

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

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April 8, 2022

H.P. Kang, Director
Community Development Department
City of Hemet
445 E Florida Avenue
Hemet, CA 92543

Dear H.P. Kang:

RE: City of Hemet's 6th Cycle (2021-2029) Adopted Housing Element

Thank you for submitting the City of Hemet's (City) housing element adopted January 25, 2022 and received for review on February 9, 2022. Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review.

The adopted housing element addresses some statutory requirements described in HCD's December 23, 2021 review; however, additional revisions are necessary to fully 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).

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.

HCD appreciates the dedication and efforts of the housing element update team during housing element 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 Chelsea Lee, of our staff, at Chelsea.Lee@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 HEMET

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).)

HCD's prior review found the element must include a discussion of the cumulative effectiveness of programs in meeting the needs of special needs populations. The element was not revised to address this requirement. Please see HCD's prior review for additional information.

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).)*

Fair Housing Outreach and Enforcement: In response to HCD's prior review, the element now includes additional data and information on the number and types of fair housing complaints. However, the analysis must still be revised to describe compliance with existing fair housing laws and regulations and include information on fair housing outreach capacity.

Racially/Ethnically Concentrated Areas of Poverty (R/ECAP): In response to HCD's prior review, the element now includes some additional information and analysis on its R/ECAPs but should be supplemented by local and regional data and knowledge. In addition, the element should address R/ECAP circumstance and conditions (e.g., housing, infrastructure, community amenities) on a neighborhood or tract level, evaluate patterns and changes over time, and consider other relevant factors such as public participation, past policies, practices, and investments and demographic trends.

Local Data and Knowledge: The element was not revised to address this requirement. Please see HCD's prior review for additional information.

Other Relevant Factors: The element was not revised to address this requirement. Please see HCD's prior review for additional information.

Affirmatively Furthering Fair Housing (AFFH) and Identified Sites: In response to HCD's prior review, the element now includes additional analysis on the distribution of sites and its relationship to displacement risk, segregation/integration, overpayment, and overcrowding. The analysis suggests that sites for lower-income households are concentrated in central areas of the City, with moderate and above-moderate households concentrated exclusively in the peripheral areas of the City. Given this observation, the element should discuss the magnitude of the impact by location and identify whether the distribution of sites improves or exacerbates conditions. If sites exacerbate conditions, the element should identify further program actions to promote inclusive communities and equitable quality of life (e.g., increased new opportunities in higher opportunity areas and place-based strategies).

Goals, Actions, Metrics, and Milestones: In response to HCD's prior review, the element now includes revisions that better strengthen the linkages between the AFFH analysis and program actions. However, many of the programs still include vague language on commitments and lack timeframes for implementation. The element must be revised to include metrics (e.g., numerical targets) and milestones to target meaningful change and fair housing results. For example, Program H-1a includes language such as "explore and implement anti-gentrification policies and regulations to combat displacement..." but should identify specific anti-gentrification efforts or initiatives that will result in beneficial impacts during the planning period. As another example, given that the AFFH analysis revealed a significant number of fair housing complaints based on disability status, the City could conduct targeted outreach towards this population and identify metrics and milestones towards AFFH.

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).)*

Housing Conditions: While the element now notes the City's building codes department receives four to twelve cases per month, it must still estimate the number of units in need of rehabilitation and replacement. The element could utilize code enforcement data to estimate housing conditions. For example, the element could describe the code enforcement complaints, how often that results in housing in need of rehabilitation and replacement and apply that proportion on the housing stock based on local knowledge or age of structures. Please see HCD's prior review for additional information.

Housing Costs: In response to HCD's prior review, the element now includes additional information on current median sales prices for homes in the City. However, the element now deletes information on median rents (p. 2-39) and that information should be put back into the element.

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 credits 900 units of the Villages at Hemet Project, Central Block Project No. 2, and South Block Project No. 3 developments toward the regional housing need for lower-income households based upon the development's density. However, as noted in the prior review, to credit permitted units toward the regional housing need, the element must demonstrate affordability based on actual or projected sales prices, rent levels, or other mechanisms establishing affordability in the planning period. For additional information, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/housing-needs/projected-housing-needs.shtml>.

Realistic Capacity: In response to HCD's prior review, the element now includes a program to establish incentives to facilitate residential development in zones that allow for non-residential uses. However, these revisions do not otherwise address HCD's findings. Please see HCD's prior review for additional information.

Large Sites: In response to HCD's prior review, the element includes additional information on Table B-1 (p. B-5) regarding projects in the pipeline and employs the Tres Cerritos and Ramona Creek developments as evidence of past experience developing on larger sites. However, neither of these sites are affordable to lower-income households. The analysis further indicates that other pipeline projects including Villages at Hemet, Project No. 2, and Project No. 3 are provided as additional supporting evidence but it is unclear whether the affordability of these units is based on actual or projected sales prices, rent levels, or other mechanisms establishing affordability in the planning period. The element should remove the candidate housing sites, provide additional evidence of past developments of similar size and affordability levels, provide other evidence of how these sites are suitable for the lower-income RHNA or describe efforts to subdivide large parcels and include programs as necessary.

Zoning for Lower-Income Households: The element must demonstrate densities appropriate to accommodate housing for lower-income households. In response to HCD's prior review, the element states that although sites identified for lower-income households have MDR General Plan zoning designations of up to 18 dwelling units per acre, a corresponding R-3 zoning designation allows for up to 30 dwelling units per acre. However, the element should either demonstrate how zoning is allowed to exceed the densities identified in general plan designations without a legislative process such as a general plan amendment or include a program to redesignate these sites, including, if appropriate, meeting requirements pursuant to Government Code section 65583.2, subdivisions (h) and (i).

Environmental Constraints: In response to HCD's prior review, the element now includes some revisions that identify sites in its inventory as being susceptible to flood and fire hazard risks. However, the element must also identify any other known environmental constraints that could hinder or preclude residential development in relation to the sites inventory.

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 for technical assistance.

Zoning for a Variety of Housing Types:

- *Emergency Shelters:* In response to HCD's prior review, the element now adds additional information contextualizing the surroundings and proximity to resources of emergency shelters in the C-M zone. The element also adds Program H-1i (Zoning for Emergency Shelters) that commits the City to allowing emergency shelters by-right in at least one zone within 12 months of adopting the element. However, for your information, as noted in HCD's prior review, the City does not have a zone to permit emergency shelters without discretionary action and HCD cannot find the element in compliance until the appropriate zoning is available.
- *Transitional and Supportive Housing:* In response to HCD's prior review, the element includes revisions to Program H-1e (Supportive Housing and Low Barrier Navigation Centers) to amend the Municipal Code to comply with the requirements of state law. However, Government Code Sections 65660-65688 refer to permanent supportive housing and not transitional and supportive housing. For more information on transitional and supportive housing, consult Government Code Sections 65582 and 65583.
- *Employee Housing:* In response to HCD's prior review, the element now includes Program H-1g (Agricultural Employee and Farmworker Housing) to establish farmworker housing as a permitted use in residential and nonresidential zones in the City within 36 months of adopting the element. Given that employee housing provides more housing choices and deeper affordability to farmworkers and other lower-income households, timing of program actions should be earlier in the planning period, such as 12 or 24 months.
- *Single Room Occupancy (SRO) Units:* In response to HCD's prior review, the element now includes Program H-1h (Single Room Occupancy (SRO) Units) to establish zoning that permits SROs in the City within 36 months of adopting the element. Given that SROs provide more housing choices and deeper affordability to lower-income households, timing of program actions should be earlier in the planning period, such as 12 or 24 months.

- *Accessory Dwelling Units (ADUs)*: In response to HCD's prior review, the element now states that the Municipal Code complies with State law but does not clarify whether the City is defaulting to State ADU law in the absence of an ADU ordinance. In addition, the element presents contradicting information on page 4-14, which suggests that the City does have an ADU ordinance. However, HCD has no record of having received an ADU ordinance from the City for review and approval. The element should reconcile these discrepancies and programs should be revised as necessary.
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).)*

Land-Use Controls: In response to HCD's prior review, the element now adds additional analysis on minimum and maximum densities, minimum lot sizes, building heights, and parking standards. The element also concludes on page 3-12 that parking requirements are not constraints to housing. However, the element should specifically analyze parking requirements for multifamily dwellings with two or more bedrooms (p. 3-13) as a potential constraint on housing. In addition, the element includes some revisions to Program H-3k (Lot Consolidation) and Program H-3l (Annual Review of Site Requirements). However, Program H-3l should be revised to commit the City to address specific constraints identified in the analysis. Program H-3k does not otherwise address HCD's previous findings and the element should be revised to commit the City to address minimum lot sizes for multifamily developments as potential constraints.

Local Processing and Permit Procedures: In response to HCD's prior review, the element adds some useful information on Design Review Committee (DRC) procedures. However, additional information is required. The element should identify any final decision-making bodies of the DRC, indicate whether public hearings are required, and evaluate project approval criteria and approval findings for their impacts as potential constraints on housing. Please see HCD's prior review for more information.

On/Off-Site Improvements: In response to HCD's prior review, the element now includes additional information on on/off-site improvements. However, the element now deletes street standards and other critical information on pages 3-34 and 3-35 and this information should be put back into the element.

Housing for Persons with Disabilities: In response to HCD's prior review, the element now includes additional revisions on the City's reasonable accommodation (RA) procedures. The element indicates that no RA requests were received during the last planning period, and the RA is in compliance with state law. However, an analysis of the City's RA procedures suggests that requests are subject to conditional approval by the City, a significant constraint on persons with disabilities. The element should be revised

to address this constraint and add a program to modify or remove the constraint. In addition, the element was not revised to address HCD's finding that small and large group homes are subjected to a Small Group Homes Permit (SGHP) and an Administrative Use Permit (AUP), another significant constraint on persons with disabilities. Please see HCD's prior review for additional information.

5. *An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, the cost of construction, the requests to develop housing at densities below those anticipated in the analysis required by subdivision (c) of Government Code section 65583.2, and the length of time between receiving approval for a housing development and submittal of an application for building permits for that housing development that hinder the construction of a locality's share of the regional housing need in accordance with Government Code section 65584. The analysis shall also demonstrate local efforts to remove nongovernmental constraints that create a gap between the locality's planning for the development of housing for all income levels and the construction of that housing. (Gov. Code, § 65583, subd. (a)(6).)*

Identified Densities and Approval Times: In response to HCD's prior review, the element indicates that it rarely receives project applications at maximum densities. Given this observation, the element should clarify and analyze how the realistic capacity assumptions in sites inventory were determined. In addition, the element still does not indicate an average length of time between receiving approval for housing development and submittal of application for building permits. Please see HCD's prior review for additional information.

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).)*

In response to HCD's prior review, the element now includes several revisions to program actions and timeframes. However, Programs H-1a (Implement Fair Housing Laws), H-1c (Accessibility for Persons with Disabilities), and H-1f (Housing for Extremely Low-Income (ELI) Households) still must include specific commitment and timelines. Please see HCD's prior review for additional information.

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.

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).)*

In response to HCD's prior review, the element now includes some revisions to program actions and timeframes. However, as described in the prior review, programs must be revised with specific and proactive action with timing toward actual outcomes such as outreach efforts with developers of affordable housing on an annual basis. These programs include H-1c (Accessibility for Persons with Disabilities), H-1d (Special Housing Needs), H-1f (Housing for Extremely Low-Income (ELI) Households), H-2a (Facilitate Development of Affordable Ownership and Rental Housing Through Regulatory Incentives), and H-2f (Coordination for Entitlement Funding). These programs still contain vague language for many program actions. For example, Program H-1c includes outreach to encourage housing developers to include accessibility in project design but does not specify what specific strategies, metrics, and milestones are attributed with these activities. As another example, Program H-2f commits the City to coordinating annually to use and distribute federal entitlement programs to better integrate the housing element with the City's Consolidated Plan but does not otherwise specify how it will do so.

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 non-governmental 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. *The Housing Element shall include programs to conserve and improve the condition of the existing affordable housing stock. (Gov. Code, § 65583, subd. (c)(4).)*

In response to HCD's prior review, the element now includes Program H-5f (Preservation and Improvement of Mobile Homes) that commits the City to identifying mobilehomes requiring rehabilitation within 36 months of adopting the element. Given that mobilehomes comprise a significant portion of the City's housing stock, timing of program actions should be earlier in the planning period, such as 12 or 24 months.

6. *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. For additional guidance on program requirements to AFFH, please see HCD's guidance at <https://www.hcd.ca.gov/community-development/housing-element/housing-element-memos.shtml>.

7. *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).)*

In response to HCD's prior review, the element now includes revisions that add Program H-3d (Accessory Dwelling Unit Monitoring Program) to commit the City to monitoring ADU production trends and adjusting ADU targets or rezoning as necessary. The program should also be revised to include the monitoring of affordability of ADUs. In addition, Program 3c (Accessory Dwelling Units) still contains vague language on program actions (i.e., "explore additional incentives and/or program components...") and should be revised with specific commitment.

D. 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).

In response to HCD's prior review, the element now includes revisions for the number of units that can be rehabilitated during the eight-year planning period. However, the element must also quantify the number of units that can be conserved and preserved. Units preserved are not limited to those at-risk of converting to market-rate within the planning period. For

example, the City may include units preserved from mobilehome parks, Section 8, and those resulting from code enforcement responses.

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. (Gov. Code, § 65583, subd. (c)(8).)

The element was not revised to address this requirement. Please see HCD's prior review for additional information.