

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

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April 2, 2024

Mali LaGoe, Manager
City of Scotts Valley
1 Civic Center Drive
Scotts Valley, CA 95066

Dear Mali LaGoe:

RE: Scotts Valley's 6th Cycle (2023-2031) Adopted Housing Element

Thank you for submitting the City of Scotts Valley's (City) housing element that was adopted December 20, 2023, and received for review on February 2, 2024, along with modifications received on March 28, 2024. The modifications to the adopted housing element were authorized by Resolution Number 1119.35. The City confirmed the modifications are consistent with the direction and authority granted by Resolution Number 1119.35. Pursuant to Government Code section 65585, the California Department of Housing and Community Development (HCD) is reporting the results of its review. Our review was facilitated by conversations on February 7, 14, and 16, 2024, and March 4 and 8, 2024, with Taylor Bateman, Community Development Director; Sarah Wikle, Senior Planner, and consultant Ines Galmiche. In addition, HCD considered comments from Santa Cruz YIMBY pursuant to Government Code section 65585, subdivision (c).

HCD is pleased to find the adopted housing element, including modifications, in substantial compliance with State Housing Element Law (Gov. Code, § 65580 et seq) as of the date of this letter. The adopted element addresses the statutory requirements described in HCD's December 19, 2023 review. HCD reminds the City that a copy of the updated adopted housing element including these revisions should be posted wherever the housing element is available to the public. HCD requests notification upon posting.

Additionally, the City must continue timely and effective implementation of all programs including but not limited to the following:

- Program H-1.1 (6th Cycle Regional Housing Needs Allocation)
- Program H-1.2 (By-Right Development Program)
- Program H-1.3 (Sites Inventory Monitoring Program)
- Program H-1.5 (Accessory Dwelling Unit Program)
- Program H-1.6 (Removal of Residential Development Constraints)

- Program H-1.8 (Facilitation of Affordable Housing Development)
- Program H-1.10 (Surplus Land Act)
- Program H-1.11 (Non-Vacant Sites Development)
- Program H-2.2 (Design Review)
- Program H-2.3 (Monitor and Preserve Affordable Housing)
- Program H-2.6 (Development of Large Lots)
- Program H-2.8 (Lot Consolidation)
- Program H-3.1 (Promoting Housing Choice Voucher (HCV) Program)
- Program H-3.2 (Affirmatively Furthering Fair Housing)
- Program H-3.4 (Reasonable Accommodation)
- Program H-3.6 (Housing for Lower Income Households)
- Program H-3.9 (Emergency Shelters)
- Program H-3.14 (Replacement Unit Program)
- Program H-3.16 (Group Homes)

In addition, the element includes Program H-1.1 identifying adequate sites to accommodate the shortfall of 136 units for very low- and low-income and 84 units for moderate income by committing to rezone at least 8.7 acres to Very High Residential (R-VH-2) and 32.2 acres to Very High Residential and Mixed Use (R-VHM) by December 15, 2026. Among other things, the Program commits to zoning with densities of 20-40 units per acre and permit owner-occupied and rental multifamily uses by right for developments in which 20 percent or more of the units are affordable to lower income households.

The City must monitor and report on the results of these and other programs through the annual progress report, required pursuant to Government Code section 65400. Please be aware, 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. HCD may revoke housing element compliance if the local government's actions do not comply with state law.

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 Strategic Growth Council and HCD's 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 City now 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 City 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 cooperation and effort that Taylor Bateman, Community Development Director; Sarah Wikle, Senior Planner, and consultant Ines Galmiche provided throughout the housing element update and review. HCD wishes the City success in implementing its housing element and looks forward to following its progress through the General Plan annual progress reports pursuant to Government Code section 65400. If HCD can provide assistance in implementing the housing element, please contact Clare Blackwell, of our staff, at Clare.Blackwell@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