

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

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May 12, 2021

Jesse Brown, Senior Planner
Community Development Department
City of Coronado
1825 Strand Way
Coronado, CA 92118

Dear Jesse Brown:

RE: Review of Coronado's 6th Cycle (2021-2029) Draft Housing Element (Update)

Thank you for submitting the City of Coronado's (City) draft housing element received for review on March 17, 2021, along with revisions received on May 3, 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. Our review was facilitated by a telephone conversation on May 26, 2021 with Jesse Brown, Jane Thornton, Richard Grunow, and the City's consultants Dave Barquist, Molly Mendoza, and Matt Horton from Kimley Horn. In addition, HCD considered comments from the San Diego Housing Federation pursuant to Government Code section 65585, subdivision (c).

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 April 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 make revisions to the element as described above, adopt, and submit to HCD to regain housing element compliance.

To remain on an eight-year planning cycle, the City must adopt its housing element within 120 calendar days from the statutory due date of April 15, 2021 for San Diego Association of Governments (SANDAG) localities. If adopted after this date, Government Code section 65588, subdivision (e)(4), requires the housing element be revised every four years until adopting at least two consecutive revisions by the statutory deadline. For more information on housing element adoption requirements,

please visit HCD's website at: http://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/sb375_final100413.pdf

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.

Specifically, HCD understands the City made the element available to the public at the same time of submittal to HCD. The availability of the document to the public and opportunity for public comment prior to submittal to HCD is essential to the public process and HCD's review. The City must proactively make future revisions available to the public, including any commenters, and diligently consider and address comments, including making revisions to the document where appropriate. Consideration of comments should not be limited by HCD's findings in this review letter.

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. 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.

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 Sohab Mehmood, of our staff, at Sohab.Mehmood@hcd.ca.gov.

Sincerely,



Shannan West
Land Use & Planning Unit Chief

Enclosure

APPENDIX CITY OF CORONADO

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. 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))*

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).)

Enforcement: While the element includes a summary of fair housing complaints (pg. 3-42), it must also include additional local knowledge, relevant factors, and a conclusion of summary of issues. The analysis must also address how the City complies with existing fair housing laws and regulations and fair housing outreach capacity.

Integration and Segregation: The element includes some data on integration and segregation (pg. 3-43) and identifies moderate segregation amongst African Americans. The element also analyzes familial status, income, and persons with disabilities in the lens of displacement risk (pg. 3-53-59) but should also complement the data with other relevant factors, local knowledge, and conclude with a summary of issues.

Disproportionate housing needs and Displacement Risk: While the element does include data on overcrowded households and substandard housing conditions, the analysis should also analyze the trends and patterns related to cost burdened households. The element should also address local data and knowledge, other relevant factors and conclude with a summary of issues.

Sites Inventory: The element identifies and includes some analysis of the location and assumed affordability on identified sites relative to different components of the assessment of fair housing. However, the element needs to analyze and conclude whether the identified sites improve or exacerbate each of the fair housing issue areas.

Contributing Factors: Given that the City concluded that it does not have any units in need of rehabilitation or replacement (pg. 2-35), without additional relevant information, the element should not consider housing age and conditions as a contributing factor to fair housing issues in the City of Coronado. Further, the element should consider and prioritize additional contributing factors relevant to the assessment of fair housing for Coronado. Examples include community opposition to affordable housing, housing discrimination, land use and zoning laws, lack of regional cooperation, location and type or lack of affordable housing and lack of public or private investment in areas of opportunity or affordable housing choices.

Goals, Actions, Priorities, Metrics, and Milestones: Goals and actions must significantly seek to overcome contributing factors to fair housing issues. Currently, the element identifies only one program (Program 5F) to address affirmatively furthering fair housing. This program does not appear to have any actions that facilitate meaningful change.

Programs generally must address enhancing housing mobility strategies; encouraging development of new affordable housing in high resource areas; improving place-based strategies to encourage community conservation and revitalization, including preservation of existing affordable housing; and protecting existing residents from displacement. Given that most of the City is considered a high and highest resource community (pg. 3-50), the element could focus on programs that enhance housing mobility and encourage development of more housing choices and affordable housing. Programs also need to be based on identified contributing factors, be significant and meaningful. The element must add, and revise programs based on a complete analysis and listing and prioritization of contributing factors to fair housing issues. Furthermore, the element must include metrics and milestones for evaluating progress on programs, actions, and fair housing results. For more information, please see HCD's guidance at <https://www.hcd.ca.gov/community-development/affh/index.shtml>.

- 2. 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).)*

The City has a regional housing need allocation (RHNA) of 912 housing units, of which 481 are for lower-income households. To address this need, the element relies on nonvacant sites, accessory dwelling units (ADUs) and other housing types. To demonstrate the adequacy of these sites and strategies to accommodate the City's RHNA, the element must include:

Military Sites: The housing element identified a Navy owned site (parcel number 615-303-0300) to accommodate 200 units of the City's moderate income RHNA and 275 units of above moderate income RHNA. The element also includes some information about the likelihood for redevelopment (pg. B-16) on that site. However, the element must have additional analysis about the site including what agency (City or military) will be facilitating zoning and permitting, which agency has control over the site, whether the site is in the City's limits, and contingency plan if the Navy chooses to not develop the site for housing.

Realistic Capacity: The element currently includes an estimate of the number of units that can be accommodated on each site in the inventory by relying on multiplying the buildable acreage by maximum density. The estimate is supported by recently built very-low density developments (pg. B-6). The recently built examples do not reflect the densities and estimated units for the lower-income RHNA in the inventory. As such, the element should include examples that are more reflective of what is in the inventory, such as higher-density developments.

Suitability of Nonvacant Sites: The element includes an analysis of the existing uses and likelihood for redevelopment during the planning period (pg. B-6-8 and B-15-23); however, the element must also incorporate recent development trends and market conditions and relate that information to the sites identified to accommodate the regional housing need. For example, the element identifies sites with parking lots or existing low floor area ratio but should also support the assumption that these uses will likely discontinue based on past trends.

In addition, the element states (pg. B-8) that only 20% of the City's lower-income RHNA will be accommodated on nonvacant sites. However, based on the outcomes of a complete analysis, this figure may change and should be re-visited as appropriate. If the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households, as part of the resolution to adopt the housing element, the City must make findings based on substantial evidence pursuant to Government Code section 65583.2, subdivision (g)(2).

Replacement Housing Requirements: If the sites inventory identifies sites with existing residential uses, it must identify whether they are affordable to lower-income households or describe whether the additional residential development on the site requires the demolition of the existing residential use. For nonvacant sites with existing, vacated, or demolished residential uses and occupied by, or subject to an affordability requirement for, lower-income households within the last five years there must be a replacement housing program for units affordable to lower-income households (Gov. Code, § 65583.2, subd. (g)(3)). Absent a replacement housing program, these sites are not adequate sites to accommodate lower-income households. The replacement housing program has the same requirements as set forth in Government Code section 65915, subdivision (c)(3). The housing element must be revised to include such analysis and a program, if necessary.

Candidate Sites for Rezoning: The element identifies a shortfall of adequate sites to accommodate the regional housing need for lower-income households. It also identifies candidate sites that will be rezoned within the first three years of the planning period. However, one of the candidate sites for the lower-income housing need does not appear to permit 16 units as required by statute. The element should include additional description to demonstrate this site can permit 16 units, remove the site or not utilize the site in demonstrating adequate sites to accommodate the housing needs of lower-income households.

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, meeting statutory requirements, requires rezoning within three years. While the element includes a program, the sites inventory should also denote sites identified in prior planning periods.

Sites Inventory: Pursuant to Government Code section 65583.3, subdivision (b), the City must utilize standards, forms, and definitions adopted by HCD when preparing the sites inventory. Please see HCD's housing element webpage at: <https://www.hcd.ca.gov/community-development/building-blocks/constraints/codes-and-enforcement-on-offsite-improvement-standards.shtml> for a copy of the form and instructions. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance. Please note, upon adoption of the housing element, the County must submit an electronic version of the sites inventory with its adopted housing element to sitesinventory@hcd.ca.gov

Accessory Dwelling Units (ADU): The element projects 24 ADUs per year over the eight-year planning period for a total of 192 ADUs. However, the element notes the approval of 13 ADUs in 2018, 16 in 2019, and 8 in 2020 equating to an average of 12 ADUs in the last three years. The element does not support a two-fold increase in the number of ADUs through programs or analysis. Without sufficient analysis and policies and programs, the element should be revised to reduce the number of ADUs assumed per year. Additionally, the ADU monitoring program (Program 4D) must commit to more frequent monitoring (every year) and specific commitment to adopt alternative measures such as rezoning or amending the element within a specific time (e.g., 6 months) if ADU assumptions for the number of units and affordability are not met.

Carriage Houses and Liveaboards: The element projects approximately 6 carriage houses and 3 to 4 liveaboards per year throughout the planning but should also support this assumption based on past trends, recent interest or other data more specifically tailored to Coronado. Further, the element should address whether zoning is necessary to permit liveaboards, whether the City intends to use vacant slips or convert existing structures to units and confirm whether liveaboards meet the definition of a housing units and will be reported to the Department of Finance and as part of the annual progress report pursuant to Government Code section 65400. Programs should be added or modified based on the outcomes of this analysis.

Affordability of ADUs, Carriage Houses and Liveboards: The housing element roughly assumes 70 percent of ADUs, carriage housing and liveboards affordable to lower-income households based on rental studies conducted for the Southern California Association of Governments (SCAG) region. However, given the unique circumstances of Coronado, such as one-bedroom rents exceeding \$2,600, the element should address affordability based on more localized data.

Sites with Zoning for a Variety of Housing Types:

- Emergency Shelters: The element identifies the C-Zone to accommodate the identified housing need for emergency shelters. (Gov. Code, § 65583, subd. (a)(4).) However, the element needs to include an analysis of the suitability and capacity of that zone for an emergency shelter. For example, identifying the number of parcels, typical parcels sizes, whether the sites are nonvacant, and the potential capacity for adaptive reuse. To analyze the suitability of the zone, the element can include information on surrounding uses and access to services.
 - Housing for Farmworkers: Currently, the element does not clarify how employee housing for six or fewer employees are permitted (pg. 3-11). The element must demonstrate that zoning is consistent with the Employee Housing Act (Health and Safety Code, § 17000 et seq.), specifically, section 17021.5 which 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. Based on the outcome of this analysis, the element may need to include a program to amend zoning and comply with the Employee Housing Act.
 - Transitional and Supportive Housing: Transitional and supportive housing must be permitted as a residential use in all zones and only subject to those restrictions that apply to other residential dwellings of the same type in the same zone. The element indicates transitional and supportive housing is not permitted in the R4 zone, a zone intended for multifamily uses. The element should clarify consistency with these statutory requirements and include a program, as appropriate.
3. *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).)*

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 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 Section 65584. (Gov. Code, § 65583, subd. (a)(6).)

Land Use Controls: While the element lists parking requirements at 2 spaces per unit for multifamily uses, it must also analyze the requirements as a potential constraint on the cost and supply of housing and ability to achieve maximum densities.

Design Review: The element noted that multifamily housing is required to obtain Design Review Commission approval. The element must describe and analyze the design review process, including approval procedures and decision-making criteria, for their impact as potential constraints on housing supply and affordability. For example, the analysis could describe required findings and discuss whether objective standards and guidelines improve development certainty and mitigate cost impacts. The element must demonstrate this process is not a constraint and include a program to address this permitting requirement, as appropriate.

Codes and Enforcement: While the element states that the City relies on Title 24 of California Code of Regulations, it must also include whether any local amendments to the building code have been made, 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/community-development/building-blocks/constraints/codes-and-enforcement-on-offsite-improvement-standards.shtml>.

Constraints on Housing for Persons with Disabilities: The element states group homes for seven or more is only allowed in one residential zone (R-4) and is subject to a major use permit. A use permit and exclusion of group homes from almost all residential zones are barriers to housing for persons with disabilities. Programs should be added or modified as appropriate. Secondly, the element explains the reasonable accommodation procedure and lists certain approval findings, such as evaluating the reasonable accommodation request for impacts on surrounding uses. This approval finding essentially subjects a request for reasonable accommodation to a use permit finding and acts as a constraint on housing for persons with disabilities. Programs should be added or modified as appropriate to address this constraint. Lastly, the element should identify and analyze any definition of family and include a program as appropriate.

Requests for Lower Density, Permit Times, and Efforts to Address Non-Governmental Constraints: The element must include analysis of requests to develop housing at densities below those anticipated, and the length of time between receiving approval for a housing development and submittal of an application for building permits that potentially hinder the construction of a locality's share of the regional housing need.

4. *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).)*

The element contains general information regarding the number of farmworkers within the jurisdictions and general employment trends in the region. However, the element must also include information regarding the number of farmworkers, including permanent and seasonal, in the region. HCD will send data under separate cover for the San Diego region.

C. Housing Programs

1. *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 A2, the element does not include a complete 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. In addition, the element should be revised as follows:

Adequate Sites: The element identifies candidate sites that will be rezoned to accommodate the regional housing need for lower-income households. While the element includes programs for upzoning and other zoning changes, programs to address a shortfall of sites must include the following provisions:

- permit owner-occupied and rental multifamily uses by-right for developments in which 20 percent or more of the units are affordable to lower-income households. By-right means local government review must not require a conditional use permit, planned unit development permit, or other discretionary review or approval;
- accommodate a minimum of 16 units per site;
- require a minimum density of 20 units per acre; and
- at least 50 percent of the lower-income need must be accommodated on sites designated for residential use only or on sites zoned for mixed uses that accommodate all of the very low- and low-income housing need, if those sites:

- allow 100 percent residential use, and
- require residential use occupy 50 percent of the total floor area of a mixed-use project.

Program 1D (Liveboards), 4B (Carriage houses), 4D (ADU): For the City to count the potential conversion of liveboards and carriage houses towards its RHNA, it must revise these programs to commit to 1) For liveboards and carriage houses, reporting those as units to Department of Finance and as part of the annual progress report pursuant to Government Code section 65400; 2) Frequently monitor (every two years); 3) Adopt alternative measures such as rezoning or amending the element within a specific time (e.g., 6 months) if ADU, liveboards, or carriage houses assumptions for the number of units and affordability are not met; and (4) For liveboards, if zoning changes are necessary, address by right requirements as described above and adjust the number of liveboards assumed in the planning period based on the timing and availability of zoning.

Program 1G (Rezoning of City-owned Property): In addition to rezoning, this program should include a schedule of steps and actions to make the site available and facilitate development on City-owned sites such as surplus sites by a date certain (prior to rezoning to ensure non-discretionary action), issuing requests for proposals, facilitating and completing approvals and other actions as necessary.

Program 5B (Supportive Housing and Low Barrier Navigation Centers): While this program commits to adopt policies and procedures, it must also clearly commit to amend zoning to permit by-right permanent supportive housing and low barrier navigation centers in compliance with statutory requirements.

2. *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 programs with proactive and specific efforts to assist in the development of housing for lower-income households, including extremely low-income households and households with special needs, persons experiencing homelessness; farmworkers; persons with disabilities, including developmental; and elderly. Efforts should involve proactive and regular outreach to developers of affordable housing and should utilize incentives and financial and other resources. To address these requirements, programs should be revised as follows:

Program 1C (Affordable Housing Development): The program should commit to proactive outreach with developers on an at least an annual basis to identify potential opportunities.

Program 1J (Amend Density Bonus Ordinance): The timeline for adopting a density bonus ordinance should be moved earlier in the planning period (e.g., within one year).

Program 3C (Assistance to Extremely Low-Income Households): The program currently commits to evaluate needs within two years and develop a program within three years. The program approach and timing are inadequate. The program should commit to proactive outreach with developers on an at least annual basis, incentives and resources as described above.

Program 3D (Assistance for Persons with Special Needs): This program commits to evaluate needs and identify resources and methods but must also commit to tangible actions toward the development of housing, including discrete timing. Action could include outreach with developers and service providers and utilizing financial resources and incentives.

3. *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 Finding A3, the element requires a complete analysis of potential governmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs to address and remove or mitigate any identified constraints.

4. *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 A1, the element must include a complete analysis of affirmatively furthering fair housing. Based on the outcome of that analysis, the element must add or modify programs.

5. *The housing program shall preserve for low-income household the assisted housing developments identified pursuant to paragraph (9) of subdivision (a). The program for preservation of the assisted housing developments shall utilize, to the extent necessary, all available federal, state, and local financing and subsidy programs identified in paragraph (9) of subdivision (a), except where a community has other urgent needs for which alternative funding sources are not available. The program may include strategies that involve local regulation and technical assistance. (Gov. Code, § 65583, subd. (c)(6).)*

The element identifies 60 units affordable to lower-income households that are at-risk of converting to market rate during the planning period. As a result, the element must include a program to preserve affordability for those units.

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).)

While the element does include quantified objectives (pg. 4-16), the objectives for conservation/preservation should be revised from 8 units to reflect the 60 affordable at-risk units noted on pg. 3-57.

E. Coastal Zone Localities

Coastal localities shall document the number of low- and moderate-income units converted or demolished, and the number of replacement units provided. (Gov. Code, § 65588, subd. (d).)

While the element includes information on housing in the coastal zone, it must include additional information to address this statutory requirement. The housing element must identify the number of low- and moderate-income dwelling units that have been replaced, demolished, and/or converted, within the coastal zone, since January 1, 1982. The element must also identify the number of residential dwelling units for low- and moderate-income households that have been constructed or required for replacement within the coastal zone.