

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

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July 12, 2022

Kenneth Phung, Director
Development Services
City of Perris
101 N. D Street
Perris, CA 92570

Dear Kenneth Phung:

RE: City of Perris 6th Cycle (2021-2029) Adopted Housing Element

Thank you for submitting the City of Perris adopted housing element received for review on May 13, 2022 along with changes authorized by Resolution 5918. 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 element with changes addresses many statutory requirements described in HCD's March 21, 2022 review; however, revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code). The revisions needed are as follows:

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).)*

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).)

Goals, Actions, Metrics, and Milestones: While the element included some revisions, it did not fully address this finding. HCD's prior review(s) found that the element must 1) include actions and strategies that seek to overcome contributing factors to fair housing issues and 2) programs should address housing mobility, displacement risks, promoting new housing opportunities in areas of high opportunity and implementing place-based strategies to encourage community preservation and revitalization. The revised element did not include actions meaningful enough to overcome fair housing issues and specifically

address place-based strategies and increase housing choices and affordability in higher opportunity areas.

- *Place-based Strategies:* Place-based strategies to encourage community preservation and revitalization should address increasing quality of life. Areas that should be addressed include but not be limited to housing, transportation, infrastructure, parks, recreation, education programs, etc. Additionally, programs establishing place-based strategies must target a geographic area of the City. The element referenced various programs in different parts of the element that are addressing low-resourced areas and establishing place-based strategies, including but not limited to actions 2.3, 2.10, 3.1, 4.9 (pg. 142) and 1.1, 1.2, 4.4, 4.2 (pg. 140). However, several of these actions do not have a geographic target, or based on the information provided in the program, was not considered meaningful to address fair housing issues. Specifically, as follows:
 - *Action 2.10: Infrastructure Improvements* – This program must revise its metrics to target the intended outcome. For example, the metric for this program is to apply for at least two grants during the planning period. However, metrics should be targeting beneficial impacts for people, households, and neighborhoods. In this case, the element could develop metrics based on the number and type of infrastructure projects.
 - *Action 4.9: Place-Based Investments in Low Resource Areas that Support Affordable Housing* – This program commits to developing an action plan for infill areas in historically underserved communities within two years of housing element certification. The program commits to “conducting outreach and engagement, aligning investment strategies, anti-displacement strategies, and affordable housing opportunities” however, as found in HCD’s prior review, the element provides no information on what that means or what these actions will look like. For example, the element should describe what type of actions may be included in these plans (e.g., infrastructure improvements, parks, placemaking, transportation, etc.). Additionally, based on this information, the element should consider adding quantifiable metrics related to the intended outcomes (e.g., number of people or households assisted, number of housing units built, number of parks or infrastructure projects completed). Lastly, while the element includes a timeline on developing these actions plan, it should include a timeline on implementation of the various actions within these plans.
- *Increasing Housing Choices and Affordability in High Opportunity Areas:* HCD’s prior review found the element did not include any programs or strategies to increase housing choices in areas of higher opportunity. The City submitted a response to HCD’s findings with the revised element

stating that Actions 2.2, 2.10, 3.4, and 4.4 address this requirement. However, these actions should be revised as follows:

- *Action 2.2: Senior Housing Overlay* markets the senior housing overlay zone in high opportunity areas. Programs should be increasing housing choices in higher opportunity areas to all community members. However, this action limits housing choices for seniors rather than all community members or a special focus on protected classes and income groups.
 - *Action 2.10: Infrastructure Improvements* – The element states that this program is specifically targeting low resourced areas instead of higher opportunity areas.
 - *Action 4.4: Anti-Poverty Strategies* – This program is implementing and marketing financial, social services, and workforce development programs to lower-income families and does not relate to increasing housing opportunities in higher resourced areas.
2. *Analyze existing assisted housing developments that are eligible to change to non-low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions. (Gov. Code, § 65583, subd. (a)(9) through 65583(a)(9)(D).).*

HCD's prior review(s) found that San Jacinto Vista II apartment complex affordability restrictions on this project will expire by 2028 and that the element must estimate and analyze the cost for replacing versus preserving the units. While the element was revised to estimate the cost of replacement, it did not address the cost of preserving the units. Instead, the revised element states "actual preservation costs can not be provided as it is highly variable based on timing and market conditions...and without an appraisal and market study, the assumption is speculative..." (p. 145). This does not address HCD's prior review findings. The element must include an estimated cost for preserving these units.

The element will meet statutory requirements of State Housing Element Law once it has been revised and re-adopted to comply with the above requirements pursuant to Government Code section 65585.

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 Senate Bill 197 (Chapter 70, Statutes of 2022), as the City failed to adopt a compliant housing element within 120 days of the statutory deadline

(October 15, 2021), Action 2.4: Ensure Adequate Sites to Accommodate The Regional Housing Needs Allocation (RHNA) must be completed no later than three years and 120 days from the statutory deadline (February 12, 2025). 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 rezones to accommodate a shortfall of sites pursuant to Government Code section 65583, subdivision (c), paragraph (1), subparagraph (A) and Government Code section 65583.2, subdivision (c) 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 of Perris must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while 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

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.

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 Tristan Lanza, of our staff, at Tristan.lanza@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