

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

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February 16, 2021

Gregory Wade, City Manager  
City of Solana Beach  
635 South Highway 101  
Solana Beach, CA 92075

Dear Gregory Wade:

**RE: Review of Solana Beach's 6<sup>th</sup> Cycle (2021-2029) Draft Housing Element**

Thank you for submitting the City of Solana Beach's (City) draft housing element received for review on December 18, 2020 along with revisions on February 3, 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 telephone conversation on January 21, 2021 with your, Joseph Lim, Community Development Director, Corey Andrews, Principal Planner, and Nick Chen, the City's consultant.

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.

To remain on an eight-year planning cycle, the City must adopt its housing element within 120 calendar days from the statutory due date of April 15, 2021 for SANDAG localities. If adopted after this date, Government Code section 65588, subdivision (e)(4), requires the housing element be revised every four years until adopting at least two consecutive revisions by the statutory deadline. For more information on housing element adoption requirements, please visit HCD's website at:  
[http://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/sb375\\_final100413.pdf](http://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/sb375_final100413.pdf).

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. This is particularly important since past participation efforts resulted in many meaningful comments that do not appear to be incorporated in the element.

Gregory Wade, City Manager  
Page 2

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.

HCD appreciates the hard work and effort you, Joseph Lim, Community Development Director, Corey Andrews, Principal Planner, and Nick Chen, consultant provided during the course of our 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 Jose Ayala, of our staff, at [Jose.Ayala@hcd.ca.gov](mailto:Jose.Ayala@hcd.ca.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Shannan West". The signature is fluid and cursive, with the first name "Shannan" and the last name "West" clearly distinguishable.

Shannan West  
Land Use & Planning Unit Chief

Enclosure

## APPENDIX CITY OF SOLANA BEACH

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. Housing Needs, Resources, and Constraints**

1. *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: The element describes the current housing stock and concludes owner occupied housing is better maintained due to the City's higher income households. However, the element must still include an estimate of the number of units in need of rehabilitation and replacement. This analysis could address housing types such as multifamily. The element must include programs as appropriate based on the outcomes of this analysis.

2. *Affirmatively further fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2. The program shall include an assessment of fair housing in the jurisdiction that shall include all of the following components:*
  - (i) *A summary of fair housing issues in the jurisdiction and an assessment of the jurisdiction's fair housing enforcement and fair housing outreach capacity.*
  - (ii) *An analysis of available federal, state, and local data and knowledge to identify integration and segregation patterns and trends, racially or ethnically concentrated areas of poverty, disparities in access to opportunity, and disproportionate housing needs within the jurisdiction, including displacement risk.*
  - (iii) *An assessment of the contributing factors for the fair housing issues identified under clause (ii).*
  - (iv) *An identification of the jurisdiction's fair housing priorities and goals, giving highest priority to those factors identified in clause (iii) that limit or deny fair housing choice or access to opportunity, or negatively impact fair housing or civil rights compliance, and identifying the metrics and milestones for determining what fair housing results will be achieved.*
  - (v) *Strategies and actions to implement those priorities and goals, which may include, but are not limited to, enhancing mobility strategies and encouraging development of new affordable housing in areas of opportunity, as well as place-based strategies to encourage community revitalization, including preservation of existing affordable housing, and protecting existing residents from displacement.* (Gov. Code, § 65583, subd. (c)(10)(A))

The element includes information contained within the Regional Analysis of Impediments and some general description of socio-economic patterns within the City. However, the assessment of fair housing must include an analysis related to racially and ethnically concentrated areas of poverty, disparities in access to opportunities and disproportionate housing needs, including displacement risks. Further, the element contains no analysis to adequately identify and prioritize contributing factors to fair housing issues and formulate meaningful and significant goals and actions. An analysis generally will identify all the above fair housing areas, evaluate patterns and trends, analyze other relevant factors and summarize findings to better inform and prioritize contributing factors to fair housing issues and formulate goals and actions. Specifically, the element must include:

- Identification and analysis of integration and segregation on protected characteristics, including race, disability, familial status and income. Identification and analysis must also fully address disproportionate housing needs, including overpayment, overcrowding and substandard housing and access to opportunities for persons with disabilities.
- For all analysis categories (e.g., fair housing enforcement, segregation, and integration, racially and ethnically concentrated areas of poverty, disparities in access to opportunities and disproportionate housing needs), discuss patterns and trends relative to the region. For example, Solana Beach largely does not appear to reflect socio-economic patterns of the San Diego region.
- For all analysis categories, analyze other relevant factors, most specifically for Solana Beach, demographic trends relative to the region, past practices and policies that led to how Solana Beach strongly differs from the rest of the region and any other relevant policy or program areas.
- The element currently summarizes essentially that Solana Beach does not have fair housing issues because the City is predominantly a high resource community. However, major components of the analysis are missing, and the element must consider the City's relativity to the region as well as other relevant factors. The element must address a summary of fair housing issues based on the outcomes of a complete analysis.
- The element currently maps sites intended to accommodate housing for lower-income households but contains little to no analysis of whether the inventory affirmatively furthers fair housing. For example, the element should map and analyze moderate and above moderate sites, analyze sites relative to segregation and integration and disproportionate housing need factors. The element should also discuss the overall pattern and the magnitude of the impact relative to the number of existing households.
- The element must list and prioritize contributing factors to fair housing issues. 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 element mentions contributing factors at a regional level, however, contributing factors should be unique to Solana Beach based on a complete analysis.

- Goals and actions must significantly seek to overcome contributing factors to fair housing issues. These actions are not limited to the regional housing need. For example, the element may need to consider zoning or land use changes regardless of the RHNA. Currently, the element identifies several programs to address affirmatively furthering fair housing. However, most of these programs do not appear to facilitate any meaningful change. For example, Program 1B simply makes information available on ADUs on how the City complies with state law. Program 1D addresses conversion of illegal ADUs but then notes the City is not aware of any illegal ADUs. Program 1D monitors the City's affordable housing program with no apparent objective for monitoring related to affirmatively furthering fair housing. Programs 4B and 4C simply commit to follow state law with no apparent proactive measures to promote housing for persons with special needs. Program 4D appears to work with the County to administer housing choice vouchers with no apparent objective for the planning period despite Solana Beach with seemingly the second lowest number of housing choice vouchers in the entire County. These actions will not be sufficient. The element must add, and revise programs based on a complete analysis and listing and prioritization of contributing factors to fair housing 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).)*

Sites Inventory: The element lists sites by various factors such as zoning, acreage and capacity. However, the inventory should also sufficiently describe existing uses to facilitate an analysis of the potential for redevelopment and explain access to infrastructure (i.e., water, sewer, and dry utilities).

Suitability of Non-Vacant Sites: The element must include an analysis to demonstrate the potential for redevelopment. The analysis shall consider factors, including but not limited to the extent existing uses constitute an impediment, past experience, development trends and market conditions. In addition, if relying on non-vacant sites to accommodate 50 or more of the housing needs for lower-income households triggers requirements to make findings based on substantial evidence that the existing use is not an impediment and will likely discontinue in the planning period. The element explains these requirements including headers organizing the statute, but, otherwise, analysis is minimal or absent. For example, the element lists

recent projects but does not explain how those projects relate to zoning, existing uses and the listed sites in the inventory. The element explains demographic trends for seniors and Generation Y but does not explain how that relates to market demand for redeveloping identified sites. The element states the city held discussions with property owners but does not relate that information to the site inventory. There is no attempt to evaluate whether existing uses are operating, have been operating or are or are not anticipated to continue operating – all of which is necessary, retrievable, and available information. To address these requirements, the element must include analysis and must relate that analysis to identified sites to demonstrate the existing uses in the inventory are not an impediment and have potential for redevelopment.

Small Sites: The element identifies several sites at less than a half-acre. These sites are not eligible absent a demonstration 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 unless other evidence is provided. The inventory indicates some sites can be consolidated but should also provide analysis demonstrating the potential for consolidation. For example, the analysis could describe the city's role or track record in facilitating small-lot consolidation, policies or incentives offered or proposed to encourage and facilitate lot consolidation, conditions rendering parcels suitable and ready for lot consolidation, or information from the owners of each aggregated site.

Realistic Capacity: The element assumes residential development on sites zoned for non-residential uses. To support this assumption, the element lists some recent projects and describes how some zoning allows residential uses but does not address the likelihood of residential in zoning intended for non-residential uses. The element must include analysis based on factors such as development trends including non-residential, performance standards requiring residential uses or other relevant factors such as enhanced policies and programs.

Suitability and Availability of Infrastructure: The element mentions water and sewer providers but must also demonstrate sufficient existing or planned total water and sewer capacity to accommodate the regional housing need.

Zoning for a Variety of Housing Types: The element must demonstrate zoning for a variety of housing types, as follows:

- *Employee Housing:* The prior element contained a program to address this requirement. The element mentions the City reviewed the employee housing act and states the element was found in compliance (page A-4). There is no clear and direct statement of whether zoning was revised to address employee housing. The element must demonstrate zoning is consistent with the Employee Housing Act (Health and Safety Code, § 17000 et seq.), specifically, sections 17021.5 and 17021.6. Section 17021.5 requires employee housing for six or fewer employees to be treated as a single-family

structure and permitted in the same manner as other dwellings of the same type in the same zone. Section 17021.6 requires employee housing consisting of no more than 12 units or 36 beds to be permitted in the same manner as other agricultural uses in the same zone.

- **Emergency Shelters:** The element describes a zone to permit emergency shelters without discretionary action but must also describe development standards and sufficient capacity to accommodate the need for emergency shelters. The analysis must also address whether parking requirements are limited to staff working in the emergency shelters and do not require more parking than other residential or commercial uses in the zone. The element must include programs as appropriate based on the outcomes of this analysis.
  - **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 this requirement or include a program 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, local processing and permit procedures, and any locally adopted ordinances that directly impact the cost and supply of residential development. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Section 65584 and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters identified pursuant to paragraph (7). (Gov. Code, § 65583, subd. (a)(5).)*

Land-Use Controls: The element identifies and describes various land use controls, including zoning, overlays, development standards but contains little analysis to support conclusions that standards do not constrain housing. The element must include an analysis of the impacts of these land use controls on the cost, supply, and approval certainty of development. This analysis must specifically evaluate land use controls individually and cumulatively for impacts, including the ability to achieve maximum densities without exceptions (e.g., variance, conditional use, density bonus law). For example, regardless of standards imposed by nearby communities, height requirements appear to be a constraint. Also, the City's definition of density appears to be a constraint. The analysis must specifically address heights, including in combination with other development standards and definitions of density and include programs to address and remove or mitigate identified constraints.

Housing for Persons with Disabilities: The element explains the reasonable accommodation procedure and lists approval findings, but the February 3, 2021 revisions omit findings which appear to be a constraint. The element must re-insert these findings and include analysis and programs as appropriate.

In addition, while the element now includes a program (Program 3D) to evaluate parking requirements on group homes, it must actually analyze those constraints as part of the housing element update. Parking requirements on group homes appear to be a constraint, and as a result, programs should also be added or modified as appropriate.

5. *An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, the cost of construction, the 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. The analysis shall also demonstrate local efforts to remove nongovernmental constraints that create a gap between the locality's planning for the development of housing for all income levels and the construction of that housing. (Gov. Code, § 65583, subd. (a)(6).)*

Nongovernmental Constraints: The element contains information on nongovernmental constraints such as land and construction costs, the availability of financing, and economic constraints. The element must also address the length of time between receiving approval for a housing development and submittal of an application for building permits for that housing development and requests to develop at densities below the density identified in the sites inventory.

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).)*

Persons with Developmental Disabilities: The element contains information about organization serving persons with developmental disabilities in the San Diego region. However, the element must quantify the number of persons with developmental disabilities and include responsive programs.



## **B. 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 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 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 the Finding A2, the element does not include a complete sites inventory or analysis; as a result, the adequacy of sites and zoning has not been established. Based on the results of a complete sites inventory and analysis, programs may need to be added, or revised, to address a shortfall of sites and zoning for a variety of housing types. In addition:

Programs 1B and 1C (Accessory Dwelling Units (ADU)): The housing element notes 12 ADUs were permitted between January and December 2020 and later indicates the same number between January and September 2020. This inconsistency must be corrected. Further, neither number supports the City's assumption of 19 ADUs per year and programs and incentives do not appear to promote ADUs much beyond state law. The element must either revise capacity assumptions consistent with past trends or include additional analysis and programs to support the enhanced assumptions.

In addition, given the reliance on ADUs to accommodate the RHNA, programs to monitor ADUs should specifically monitor the number and affordability of ADUs every other year and include specific commitment to rezone or other actions to identify adequate sites within a specified time period (e.g., 6 months) if ADUs are not permitted as assumed in the element. Finally, the element must include a program to incentivize and promote the creation of accessory dwelling units that can be offered at affordable rent. While Program 1B intends to address this, the element must also commit to providing incentives. As such, Program 1B will need a discrete timeline, and provide outcomes for the number of ADUs that will be promoted with this program.

2. *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 and households and individuals with special needs (e.g., farmworkers, persons experiencing homelessness, persons with disabilities, including developmental). The program(s) could commit to adopting priority processing, granting fee waivers or deferrals, modifying development standards, granting concessions and incentives for housing developments that include units affordable to lower and moderate-income households; assisting, supporting or pursuing funding applications; and working with housing developers coordinate and implement a strategy for developing housing affordable to lower and moderate income households.

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. Supportive housing, as defined in Section 65650, shall be a use by right in all zones where multifamily and mixed uses are permitted, as provided in Article 11 (commencing with Section 65650). (Gov. Code, § 65583, subd. (c)(3).)*

As noted in the Finding A4 and A5, the element does not include a complete analysis and based on the results of a complete analysis, may need to add or revise programs.

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).)*

The element includes little to no action to conserve and improve the existing stock and should add or revise programs as appropriate to address this requirement. In addition, as noted in A1, the element should add or revise programs based on the outcomes of a complete analysis of housing stock conditions.

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 A2, the element must include a complete analysis of affirmatively furthering fair housing. Based on the outcome of that analysis, the element must add or modify programs.

### **C. Quantified Objectives**

*A statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement, and development of housing. It is recognized that the total housing needs identified pursuant to subdivision (a) may exceed available resources and the community's ability to satisfy this need within the content of the general plan requirements outlined in Article 5 (commencing with Section 65300). Under these circumstances, the quantified objectives need not be identical to the total housing needs. The quantified objectives shall establish the maximum number of housing units by income category, including extremely low income, that can be constructed, rehabilitated, and conserved over a five-year time period. (Gov. Code, § 65583, subd. (b).)*

While the element includes quantified objectives for new construction (Table 4-1), it must also add quantified objectives for rehabilitation and conservation and preservation by income group, including extremely low-income households.

### **D. Coastal Zone Localities**

*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. The housing element must identify the number of low- and moderate-income dwelling units that have been replaced, demolished, and/or converted, within the coastal zone, since January 1, 1982. The element must also identify the number of residential dwelling units for low- and moderate-income households that have been constructed or required for replacement within the coastal zone.