

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

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April 10, 2009

Mr. Kirk Girard, Director
Community Development Services
County of Humboldt
3015 H Street
Eureka, CA 95501

Dear Mr. Girard:

RE: Review of Humboldt County's Draft Housing Element Update

Thank you for submitting the County of Humboldt's draft housing element update received for review on February 11, 2009. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). Communications with Mr. Michael Richardson, Senior Planner, facilitated the review. In addition, the Department considered comments from Humboldt Economic Land Plan, Housing for All and Abbott and Kindermann, pursuant to Section 65585(c).

The Department commends the County for programs promoting infill development by establishing housing opportunity zones. The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State housing element law (Article 10.6 of the Government Code). In particular, the element must include analyses of identified sites and potential governmental constraints. The enclosed Appendix describes necessary revisions needed to comply with State housing element law.

The Department appreciates the cooperation and assistance provided by Mr. Richardson during the review. If you have any questions or would like assistance, please contact Paul McDougall, of our staff, at (916) 322-7995.

Sincerely,

Cathy E. Creswell
Deputy Director

Enclosure

cc: Kay Backer, Humboldt Economic and Land Plan
Jan Turner, Housing for All
Abbott and Kindermann

APPENDIX
COUNTY OF HUMBOLDT

The following changes would bring the County of Humboldt's housing element into compliance with Article 10.6 of the Government Code. The pertinent Government Code Section is cited for each recommended change.

Housing element technical assistance information is available on the Department's website at www.hcd.ca.gov. Refer to the Division of Housing Policy Development and the section pertaining to State Housing Planning. Among other resources, please refer to the Department's latest technical assistance tool *Building Blocks for Effective Housing Elements (Building Blocks)* at http://www.hcd.ca.gov/hpd/housing_element/index.html, 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 (Section 65588 (a) and (b)).

The review requirement is one of the most important features of the housing element update and necessary to evaluate the County's performance in addressing housing needs and goals. The information and analysis provides the basis for developing an effective housing program for the current planning period. The element generally discusses the overall production of housing, the number of units produced from a few grant funded programs and measures the County took to reduce governmental constraints. However, the element does not compare the results of programs to planned objectives to evaluate effectiveness nor does it appear programs have been revised. For example, the prior element included a program to inventory and research the potential for selling sites owned by the County. Yet the program has continued with no evaluation of progress, whether sites were sold or whether it was effective in encouraging the development of housing for lower-income households. To address this requirement, the element could include a program-by-program evaluation similar to the format used for the County's recent annual progress reports. The Department will send sample analyses under separate cover to assist the County.

B. Housing Needs, Resources, and Constraints

1. *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 household (Section 65583(a)(1)).*

Extremely Low-Income: While the element quantifies the projected needs of extremely low-income households (ELI), it must identify and analyze the existing housing needs of these households. The analysis should describe household characteristics and needs such as overpayment and overcrowding, the kind of housing and zoning available for ELI households and existing or planned programs and resources to address their housing needs. The analysis is particularly important given the unique needs of ELI households. For example, most ELI households experience a high incidence of housing problems such as overpayment or overcrowding. This analysis is essential to

formulating policies and programs to assist in the development and conservation of housing for ELI households. To assist the analysis, see the enclosed Comprehensive Housing Affordability Strategy (CHAS) data, with overpayment information, and a sample analysis from the *Building Blocks*' website at http://www.hcd.ca.gov/hpd/housing_element/screen06_hn.pdf.

2. *Include an inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites (Section 65583(a)(3)).*

As you are aware, the regional housing needs allocation, pursuant to Section 65584 et. seq., for Humboldt County jurisdictions has not yet been adopted by the Humboldt County Association of Governments (HCAOG) and accepted by the Department. As a result, the County's housing element cannot demonstrate compliance with statutory requirements including, but not limited to, analyses of constraints and sites pursuant to Government Code Sections 65583(a)(5) and (c)(1), and 65583.2. Until the allocation is adopted and approved, the County could utilize the draft allocation to address these requirements. If the County's final allocation exceeds the draft or the income distribution is different, it may be necessary to further revise the element.

To demonstrate the adequacy of identified sites to accommodate the County's share of the regional housing need, the element must include complete analyses, as follows:

Suitability and Availability: The element includes a 74-page vacant parcel listing by size, general plan designation, zoning and identifies constrained acres. However, a large listing of sites without any analyses does not address the requirement to identify and evaluate appropriate sites nor facilitate outreach to the development community and public about priority development areas. Also, comments received discuss the County's efforts to analyze identified sites through the Find Our Lots (FOL) team. However, it does not appear these efforts were incorporated into the element.

The element must include the necessary analysis to demonstrate the suitability and availability of sites pursuant to Sections 65583(a)(3) and 65583.2. For example, the element must describe the methodology used to calculate residential capacity. The element must also identify infrastructure capacity available or planned to accommodate the County's regional housing need. This is particularly important given many areas of the County do not have community water and sewer and the County's plans to identify opportunity areas where infrastructure is available. Other statutorily required analyses include:

- environmental constraints that impede development in the planning period;
- analysis of the suitability of nonvacant sites;
- analysis of the size of sites; and,
- analysis of zoning appropriate to encourage and facilitate housing for lower-income households.

Please see the *Building Blocks* website and sample analysis at http://www.hcd.ca.gov/hpd/housing_element2/SIA_home.php. The Department will also send samples of County infrastructure analyses to assist the County.

Rezone Sites: While the element includes a program to rezone sites to accommodate the housing needs for lower-income households, the element must include a complete inventory of potential sites for rezoning including all the inventory requirements such as parcel number or unique reference, size, general plan designation, zone and a calculation of realistic capacity. The inventory should demonstrate the sites considered for rezoning are adequate to accommodate the remaining regional housing need for lower-income households.

Large Sites: The element identifies two sites with a capacity for 715 units (pages 44 and 60 of Appendix G). To utilize these sites to accommodate the regional housing need for lower-income households, the element must include the following analyses:

- The element identifies multiple zones for these two sites. For parcels with more than one zone, the element should list the acreage by zone. For example, parcel number 50852501 (page 60) is approximately 33 acres with both R-3 and R-2 zoning. The element should list the amount of acreage for each zone.
- The size of these sites (i.e., greater than 20 acres) could be a deterrent to the development of housing affordable to lower-income households. For example, most assisted housing developments utilizing State or federal financial resources include 50 to 150 units. To demonstrate the appropriateness of these sites, the County should discuss opportunities for specific plan development, further lot subdivision or other methods to facilitate development of housing for lower-income households.

Small Sites: Many of the sites identified allow only 1 or 2 units. While building housing on very small parcels may be possible, the nature and conditions necessary to construct the units often render the provision of affordable housing infeasible. This is particularly important given the necessary economies of scale to facilitate development of housing affordable to lower-income households. For example, most assisted housing developments utilizing State or federal financial resources typically include at least 50 to 80 units. The element indicates only sites greater than one acre are being utilized to address the County's housing needs for lower-income households. However, if any smaller sites are needed to address the regional housing need, especially for lower income households, the element must discuss existing and/or proposed policies or incentives the County will offer to facilitate small lot development, and include an evaluation of the potential to develop these small sites for housing affordable to lower-income households. The element could use development trends to facilitate this analysis.

Map: The element must include a map of identified sites, for reference purposes only. For example, the map could be the scale of the land-use map in the General Plan.

3. *Analyze potential and actual governmental constraints upon the maintenance, improvement, and development of housing for all income levels and persons with disabilities, including Land use controls, building codes and their enforcement and local processing and permit procedures (Section 65583(a)(5)).*

Land-Use Controls: The element did not address this requirement. The element must identify and analyze the impact of land-use controls and development standards on the cost and supply of housing. Please see the *Building Blocks'* website and sample analysis at http://www.hcd.ca.gov/hpd/housing_element2/CON_landuse.php.

Processing and Permit Procedures: Although the element describes the County's application review steps, it must describe and analyze typical approval times, processes and level of discretionary action by housing type and zone. The analysis must address decision-making criteria, such as approval findings by permit type for residential uses, particularly multifamily. See the sample analysis in the *Building Blocks'* technical assistance tool at http://www.hcd.ca.gov/hpd/housing_element2/CON_permits.php.

Fees and Exaction: The element summarizes impact fees; however, it should also describe and analyze the total effect or proportion of all fees, including planning fees, on development costs for single- and multi-family housing.

4. *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 (Sections 65583(a)(8) through 65583(a)(9)(D)).*

The element describes no units are at-risk based on a 1991 inventory of at-risk units (page G-78). However, two projects are at-risk in Humboldt County (see enclosure). As a result, the element must list these projects with:

- project name and address;
- type of assistance received;
- earliest date of change from low-income use; and
- total number of elderly and non-elderly units.

In addition, the element must:

- estimate total cost for producing, replacing and preserving the units at-risk,
- analyze the level of risk of conversion, and
- identify qualified entities with the managerial capacity to acquire and manage at-risk units.

Please see the *Building Blocks'* website for more information and sample analysis at http://www.hcd.ca.gov/hpd/housing_element2/EHN_atrisk.php.

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 (Section 65583(b)(1 & 2)).

While the element includes some information on the number of units anticipated to be conserved and rehabilitated by income group, it must also include new construction objectives for these income groups. Also, pursuant to recent legislation (Chapter 891, Statutes of 2006 [AB 2634]), the element must include objectives for extremely low-income households. See the sample table in the *Building Blocks'* website at http://www.hcd.ca.gov/hpd/housing_element2/PRO_overview.php.

D. Housing Programs

1. *Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels, including rental housing, emergency shelters and transitional housing. Where the inventory of sites, pursuant to paragraph (3) of subdivision (a), does not identify adequate sites to accommodate the need for groups of all household income levels pursuant to Section 65584, the program shall provide for sufficient sites with zoning that permits owner-occupied and rental multifamily residential use by-right (Section 65583(c)(1)).*

H-IM17 (Affordable Multifamily Housing Land Inventory) and H-S19 (Standards for Sites in the Residential Land Inventory) commit the County to rezone sites to address the identified shortfall sufficient to accommodate the regional housing need for lower-income households. Pursuant to Government Code Sections 65583(a)(3), 65583(c)(1) and 65583.2 (h), these programs must permit owner-occupied and rental multifamily uses by-right. By-right pursuant to 65583.2(i) means local government review must not require a conditional use permit (CUP), planned unit development or other discretionary review or approval. These programs must clarify the amount of acreage, by zone, that will be rezoned. The County could consider targeting rezoning efforts to the housing opportunity zones.

As noted in finding B2, depending on the adopted regional housing need allocation and complete analysis, H-IM17 and H-S19 may need to be further revised.

Transitional and Supportive Housing: The element includes a policy or "standard" to principally permit supportive and transitional housing in the R-3 and R-4 zones. This appears to limit these residential uses to these zones. Chapter 633, Statutes of 2007 (SB 2), requires local governments to permit transitional and supportive housing as a residential use and only subject to those restrictions that apply to other residential uses of the same type in the same zone. Program(s) should be added to address this statutory requirement.

Emergency Shelters: The element includes a policy to principally permit emergency shelters in several zones; however, pursuant to SB 2 it should also include an implementation measure to amend zoning within one year of adoption and meet all statutory requirements.

2. *Assist in the development of adequate housing to meet the needs of extremely low-, very low-, low-, and moderate-income households (Section 65583(c)(2)).*

While the element includes some programs to assist the development of very low-, low-, and moderate-income households, pursuant to AB 2634, existing programs should either be expanded or programs added to specifically assist in the development of a variety of housing types to meet the housing needs of extremely low-income households. To address this requirement, the element could revise programs to prioritize some funding for the development of housing affordable to ELI households and/or offer financial incentives or regulatory concessions to encourage the development of housing types, such as single-room occupancy units, which address the needs of this income group.

In addition, H-IM7 (Provide Funding for Housing Programs) should be revised to provide discrete timelines (such as at least bi-annually or annually) to apply for funds.

3. *The housing element shall contain programs which "address, and where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing" (Section 65583(c)(3)).*

As noted in finding B3, the element requires a complete analysis of potential governmental constraints. Depending upon the results of that analysis, the County may need to revise or add programs and address and remove or mitigate any identified constraints.

4. *Promote housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability (Section 65583(c)(5)).*

H-IM20 (Fair Housing): The program commits to continue to support enforcement programs. However, an adequate fair housing program must include proactive outreach for community education and ensure informational brochures are disseminated in a variety of public locations throughout the community. For example, the County could include a program similar to the previous element.

E. Public Participation

Local governments shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element, and the element shall describe this effort (Section 65583(c)(6)(B)).

The element discusses public meetings were held, including workshops and scoping meetings. However, the element does not describe the success of these efforts in achieving adequate participation including for lower- and moderate-income households. For example, the element could describe public comments from the workshops and how comments were considered or incorporated into the housing element. Based on information in the element and comments received, the draft element was not made available with sufficient time for public comment prior to submittal to the Department. The Department recognizes the County's efforts to conduct workshops and scoping meetings; however, involving the public in the *development* of the housing element is essential to an effective housing element. The County should continue to engage the community, including the parties commenting on this draft, through the revision and adoption of the housing element. These efforts should include making revisions available prior to submittal to the Department, and considering and incorporating comments, where appropriate, including revising policies and programs. For more information, please refer to the *Building Blocks'* website at http://www.hcd.ca.gov/hpd/housing_element/Screen02_public_participation.doc.