication and assistance Erika Ramirez provided during the review. We are committed to assist the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Dulce Ochoa, of our staff, at dulce.ochoa@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'PMcD', is positioned above the printed name of Paul McDougall.

Paul McDougall
Senior Program Manager

Enclosure

APPENDIX CITY OF SIGNAL HILLS

The following changes are necessary to bring the City's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on HCD's website at <http://www.hcd.ca.gov/community-development/housing-element/housing-element-memos.shtml>. Among other resources, the housing element section contains HCD's latest technical assistance tool, Building Blocks for Effective Housing Elements (Building Blocks), available at <http://www.hcd.ca.gov/community-development/building-blocks/index.shtml> and includes the Government Code addressing State Housing Element Law and other resources.

A. Review and Revision

Review the previous element to evaluate the appropriateness, effectiveness, and progress in implementation, and reflect the results of this review in the revised element. (Gov. Code, § 65588 (a) and (b).)

The element must provide an evaluation of the cumulative effectiveness of past goals, policies, and related actions in meeting the housing needs of special needs populations (e.g., elderly, persons with disabilities, large households, female headed households, farmworkers, and persons experiencing homelessness) and revise programs as appropriate.

B. Housing Needs, Resources, and Constraints.

1. *Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction. (Gov. Code, § 65583, subd. (c)(10)(A).)*

Outreach: The element must describe outreach activities specific to affirmatively furthering fair housing (AFFH), summary of comments and how comments were considered and incorporated into the housing element.

Integration and Segregation: While the element addresses integration and segregation related to race and ethnicity, disability, and familial status, it must also analyze patterns and trends related to income. Further, this analysis should compare Signal Hill to the surrounding region to better understand patterns of socio-economic concentrations and formulate goals and actions.

Racially/Ethnically Concentrated Areas of Affluence: The element includes information relative to Racially and Ethnically Concentrated Areas of Poverty (R/ECAP) but should also address concentrated areas of affluence. The combination of the R/ECAP and areas of affluence analyses will help guide goals and actions to address fair housing issues. The

analysis should evaluate the patterns and changes over time at a local (e.g., neighborhood to neighborhood) and a regional level (e.g., city to region).

Disparities in Access to Opportunity: The element provides some general analysis of disparities in access to opportunity, mainly relative to the larger region. However, this analysis should address patterns and trends within Signal Hill related to access to opportunities for education, employment, transportation and environmental quality.

Disproportionate Housing Needs: The element includes some City-wide statistics on cost burden and overcrowding, but it generally does not address this requirement. The housing element must include an analysis of disproportionate housing needs, including displacement risk. The analysis should address socio-economic patterns and trends of those patterns within Signal Hill and compared to the region. The analysis should include cost burden (renters and owners), overpayment, housing conditions, homelessness and displacement risks.

Local Data and Knowledge: The element should incorporate local data and knowledge of the jurisdiction into the AFFH section. To assist in meeting this requirement, the element should provide local data not captured in regional, state, or federal data analysis. For example, the element could utilize input from local service providers, neighborhood residents and advocates, local planning documents and City records.

Other Relevant Factors: The element must include other relevant factors that contribute to fair housing issues in the jurisdiction. For instance, the element can analyze historical land use, zoning, governmental and nongovernmental spending including transportation investments, history of lending practices and demographic trends.

Contributing Factors: The element generally states the City does not have several fair housing issues (e.g., integration and segregation, disparities in access to opportunity and displacement risk). HCD encourages the City to revisit these findings based on a complete analysis. In addition, the element includes a few priorities and goals, but it should summarize the fair housing issues and identify and prioritize contributing factors to fair housing issues to better formulate the appropriate goals and action. Contributing factors create, contribute to, perpetuate, or increase the severity of fair housing issues and are fundamental to adequate goals and actions. Examples include community opposition to affordable housing, housing discrimination, land use and zoning laws, lack of regional cooperation, location and type or lack of affordable housing and lack of public or private investment in areas of opportunity or affordable housing choices. The analysis shall result in strategic approaches to inform and connect goals and actions to mitigate contributing factors to affordable housing.

Sites Inventory: The element indicates that all the sites identified to accommodate the lower income RHNA are in census tract 5734.02 which TCAC/HCD identified as a moderate resource neighborhood (p. C-14). However, the element must include analysis on the magnitude of the impact, any isolation of the regional housing need allocation (RHNA) by income group and address how the site locations (including sites intended for lower, moderate, and above moderate income households) improve conditions (or if sites

exacerbate conditions, how a program can mitigate the impact) relative to segregation and integration, racially and ethnically concentrated areas of poverty, disparities in access to opportunity, and disproportionate housing needs including displacement risk.

Goals and Actions: The element must be revised to add or modify goals and actions based on the outcomes described above. Goals and actions must specifically respond to the analysis and identify and prioritize contributing factors to fair housing issues. Actions must have metrics and milestones as appropriate and address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection.

2. *Include an analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected needs for all income levels, including extremely low-income households. (Gov. Code, § 65583, subd. (a)(1).)*

Include an analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition. (Gov. Code, § 65583, subd. (a)(2).)

Employment Trends: The element provides some broad and brief information on employment trends, but it should include additional data and analysis to better formulate policies and programs. For example, the element could examine employment by industry, employment by occupation, local jobs and wages relative to affordability, major employers and relationship to housing, proximity to jobs, predominant modes of transportation and opportunities for improvement. The element could utilize data available through Local Housing Data prepared by the Southern California Association of Governments at <https://scag.ca.gov/local-housing-data>.

Extremely Low-Income (ELI) Households: While the element identifies the projected number of extremely low-income (ELI) households, it must still analyze their existing housing needs. This is particularly important given the unique and disproportionate needs of ELI households. For example, the element could analyze tenure, cost burden, overcrowding and other household characteristics then examine trends and the availability of resources to determine the magnitude of gaps in housing needs. For additional information, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/housing-needs/extremely-low-income-housing-needs.shtml>.

Housing Costs: While the element includes costs data from the American Community Survey, it could also incorporate data from other sources such as the SCAG Local Housing Data for housing sales prices to better reflect current conditions and understand housing affordability issues.

3. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

Parcel Listing: Many sites listed in the sites inventory are comprised of multiple parcels (pp. C-5, C-8 and C-11). While the element may aggregate parcels, it must also list each parcel-by-parcel number or unique reference, parcel size, zoning, general plan designation, describe any existing uses for any nonvacant sites, and include a calculation of the realistic capacity of each parcel. In addition, the parcel listing should describe the existing use for each parcel. The description should be sufficiently detailed to facilitate an analysis that the use will likely discontinue in the planning period.

Environmental Constraints: While the element indicates environmental review of identified sites and mitigation to allow development, it should also discuss impacts of oil wells on feasibility of development, including financial and should address whether there are any other known constraints or conditions that preclude development in the planning period.

Suitability of Nonvacant Sites: The element must include an analysis demonstrating the potential for redevelopment of nonvacant sites. The analysis shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, the City's past experience with converting existing uses to higher density residential development, the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites.

In addition, the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households (p. C-3). For your information, the housing element must demonstrate existing uses are not an impediment to additional residential development and will likely discontinue in the planning period. (Gov. Code, § 65583.2, subd. (g)(2).) Absent findings (e.g., adoption resolution) based on substantial evidence, the existing uses will be presumed to impede additional residential development and will not be utilized toward demonstrating adequate sites to accommodate the regional housing need allocation. The element indicates the City coordinated with the largest landowner, Signal Hills Petroleum, to identify sites that could be rezoned from nonresidential to residential for the purpose of accommodating the RHNA. The City should expand on Signal Hills Petroleum's cooperation and demonstrate interest in residential development during the planning period.

Water and Sewer Priority: Water and sewer service providers must establish specific procedures to grant priority water and sewer service to developments with units affordable to lower-income households. (Gov. Code, § 65589.7.) Local governments are required to immediately deliver the housing element to water and sewer service providers. The element should discuss compliance with these requirements and if necessary, add or modify programs to establish a written procedure by a date early in the planning period. For additional information and sample cover memo, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/other-requirements/priority-for-water-sewer.shtml>.

Map of Sites: The element includes potential site plans for identified sites. In addition, the element must include a general map of identified sites. This map may be utilized to facilitate analysis relative to AFFH. For additional information, see the sites inventory analysis section of the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/site-inventory-analysis/inventory-of-land-suitable.shtml>.

Electronic Sites Inventory: For your information, pursuant to Government Code section 65583.3, the City must submit an electronic sites inventory with its adopted housing element. The City must utilize standards, forms, and definitions adopted by HCD. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml#element> for a copy of the form and instructions. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance.

Zoning for a Variety of Housing Types (Emergency Shelters): The element indicates emergency shelters are permitted in the CG zone (Table D-1). In addition, the element must include analysis to demonstrate compliance with statutory requirements. The analysis must clarify emergency shelters are permitted without discretionary action and discuss available acreage in the CG zone, including typical parcel sizes and the presence of reuse opportunities. In addition, the analysis should address proximity to transportation and services, any conditions inappropriate for human habitability and development standards, including parking, compliance with statutory requirements. For example, parking, generally, should be limited to the number of spaces sufficient to accommodate staff working at the shelter. Based on the outcomes of the analysis, the element should add or modify programs as appropriate.

4. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures... (Gov. Code, § 65583, subd. (a)(5).)*

Land Use Controls: The element must identify and analyze all relevant land use controls impacts as potential constraints on housing. The analysis should analyze land use controls independently and cumulatively with other land use controls. The analysis should specifically address requirements related to multifamily parking (garage and number of spaces) and heights. This is particularly important given past programs to address these potential constraints. While the element includes some discussion of parking requirements and impacts on achievable densities, it must address all factors of a constraints analysis. The analysis should address any impacts on cost, supply, housing choice, affordability, timing, approval certainty and ability to achieve maximum densities and include programs to address identified constraints.

In addition, the City regularly utilizes specific plan processes to set zoning and development standards on a project basis, including for identified sites. While yet to be

determined, the element should discuss the potential zoning and development standards for identified sites, particularly for lower -income households and add or modify programs as appropriate to provide certainty for allowable development standards and ensure zoning does not act as a constraint.

Processing and Permit Procedures: The element includes some discussion of the site plan review process and the amount of time to reach a public hearing but should also address the amount of time for approvals. In addition, the analysis should address processing times for other entitlements such as specific plan processes, general plan amendments, rezoning, conditional use permits and variances.

In addition, the element should clarify whether the City has procedures consistent with streamlining procedures pursuant to Government Code section 65913.4 (SB 35) and include programs as appropriate.

Constraints on Housing for Persons with Disabilities: The element must include an analysis of potential constraints on housing for persons with disabilities. Specifically,

- *Group Homes for Six or Fewer Persons:* Zoning appears to exclude unlicensed group homes for six or fewer persons. The element should analyze this requirement and add or revise programs as appropriate
- *Group Homes for Seven or More Persons:* The element requires a conditional use permit for group homes for seven or more persons in the single-family zones, unlike other similar uses (page D-21). The element should specifically analyze this constraint for impacts on housing supply and choices, approval certainty and objectivity for housing for persons with disabilities and include programs as appropriate.

On-and Off-site Improvements: The element must identify subdivision level improvement requirements, such as minimum street widths (e.g., 40-foot minimum street width), and analyze their impact as potential constraints on housing supply and affordability. The element includes some broad discussion but should analyze the actual standards applied for a typical development.

Zoning, Development Standards and Fees: The element must clarify whether the community complies with new transparency requirements for posting all zoning, development standards and fees or include programs as appropriate.

5. *Analyze any special housing needs such as elderly; persons with disabilities, including a developmental disability; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter. (Gov. Code, § 65583, subd. (a)(7).)*

The element includes data and analysis for persons with special needs. However, to better formulate policies and programs, it should also identify and analyze persons with disabilities by type (e.g., ambulatory, cognitive, vision and hearing difficulty) and permanent and seasonal

farmworkers at a county level (e.g., USDA Census of Agriculture). HCD will send data under separate cover.

6. *Analyze the opportunities for energy conservation with respect to residential development. (Gov. Code, § 65583(a)(8).)*

The element does not analyze opportunities for energy conservation with respect to residential development. The element must include analysis of energy conservation opportunities in residential development. The analysis should facilitate the adoption of housing element policies and programs. For example, programs from the prior planning period (page G-7) could be added or programs could provide incentives to promote higher density housing along transit, encourage green building techniques and materials in new construction and remodels, promote energy audits and participation in utility conservation programs and facilitate energy conserving retrofits upon resale of homes. For additional information and sample analysis, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/site-inventory-analysis/opportunities-for-energy-conservation.shtm> and HCD's Green Building and Sustainability Resources bibliography at http://www.hcd.ca.gov/hpd/green_build.pdf.

C. Housing Programs

1. *Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory completed pursuant to paragraph (3) of subdivision (a) without rezoning, and to comply with the requirements of Government Code section 65584.09. Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding B3, the element does not include a complete site analysis, therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types.

In addition, Program 1.1 (Adequate Sites Program) should commit to allowable development standards that will be considered. The program could specify a range of allowable development standards. Program 1.2 (Above Moderate- and Moderate-Income Rezoning Program) should commit to allowable densities and development standards to be considered.

2. *The Housing Element shall contain programs which assist in the development of adequate housing to meet the needs of extremely low-, very low-, low- and moderate-income households. (Gov. Code, § 65583, subd. (c)(2).)*

The element must include programs to assist in the development of very low-, low-, and moderate-income households, including ELI and all special needs households (e.g., elderly, homeless, farmworkers, persons with disabilities, female-headed households). Program actions could include proactive outreach (e.g., annually) and assistance to nonprofit service providers and developers, prioritizing some funding for housing developments affordable to lower, ELI and special needs households and offering financial incentives or regulatory concessions to encourage a variety of housing types.

3. *Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. (Gov. Code, § 65583, subd. (c)(3).)*

As noted in Finding B4, the element requires a complete analysis of potential governmental and nongovernmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints.

4. *Conserve and improve the condition of the existing affordable housing stock, which may include addressing ways to mitigate the loss of dwelling units demolished by public or private action. (Gov. Code, § 65583, subd. (c)(4).)*

As indicated in the review of past accomplishments (p. G-7), past efforts to implement a housing rehabilitation program do not appear effective. As a result, the program should be revised as appropriate and utilize a different approach in the current planning cycle. For example, the program could commit to pursue alternative funding sources on an annual basis or build partnerships with nonprofit developers to pursue funding options.

5. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics protected by the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2), Section 65008, and any other state and federal fair housing and planning law. (Gov. Code, § 65583, subd. (c)(5).)*

As noted in Finding B1, the element must include a complete assessment of fair housing. Based on the outcomes of that analysis, the element must add or modify programs.

6. *Develop a plan that incentivizes and promotes the creation of ADUs that can be offered at affordable rent, as defined in Section 50053 of the Health and Safety Code, for very low, low-, or moderate-income households. For purposes of this paragraph, “accessory dwelling units” has the same meaning as “accessory dwelling unit” as defined in paragraph (4) of subdivision (i) of Section 65852.2. (Gov. Code, § 65583, subd. (c)(7).)*

Program 3.1 (ADU Ordinance and Incentives) currently commits to adopt a plan for incentives in the planning period; however, it must also specifically commit to establishing incentives by a specified date early enough in the planning period.

D. General Plan Consistency

The housing element shall describe the means by which consistency will be achieved with other general plan elements and community goals. (Gov. Code, § 65583, subd. (c)(7).)

While the element discusses how internal consistency will be maintained throughout the planning period, it should also discuss how internal consistency was achieved as part of the housing element update.

E. Public Participation

Local governments shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the Housing Element, and the element shall describe this effort. (Gov. Code, § 65583, subd.(c)(8).)

While the City made efforts to include the public through workshops and a survey, moving forward, the City should employ additional methods for public outreach, particularly to include lower-income and special needs households and neighborhoods with higher concentrations of lower-income households. For example, the City could conduct targeted stakeholder interviews or establish a committee representative of lower-income households in future public outreach efforts. In addition, while the element includes a summary of the public participation process (pp. I-4 to I-8), it must also summarize the public comments and describe how they were considered and incorporated into the element. For additional information, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/getting-started/public-participation.shtml>.

In addition, HCD understands the City made the element available to the public concurrent with its submittal to HCD. By not providing an opportunity for the public to review and comment on a draft of the element in advance of submission, the City has not yet complied with statutory mandates to make a diligent effort to encourage the public participation in the development of the element and it reduces HCD's ability to consider public comments in its review. The availability of the document to the public and opportunity for public comment prior to submittal to HCD is essential to the public process and HCD's review. The City must proactively make future revisions available to the public, including any commenters, prior to submitting any revisions to HCD and diligently consider and address comments, including revising the document where appropriate. HCD's future review will consider the extent to which the revised element documents how the City solicited, considered, and addressed public comments in the element. The City's consideration of public comments must not be limited by HCD's findings in this review letter.