

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

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June 10, 2026

Jamie Tugal
Public Works Director
City of Greenfield
Via: jtugel@ci.greenfield.ca.us
599 El Camino Real
P.O. Box 127
Greenfield, CA 93927

Dear Jamie Tugal:

RE: City of Greenfield Approval Proposed Building Moratorium

The purpose of this letter is to provide a determination to the City of Greenfield (City) regarding its request for the California Department of Housing and Community Development (HCD) to approve the adoption of Ordinance No. 575, a moratorium (Moratorium) on the issuance of entitlements for projects that require a new wastewater connection or increased wastewater flow to the City's wastewater treatment plant. Under the Housing Crisis Act, the City is required to submit the Moratorium to HCD for approval.¹ HCD hereby notifies the City that it is approving the proposed building moratorium due to an imminent threat to health and safety. The approval will run through June 30, 2030, which doubles as the deadline provided by Central Coast Regional Water Quality Control Board ("Water Board") to have a new operational facility. Approval is conditioned on the City taking the following actions: (1) provide annual status reports by the end of each year, (2) create and maintain a list of priority projects within 30 days of receipt of this letter, (3) update its Housing Element to memorialize these obligations and the current threat to health and safety, and (4) commit to rolling over any unaccommodated portion of the City's 6th Cycle Regional Housing Needs Allocation (RHNA) from the 6th Cycle to the 7th Cycle should the wastewater treatment plant project not be completed within the scheduled timeframe.

Background

The City's wastewater treatment plant was constructed in 1978 and has undergone several upgrades and expansions since then, with the last upgrade occurring in 2002. The 2002 upgrade allowed for up to 1.5 million gallons per day (MGD).

¹ Gov. Code, § 66300, subd. (b)(1)(B)(ii).

In October 2024, the Water Board reduced the permitted flow from 1.5 MGD to 1.2 MGD due to the facility's inability to handle higher flows during flood events, as evidenced by a significant levee break in May 2018² and multiple spills in October 2024.³ Since 2021, the City has been pursuing funding for a comprehensive upgrade that would increase the plant's capacity to 2.0 MGD. The California State Water Resources Control Board Division of Financial Assistance (DFA) denied the City's most recent request for funding in October 2024, noting that due to limited available grant/principal forgiveness funding, the request application would not be placed in the DFA's fundable list.

The City has explored alternative methods, including the use of septic systems, but none of the alternatives were proven to be viable. As provided by City staff, ubiquitous implementation of septic systems for new development faces several regulatory hurdles and, more importantly, is not environmentally suitable due to Greenfield's status as a terminal basin with high percolation rates.⁴ The Water Board has also indicated to HCD that it agrees with the City's conclusion on the unsuitability of septic. Therefore, a building moratorium is needed until a new treatment facility can be constructed.

Local Moratorium Regulations Under the Housing Crisis Act (HCA)

Pursuant to Government Code section 66300, subdivision (b)(1)(B)(ii), an affected city cannot enforce a moratorium that would limit housing development until it has submitted the ordinance to and received approval from HCD. To impose a moratorium or similar restriction on housing development, a city must demonstrate "an imminent threat to the health and safety of persons residing in, or within the immediate vicinity of, the area subject to the moratorium."⁵

As evidenced by wastewater spills in 2018 and 2024, there is a clear and increasingly severe threat to health and safety if the current plant continues to take on more connections, which provides adequate justification for the Moratorium. However, to help keep the City on track to meet its commitment to provide housing during its 6th Cycle period (2023-2031), HCD requires the City to meet the following as conditions of approval for the Moratorium:

² Record of May 2018 spill:

https://www.waterboards.ca.gov/centralcoast/board_decisions/adopted_orders/2021/r3-2021-0104-stipulated-aclo-greenfield.pdf [waterboards.ca.gov].

³ Record of October 2024 spills:

https://documents.geotracker.waterboards.ca.gov/regulators/deliverable_documents/4627378165/2025_Jan_NOV_Spill_final_signed.pdf [documents.geotracker.waterboards.ca.gov].

⁴ Attachment 1: City explanation of challenges associated with implementation of septic.

⁵ Gov. Code, § 66300, subd. (b)(1)(B)(i).

Condition 1: Annual Status Reports

The City is required to submit an annual status report to HCD summarizing the progress made toward a new facility by the end of each calendar year. The status reports must reference the recommended milestones provided by the Water Board:⁶

- **Immediate:** Demonstrate that the City can secure supplemental funding for the entire project. If Greenfield cannot get on the Department of Finance fundable list, provide a contingency plan for how it will fund upgrades to the wastewater plant.
- **June 1, 2026:** Implement actions to reduce inflow and infiltration, including upgrades to inadequate manhole covers and plans to upgrade the Tyler lift station.
- **June 30, 2026:** Finalize a funding agreement.
- **September 30, 2026:** Award a construction contract for the installation of the new wastewater treatment plant and related facilities.
- **March 30, 2027:** Begin construction of the new plant.
- **March 30, 2029:** Conduct a demonstration period to test the new system.
- **June 30, 2030:** Complete construction and startup of Phase I of the new plant.

Condition 2: Creation of a Housing Project and Connection Priority List

The City must, within 30 days of this letter, create and maintain a running list of affected housing projects and a connection priority list based on the prioritization methodology provided below. The list must disclose the following information for each project:

- Project Address
- Number of Residential Units (Affordable)
- Number of Residential Units (Market Rate)
- Entitlement Status, with dates (Pending or Entitled)
- Applicant Name and Contact Information
- Connection Priority Rank

Housing projects must be prioritized for wastewater connections per the following methodology:

1. 100 percent affordable projects,
2. Mixed-income residential projects containing the highest total number/percentages of affordable units,
3. Residential projects,
4. Nonresidential developments.

⁶ Water Board Time Schedule Order, available at:
https://www.waterboards.ca.gov/centralcoast/board_decisions/adopted_orders/2025/r3-2025-0018.pdf.

Additional positive consideration should be given to projects located on sites in the City's Housing Element sites inventory. For example, the pending application for the 34-unit project located at 296 Apple Avenue should be given priority upon the availability of wastewater capacity since it is 100 percent affordable and is included in the City's inventory.

The City must transmit an up-to-date version of the Housing Project and Connection Priority List to HCD with its annual status report. It is HCD's expectation that as the improvements to the wastewater treatment plant are completed and capacity is increased, the City will offer connections to the entitled residential projects consistent with their connection priority rank.

Condition 3: Housing Element Revision

Currently, the City's Housing Element, which was adopted in 2023, states that "[the City's] 6th Cycle RHNA of 730 new housing units can be accommodated with the available capacity."⁷ In other words, the City's Housing Element contradicts the reality that there is insufficient wastewater treatment capacity. The City must revise its Housing Element to explain the current threat to health and safety and the existence and necessity of the Moratorium within the next three months. The revision should memorialize the conditions discussed above, including the commitment to providing annual status reports on progress made toward a new facility and a prioritization list for affordable projects. The revision should also emphasize that the Moratorium takes place at the entitlement stage, allowing projects the opportunity to obtain planning approvals during the period.

Condition 4: Rolling Over RHNA Obligation

Pursuant to Government Code section 65584.09, if a city or county in the prior planning period fails to make adequate sites available to accommodate its RHNA, the jurisdiction is required, within the first year of the new housing element planning period, to zone or rezone adequate sites to accommodate the unaccommodated portion of the RHNA from the prior cycle. The City's proposed moratorium creates a situation in which a significant number of its identified inventory sites will be unavailable for development during the majority of its 6th Cycle Housing Element period. Therefore, if construction of the sewer plant extends beyond the expected completion date, the portion of the City's RHNA that remains unaccommodated due to the lack of available infrastructure must be carried over into the 7th Cycle.

⁷ City of Greenfield 2023-2031 Housing Element, available at: <https://ci.greenfield.ca.us/DocumentCenter/View/5009/Housing-Element-2023-2031---Including-Appendices>.

Conclusion

HCD approves the Moratorium, subject to the conditions described above. HCD requests confirmation from the City by July 10, 2026, that it plans to fulfill these conditions and that it understands HCD may revoke its approval of the Moratorium if the City fails to satisfy the conditions on the required timelines. Please note, per the City's ordinance, the City should provide appropriate sewer hookup to projects that have already submitted for building permits as of the date of this approval.

If you have any questions regarding the content of this letter or would like additional technical assistance, please contact Bentley Regehr at bentley.regehr@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Melinda Coy', followed by a long horizontal stroke.

Melinda Coy
Housing Accountability Unit Chief

cc: Kathy Truong-Krebs, Central Coast Water Board,
Kathy.Truong-Krebs@Waterboards.ca.gov

Attachment 1: City explanation of challenges associated with implementation of septic.



City of Greenfield

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April 6, 2026

SUBJECT: Why Temporary Septic Treatment is Not a Viable Alternative to a Temporary Building Moratorium

In considering the inevitable need for a temporary building moratorium, and following many internal conversations between City Departments as well as developers and relevant agencies regarding alternative interim wastewater treatment solutions, the following is a summation of the City determination that temporary on-site wastewater systems (OWTS) is not a viable option for any new development.

The process to overcome the substantial legal and environmental guardrails established to restrict, limit or prohibit septic systems within an urbanized City setting like the City of Greenfield, while likely not impossible, has many costly and time-consuming tasks. These are formidable and expected to be unsuccessful or incomplete before the new wastewater treatment plant is built. These obstacles include:

Agency Review and Permitting Required:

1. A revision to the City Ordinance prohibiting OWTS would be required. (Ref. City of Greenfield Municipal Code §13.28.05, 07, 08, 13 - Sewer Service/Septic Related.)
2. A CEQA Review would be required. The change of the ordinance would trigger a City-wide analysis which would need to consider the City and County zoning Code, Municipal General Plans, County minimum lot size for septic (1 acre), with appropriate set-backs and conditions, examining and mitigating individual projects and cumulative impacts of potential multiple projects. CEQA requires an initial study, preparation and public review and formal adoption/approval of an appropriate environmental document by the jurisdictional agency.
3. County Environmental Health Services would need to review and approve an exception to the County Municipal Code and issue an approval and permit. (Ref. Monterey County Municipal Code §15.20.050 - Connection to Public Sewers Required.)
4. Review and approval by the Local Arroyo Seco Groundwater Sustainability Agency. The Sustainability Agency is the steward of groundwater resources, both in water quality and basin capacity. Septic systems are counter to agency policies and goals. (Ref. Arroyo Seco Area Groundwater Sustainability Plan https://www.greenfieldca.gov/DocumentCenter/View/1908/Arroyo_Seco_GSP_2020-05-18_202005201839465156)
5. The State Plumbing Code (T2022 California Plumbing Code, California Code of Regulations Title 24, Part 5) which is a part of the State Building Code (California Code of Regulations Title 24) has been adopted by the City. The City can add more stringent requirements but cannot reduce the State code requirements. The State Plumbing Code requires sanitary sewer connection vs. septic when a sewer is available within 200 feet (ref. Sec. 713.0 Sewer Required). Our adopted building code includes this State requirement as well as the State Building Code in General. The Building Official would need to craft an approval process to address the Building Code prohibition to septic in the City. approve and condition a temporary system
6. Technical Challenges. Greenfield is one of only a handful of “terminal Basin” cities in California, with high percolation rates unsuitable for septic Leach Field Development. Advanced Treatment Septic Treatment OWSTs still would not overcome the requirement for competent effluent percolation. Import of approved soils in development of a leach field, if approved by all Agency Review and Permitting, would be very expensive in design and construction.

Scheduling Considerations for Implementation:

1. Anticipated timeframe for implementing all of the above (including interagency coordination) is expected to be 1-2 years or more if not contested by the various permitting agencies or citizens and environmental groups.

Practical Cost Considerations for Developer:

1. The first Developer, or group of developers submitting Planning Review Applications would pay all costs associated with administrative and permit development and processing of the above (including all Staff and consultant time). As mentioned, these substantial legal and environmental guardrails were established over decades to restrict, limit or prohibit septic systems within an urbanized City setting like the City of Greenfield.
2. Added cost of land restrictions for OWTS: Besides the current impactful land requirements for 100-year storm retention basins, septic would also require dedicated land set-aside for septic tanks and redundant leach fields. Included in these land requirements are mandatory set-backs from property lines and structures. Additionally, when the septic system and/or leach field is/are eventually abandoned (as the new sewer plant comes on-line), several issues (conducting comprehensive site assessment, researching legal requirements, proper decommissioning of septic tank, implementing safety measures, exploring engineering solutions, etc.) would have to be addressed before (assuming it is even possible) the former septic site could be considered to be repurposed.
3. In addition to these requirements, the developer would still be required to construct a lateral connection to the sewer main, which would be blocked until the moratorium is lifted. All OWTS facilities would then be required to be abandoned per County Environmental Health requirements or removed.