

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

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March 24, 2026

Matthew Chidester, City Manager
City of Half Moon Bay
501 Main Street
Half Moon Bay, CA 94019

Dear Matthew Chidester:

RE: City of Half Moon Bay Failure to Adopt a Compliant 6th Cycle Housing Element – Notice of Violation

The City of Half Moon Bay's (City) 6th cycle housing element was due on January 31, 2023.¹ The City's most recent housing element draft is not in substantial compliance with Housing Element Law.² While the California Department of Housing and Community Development (HCD) recognizes that the City responded to HCD's March 1, 2024 Letter of Inquiry with a general timeline for compliance, and appreciates the extensive contact with HCD, the City's proposed date of October 2026 for completion of its rezones is unsatisfactory. This timeline would delay HCD's determination of whether the City achieves substantial compliance until the fourth quarter of 2026, more than three years past its statutory due date. Therefore, the City is in violation of Housing Element Law.³

Under Government Code section 65585, subdivision (i)(1)(A), HCD has the authority to review any action or failure to act that it determines to be inconsistent with either an adopted housing element or Government Code section 65583 and to issue written findings of such noncompliance. Additionally, HCD must notify a local government when that local government takes actions that violate Government Code section 65583 and may refer such violations to the California Office of the Attorney General.⁴

6th Cycle Housing Element Submission and Review History

The 6th cycle planning period for the City is January 31, 2023, through January 31, 2031. The City failed to adopt a compliant housing element by its 6th cycle due date of January 31, 2023. HCD records are as follows:

¹ Gov. Code, § 65588, subd. (e)(3).

² Article 10.6 (commencing with section 65580) of Chapter 3 of the Government Code.

³ Gov. Code, § 65585.

⁴ Gov. Code, § 65585, subds. (i)(1)(A) and (j).

- On March 17, 2023, HCD issued a Letter of Inquiry to the City noting HCD has not received a draft housing element submittal from the City.
- On April 18, 2023, the City responded to HCD's Letter of Inquiry with a date of May 31, 2023 or soon thereafter to submit its housing element to HCD.
- On June 1, 2023, the City submitted an initial draft housing element to HCD for review.
- On August 30, 2023, HCD issued a findings letter to the City noting multiple revisions necessary for the housing element to be compliant with Housing Element Law.
- On March 1, 2024, HCD issued a Letter of Inquiry to the City requesting the City provide a specific timeline for (1) submitting an updated draft housing element and (2) obtaining compliance with Housing Element Law, no later than April 1, 2024.
- March 7, 2024, the City responded to HCD's Letter of Inquiry with an April or May 2024 date to bring the housing element to the Planning Commission and then to the City Council soon thereafter.
- On September 6, 2024, the City submitted a subsequent draft housing element to HCD for review.
- On November 5, 2024, HCD issued a second findings letter to the City noting multiple revisions were still necessary for the housing element to be compliant with Housing Element Law.
- On March 21, 2025, the City submitted a subsequent draft housing element to HCD for review.
- On May 20, 2025, HCD issued a third findings letter to the City noting multiple revisions were still necessary for the housing element to be compliant with Housing Element Law.
- On September 2, 2025, HCD contacted the City by email requesting an updated timeline for compliance.
- On September 8, 2025, the City provided an updated timeline for the housing element and mitigated negative declaration scheduled for Planning Commission review on October 28, 2025 and a City Council vote on November 18, 2025.
- On November 19, 2025, HCD contacted the City by email requesting a status update from the City Council meeting on the housing element.
- On November 19, 2025, the City responded by email that the City Council approved the housing element with some changes and therefore it needed to be re-noticed and posted prior to submitting it to HCD.
- On December 1, 2025, HCD contacted the City regarding the status of the City's housing element.
- On December 5, 2025, the City submitted an element adopted on November 4, 2025 to HCD for review.
- On February 2, 2026, HCD issued a fourth findings letter to the City noting the housing element met the statutory requirements described in HCD's review, but that the housing element could not be found in substantial compliance until the

City completed its required rezones, and both the housing element and rezones were adopted, submitted to, and approved by HCD.

- On February 24, 2026, HCD contacted the City's consultant by email to obtain an updated timeline for completing the necessary rezones.
- On February 25, 2026, the City's consultant responded by email that the City is in the process of putting together a timeline.
- On March 9, 2026, the City's consultant responded by email with an estimate that the zoning amendments and local coastal plan amendments will be completed in October 2026.

Technical Assistance Offered

HCD has made resources and technical assistance available to assist local jurisdictions in creating comprehensive housing elements. Despite extensive technical assistance, including numerous meetings and comprehensive written guidance, numerous findings have remained unaddressed by the City.

In addition, the HCD has made available \$123 million in planning grants for regions, cities, and counties to prepare, adopt, and implement plans that streamline housing approvals and accelerate housing production. Under that program, the City was eligible for, and received, an award of \$160,000 through SB 2. The City was also eligible for, and received, \$65,000 through the Local Early Action Planning Grant (LEAP) for local planning activities.

Consequences of Noncompliance

Consequences apply if the City does not have a housing element in substantial compliance with Housing Element Law. First, noncompliance results in ineligibility or delay in receiving state funds that require a compliant housing element as a condition precedent, including, but not limited to, the following:

- Permanent Local Housing Allocation Program
- Local Housing Trust Fund Program
- Infill Infrastructure Grant Program
- Senate Bill 1 Caltrans Sustainable Communities Grants
- Affordable Housing and Sustainable Communities Program

Second, under the Housing Accountability Act, jurisdictions that do not have a substantially compliant housing element are subject to the Builder's Remedy.⁵

⁵ Gov. Code, § 65589.5, subds. (d)(6), (f)(6), and (h)(11).

In addition, HCD may notify the California Office of the Attorney General.⁶ Furthermore, state law provides for court-imposed penalties for persistent noncompliance, including enhanced financial penalties. Government Code section 65585, subdivision (l)(1), establishes a minimum fine of \$10,000 per month, up to \$100,000 per month for jurisdictions that fail to comply with a court order to bring its housing element into compliance. If a jurisdiction remains noncompliant, a court may multiply those penalties by a factor of three and then six, depending on the duration of the continued noncompliance.⁷ If a jurisdiction fails to comply after six months from the imposition of fees, the court may also appoint a receiver.⁸

Finally, in any action brought by the Attorney General or HCD to enforce the adoption of housing element revisions, jurisdictions are subject to additional fines of between \$10,000 and \$50,000 per month for each violation, accrued from the date of the violation until the date the violation is cured, including investigation costs, expert fees, attorneys' fees, costs, and any other relief the court deems appropriate.⁹

Findings and Conclusion

HCD finds that the City has failed to adopt a substantially compliant housing element and is therefore in violation of state law. Pursuant to Government Code section 65585, subdivision (i)(1)(A), the City has until April 23, 2026, to provide a written response to this notice before HCD takes any of the actions authorized by section 65585, including, but not limited to, referral to the California Office of the Attorney General.

In addition, pursuant to Government Code section 65585, subdivision (k), HCD hereby offers the City two meetings within the next 30 days to discuss the City's violations and its failure to adopt a substantially compliant housing element.

State housing laws are effective only with the cooperation of local governments. HCD understands that local governments may encounter staffing and resource constraints in their efforts to gain compliance. However, housing elements, and the timely implementation thereof, are essential to developing a blueprint for growth and are a vital tool to address California's prolonged housing crisis. To meet the 6th cycle update requirements for a substantially compliant housing element, the City must complete its rezones, adopt the housing element and rezones, and submit a copy of the adopted housing element and rezone documentation to HCD for review and certification before it can be considered compliant¹⁰

⁶ Gov. Code, § 65585, subd. (j).

⁷ Gov. Code, § 65585, subds. (l)(2) and (3).

⁸ Gov. Code, § 65585, subd. (l)(3)(B).

⁹ Gov. Code, § 65009.1, subd. (a).

¹⁰ Gov. Code, § 65585, subds. (b)-(h).

Matthew Chidester, City Manager
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If you have any questions or would like to discuss the contents of this letter, please contact Leslie Woodman at Leslie.Woodman@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Melinda Coy", followed by a long, sweeping horizontal line.

Melinda Coy
Housing Accountability Unit Chief