

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

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November 8, 2021

Tina Friend, City Manager
City of Coronado
City Hall
1825 Strand Way
Coronado, CA 92118

Dear Tina Friend

RE: Coronado's 6th Cycle (2021-2029) Adopted Housing Element

Thank you for submitting the City of Coronado's (City) housing element, which was adopted July 20, 2021, and received for review on August 10, 2021. 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 generally does not address most statutory requirements described in HCD's May 12, 2021 review. Additional revisions are 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 revise the element as described in this letter, adopt, and submit to HCD to regain housing element compliance. 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.

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. When the element fully meets statutory requirements, the City will meet housing element requirements for these and other funding sources.

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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 is committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions, please contact Sohab Mehmood, of our staff at Sohab.mehmood@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall". The signature is stylized and somewhat cursive.

Paul McDougall
Senior Program Manager

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).)*

Enforcement: The element must include information on how the City complies with fair housing laws. Please visit pages 29-30 of HCD Affirmatively Furthering Fair Housing (AFFH) guidance memo: https://www.hcd.ca.gov/community-development/affh/docs/affh_document_final_4-27-2021.pdf.

Racially/Ethnic Concentrated Areas of Affluence: The element states Racially/Ethnic Concentrated Areas of Poverty (R/ECAPS) do not exist within the City; however, the element should also analyze the racial concentrations as it relates to areas of affluence. Please visit pages 33-34 of HCD's Affirmatively Furthering Fair Housing (AFFH) guidance memo: https://www.hcd.ca.gov/community-development/affh/docs/affh_document_final_4-27-2021.pdf.

Other Relevant Factors: A discussion of other relevant factors is an important piece of evaluating patterns, trends, and policies that have contributed to certain fair housing conditions. This analysis must consider information that is unique to the City such as governmental and nongovernmental actions or lack thereof regarding zoning and land use regulations, information about past redlining/greenlining, restrictive covenants, practices such as disinvestment in policies that contribute to disproportionate housing needs and demographic trends.

Local Knowledge and Data: While the element now includes one respondent to the County level Analysis of Impediments to Fair Housing Choice, it generally does not incorporate local data and knowledge to inform a summary of fair housing issues, contributing factors to fair housing issues and appropriate goals and action. The element should provide additional data such as comments from local and regional stakeholders.

Sites Inventory: The element includes an analysis of lower-income RHNA sites relative to race and income; however the element must analyze all sites for each RHNA income category independently and cumulatively relative to each fair housing component (e.g., integration and segregation, access to opportunity, and disproportionate housing needs including displacement risk). Furthermore, the element should analyze the magnitude of the impact, whether sites are isolated and evaluate whether sites exacerbate or improve segregation and integration at a neighborhood level.

Summary of Fair Housing Issues: A complete assessment must clearly identify and analyze fair housing issues. While the element included a list of conclusive statements about the City (p. 3-57), it did not clearly identify fair housing issues that was a result of the analysis. For example, the conclusion of the assessment stated that the City is a high opportunity area, with strong transit performance scores, and no R/ECAPs exist in the City. However, the analysis should focus on fair housing issues such as moderate segregation for African Americans and community opposition to affordable housing.

Contributing Factors: While the element included a list of contributing factors (e.g., community opposition, housing affordability, and substandard housing conditions), the list should be modified based on a complete analysis of fair housing. Once the element clearly identifies fair housing issues, it should list and prioritize contributing factors and discuss how those factors contributed to fair housing issues.

Goals, Actions, Metrics, and Milestones: While the element included additional Programs (3C and 5E), goals and actions should be revised based a complete analysis and prioritized contributing factors to fair housing issues. Please see HCD's May 12, 2021 review for more information.

- 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).)*

Regional Housing Needs Allocation (RHNA): The element identified the City's (RHNA) of 912 units. The element also states the City does not believe it's logical to plan for this RHNA and the City has self-determined its RHNA as noted in the calculation of adequate sites (Table 3-15). However, HCD will be utilizing the adopted RHNA (912 units) in its review of the housing element.

Candidate Sites for Rezoning: The element lists sites based on current zoning and again as candidate sites to be rezoned; apparently double counting sites toward the RHNA. The element should clarify if the City has identified any sites with the appropriate densities and zoning to accommodate any part of it's RHNA. Based on the results, the City must add or modify programs to rezone sites by-right pursuant to Government Code Section 65583, subdivision (c)(1).

Military Sites: The housing element identified a Navy owned site (parcel number 615-303-0300) also known as the “vacant strand site” to accommodate 40 units of the lower-income RHNA, 60 units of the moderate-income RHNA and 100 units of above moderate-income RHNA. While the element was revised to clarify that this site is within the City’s boundaries and included a statement that the City will collaborate with Navy, it still must include information on the likelihood for redevelopment such as what agency will be facilitating zoning and permitting, which agency has control over the site, and contingency plan if the Navy chooses to not develop the site for housing. Please see HCD’s May 12, 2021 review for more information.

Realistic Capacity: The element did not address this finding. While the element now includes two project examples of higher density projects (p. B-4), it should also include the affordability of those projects, and the maximum allowable densities for the zone versus the density achieved to relate it back to the sites identified in the inventory. Additionally, the element assumes sites will be developed at or above maximum densities; however, it must adequately support or correct this assumption based on factors such as land-use controls, site improvements and recently built densities by affordability.

Suitability of Nonvacant Sites: While the element was revised to include some examples of redeveloping nonvacant sites and expand on some of the existing uses, additional information and analysis is needed to demonstrate potential for additional residential development on these sites. For example, the element included examples of sites with one or two single family homes redeveloping into duplex, triplexes, and fourplexes. However, the sites inventory assumes that low-density commercial will redevelop into high density residential. The examples provided on Page B-4 do not support the assumptions for redevelopment. Please refer to the May 12, 2021 review for additional information.

Based on the outcomes of a complete sites analysis, 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).

Accessory Dwelling Units (ADU): The element now includes more accurate assumptions when counting ADUs towards RHNA. However, the element counts 20 percent of ADUs (20 ADUs) towards the City’s lower-income RHNA and states that affordability was based on “institutional and local anecdotal evidence...” (p. 3-33). As stated in the May 12, 2021 review, because Coronado’s average rent for a one-bedroom exceeds \$2,600, the City must provide analysis to demonstrate that these ADUs will be affordable to lower-income households.

Sites with Zoning for a Variety of Housing Types:

- *Emergency Shelters:* The element added a statement that the City completed a capacity analysis of the C-Z zone; however, provides no additional information on suitability and capacity. The element does not address the findings from HCD's May 12, 2021 review. Please see the previous review for more information.
- *Housing for Farmworkers:* The element did not address this finding other than stating that the "City does not define farmworker housing but would be treated the same as any other residential unit..." (p. 3-12). Please see HCD's May 12, 2021 review for more information.

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 now analyzes parking requirements at 2 spaces per unit for multifamily uses and considered it a constraint. The element stated that this constraint can be mitigated through concessions. The element should detail the process for a developer to receive a parking concession and the effectiveness of parking concessions in addressing constraints to multifamily development.

Design Review: While the element now includes an analysis of the City's design review process and approval findings, it must include information on how the City promotes development certainty and mitigate cost impacts. For example, the City requires that designs are not "inappropriate, incompatible, bizarre, and exotic..." and "colors must be harmonious..." The element should discuss how the City provides clarity to applicants in meeting these approval findings.

Constraints on Housing for Persons with Disabilities: The element was not revised to address these findings. Please see HCD's May 12, 2021 review for more information.

Requests for Lower Density, Permit Times, and Efforts to Address Nongovernmental Constraints: The element was not revised to address this finding. Please see HCD's May 12, 2021 review for more information.

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 housing element was not revised to address the special housing needs of farmworkers. Please see HCD's May 12, 2021 review for more information.

B. 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 to accommodate the City's assigned RHNA allocation, 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 4B (Accessory Dwelling Units (ADU)): The element included a program (p. 4-11) to promote ADUs by development and disseminating outreach materials. However, the program must specify by when will the City develop outreach materials and how often will these outreach materials be disseminated.
- Program 4C (ADU Monitoring Program): The element revised the ADU monitoring program to reflect the new ADU assumptions; however new other changes were made. As stated in the May 12, 2021 review, the program must commit to adopting 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.

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).)*

Program 3B (Assistance for Persons with Special Needs): While the element now includes a program to address special needs populations, the program must include a specific timeline (e.g., annually).

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 was not revised to address this requirement. Upon a complete analysis of governmental and nongovernmental constraints, the element must add or modify programs, as appropriate.

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 did not include adequate programs to affirmatively further fair housing. Please see HCD's May 12, 2021 review for more information.

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).)*

Program 2C (Preservation of Affordability for At-Risk Units): While the element now includes a program to preserve the affordability of units at risk of converting, the program identifies 55 units at-risk; however, the element shows 78 units at-risk of converting to market rate uses in the next ten years (p. 3-56). The program should be revised to reflect an accurate number of units at-risk.

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. (Gov. Code, § 65583, subd. (b)(1 & 2).)

While the element does include quantified objectives (p. 4-16), the objectives for conservation/preservation should be revised from 55 units to reflect the 78 affordable at-risk units noted on page 3-56.