

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

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August 27, 2025

Jessaca Lugo, City Manager
City of Shasta Lake
4477 Main Street
Shasta Lake, CA 96019

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

Dear Jessaca Lugo:

The purpose of this letter is to inquire about the status of the City of Shasta Lake's 6th Cycle Housing Element Implementation Programs pursuant to Government Code section 65585, subdivision (i). The California Department of Housing and Community Development (HCD) sent the City a letter on September 11, 2020, finding the City's housing element in substantial compliance with 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 a specific timeline for program completion and upon completion, the accompanying documentation (e.g., ordinances, resolutions, zoning codes, etc.) for the following programs.

- Program HE-1.5 (Objective Mixed Use and Multi-Family Residential Design Standards) was due by July 30, 2021. The Annual Progress Report (APR) from 2024 states that the comprehensive General Plan Update was completed in August 2022 and that the City requested State Community Development Block Grant (CDGB) funding to help assist with the comprehensive development code update, but was denied, so the City will complete the code update in-house.
- Program HE-1.9 (Address Housing Opportunities and Constraints) and Program HE-1.12 (Mixed-Use Development) were due April 15, 2021. The APR from 2024 states that the comprehensive General Plan Update was completed in August 2022 and that the City requested State CDGB funding to help assist with the comprehensive development code update, but was denied, so the City will complete the code update in-house.

¹ Gov. Code, § 65580 et seq.

- Program HE-1.13 (Zoning Consistency with State Law) and Program HE-2.1 (Development Standards) were due by June 30, 2021. The APR from 2024 states that the comprehensive General Plan Update was completed in August 2022, and that the City requested CDBG funding to help assist with the comprehensive development code update, but was denied, so the City will complete the code update in-house.
- Program HE-7.4 (Affirmatively Furthering Fair Housing) was due by April 15, 2021. The APR from 2024 states that the City will coordinate with Shasta County Housing and Community Action Agency to develop a plan in FY 2024-25.

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 Housing Element Law. This includes failure to implement program actions included in the housing element. Failure to implement actions in Programs HE-1.5, 1.9, 1.12, 1.13, 2.1, and 7.4 by the statutory deadline means the City's housing element will no longer substantially comply with 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 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

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 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 or resolutions to HCD for review or documentation that demonstrates that housing element program commits have been met.³

² Gov. Code, §§ 65585, subds. (i)(1)(C), (j), (l)(1); 65589.5, subd. (d)(6), (f)(6), and (h)(11).

³ Gov. Code, § 65585.

HCD understands that the City has many commitments and recognizes the challenges of implementation. HCD also acknowledges the City's measurable effort towards achieving compliance in cooperation with HCD. The above findings also reflect that lack of funding has impacted program resources. 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 September 26, 2025. If you have any questions or would like to discuss the content of this letter, please contact Sydney Sloan of our staff at Sydney.Sloan@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
Division of Housing Policy Development