

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

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January 16, 2024

Stephanie Hansen, Assistant Director
Community Development and Infrastructure Department
County of Santa Cruz
701 Ocean Street, Suite 400
Santa Cruz, CA 95060

Dear Stephanie Hansen:

RE: County of Santa Cruz's 6th Cycle (2023-2031) Adopted Housing Element

Thank you for submitting the County of Santa Cruz's (County) housing element adopted on November 14, 2023 and received for review on November 16, 2023. Pursuant to Government Code section 65585, the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from Santa Cruz YIMBY pursuant to Government Code section 65585, subdivision (c).

The adopted element addresses most statutory requirements described in HCD's October 23, 2023 review; however, revisions will be necessary to substantially comply with State Housing Element Law (Gov. Code, § 65580 et seq), as follows:

1. *Include an analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition (Gov. Code, § 65583, subd. (a)(2)).*

Housing Stock Conditions: While the revised element provides additional information (i.e., units replaced from CZU fire), the analysis must result in an estimation of the total number of units in the unincorporated County that are in need of rehabilitation and/or replacement. In addition, the element should discuss existing housing stock conditions in the south unincorporated County area that is lower resourced. Programs should be revised as needed based on the analysis to significantly address fair housing issues related to substandard housing trends.

2. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and*

public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)

Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's or county's share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory... (Gov. Code, § 65583, subd. (c)(1).)

Suitability of Nonvacant Sites: As noted in the prior review, the element (Appendix HE-E) generically describes existing uses. For example, some descriptions are “commercial” or “residential”. However, the description of existing uses should be sufficiently detailed for each site to facilitate an analysis demonstrating the potential for additional development in the planning period.

In addition, the element now lists some recent redevelopment trends but must still evaluate the extent existing uses impede additional development. To address this requirement, the element should demonstrate the potential for redevelopment based on current market demand for the existing use, existing leases or contracts that would perpetuate the existing use or prevent additional residential development and other indicators of property turnover such as property for sale, vacancy, abandoned space, structural conditions, expressed interest in residential development, lack of improvements and frequent turnover. This analysis can be done on a site-by-site, corridor, or other planning area basis or could utilize a sample of sites that are representative of other sites in the inventory.

Finally, for your information, the element relies on nonvacant sites to accommodate 50 percent or more of the housing needs for lower-income households, which triggers requirements to make findings based on substantial evidence that the existing use is not an impediment and will likely discontinue in the planning period. While the element includes a discussion of these findings, the resolution of adoption should also include appropriate findings and any changes to the analysis should be reflected in future re-adoption of the element.

Public Facility Sites: The element now generally discusses recent examples of public facility sites but should also discuss their suitability for development in the planning period, including status, anticipated schedule, and any known barriers to development in the planning period. Based on the outcomes of this analysis, Program 3I should be revised with a schedule of additional actions including completing entitlements, issuing permits and alternative actions (e.g., additional incentives, rezoning) by a specified date if sites do not progress as anticipated.

Electronic Sites Inventory: For your information, pursuant to Government Code section 65583.3, the County must submit an electronic sites inventory with its adopted housing element. The County must utilize standards, forms, and

definitions adopted by HCD. While the County submitted the sites inventory in the appropriate form, any changes to the inventory should be reflected in the form and the form should be re-submitted as part of adoption. The County can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance.

Programs: Based on the results of a complete sites inventory and analysis, the County may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types.

In addition, if Program H-1B (Rezoning) is intended to accommodate a shortfall of capacity for the lower-income regional housing need allocation (RHNA) and was not completed by the statutory deadline (December 15, 2023) then the Program must commit to rezone sites with appropriate zoning and development standards to facilitate achieving maximum densities and meet all by right requirements pursuant to Government Code sections 65583, subdivision (c)(1), and 65583.2, subdivisions (h) and (i).

Please be aware, the recent California appellate decision in *Martinez v. City of Clovis* found that while overlays can be used in a rezone, when the base zone allows residential development, both the base zone and the overlay zone must comply with the minimum density requirements of Government Code section 65583.2, subdivision (h). The County may need to adjust Program H-1C, if the underlying zoning for sites that will be rezoned using the By-Right Overlay Rezone allows minimum densities less than 20 dwelling units per acre. *Martinez v. City of Clovis* (2023) 90 Cal.App.5th 193, 307 Cal.Rptr.3d 64.

3. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics... (Gov. Code, § 65583, subd. (c)(5)).*

Programs: As noted in the prior review, goals and actions must specifically respond to the analysis and to the identified and prioritized contributing factors to fair housing issues and must be significant and meaningful enough to overcome identified patterns and trends. Actions must have specific commitment, milestones, geographic targeting and metrics or numeric objectives and, as appropriate, must address housing mobility enhancement, new housing choices and affordability in higher opportunity areas, place-based strategies for community preservation and revitalization and displacement protection. Specifically, the element should add actions to enhance housing mobility (housing choices and affordability) in higher resource, higher income and concentrated areas of affluence (regardless of the RHNA) and to revitalize communities through place-based strategies in lower resource, lower income and higher poverty areas. Examples of housing mobility actions include identifying additional multifamily capacity, missing middle housing capacity, religious

institutional sites, County-owned and public facility sites, and additional conversion of existing spaces within single family residences to accessory dwelling units (ADUs) beyond junior accessory dwelling units (JADU). Examples of place-based strategies include infrastructure, active transportation, community resiliency to hazard, parks and open space, community facilities, recreation programs, safe routes to school, streetscapes and community plan updates and implementation.

Further, programs generally should be revised with metrics or numeric targets and geographic targeting to focus fair housing related actions as appropriate. For example, anti-displacement and place-based strategies should be targeted in the south County area to improve existing community conditions in the lower resourced area such as housing stock conditions and rehabilitation assistance as mentioned above.

Finally, programs should be revised, as follows:

- Program H-2D (Rehabilitation Assistance): Based on a complete analysis, the Program should include geographic targeting to focus assistance based on existing housing stock conditions and to improve concentrated areas of substandard housing (e.g., south County area which is disproportionately lower resourced).
- Program H-4A (Homeless Action Plan): The Program should consider geographic targeting for the actions described as appropriate.

The element will meet the statutory requirements of State Housing Element Law once it has been revised, re-adopted, if necessary, submitted and reviewed by HCD to substantially comply with the above requirements pursuant to Government Code section 65585.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the County should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant, the Affordable Housing and Sustainable

Communities program, and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the County meets housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the County to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at: <https://www.opr.ca.gov/planning/general-plan/guidelines.html>.

HCD appreciates the hard work and commitment during the housing element update and review. We are committed to assist the County in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Anthony Errichetto of our staff, at Anthony.Errichetto@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall", with a stylized flourish at the end.

Paul McDougall
Senior Program Manager