

**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



March 22, 2023

Eric Wier, City Manager
City of Crescent City
377 J Street
Crescent City, CA 95531

Dear Eric Wier:

RE: City of Crescent City's 6th Cycle (2022-2030) Draft Housing Element

Thank you for submitting the City of Crescent City's (City) draft housing element received for review on December 27, 2022. 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 February 15, 2023 with yourself, and consultants Sophia Ross and Bob Brown.

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 the revisions needed to comply with State Housing Element Law.

As a reminder, the City's 6th cycle housing element was due September 15, 2022. As of today, the City has not completed the housing element process for the 6th cycle. The City's 5th cycle housing element no longer satisfies statutory requirements. HCD encourages the City to revise the element as described above, adopt, and submit to HCD to regain housing element compliance.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), as the City failed to adopt a compliant housing element within 120 days of the statutory deadline (September 15, 2022), Programs to make prior identified sites available or to accommodate the regional housing needs allocation (RHNA) must 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). Please be aware, if the City fails to adopt a compliant housing element within one year from the statutory deadline, the element cannot be found in substantial compliance until all rezones pursuant to Government Code section 65583,

subdivision (c)(1)(A) and Government Code section 65583.2, subdivision (c) are completed.

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. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

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:

<https://www.opr.ca.gov/planning/general-plan/guidelines.html>.

HCD appreciates the hard work of the housing element team during the housing element update and 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 Connor Finney, of our staff, at Connor.Finney@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager

Enclosure

APPENDIX CITY OF CRESCENT CITY

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 <https://www.hcd.ca.gov/planning-and-community-development/hcd-memos>. Among other resources, the housing element section contains HCD's latest technical assistance tool, *Building Blocks for Effective Housing Elements (Building Blocks)*, available at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks> 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).)

As part of the review of programs in the past cycle, the element must provide an evaluation of the effectiveness of 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).

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).)*

Integration and Segregation: While the element provides some information on race, it must still evaluate pattern and trends for race, familial status, persons with disabilities and income utilizing local data and knowledge and other relevant factors (see below). This analysis should address patterns and trends within the City (e.g., neighborhood to neighborhood comparisons) as well as comparing the City to the broader region (e.g., County, multi-county area or state).

Disparities in Access to Opportunity: While the element includes some information on patterns related to access to opportunity to education and environmental factors, it should also describe access to transit throughout the City.

Disproportionate Housing Needs including Displacement: The element includes data on cost burden, overcrowding, substandard housing, and persons experiencing homelessness; however, it must still evaluate patterns and trends within the City

utilizing local data and knowledge and other relevant factors. it must include an analysis of this data. This analysis should also address the risk of displacement, including displacement due to disaster (i.e. fire, flood, and earthquake).

Affirmatively Furthering Fair Housing (AFFH) and Sites Inventory: The element does not address this requirement. The analysis must identify whether sites improve or exacerbate conditions and whether sites are isolated by income group. A full analysis should address the income categories of identified sites with respect to location, the number of sites and units by all income groups and how that affects the existing patterns for all components of the assessment of fair housing (e.g., segregation and integration, access to opportunity). The element should also discuss whether the distribution of sites improves or exacerbates conditions. If sites exacerbate conditions, the element should identify further program actions that will be taken to promote equitable quality of life throughout the community (e.g., anti-displacement and place-based community revitalization strategies).

Local Data and Knowledge, and Other Relevant Factors: The element must include local data, knowledge, and other relevant factors to discuss and analyze any unique attributes about the City related to fair housing issues. The element should complement federal, state, and regional data with local data and knowledge where appropriate to capture emerging trends and issues, including utilizing knowledge from local and regional advocates and service providers. Also, 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 and investment practices or other information and demographic trends.

Contributing Factors: The element currently states there are no contributing factors in the City. The element must identify contributing factors to fair housing issues based on the outcomes of a complete analysis. The element must also prioritize these factors to better formulate policies and programs and carry out meaningful actions to AFFH.

2. *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).)*

Housing Conditions: While the element identifies an estimate of the condition of the housing stock from 2015, it should update this estimate of need for rehabilitation and replacement. For example, the analysis could include estimates from a recent windshield survey or sampling, estimates from the code enforcement agency, or information from knowledgeable builders/developers, including nonprofit housing developers or organizations.

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).)*

Progress toward the Regional Housing Needs Allocation (RHNA): The element indicates (p. 49) that 4 units affordable to low-income households and 2 units affordable to moderate income households have been built or are under construction or approved, but provides should demonstrate how affordability of the units was determined based actual or anticipated sales prices, rent levels or other mechanisms ensuring affordability (e.g. deed restrictions). The element should also discuss the status, any barriers to development, and other relevant factors to demonstrate their availability in the planning period.

Sites Inventory: The element must ensure there are sufficient sites identified in the inventory, either with existing zoning or proposed rezoning to meet the lower and moderate income RHNA. There is currently a shortfall of moderate and above moderate sites to accommodate the City's RHNA. For your information, if any zoning amendment or rezoning is necessary in the planning period to accommodate a shortfall of adequate sites or unaccommodated need for lower-income households, the zoning must permit multifamily uses without discretionary action and address several other requirements pursuant to Government Code section 65583, subdivision (c)(1) and section 65583.2, subdivisions (h) and (i).

Realistic Capacity: While the element describes realistic capacity assumptions for residentially zoned sites, it also includes residential development on sites with zoning that allows 100 percent nonresidential uses and should analyze the likelihood of residential development. The analysis should be based on factors such as development trends including nonresidential, performance standards requiring residential uses, or other relevant factors such as enhanced policies and programs.

Small Sites: The sites inventory identifies small sites to accommodate the City's lower-income RHNA. Sites smaller than a half-acre in size are deemed inadequate to accommodate housing for lower-income households unless it is demonstrated, with sufficient evidence, that sites are suitable to accommodate housing for lower-income households. The element should provide specific examples with the densities and affordability. For sites expected to be aggregated, the element must describe circumstances leading to consolidation, such as common ownership, the City's role or track record in facilitating small-lot consolidation, policies or incentives offered or proposed to encourage and facilitate lot consolidation, specific examples of projects that were built for lower-income households on similarly sized sites, densities and affordability and relate those examples back to the sites inventory. Based on a complete analysis, the City should add or revise programs to include incentives for facilitating development on small sites.

Sites Identified in Prior Planning Periods: Sites identified in prior planning periods shall not be deemed adequate to accommodate the housing needs for lower-income households unless a program, meeting statutory requirements, requires rezoning within three years. The element should clarify if sites were identified in prior planning periods and if so, which sites and include a program if utilizing previously identified sites in the current planning period. For more information on program requirements, please see the Department's Housing Element Sites Inventory Guidebook at https://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/sites_inventory_memo_final06102020.pdf.

Accessory Dwelling Units (ADU): The element projects 18 ADUs over the planning period. The element also notes permitting 1 ADU between 2018 and 2021. These trends do not support an assumption of 18 ADUs all affordable to lower-income households. To support assumptions for ADUs in the planning period, the element should reduce the number of ADUs assumed per year and modify policies and programs as appropriate. Further, programs should commit to additional incentives and strategies, frequent monitoring for production and affordability (every other year) and specific commitment to adopt alternative measures such as rezoning or amending the element within a specific time (e.g., 6 months) if assumptions are not met.

Availability of Infrastructure: The element includes some discussion on water and sewer providers in the City. However, it must also clarify whether sufficient total water and sewer capacity (existing and planned) can accommodate the regional housing need and include programs if necessary.

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/planning-and-community-development/housing-elements> 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*: While the City allows emergency shelters by-right in the PF zone, the element should clarify shelters are permitted without discretionary action and discuss available acreage in the zone, including typical parcel sizes and the presence of reuse opportunities. In addition, the analysis should address proximity to transportation and services and any conditions inappropriate for human habitability. The element should also address the limit on length of stay of six days up to 26 days as a constraint and add a program as appropriate. While housing element law does allow a jurisdiction to limit the number of beds or persons permitted to be served nightly by a facility, standards must be designed to encourage and facilitate the development of, or conversion to, an emergency shelter. The element must analyze the 10-bed limit as a potential constraint for the development of emergency shelters and must amend its emergency shelter parking requirements to comply with AB 139/Government Code section 65583, subdivision (a)(4)(A)).
- *By-Right Permanent Supportive Housing*: Supportive housing shall be a use by-right in zones where multifamily and mixed uses are permitted, including nonresidential zones permitting multifamily uses pursuant to Government Code section 65651. The element must demonstrate compliance with these requirements and include 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 a variety of housing types. The analysis should analyze land use controls independently and cumulatively with other land use controls. 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. While the element describes allowed densities, the General Plan allows for densities of no more than 30 dwelling units an acre, while some zoning districts allow for 45 or 60 dwelling units per acre. The element should describe whether zoning or general plan designations take precedence and how allowed density is considered under the inconsistency. The element must also describe whether three stories are allowed in multifamily zones that have height limits of 35 feet. In addition, the element should analyze the maximum lot coverage in the R-3, RP, and commercial zones as a potential constraint and add a program as appropriate.

Fees and Exaction: While the element generally lists permit fees, it should still evaluate the total amount of fees per unit for a typical single family and multifamily development for impacts on development costs. This analysis should incorporate all fees, including those fees charged by agencies other than the City.

Local Processing and Permit Procedures: While the element includes information about processing times, it should also describe the procedures for a typical single family and multifamily development. The analysis should address the approval body, the number of public hearing if any, approval findings and any other relevant information. The analysis should address impacts on housing cost, supply, timing and approval certainty. For example, the element should identify and analyze approval findings for impacts on approval certainty, the presence of processes or guidelines to promote certainty and add or modify programs as appropriate.

Zoning, and Development Standards: The element must clarify compliance with new transparency requirements for posting all zoning, and development standards on the City's website and add a program to address these requirements, if necessary.

Codes and Enforcement: While the element states the 2019 building code is enforced, it must commit to implementing the most recent building code. In addition, the element must describe any local amendments to the building code and their enforcement for impacts on housing supply and affordability.

Constraints on Housing for Persons with Disabilities: The element must describe the City's reasonable accommodation procedures including the process and decision-making criteria such as approval findings and analyze any potential constraints on housing for persons with disabilities. In addition, the element must describe how group homes are allowed within the City. Currently the City allows group homes for six or fewer but with additional potential constraints including spacing requirements. The

element must also describe where and how group homes for seven or more residents are allowed. Zoning should simply implement a barrier-free definition of family instead of subjecting, potentially persons with disabilities, to special regulations. Zoning code regulations that isolate and regulate various types of housing for persons with disabilities may pose a constraint on housing choice for persons with disabilities. These housing types should not be excluded from residential zones, most notably low-density zones. The element should include specific analysis of these and any other constraints for impacts on housing for persons with disabilities and add or modify programs as appropriate.

5. *An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including... requests to develop housing at densities below those anticipated in the analysis required by subdivision (c) of Government Code section 65583.2, and the length of time between receiving approval for a housing development and submittal of an application for building permits for that housing development that hinder the construction of a locality's share of the regional housing need in accordance with Government Code section 65584... (Gov. Code, § 65583, subd. (a)(6).)*

Approval Time and Requests Lesser Densities: The element must include analysis of requests to develop housing at densities below those identified and the length of time between receiving approval for a housing development and submittal of an application for building permits that potentially. The analysis should address any hinderance on the development of housing and include programs as appropriate.

6. *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).)*

While the element quantifies the number of persons with disabilities and large households, it must also analyze their special housing needs. For a complete analysis, the element should discuss challenges faced by the population, the existing resources to meet those needs, an assessment of any gaps in resources, and proposed policies, programs, and funding to help address those gaps.

In addition, the element identifies the number of persons experiencing homelessness from 2017. The element must include the most recent point in time count for the City as well as analyze their special housing needs.

C. Housing Programs

1. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element... (Gov. Code, § 65583, subd. (c).)*

To have a beneficial impact in the planning period, programs must have specific commitment and discrete timelines (e.g., at least annually, by 2025), as follows:

- All programs should be evaluated to ensure meaningful and specific actions and objectives. Programs containing unclear language (e.g., “Evaluate”; “Consider”; “Encourage”; etc.) should be amended to include specific and measurable actions. In addition, programs must be revised with discrete timelines for implementation.
- *Program P-3 (Housing Rehabilitation)*: The program should be revised to include proactive outreach (e.g., at least annually) throughout the planning period.
- *Program P-5 (Workforce Housing Development)*: The program should be revised to include commitment to implement the actions resulting from the workshop.
- *Program P-13 (Lot Consolidations)*: The program should be revised to include specific timing of when the program will be implemented as well as proactive outreach to developers.
- *Program P-14 (SB 35 Streamlining)*: The program should be revised to move up the timing of when an SB 35 process will be created to one year from the start of the planning period.

2. *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 or county’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.

3. *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 a program(s) with specific actions and timelines to assist in the development of housing for extremely low-income households. The program(s) could commit the City to adopting priority processing, granting fee waivers or deferrals, modifying development standards, granting concessions and incentives for housing developments that include units affordable to extremely low-income households;

assisting, supporting or pursuing funding applications; and outreach and coordination with affordable housing developers.

In addition, the element must also include a program(s) to assist in the development of housing for all special needs households (e.g., elderly, homeless, farmworkers, persons with disabilities, female-headed households). Program actions could include proactive outreach and assistance to nonprofit service providers and developers, prioritizing some funding for housing developments affordable to special needs households and offering financial incentives or regulatory concessions to encourage a variety of housing types.

4. *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 Findings B4 and B5, 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.

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... (Gov. Code, § 65583, subd. (c)(5).)*

As noted in Finding B1, the element requires a complete AFFH analysis. The element must be revised to add or modify goals and actions based on the outcomes of a complete analysis. Goals and actions must specifically respond to the analysis and to the identified and prioritized contributing factors to fair housing issues and must be significant and meaningful enough to overcome identified patterns and trends. Actions must have specific commitment, milestones, geographic targeting and metrics or numerical targets and, as appropriate, address housing mobility enhancement, new housing choices and affordability in higher opportunity or higher income areas, place-based strategies for community preservation and revitalization and displacement protection. In addition, while Program P-16 (Affirmatively Further Fair Housing) addresses fair housing, the program must include specific timing and commitment to implement the identified actions.

6. *Develop a plan that incentivizes and promotes the creation of accessory dwelling units that can be offered at affordable rent... (Gov. Code, § 65583, subd. (c)(7).)*

While program P-1 (Zoning Ordinance Amendments) states the City will consider promoting ADUs, the programs must be expanded to include incentives to promote the creation and affordability of ADUs. Examples include exploring and pursuing funding, modifying development standards and reducing fees beyond state law, increasing awareness, pre-approved plans and homeowner/applicant assistance tools. In addition,

given the City's assumptions for ADUs exceed recent trends, the element should include a program to monitor permitted ADUs and affordability every other year and take appropriate action such as adjusting assumptions or rezoning within a specified time period (e.g., 6 months).

D. Quantified Objectives

Establish the number of housing units, by income level, that can be constructed, rehabilitated, and conserved over a five-year time frame. (Gov. Code, § 65583, subd. (b)(1 & 2).)

The element must include quantified objectives to establish an estimate of housing units by income category that can be constructed, rehabilitated, and conserved over the planning period. While the element includes these objectives by income group for new construction and rehabilitation, it must also include objectives for preservation and conservation.

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)(9).)

While the element includes a general summary of the public participation process, it must also demonstrate diligent efforts were made to involve all economic segments of the community in the development of the housing element. The element should be revised to discuss outreach to lower-income and special needs groups during the public participation efforts, solicitation efforts for survey responses, and participation in community workshops, and if translation services were provided. In addition, the element should also summarize the public comments and describe how they were considered and incorporated into the element.

F. Coastal Zone

Coastal localities shall document the number of low- and moderate-income units converted or demolished, and the number of replacement units provided. (Gov. Code, § 65588, subd. (d).)

The element does not meet the statutory requirements. To determine whether the City's affordable housing stock in the coastal zone is being protected and provided as required by Government Code section 65588, the element must be revised to include the following:

1. The number of new housing units approved for construction within the coastal zone since January 1982.

2. The number of housing units for persons and families of low- and moderate-income required to be provided in new housing developments either within the coastal zone or within three miles.
3. The number of existing residential dwelling units occupied by low- and moderate-income households either within the coastal zone or three miles of the coastal zone that have been authorized to be demolished or converted since January 1982.
4. The number of residential dwelling units for low- and moderate-income households that have been required for replacement.