

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

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May 8, 2025

Vibeke Norgaard, City Manager  
City of Sand City  
1 Pendergrass Way  
Sand City, CA 93955

**RE: City of Sand City Rezone Implementation – Letter of Technical Assistance**

Dear Vibeke Norgaard:

The purpose of this letter is to provide technical assistance regarding the implementation of Program 3.I (Surplus Local Land for Affordable Housing) to allow by-right processing of sites identified in previous housing elements pursuant to Government Code section 65583.2, subdivision (c).

On December 11, 2024, the California Department of Housing and Community Development (HCD) sent a Letter of Inquiry to the City of Sand City (City) regarding the completion of Program 3.I. On January 8, 2025, HCD received a written response to the Letter of Inquiry. HCD met with City representatives on February 26, 2025, and received a second written response dated February 27, 2025, along with signed Ordinance SC 25-01, adopted by the Sand City's City Council on February 18, 2025. Ordinance SC 25-01 amended the City's MU-P Zoning District to comply with Program 3.I requirements. HCD reviewed the documentation submitted by the City and has determined that, while the ordinance meets many requirements of state law, the City must demonstrate those rezonings meet all requirements in Government Code section 65583.2, subdivisions (c), (h) and (i).

Specifically, the City states that it permits housing projects with a minimum of 15 percent of its units affordable to lower-income households by-right in the MU-P District. Government Code section 65583.2, subdivision (c) requires that sites identified in prior planning periods shall be zoned to permit owner-occupied and rental multi-family residential use by-right for developments in which at least 20 percent of the units are affordable to lower-income households. The City must revise the percentage threshold to meet this requirement.

Additionally, per communications, on February 27, 2025, the City notes that it has recently acquired an adjacent privately-owned parcel to the Art Park site. The City continues to work with ELS Architecture and Urban Design to prepare proformas and design drawings and is engaged with potential developers to explore residential

opportunities on the combined sites. The City reports that a Request for Proposal (RFP) will be released in 2025 and will include “by-right development provisions for projects with at least 15 percent of units designated as affordable to lower-income households specific to parcel 011-196-020-000, per Ordinance SC 25-01.” To meet state law standards, the RFP should reflect the 20 percent affordable threshold as discussed in the paragraph above.

HCD requests that the City revise its zoning ordinance or provide written documentation clearly demonstrating the rezones meet these statutory requirements. If needed, a copy of the revised ordinance should be transmitted to HCD. HCD will review the documentation and issue correspondence before taking any action authorized by Government Code section 65585, subdivisions (i) and (j). Such action may include issuance of written findings (Corrective Action Letter) and revoking HCD’s finding that the City’s housing element is in substantial compliance with Housing Element Law and/or referral to the California Office of the Attorney General.

HCD provides the City until June 6, 2025, to provide a written response to these findings. If you have questions or need additional information, please contact Stephanie Chan at [stephanie.chan@hcd.ca.gov](mailto:stephanie.chan@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