**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**
**DIVISION OF HOUSING POLICY DEVELOPMENT**
651 Bannon Street Suite 400
Sacramento, CA 95811
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov

October 29, 2025

Shaun Temple
Interim Community Development Director
City of Seal Beach
211 Eighth Street
Seal Beach, CA 90740

Dear Shaun Temple:

**RE: Demolition of Non-Protected Units – Letter of Technical Assistance**

The California Department of Housing and Community Development (HCD) received a request for technical assistance from the City of Seal Beach (City) and the California Coastal Commission (CCC) regarding a proposed housing development project located at 215 and 225 Surf Place (Project) in the City. The purpose of this letter is to provide technical assistance regarding the City's obligations to comply with the Housing Crisis Act (HCA)[1]; specifically, with the requirements regarding the replacement of non-protected units.

**Background**

HCD understands the Project proposes to demolish two non-protected[2], single-family dwelling units, each on its own lot, located in a single-family zone. The Project includes a lot merger to combine both lots into one, approximately 12,791-square-foot lot, and to construct a 5,489-square-foot dwelling unit with an attached, 1,004-square-foot accessory dwelling unit (ADU).

**Analysis**

The City submitted the following questions to HCD:

**Does the Project conflict with No Net Loss?**

There are two distinct laws regarding No Net Loss. The first involves Housing Element Law. If an approved project on a housing element opportunity site results in reduced

[1] Gov. Code, § 66300 *et seq*.
[2] Gov. Code, § 66300.5(h).

density or fewer units by income category than identified in the jurisdiction's housing element for that parcel, and there is a deficit in the local agency's regional housing need at the income level(s), Housing Element Law requires the agency to identify and make available adequate sites to accommodate the jurisdiction's regional housing needs.[3] In this case, the Project is not located on parcels identified in the City's housing element as an opportunity site, or sites inventory. Therefore, the No Net Loss provisions of Housing Element Law do not apply to and are not triggered by this Project.

The HCA has a separate No Net Loss requirement, which prohibits cities and counties from taking zoning actions that would reduce the intensity of residential land use unless there is a concurrent and equivalent increase in zoned capacity elsewhere in the jurisdiction. In this case, the City is not enacting a development policy, standard or condition that would have any effect on downzoning or reducing intensity such as amending land use, specific plan, or zoning; imposing a moratorium, development caps, or imposing non-objective design standards.[4] Therefore, this provision of No Net Loss is not applicable.

**Does an ADU count as a replacement unit when demolishing a non-protected unit under the Housing Crisis Act?**

The HCA has provisions related to demolition of protected and non-protected dwelling units.[5] For non-protected units, a local government cannot approve a housing development project that requires demolition of one or more residential units unless the project creates at least as many residential dwelling units as it will demolish. The Project would be subject to this provision in the HCA since both units are not protected. Therefore, the City is required to ensure the Project proposes two units to replace the proposed demolition.

HCD relies on the Census definition of a unit, which is defined as "a house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters."[6] Separate living quarters are those in which the occupants do not live and eat with other persons in the structure and which have direct access from the outside of the building or through a common hall. Additionally, although the HCA does not define "unit" nor does it reference ADUs directly, it likewise does not expressly exclude ADUs. Therefore, based on the Census definition and statute, an ADU qualifies as a unit for the purposes of replacing non-protected unit.

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[3] Gov. Code, § 65863(c)(1), (2).
[4] Gov. Code, § 66300(b).
[5] Gov. Code, § 66300.6(a), (b).
[6] Available at https://www.hcd.ca.gov/community-development/housing-element/docs/sites_inventory_memo_final06102020.pdf

**Is there a comparable size requirement for replacement units of non-protected units?**

The HCA does not have a comparable size requirement for replacement of non-protected units. However, there may be other state or local regulations that require this practice. For example, HCD understands that the CCC typically requires replacement units to be equal or greater in size of the existing unit for the purposes of complying with the Coastal Act and other CCC policies.

**Conclusion**

In sum, an ADU may count as the replacement of a non-protected unit. HCD understands the intricacies of implementing ever-changing state housing laws and is committed to supporting local agencies in the successful implementation of state housing laws, including the HCA. If you have questions or need additional information, please contact Jessica Evans at Jessica.Evans@hcd.ca.gov.

Sincerely,

Melinda Coy
Housing Accountability Unit Chief