

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

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August 30, 2023

Jill Ekas, Director
Community Development Department
City of Half Moon Bay
501 Main Street
Half Moon Bay, CA 94019

Dear Jill Ekas:

RE: City of Half Moon Bay's 6th Cycle (2023-2031) Draft Housing Element

Thank you for submitting the City of Half Moon Bay's (City) draft housing element received for review on May 31, 2023, along with revisions received on August 22, 2023. These revisions were made available to the public for seven days before HCD's review. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from Housing Leadership Council of San Mateo County, South Bay YIMBY and YIMBY Law and East Bay YIMBY and YIMBY Law and Greenbelt Alliance, pursuant to Government Code section 65585, subdivision (c).

The draft element addresses many statutory requirements; however, revisions will be necessary to substantially comply with State Housing Element Law (Gov. Code, § 65580 et seq). The enclosed Appendix describes the revisions needed to comply with State Housing Element Law.

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 Affordable Housing and Sustainable Communities program, 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, 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 the statutory deadline (January 31, 2023), then any rezoning to make prior identified sites available or accommodate the regional housing needs allocation shall be completed no later than one year from the statutory deadline pursuant to Government Code sections

65583, subdivision (c) and 65583.2, subdivision (c). 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 these rezones 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.

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 dedication you and Mike Noce provided during the update and review. 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 Anthony Errichetto, of our staff, at Anthony.Errichetto@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager

Enclosure

APPENDIX CITY OF HALF MOON BAY

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 evaluation of programs in the past cycle, the element must also provide an explanation or summary 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). Programs should be revised as appropriate to reflect the results of this evaluation.

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).)*

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. In addition, 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 such as demographic trends.

Integration and Segregation: 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 analysis.

Disparities in Access to Opportunity: The element must provide a complete local analysis of patterns and trends for access to educational and economic opportunity within the City. A comprehensive analysis should include the local and regional disparities through local, federal, and/or state data as well as local data and knowledge. Please refer to the AFFH guidebook starting on page 35 (link: https://www.hcd.ca.gov/community-development/affh/docs/AFFH_Document_Final_4-27-2021.pdf) for specific factors that should be considered when analyzing access to opportunities as it pertains to educational, employment, environmental, transportation, and any factors that are unique to Half Moon Bay.

Contributing Factors to Fair Housing Issues: Based on the outcomes of a complete analysis, the element should re-assess and prioritize the contributing factors to fair housing issues.

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

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

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).)

Extremely Low-Income (ELI): While the element quantifies existing and projected ELI households, it must also analyze their housing needs, including trends, tenure, overpayment, overcrowding, and other characteristics.

Overpayment: While the element analyzes cost burden in the City, including lower income overpayment, it must also quantify the total number of lower-income households overpaying for housing, by tenure.

Special Housing Needs: In addition to quantifying the number of the elderly, persons with disabilities, large families, farmworkers, families with female heads of households, and families, and persons in need of emergency shelter it must also analyze their special housing needs. The analysis should include, but is not limited to, factors such as household income, tenure, housing types, zoning, and available resources. The analysis of available resources should also assess the gaps in resources to address this

need. Programs should be modified (as appropriate) to address the gap between existing resources and the needs of this population. Local officials, special needs service providers, or City/County social and health service providers may be able to assist with information to complete the analysis.

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 in Meeting the Regional Housing Need Allocation (RHNA): The element indicates that units affordable to very low-income households and low-income households have been built or are under construction or approved; however, the element must demonstrate their availability in the planning period. Availability should address the status, anticipated completion, any barriers to development and other relevant factors such as build out horizons, phasing, and dropout rates to demonstrate the availability or likelihood of development in the planning period.

Realistic Capacity: While the element provides assumptions of buildout for sites included in the inventory, it must also provide support for these assumptions. For example, the element should demonstrate what specific trends, factors, and other evidence led to the assumptions. The estimate of the number of units for each site must be adjusted as necessary, based on the land use controls, site improvements, and typical densities of existing or approved residential developments at a similar affordability level in the jurisdiction.

Environmental Constraints: While the element includes discussion of environmental constraints relative to identified sites, it should also discuss any other known conditions that could preclude development on identified sites in the planning period. Examples include shape, easements, Williamson act contracts, contamination, coastal policies, and property conditions.

Publicly-Owned Sites: The element must include discussion on each of the publicly-owned sites identified to accommodate the RHNA, including school sites. Specifically, the analysis should address general plan designations, allowable densities, support for residential capacity assumptions, existing uses, and any known conditions that preclude or could promote development in the planning period, current status, and potential schedule for development. Based on this analysis, the element should add or modify programs as needed. Programs should include a schedule of actions to facilitate development in the planning period in stride with assumptions in the inventory such as numerical objectives, compliance with the Surplus Land Act, outreach with developers or property owners, removing barriers to development, issuing requests for proposals, incentives, fee waivers, priority processing and financial assistance.

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 Variety of Housing Types:

- *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, 17021.6 and 17021.8. For example, 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. Based on the outcomes of this analysis, the element should add or modify programs, as appropriate.
 - *Emergency Shelters*: The element should describe the development standards for zones that allows emergency shelters by-right. The housing element must demonstrate the permit processing, development, and management standards for emergency shelters are objective and encourage and facilitate the development of, or conversion to, emergency shelters.
 - *Permanent Supportive Housing*: Permanent 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 and add or modify programs as appropriate.
 - *Accessory Dwelling Unit (ADU)*: Following a cursory review of the City's ADU ordinance, HCD discovered several areas which are not consistent with State ADU Law. HCD will provide a complete listing of ADU noncompliance issues under a separate cover. As a result, while the element includes a program to update the City's ADU ordinance to comply with state law, the program should specify timing (e.g., within six months of HCD's review).
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).)*

Fees: The element indicates that fees for multifamily projects are a potential constraint to development. Excessive fees for multifamily projects have significant impacts on housing affordability and production. The element should include an evaluation of these fees (e.g., park facilities fee) and add programs to address the constraint as appropriate. In addition, the analysis should identify the total amount of fees and their proportion to the development costs for both single family and multifamily housing.

For additional information and a sample analysis and tables, see the Building Blocks at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks/fees-and-exactions>.

Design Review: The element must demonstrate this process is not a constraint or it must include a program to address this permitting requirement, as appropriate. In particular, the element describes the Design Review findings of approval; however, the element should analyze these standards for impacts on timing, cost, supply and approval certainty and include programs to address identified constraints and allow for objectivity and certainty.

SB 35 Streamlined Ministerial Approval Process: The element must clarify whether there are written procedures for the SB 35 (Chapter 366, Statutes of 2017) Streamlined Ministerial Approval Process and add a program to address these requirements.

On/Off-Site Improvements: The element must identify subdivision level improvement requirements and analyze their impact as potential constraints on housing supply and affordability. For additional information and a sample analysis, see the Building Blocks at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks/codes-and-enforcement-and-onsite-offsite-improvement-standards>.

Inclusionary Zoning: The element must analyze the City's inclusionary housing requirements, including its impacts as potential constraints on the development of housing for all income levels. The analysis must evaluate the broader policy's implementation framework, including the percentage of new residential construction dedicated to affordable housing; the types of options and incentives offered, alternatives for compliance (or lack thereof), relationships with State Density Bonus Law, and any other factors that may impact housing costs.

Growth Control: While the element discusses the City's growth control, including the ability to accommodate the RHNA; it should also evaluate the process for impacts on housing cost, supply, timing, and approval certainty. In addition, the element should discuss compliance with the Housing Crisis Act (Gov. Code, § 66300 et seq) and ADU law (Gov. Code, § 65852.2 et seq) and add or modify programs, if necessary.

Zoning, Development Standards, and Fees Transparency: While the element mentions the City's website posts fees, it should also 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.

Water and Sewer Priority: Water and sewer service providers must establish specific procedures to grant priority water and sewer service to developments with units affordable to lower-income households. (Gov. Code, § 65589.7.) Local governments are required to immediately deliver the housing element to water and sewer service providers. The element should discuss compliance with these requirements and if

necessary, add or modify programs to establish a written procedure by a date early in the planning period.

For additional information and sample cover memo, see the Building Blocks at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks/priority-water-and-sewer>.

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. The element must address any hinderance on the development of housing and include programs as appropriate.

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 through the administration of land use and development controls, the provision of regulatory concessions and incentives, and the utilization of appropriate federal and state financing and subsidy programs when available. The program shall include an identification of the agencies and officials responsible for the implementation of the various actions. (Gov. Code, § 65583, subd. (c).)*

To have a beneficial impact in the planning period and achieve the goals and objectives of the housing element, programs to be revised, as follows:

- *Program 6-6 (Work with Non-Profits and Regional Partners):* The element must provide discrete timing for the Program (e.g., at least annually, by 2025) to account for how often the action will occur as well as to ensure a beneficial impact throughout the planning period and quantify objectives where feasible.
- *Program 6-8 (Annual Review of Residential Dwelling Unit Allocation System):* While the Program commits to monitor permitted ADUs and affordability with discrete timing, it should also commit to additional appropriate action such as

adjusting assumptions and rezoning within a specified time (e.g., six months), as necessary.

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. In addition, the element should be revised as follows:

Publicly-Owned Sites: The element identified City-Owned sites to accommodate a portion of the RHNA. The element should include a program with numerical objectives that ensures compliance with the Surplus Land Act, provides incentives, and actions along with a schedule to facilitate development of City-Owned sites. Actions should include outreach with developers, issuing requests for proposals, incentives, fee waivers, priority processing, and financial assistance.

Sites Identified in Prior Planning Periods: If necessary, the element must include a program for vacant sites identified in two of more consecutive planning periods' housing elements or nonvacant sites identified in a prior housing element, that are currently identified to accommodate housing for lower-income households. The program must be implemented within the first three years of the planning period and commit to zoning that will meet the density requirements for housing for lower-income households and allow by-right approval for housing developments that include 20 percent or more of its units affordable to lower-income households (Gov. Code, § 65583.2, subd. (c).).

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).)*

Extremely Low Income (ELI): 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. For additional information, see the Building Blocks at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks/assist-development-housing>.

Farmworkers and Homelessness: The element must include programs to assist in the development of housing for lower- and moderate-income households, including special needs households. Specifically, programs should be added or modified to address the needs of farmworkers and persons experiencing homelessness. For example, for farmworkers, the element could commit to proactive actions to coordinate with non-profit developers, employers, and other related organizations, to explore funding and incentives and to identify specific development opportunities.

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. In addition, the element should be revised as follows:

Program 1-2 (Missing Middle Housing Development Standards): The Program should be revised to remove the garage parking requirement with discrete timing.

Growth Control: As noted in Finding B4, the element should contain a complete analysis of the City's growth control and add or modify programs as appropriate to address constraints, including compliance with the Housing Crisis Act and ADU law.

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 A1, the element requires a complete AFFH analysis. Depending upon the results of that analysis, the City may need to revise or add programs. 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, metrics, and milestones as appropriate and must address housing mobility enhancement, new housing choices and affordability in higher opportunity areas, place-based strategies for community preservation and revitalization and displacement protection.

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).)*

Program 6-8 (Annual Review of Residential Dwelling Unit Allocation System): The program 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.