

**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](http://www.hcd.ca.gov)



February 10, 2022

Konrad Bolowich, City Manager  
City of Grand Terrace  
22795 Barton Road  
Grand Terrace, CA 92313

Dear Konrad Bolowich:

**RE: City of Grand Terrace's 6<sup>th</sup> Cycle (2021-2029) Draft Housing Element**

Thank you for submitting the City of Grand Terrace's (City) draft housing element received for review on December 15, 2021. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review.

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 the statutory deadline (October 15, 2021), then any rezoning to accommodate the regional housing needs allocation (RHNA), including for lower-income households, shall be completed no later than one year from the statutory deadline. Otherwise, the local government's housing element will no longer comply with State Housing Element Law, and HCD may revoke its finding of substantial compliance pursuant to Government Code section 65585, subdivision (i).

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City should continue to engage the community, including organizations that

represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant; the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs; and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City will meet housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at: [http://opr.ca.gov/docs/OPR\\_Appendix\\_C\\_final.pdf](http://opr.ca.gov/docs/OPR_Appendix_C_final.pdf) and [http://opr.ca.gov/docs/Final\\_6.26.15.pdf](http://opr.ca.gov/docs/Final_6.26.15.pdf).

HCD appreciates the City's dedication and cooperation in the housing element update. We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions, please contact Gerlinde Bernd, of our staff, at [Gerlinde.Bernd@hcd.ca.gov](mailto:Gerlinde.Bernd@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 GRAND TERRACE**

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

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

### **A. Review and Revision**

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

As part of the review of programs in the past cycle (Appendix 8-A), the element lists programs and provides brief information on progress in implementation, but it largely does not evaluate the effectiveness of programs toward program goals. This is particularly important since many programs do not appear to be revised and reflect the review of the prior programs. Examples from Appendix 8-A include Programs 5 (Facilitate Development on Housing Authority Site), 6 (Section 8 Rental Assistance), 7 (Homebuyer Fund), 8 (Multifamily Residential Rental Bond), 9 (Downpayment Assistance), 11 (Assist in Development of Affordable Housing), 14 (Weatherization and Energy Efficiency), 16 (Home Improvements) and 17 (Home Safety Repair Grants). The element should evaluate the effectiveness of these programs toward housing goals and make appropriate revisions to programs in the current housing element.

In addition, the element must provide an evaluation of the cumulative 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).)*

The element generally does not address this requirement. The element, among other things, must include outreach related to affirmatively furthering fair housing (AFFH), an assessment of fair housing, analysis of the sites inventory and AFFH, identification and

prioritization of contributing factors to fair housing issues and goals and actions sufficient to overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity. For further guidance, please visit HCD's AFFH in California webpage 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: The element identifies the projected need for ELI households, but it should quantify and analyze the housing needs of ELI households to understand the housing needs and formulate an appropriate programmatic response. This is particularly important given the unique and disproportionate needs of ELI households. For example, the element should analyze tenure, cost burden and other household characteristics then examine trends and the availability of resources, including effectiveness of past actions, to determine the magnitude of gaps in housing needs. In turn, this analysis should guide the formulation of responsive policies and programs.

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).)*

While the element provides general data, additional information is needed regarding the overpayment, particularly data regarding lower-income household by tenure (i.e., owner and renter). Additionally, the element should include discussion of rents based on current market conditions.

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).)*

Parcel Listing: In addition to the other factors listed for identified sites (e.g., parcel number, size), the inventory should list general plan designation and sufficiently describe existing uses of nonvacant sites to facilitate an analysis of the potential for redevelopment in the planning period.

Realistic Capacity: The element generally does not address this requirement. The element must include a methodology for how realistic capacity was determined and provide support for these assumptions. For example, the element should demonstrate specific trends, factors, and other evidence that led to assumptions for residential capacity calculations. The estimate of the number of units for each site must be adjusted as necessary, based on the land use controls and site improvements, typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction, and on the current or planned availability and accessibility of

sufficient water, sewer, and dry utilities. If necessary, the element also should analyze the likelihood that the identified units will be developed as noted in the inventory in zones that allow 100 percent nonresidential uses (e.g., housing overlay). This analysis should consider the likelihood of 100 percent nonresidential development, performance standards, and development trends supporting residential development

Suitability of Nonvacant Sites: While the element identifies nonvacant sites to accommodate the regional housing need for lower-income households, it generally does not provide an analysis of the potential for additional development on identified nonvacant sites. The analysis must consider factors including the extent to which existing uses may constitute an impediment to additional residential development, the City's past experience with converting existing uses to higher density residential development, the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites.

In addition, if the housing element relies upon nonvacant sites to accommodate more than 50 percent of the regional housing needs allocation (RHNA) for lower-income households, it 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.

Finally, if the element utilizes sites with existing residential uses, absent a replacement housing policy, these sites are not adequate sites to accommodate lower-income households. The replacement housing policy has the same requirements as set forth in Government Code section 65915, subdivision (c) (3).

Large Sites: Sites larger than ten acres in size are deemed inadequate to accommodate housing for lower-income households unless it is demonstrated sites are suitable to accommodate housing for lower-income households. The analysis should demonstrate that sites of equivalent size and affordability were successfully developed during the prior planning period or provide other evidence such as analysis and programs to demonstrate the suitability of these sites. Based on a complete analysis, the City should consider adding or revising programs to include incentives for facilitating development on large sites.

Environmental Conditions: The element generally describes environmental conditions and impacts on some identified sites. However, the element should clarify how these conditions relate to candidate sites for rezoning (Table 8-B.3) and should discuss any other conditions that impact or preclude the development of identified sites (e.g., hazardous materials, easement, other property conditions, parcel shapes).

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 rezones sites to permit housing development by right pursuant to statutory requirements. The element must clarify if sites used to accommodate the housing need for lower-income households were previously identified in prior planning periods and include programs as appropriate.

Infrastructure: While the element generally describes water and sewer infrastructure, it must clarify sufficient existing or planned capacity to accommodate the RHNA or include programs if necessary.

In addition, 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.

Accessory Dwelling Units (ADU): ADUs may be counted toward the RHNA based on past trends and other factors. The City projects 5 ADUs per year over the planning period. This projection was based on recent approvals in 2021. However, an analysis should be based on permitted units but may utilize approvals as an indicator of ADU potential. Also, past performance does not appear to support 5 ADUs per year and the element does not include programs to provide incentives for ADU development. For example, HCD records show only 1 ADU was permitted in 2019. The element should be revised to rescale ADU assumption based on past permitted trends or include additional analysis and programs to support ADU assumptions.

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

#### Zoning for a Variety of Housing Types:

- *Emergency Shelters:* The element indicates emergency shelters are permitted by right in the M2 zone; however, it must clarify emergency shelters are permitted without discretionary action and analyze capacity. An analysis of capacity should address total acreage, typical parcel sizes, and any reuse or other opportunities that could accommodate at least one emergency shelter and sufficient to accommodate the need for emergency shelters. In addition, the element should address proximity to transportation and services and presence of any conditions unfit for human habitation.
- *Employee Housing:* The element must demonstrate zoning is explicitly compliant with the Employee Housing Act (Health and Safety Code, § 17000 et seq.) and

include programs if necessary. 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.

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: 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 specifically address requirements related to parking, heights, and living area. The analysis should address any impacts on cost, supply (number of units), housing choice, affordability, timing, approval certainty and ability to achieve maximum densities and include programs to address identified constraints.

Housing for Persons with Disabilities: The element generally describes that community care facilities for seven or more persons are excluded from several residential zones and subject to a conditional use permit (CUP); however, it should analyze the CUP and lack of residential zones as constraints on housing for persons with disabilities. Based on the outcomes of this analysis, the element must add or modify programs to address constraints and permit group homes for seven or more persons with objectivity and approval 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.

Zoning, Development Standards: The element must clarify its compliance with new transparency requirements for posting all zoning, development standards for each parcel on the jurisdiction's website.

Other Local Ordinances: The element must analyze any locally adopted ordinances that directly impacts the cost and supply or residential development (e.g., inclusionary requirements, short term rentals, growth controls).

6. *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. (Gov. Code, § 65583, subd. (a)(6).)*

Approval Time and Requests for Lesser Densities: The element did not address these requirements. The element must address requests to develop housing at densities below those anticipated in the sites inventory and the length of time between receiving approval for housing development and submittal of application for building permits. The analysis must address any hinderances on housing development and programs should be added as appropriate.

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).)*

While the element includes some minimal qualification of special housing needs, it generally does not analyze those needs. An analysis should address (1) the characteristics of housing needs such as household income, tenure, appropriate housing types and zoning, (2) demographic trends, (3) comparisons in needs relative to other households, (4) available resources and strategies and (4) the magnitude of the gap in addressing housing needs. The analysis should also consult local officials, special needs service providers, or social and health service providers or other relevant organization. For additional information and a sample analysis, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/housing-needs/large-families-female-head-household.shtml>.

In addition, the element indicates a minimal need for farmworkers according to the American Community Survey. However, farmworkers from the broader area and those employed seasonally may have housing needs, including within the City's boundaries. As a result, the element should at least acknowledge the housing needs of permanent and seasonal farmworkers at a county-level (e.g., using USDA county-level farmworker data) 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 address the goals of the housing element, programs must be revised with specific commitment and discrete timelines (e.g., annually or by 2023). Programs to be revised with discrete timelines include Programs 2 (Facilitate Development of Affordable and Special Needs Housing), 3 (Housing Authority Property), 6 (Multifamily Housing Bonds) and 11 (Home Improvement). In addition, programs should be revised based on a complete evaluation of past programs as noted in Finding A.

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 B4, the element does not include a complete site analysis. 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:

- *Program 1 (Adequate Sites):* This Program should be revised to identify the minimum number of acres to be rezoned, allowable densities, permit residential by right for developments where 20 percent of the units are affordable to lower income households and should consider timing by October of 2022 as noted in the cover letter.
  - *Program 3 (Housing Authority Property):* Particularly since this program was not implemented in the prior planning period, this Program should include a specific schedule of action to facilitate development in the planning period such as outreach with developers, requests for proposals, applications for funding and when permit processing will be expedited.
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 and all special needs households including seniors, homeless, farmworkers, female-headed households and persons with disabilities including developmental. While the element includes Program 2 (Facilitate Development of Affordable and Special Needs Housing), the Program should (1) explicitly address all special needs households, (2) address extremely low-income households, (3) specifically commit to proactive outreach with developers on a discrete

timeline (e.g., annually) and (4) make revisions based on a complete evaluate as noted in Finding A.

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 B5 and B6, 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 protected by the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2), Section 65008, and any other state and federal fair housing and planning law. (Gov. Code, § 65583, subd. (c)(5).)*

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

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

The element contains Program 8 (Reduce Constraints to Housing) to adopt an ADU ordinance. However, the element must also include a program that incentivizes or promotes ADU development for very low-, low-, and moderate-income households. This can take the form of flexible zoning requirements, development standards, or processing and fee incentives that facilitate the creation of ADUs, such as reduced parking requirements, fee waivers and more. Additionally, this program should commit to monitoring ADU production and affordability, and to implementing additional actions if not meeting target numbers for production and affordability levels anticipated in the housing element. Additional actions, if necessary, should be taken in a timely manner (e.g., within six months).

#### **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)(8).)*

While the element includes a general summary of the public participation process, the element should also demonstrate diligent efforts were made to involve all economic segments of the community in the development of the housing element. The element could describe the efforts to circulate the housing element among low- and moderate-income households and organizations that represent them and to involve such groups and persons in the element throughout the process. In addition, the element should also summarize the public comments and describe how they were considered and incorporated into the element. For additional information, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/getting-started/public-participation.shtml>.

#### **E. Consistency with General Plan**

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

The element generally states housing is linked to other elements of the general plan, but it should discuss how internal consistency was achieved as part of the housing element update. For additional information and a sample program, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/other-requirements/analysis-consistency-general-plan.shtml>.