

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

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May 23, 2025

Amy Nilsen, City Manager
City of Fortuna
621 11th Street
Fortuna, CA 95540

RE: City of Fortuna 6th Cycle Housing Element Programs – Letter of Inquiry

Dear Amy Nilsen:

The purpose of this letter is to inquire about the status of the City of Fortuna's (City) 6th Cycle Housing Element Program implementation pursuant to Government Code section 65585, subdivision (j). The California Department of Housing and Community Development's (HCD) sent the City a letter on September 16, 2019, finding the City's housing element in substantial compliance with State Housing Element Law.¹ This was based on, among other reasons, the City's responsibility to complete Programs according to timeline commitments. As the commitment date has passed for the programs listed below, HCD requests that the City provide an update on the status and timeline of implementation for the following:

- Program H-10 (Maintain an Inventory of Affordable Housing Sites and Ensure Site Feasibility) was due by August 19, 2022. The program commits to amend the zoning code to allow residential use without discretionary action on identified reuse sites for housing developments in which at least 20 percent of the units are affordable to lower-income households. The City should confirm whether the Program has been completed and provide the accompanying documentation (e.g., ordinances, resolutions, zoning codes, etc.) or provide a timeline for Program completion.
- Program H-12 (Transitional and Supportive Housing) was due by August 19, 2020. The Program commits to amending the zoning code to allow for transitional and supportive housing types in compliance with state law (Government Code Section 65583(c)(3)). The Annual Progress Report (APR) from 2024 states that this amendment is planned for 2025. The City should confirm whether the Program has been completed and provide the accompanying documentation (e.g., ordinances, resolutions, zoning codes, etc.) or provide a timeline for Program completion.

¹ Gov. Code, § 65580 et seq.

- Program H-15 (Housing for Extremely Low-Income (ELI) Households) was due by August 19, 2020. The program commits to amending the zoning code to allow for Single-Room Occupancy Units (SRO) in selected zones. While the City provided Ordinance No. 2024-772 to demonstrate completion of the program, the Ordinance does not provide adequate documentation demonstrating the establishment of zoning for SROs. The City should provide additional documentation to demonstrate completion of this program or provide a timeline for completion.
- Program H-18 (Reasonable Accommodation) was due by August 19, 2020. The program includes a commitment to update the definition of family to “one or more persons living together in a dwelling unit” to remove constraints on housing for persons with disabilities. The City should confirm whether the Program has been completed and provide the accompanying documentation (e.g., ordinances, resolutions, zoning codes, etc.) or provide a timeline for Program completion.
- Program H-19 (Provide Assistance for Persons with Developmental Disabilities) was due by August 19, 2020. The APR from 2024 states that the City plans to contact Redwood Coast Regional Center to determine a plan for informing families about housing and services available for persons with developmental disabilities. However, it is not clear when this program will be completed. The City should confirm whether the Program has been completed and provide the accompanying documentation (e.g., ordinances, resolutions, zoning codes, etc.) or provide a timeline for Program completion.

Consequences of Failure to Implement Programs

Government Code section 65585, subdivision (i), grants HCD authority to review any action or failure to act by a local government that it determines is inconsistent with an adopted housing element or State Housing Element Law. This includes failure to implement program actions included in the housing element. Failure to implement actions in Programs H-10, H-12, H-15, H-18, and H-19 by the commitment timeline means the City’s housing element will no longer substantially comply with State Housing Element Law, and HCD may revoke its finding of substantial compliance.

Various consequences may apply if the City does not have a housing element in compliance with State Housing Element Law, including ineligibility or delay in receiving certain state funds, referral to the California Office of the Attorney General, court-imposed financial penalties, the loss of local land use authority to a court-appointed agent, and the application of the “builder’s remedy.”²

² Gov. Code, §§ 65585, subds. (j), (l)(1), (i); 65589.5, subd. (d)(5).

Conclusion

Housing elements are essential to developing a blueprint for growth and are a vital tool to address California's prolonged housing crisis. Accordingly, state law has established clear disincentives for local jurisdictions that fail to comply with State Housing Element Law. To ensure the City continues to meet the 6th cycle update requirements for a substantially compliant housing element, the City must submit any adopted ordinances, resolutions, or documentation that demonstrates that housing element program commitments have been met.³

HCD will consider any written response before taking further action authorized by Government Code section 65585, subdivision (i), including issuance of a Corrective Action Letter and removal of HCD's finding of housing element compliance.

Please provide a written response to this inquiry by June 23, 2025. If you have any questions or would like to discuss the content of this letter, please contact Clare Blackwell of our staff at Clare.Blackwell@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Melinda Coy', with a long, sweeping horizontal stroke extending to the right.

Melinda Coy
Proactive Housing Accountability Chief
Division of Housing Policy Development

³ Gov. Code, § 65585.