

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

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January 21, 2022

John Di Mario, Director
Development Services Department
City of La Puente
15900 Main Street
La Puente, CA 91744

Dear John Di Mario:

RE: City of La Puente's 6th Cycle (2021-2029) Draft Housing Element Update

Thank you for submitting the City of La Puente's (City) draft housing element received for review on November 24, 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.

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 October 15, 2021. 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), 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).

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.

We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Sohab Mehmood, of our staff, at Sohab.mehmood@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Paul McDougall', with a stylized flourish at the end.

Paul McDougall

Senior Program Manager

Enclosure

APPENDIX CITY OF LA PUENTE

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. *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).)*

Enforcement: While the element includes analysis of fair housing complaints, it must describe the City's compliance with existing fair housing laws and regulations. For additional information, please see pages 28-30 on HCD's AFFH Guidance Memo at <https://www.hcd.ca.gov/community-development/affh/index.shtml>.

Sites Inventory: While the element analyzed sites relative to most fair housing components, it must analyze all sites by income group relative to disproportionate housing needs (e.g., cost burdened, overcrowded households, substandard housing conditions, displacement). Additionally, the analysis should address how the impacts of the sites by income group relative to location, any isolation of the regional housing needs allocation (RHNA) by income then incorporate local data and knowledge and other relevant factors (see below) to evaluate whether sites improve fair housing conditions related to each component of the analysis (if sites exacerbate conditions, programs that can mitigate impact).

Local Knowledge and Data: The element should incorporate local data and knowledge of the jurisdiction into the Affirmatively Furthering Fair Housing (AFFH) section. To assist in meeting this requirement, the element should provide local data not captured in regional, state, or federal data such as information from City's records and expertise and comments from community and stakeholder meetings.

Other Relevant Factors: The element must include other relevant factors that contribute to fair housing issues in the jurisdiction. For instance, the element should analyze historical land use, zoning, governmental and nongovernmental spending including transportation investments, demographic trends, historical patterns of segregation, or other information that may have impeded housing choices and mobility.

Goals, Actions, Metrics, and Milestones: Programs and actions must specifically respond to the factors that contributed to fair housing issues in the community. The element did not include programs that will meaningfully overcome contributing factors and address fair housing issues. At minimum, actions must have specific commitments, milestones and metrics and should, based on the outcomes of the analysis, enhance housing mobility, provide new housing choices and affordability in high opportunity areas, and place-based strategies for community preservation and revitalization. For a list of sample strategies, please see pages 72-74 of HCD's AFFH Guidance Memo at <https://www.hcd.ca.gov/community-development/affh/index.shtml>.

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).)*

Extremely Low-Income (ELI) Households: While the element identified the total number of ELI households by tenure, it must identify the projected number of ELI households. The projected housing need for ELI households can be calculated by using available census data to determine the number of very low-income households that qualify as ELI households or presume that 50 percent of the RHNA for very low-income households qualify as ELI households. 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>.

Additionally, while the element included information on general characteristics and challenges faced by ELI household, it should examine trends and the availability of resources to determine the magnitude of gaps in housing needs to appropriately formulate policies and programs. 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>.

3. *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 Stock Conditions: While the element identifies the age of the housing stock and quantifies units that are lacking adequate plumbing or kitchen facilities, it must estimate the number of units in need of rehabilitation and replacement. For additional information, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/housing-needs/housing-stock-characteristics.shtml>.

4. *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).)*

Realistic Capacity: The element listed various adjustment factors to determine realistic capacity and provided a general statement that adjustments are based on past

development trends. However, the element should support these adjustments based on recent projects. For example, the element could list these recent projects by zone, allowable density, built density and affordability to support assumptions for residential capacity assumption.

In addition, where applicable, the calculation of residential capacity should account for the likelihood of 100 percent nonresidential development. For example, some zones appear to allow 100 percent nonresidential development but must also account for that likelihood. To address this requirement, the element should calculate residential capacity based on recent trends, policies and programs or other factors that support the assumption of residential capacity. For example, the analysis could examine all development activity or anticipated activity in zones allowing 100 percent nonresidential uses and account for the likelihood of 100 percent nonresidential uses in the calculation of residential capacity.

Zoning for Lower-Income Households: The element must identify zoning appropriate to accommodate housing for lower-income households. The element may use zones meeting default densities (i.e., 30 units per acre in La Puente) without analysis or include analysis when utilizing zones that do not meet default densities. The City identifies sites with religious institutions that allow for a maximum allowable density between 7-18 du/ac for lower-income households and provided no supporting information for the feasibility of developing at affordable housing at lower densities. The element must demonstrate appropriate densities based on factors such as market demand, financial feasibility, and development experience within identified zones.

Suitability of Nonvacant Sites and Candidate Sites for Rezoning: The element identifies most of its lower-income RHNA on nonvacant sites and lists some factors utilized in identifying sites, discusses the overall market trends for mixed-use development, and provided three project examples from neighboring jurisdictions. However, the analysis does not demonstrate the potential for development on nonvacant sites. The element should clearly list any objective criteria used to identify sites, list the actual values of the criteria in the inventory to relate it to the analysis, and discuss how these factors are indicative of redevelopment potential.

To facilitate an analysis demonstrating potential for additional development, the element must describe existing uses in sufficient detail. For example, the inventory uses generic labels for existing uses (i.e., shopping center, commercial, etc.). The description of existing uses should be sufficiently detailed, and the element should analyze the extent that the existing uses may impede additional residential development. The element can summarize past experiences converting existing uses to higher density residential development, include current market demand for the existing use, provide analysis of existing leases or contracts that would perpetuate the existing use or prevent additional residential development, include current information on development trends and market conditions in the City and relate those trends to the sites identified. For example, while the element provided few project examples from neighboring cities, it provided no analysis demonstrating the applicability to existing uses in the sites inventory. The element should discuss the characteristics of those project examples (e.g., existing uses, zoning, affordability level, market area) and consider its applicability to the identified sites.

In addition, the housing element appears to rely upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households. 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 RHNA.

Small Sites: Sites smaller than a half-acre in size are deemed inadequate to accommodate housing for lower-income housing unless it is demonstrated 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 the housing element describes other evidence to HCD that the site is adequate to accommodate lower-income housing. (Gov. Code, § 65583.2, subd. (c)(2)(A).) For example, a site with a proposed and approved housing development that contains units affordable to lower-income households would be an appropriate site to accommodate housing for lower-income households. (Gov. Code, § 65583.2, subd. (c)(2)(C).) The element identifies several sites consisting of aggregated small parcels and states that the City expects these parcels to be consolidated into larger sites. However, the element should include analysis as described above to demonstrate the suitability of these sites to accommodate development with units affordable to lower-income households. For example, while the element included local developer feedback that sites do not need common ownership to facilitate lot consolidation, the analysis still must describe the potential for consolidation such as policies or incentives offered or proposed to encourage and facilitate lot consolidation, conditions rendering parcels suitable and ready for redevelopment, recent trends of lot consolidation, information on the owners of each aggregated site or other relevant factors to demonstrate the potential for consolidation. Based on the outcomes of this analysis, the element should remove sites if appropriate and add or modify programs.

Accessory Dwelling Units (ADUs): The City is counting 272 ADUs over the eight-year planning period for an average of 34 ADUs per year to accommodate a portion of the City's RHNA. However, the City's Annual Progress Reports (APR) indicate that the City permitted 27 ADUs in 2018 and 23 in 2020 (no records were available for 2018) for an average of 16 ADUs per year. The City's past performance on permitting ADUs do not support a two-fold increase. The element should reconcile these figures and adjust assumptions, if necessary, based on a realistic estimate of the potential for ADUs and include policies and programs that commit to incentivizing ADUs. Depending on the analysis, the element must commit to monitor ADU production and affordability throughout the course of the planning period and implement additional actions if not meeting target numbers anticipated in the housing element. If necessary, additional actions should be taken in a timely manner (e.g., within six months). The degree of additional actions should be in stride with the degree of the gap in production and affordability. For example, if actual production and affordability of ADUs is far from anticipated trends, then rezoning or something similar would be an appropriate action. If actual production and affordability is near anticipated trends, then measures like outreach and marketing might be more appropriate.

Electronic Sites Inventory: Pursuant to Government Code section 65583.3, subdivision (b), the City must utilize standards, forms, and definitions adopted by HCD when preparing the sites inventory. Please note, upon adoption of the housing element, the City must submit an electronic version of the sites inventory with its adopted housing element to sitesinventory@hcd.ca.gov. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml> for a copy of the form and instructions.

Water 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 demonstrate 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>.

Zoning for a Variety of Housing Types:

- *Emergency Shelters:* While the element included a general statement that the CM zone encompasses underutilized properties near services and transportation to accommodate an emergency shelter (p. H-34), it must include an analysis of the suitability and capacity of the CM zone to meet the need for emergency shelters. For example, the element should identify the number of parcels, typical parcel sizes, available acreage, whether sites are underutilized, existing uses, and any potential for reusing existing buildings to emergency. The element should also discuss any known hazardous conditions unfit for human habitation.
 - *Employee Housing:* The element indicates the City does not have agriculturally zoned land or existing agricultural uses, and therefore, is not required to comply with the Employee Housing Act (Health and Safety Code § 17000 et seq.). However, 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. The element must either demonstrate compliance with this requirement or include programs to amend zoning as appropriate. For additional information and sample analysis, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/housing-needs/farmworkers.shtml>.
5. *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: While the element analyzed most relevant land use controls, it must specifically analyze requirements related to multifamily parking (number of required spaces for small bedroom types and garage requirements). 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.

Processing and Permit Procedures: The element indicates that multifamily projects with three more units must receive a Site Plan and Design Review permit and is subject to planning commission approval. The element also discussed specific approval procedures and findings. The required approval findings listed in the element (p. H-38) are related to neighborhood character, aesthetic quality, and compatibility with neighboring developments. The element should analyze these standards for impacts on timing, cost, supply, and approval certainty and include programs to address identified constraints. For example, the analysis could discuss the presence of objective criteria or guidelines to promote approval certainty. The element must demonstrate this process is not a constraint or it must include a program to address this permitting requirement, as appropriate.

On/Off-Site Improvements: While the element provides some information about on and off-site improvements, it should identify actual standards for typical developments such as street widths, sidewalks and curbs and analyze their impact as potential constraints on housing cost, supply, and affordability.

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

SB 35 Streamlined Ministerial Approval Process: The element should clarify whether the City has procedures consistent with streamlining procedures pursuant to Government Code section 65913.4 and include programs as appropriate.

Local Ordinances: The element must specifically analyze locally adopted ordinances (e.g., inclusionary ordinance, short-term rental ordinance) that directly impact the cost and supply of residential development.

6. *An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including... ..the requests to develop housing at densities below those anticipated in the analysis required by subdivision (c) of Government Code section 65583.2... (Gov. Code, § 65583, subd. (a)(6).)*

Densities: The element stated that market-rate developers propose products at the lower end of the density range. The element specifically should identify requests to develop at densities below those identified in the inventory.

7. *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).)*

Special Needs Households: While the element includes data and a general discussion of housing challenges faced by special needs households, it still must provide an analysis of the existing needs and resources for each special needs group including seniors, large households, female headed households, and persons experiencing homelessness. For example, the element should discuss the existing resources to meet housing needs (availability of shelter beds, number of large units, number of deed restricted units, etc.), an assessment of any gaps in resources, and proposed policies, programs, and funding to help address those gaps.

Farmworkers: While the element includes some data on farmworkers, it should specifically quantify the number of permanent and seasonal farmworkers at the county level (i.e., USDA data) to better understand the broader and unique housing needs of farmworkers.

8. *Analyze existing assisted housing developments that are eligible to change to non-low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions. (Gov. Code, § 65583, subd. (a)(9) through 65583(a)(9)(D).).*

The element states that the Nantes Manor affordability restrictions will expire in 2027; however HCD's records indicate an expiration date of 2023. The element should reconcile these dates and modify programs committing to proactively reaching out to owners and qualified entities. Additionally, the element must identify public and private entities known to have the legal and managerial capacity to potentially acquire and preserve at-risk units (i.e., qualified entities). For a list of organizations serving La Puente and the broader Los Angeles County region, please see: <https://www.hcd.ca.gov/policy-research/preserving-existing-affordable-housing.shtml>.

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 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 A4, 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, the element should be revised as follows:

Shortfall of Sites: The City must address a shortfall of sites to accommodate the RHNA for lower-income households. While the element included Program 6 to complete rezoning efforts within three years, the Program must specifically commit to acreage, allowable densities, and anticipated units. In addition, to accommodate the housing needs of lower-income households, the Program must specifically commit to rezoning pursuant to Government Code section 65583.2, subdivisions (h) and (i). Specifically, the Program must commit to:

- permit owner-occupied and rental multifamily uses by-right for developments in which 20 percent or more of the units are affordable to lower-income households. By-right means local government review must not require a conditional use permit (CUP), planned unit development permit, or other discretionary review or approval;
- accommodate a minimum of 16 units per site;
- require a minimum density of 20 units per acre; and
- at least 50 percent of the lower-income need must be accommodated on sites designated for residential use only or on sites zoned for mixed uses that accommodate all the very low and low-income housing need under specified conditions.

Program 4 – Facilitate Residential and Mixed-Use Development in the Downtown

Business District Specific Plan: The element assumes 50 units per acre in mixed-use zones and states that it will increase height limits to facilitate reaching realistic capacity assumptions. This Program should include a completion date for this action early in the planning period.

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 housing for lower- and moderate-income households, including ELI and special needs households. Program actions could include proactive outreach and assistance to non-profit 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.

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(s) A5 and A6, 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. *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 A1, the element must include a complete assessment of fair housing. Based on the outcomes of that analysis, the element must add or modify programs.

5. *The housing program shall preserve for low-income household the assisted housing developments identified pursuant to paragraph (9) of subdivision (a). The program for preservation of the assisted housing developments shall utilize, to the extent necessary, all available federal, state, and local financing and subsidy programs identified in paragraph (9) of subdivision (a), except where a community has other urgent needs for which alternative funding sources are not available. The program may include strategies that involve local regulation and technical assistance. (Gov. Code, § 65583, subd. (c)(6).)*

Program 9 – Preservation of Affordable Housing: In addition to other actions, this Program should commit to coordinating with qualified entities to preserve and maintain the affordability of at-risk units, providing education to tenants qualified entities, and complying with noticing requirements within 3 years, 12 months, and 6 months of the affordability expiration date.

C. 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 for number of housing units that will be conserved and rehabilitated for moderate and above moderate-income category. Conservation objectives may include the variety of strategies employed by the city to promote tenant stability, code enforcement and repair programs that conserve the housing stock, and the preservation of units at-risk of conversion to market rate.

D. 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).)

HCD understands the City made the housing element available to the public only two weeks prior to HCD submittal on November 24, 2021. By not providing an opportunity for the public to review and comment on a draft of the element without sufficient time, 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.