

DEVELOPMENT SERVICES DEPARTMENT

County of
EL DORADO

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DATE: June 9, 2008
TO: Board of Supervisors
FROM: Larry Appel, Deputy Director Planning Services
SUBJECT: 2008 Housing Element Response Letter from HCD

A handwritten signature in black ink, appearing to read "Larry Appel", written over the "FROM:" line of the memo.

Attached for your review, is a copy of the letter received from HCD regarding their initial review of the County's 2008 Housing Element. On April 1, 2008, the Board of Supervisors accepted the draft 2008-2013 Housing Element Update for submittal to the California Department of Housing and Community Development (HCD) for their review. On June 2, 2008 HCD responded with a letter that stated the Element adequately addressed many statutory requirements; however, revisions would be necessary to bring it into compliance with State law and receive its Certification.

Staff will be recommending the BOS adopt the current version of the Housing Element at its July 1, 2008 meeting to meet as closely as possible the statutory June 30, 2008 deadline. HCD made extensive comments on the draft document that will require additional information, and extensive research. Working collaboratively with HCD, staff will respond to HCD's comments and the Element may require revisions that can take place following its adoption. Staff will bring back to the Board any proposed amendments for discussion prior to sending for formal review to HCD. Once the County submits revisions for a formal review, HCD has 60 days to reply. Therefore, based on a review of the comments received and subsequent discussions with HCD staff, it is anticipated that the County will submit revisions no later than September and estimate completion of certification by this calendar year.

2008 JUN -9 PM 2:40
BOARD OF SUPERVISORS
EL DORADO COUNTY

STATE OF CALIFORNIA BUSINESS TRANSPORTATION AND HOUSING AGENCY

A. ARNOLD SCHWARZENEGGER Governor

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**1800 Third Street, Room 430
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TO: <u>Mr. David Storer</u>	Fax Phone: <u>(530) 326-5730</u>
<u>County of El Dorado</u>	Phone Number <u></u>

FROM: Melinda Coy**FAX Number: 916-327-2643
Voice Number: 916-446-5307
E-Mail: mcoy@hcd.ca.gov**Date : June 2, 2008No. of Pages (Including Cover): 11

Subject: Review of the County of El Dorado's Draft Housing Element Update

Comments:

☐ Confidential

Urgent/Hand Carry

Information

☐ Per Your Request☐ Please Comment☐ Original Will Follow

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

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June 2, 2008

Mr. David Storer, Interim Assistant Chief Administrative
Officer Development Service Director
County of El Dorado
2850 Fairlane Court
Placerville, CA 95667

Dear Mr. Storer:

RE: Review of the County of El Dorado's Draft Housing Element Update

Thank you for submitting El Dorado's draft housing element update received for review on April 4, 2008. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). A telephone conversation with Mr. Larry Appel, Deputy Director of Planning Services, Ms. Joyce Aldrich, Program Manager, Ms. Shawna Purvines, Senior Planner, Ms. Paula Frantz, Deputy County Council, and Mr. John Douglas, the County's Consultant, on May 29, 2008, facilitated the review.

The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State housing element law (Article 10.6 of the Government Code). In particular, the element must include analyses of the adequacy of identified sites to accommodate the regional housing need for lower-income households, zoning for a variety of housing types and potential governmental constraints. These and other revisions needed to comply with State law are described in the enclosure's Appendix.

The Department stands ready to facilitate the County's efforts to bring the element into compliance with State housing element law. If you have any questions or would like to schedule a meeting, please contact Melinda Coy, of our staff, at (916) 445-5307.

Sincerely,

A handwritten signature in cursive script that reads "Cathy E. Creswell".

Cathy E. Creswell
Deputy Director

Enclosure

APPENDIX

EL DORADO COUNTY

The following changes would bring El Dorado's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on the Department's website at www.hcd.ca.gov/hpd. Refer to the Division of Housing Policy Development and the section pertaining to State Housing Planning. Among other resources, the Housing Element section contains the Department's latest technical assistance tool *Building Blocks for Effective Housing Elements (Building Blocks)* available at http://www.hcd.ca.gov/hpd/housing_element/index.html, the Department's publication, *Housing Element Questions and Answers (Qs & As)*, and the Government Code addressing State housing element law and other resources.

A. Review and Revision

Review the previous element to evaluate the appropriateness, effectiveness, and progress in implementation, and reflect the results of this review in the revised element (Section 65588 (a) and (b)).

While the element does provide some description of the County's progress towards meeting past housing element objectives, it should provide a thorough analysis of accomplishments for all programs, including quantifiable results where possible and evaluate why some objectives were not met. For example:

Measure HO-F: The element indicates the program was completed but does not give any information on how many second dwelling units or mobilehomes were allowed as a result of this program.

Measure HO-I: The element should describe and analyze the results for the first round of the TIM off-set fee program.

Measure HO-M: While the element states that objectives have been met, no discussion is included on the actual accomplishments.

Measure HO-W: The element should describe the first time homebuyer program and include information on how many households have been assisted.

B. Housing Needs, Resources, and Constraints

1. *Include an analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected needs for all income levels, including extremely low-income households (Section 65583(a)(1)).*

Extremely Low-Income – The element did not address this requirement. In accordance with Chapter 891, Statutes of 2006, the element must quantify existing and projected extremely low-income household's and analyze their housing needs. The element may either use available Census Data to calculate number of extremely low-income households, or presume 50 percent of the very low-income households qualify as extremely low-income households. This analysis is essential to formulating specific

policies and programs to assist in the development or preservation of housing for extremely low-income households. To assist the analysis, see the enclosed Comprehensive Housing Affordability Strategy (CHAS) data and Department's sample analysis from the *Building Blocks*' website at http://www.hcd.ca.gov/hpd/housing_element/screen06_hn.pdf.

2. *Include an analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including housing stock condition (Section 65583(a)(2)).*

The element should quantify and analyze the level of overpayment for all households. In addition the element uses data from a housing conditions survey completed in 1995 to demonstrate the total number of units in need of rehabilitation and replacement. An updated estimate should be provided and could be based on a more recent windshield survey or sampling, estimates from the local building department, knowledgeable builders/developers in the community or nonprofit housing developers or organizations, or a combination of strategies including uses of census data for age of housing stock, or housing units Lacking Complete Plumbing Facilities. Additional information is included in the *Building Blocks*' website section on Housing Stock Characteristics at http://www.hcd.ca.gov/hpd/housing_element/screen07_hn.pdf.

3. *Include an inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites (Section 65583(a)(3)). The inventory of land suitable for residential development shall be used to identify sites that can be developed for housing within the planning period (Section 65583.2).*

El Dorado County has a regional housing need of 8,044 housing units, of which 4,009 units are for lower-income households. To address this need, the element relies on a vacant sites, second units and potential mixed-use development in commercial zones. To demonstrate the adequacy of these sites and strategies to accommodate the County's share of the regional housing need, the element must include more detailed analyses, as follows:

Progress toward the RHNA – Tables B-1 and B-2 indicate that 117 units affordable to very low- and low-income households have been built or are under construction or approved. The element must describe the methodology used to credit the units toward the RHNA for very low- or low-income households based on the actual sales prices or rent levels of the units.

Realistic Capacity – The inventory utilizes commercial sites for mixed use development to meet approximately half of the County's need for lower-income households. Further, the element describes the inventory assumes only 10 percent of maximum capacity on commercially zoned sites because the County has never processed a mixed-use project (page 121). However, it is unclear how this capacity assumption was incorporated into the land inventory. For example, the inventory continues to utilize the current maximum allowable density in the commercial zone to calculate site capacity. The element should describe the methodology for determining the realistic potential for residential development on commercial sites (e.g., of the 1,115 acres designated as commercial, approximately how many or what percentage of those sites are expected to include residential development within the planning period) and describe and analyze the

methodology for determining the realistic unit capacity on those sites during the planning period (e.g., sites zoned for commercial expected to achieve a density of 24 units/acre). For commercial sites allowing residential, the analysis should specifically account for the extent to which uses other than residential are allowed and contain programs to assure realistic capacity will be maintained throughout the planning period.

Second Units – The element assumes 255 second units will be available for lower-income households based on recent development trends. The analysis should also describe the methodology for affordability assumptions.

Small Sites – Many sites in the inventory are less than a half acre. The element must include an analysis of smaller sites, demonstrating their potential residential development capacity, potential of consolidation and ability to facilitate housing for lower-income households in the planning period. The element could use past or current development trends to facilitate this analysis. This is particularly important given the dependence on small sites to accommodate the County's share of the RHNA and necessary economies of scale to facilitate development of housing affordable to lower-income households. For example, most assisted housing developments utilizing local, State or federal financial resources include at least 40 units.

Environmental Constraints – While the element describes county-wide environmental constraints (page 54) and notes identified sites accounted for slope, and some biological constraints it should include a general analysis of the full range of known environmental constraints, such as conservation easements and floodplain, that could impede development in the planning period.

Sites with Zoning for a Variety of Housing Types – The housing element must demonstrate the availability of sites, with appropriate zoning, that will encourage and facilitate a variety of housing types, including, supportive housing, single-room occupancy (SRO) units, emergency shelters, and transitional housing. An adequate analysis should, at a minimum, identify whether and how zoning districts explicitly allow the uses, analyze whether zoning, development standards and permit procedures encourage and facilitate these housing types. If the analysis does not demonstrate adequate zoning for these housing types, the element must include implementation actions to provide appropriate zoning.

For SROs: The element must identify whether SROs are explicitly permitted in the zoning ordinance and, if so, analyze how development standards encourage and facilitate the use. If SROs are not explicitly permitted, then the element should include a program to provide appropriate zoning.

For Emergency Shelters: The element indicates homeless shelters may be defined as community care facilities. However, the City should be aware of recent amendments to housing element law (Chapter 633, Statutes of 2007 [SB 2]) requiring, among other things, the identification of a zone(s) where emergency shelters are permitted without a conditional use permit (CUP) or other discretionary action and permit transitional and supportive housing as a residential use and only subject to those restrictions that apply to other residential uses of the same type in the same zone. The Department has enclosed a copy of the SB 2 technical assistance memo to assist in addressing this statutory requirement.

For Transitional and Supportive Housing: The element did not address this requirement and must identify whether and how zoning districts explicitly allow the uses, analyze whether zoning, development standards and permit procedures encourage and facilitate these housing types. Pursuant to Chapter 633 transitional and supportive housing must be permitted as a residential use and only subject to those restrictions that apply to other residential uses of the same type in the same zone.

4. *Analyze potential and actual governmental constraints upon the maintenance, improvement, and development of housing for all income levels, including land-use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Section 65584 (Section 65583(a)(5)).*

Fees and Exaction – The element describes typical fees at approximately \$70,000 to \$100,000 per unit, concludes fees are a constraint to development and mentions programs such as a fee waiver program. However, given the magnitude of the cumulative fees and impacts on development costs, the element must include a detailed analysis of fees to guide and strengthen programs to address fees as a constraint. For example, Traffic Impact Mitigation (TIM) Fees are a significant portion of typical fees and while the element mentions they vary by single- and multi-family, the element should identify the range of the fee for single- and multi-family, separately. In addition the element should include an analysis of the impact of the TIM fees for housing types such as second units, transitional housing, supportive housing, housing that serves persons with disabilities, housing for the elderly and mixed-use which typically have a reduced impact on traffic and transportation systems. A detailed analysis of fees is a crucial component of the housing element, particularly since a majority of vacant multifamily zoned sites on the west slope are in areas where the fees are higher (page 46). Depending on the results of this analysis the City may need to add or strengthen programs to address this constraint.

On/Off-Site Improvements – While the element describes the Design and Improvement Standards Manual, it should identify actual standards (i.e., street widths, etc.) and analyze them for potential impacts on the cost and supply of housing.

Constraints on Persons with Disabilities – The element mentions the draft reasonable accommodation ordinance, how residential care facilities are permitted, and a full review of constraints on persons with disabilities will be accomplished within three years of adoption of the element as part of Measure HO-23. However, the element must include specific analyses of potential constraints on housing for persons with disabilities as part of the housing element update. For example, the analysis should identify and analyze spacing requirements, particular conditions that are applied to residential care facilities, requirements such as business licenses for on-site service and include a detailed discussion of the County's family definition. Please see a sample analysis at http://www.hcd.ca.gov/hpd/housing_element/screen27_sb520.pdf.

5. *Analyze the opportunities for energy conservation with respect to residential development (Section 65583(a)(8)).*

The element states the County addresses energy conservation goals through Title 24 compliance, weatherization programs, and policies that encourage solar energy technology. Given the importance of promoting strategies to address climate change and energy conservation, this analysis could facilitate adoption of housing and land-use policies and programs in the housing element that meet housing and conservation objectives. Planning to maximize energy efficiency and the incorporation of energy conservation and greenbuilding features can contribute to reduced housing costs for homeowners and renters. For example, the element could include incentives to promote higher density housing along transit, encourage green building techniques and materials in new and resale homes, promote energy audits and participation in utility programs, and facilitate energy conserving retrofits upon resale of homes. Additional information on potential policies and programs to address energy conservation objectives is available in the *Building Blocks'* technical assistance tool.

6. *Analyze existing assisted housing developments that are eligible to change to non-low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions (Sections 65583(a)(8) through 65583(a)(9)(D)).*

While the element does not identify any units currently at-risk within the planning period, information received from California Housing Partnership Corporation indicates one complex Diamond Springs Apartments, have affordability terms which may have expired in 2004. The element must include an analysis of the potential risk of conversion of these units including a cost estimate of replacing the at-risk units, a list of entities with the capacity to acquire at-risk developments and potential funding resources. This analysis will assist in the development of appropriate programs targeted to preserve these units. For further information on meeting this requirement, please refer to the "at-risk" section of the Department's *Building Blocks'* website. To assist with the analysis, the Department has enclosed a copy of at-risk information and a sample analysis.

C. Quantified Objectives

Include and estimate of the number of housing units, by income category, including extremely low-income, that can be constructed, rehabilitated, and conserved over a five-year time period (Section 65583(b)).

While the element includes objectives for very low-, low-, moderate- and above moderate-income households (page 78), pursuant to Chapter 891, Statutes of 2006 (AB 2634), it must also include objectives for extremely low-income households.

D. Housing Programs

1. *Include a program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land-use and development controls, provision of regulatory concessions and incentives, and the utilization of appropriate federal and State financing and subsidy programs when available. The program shall include an identification of the agencies and officials responsible for the implementation of the various actions (Section 65583(c)).*

Programs must be revised to include specific timelines or milestones, specific objectives, quantified when possible; and description of the County's specific role in implementation. To fully address the program requirements of Government Code Section 65583(c)(1-6) programs to be revised include, but are not limited to:

Measure HO-3: Provide specific timeframes for updating the capita improvement programs.

Measure HO-6: The program (page 43) should commit to establish specific design review standards for multifamily housing and developing a process for fast-tracking approvals.

Measure HO-8: Describe how the County will work with the Tahoe Regional Planning Agency and the role of the County during the Tahoe Regional Plan update.

Measure HO-10: Clarify how the County will prioritize the development review process for projects that provide housing for very low- and low-income households, and when this process will be implemented. It should also include subsequent actions to monitor the effectiveness of this program and subsequent actions should this program not meet state objectives.

HO-15: Clarify what the public information program will entail, how the approval and status of employee housing will be tracked, and describe the timeframes for implementation.

Measure HO-16: Describe the types of incentives to be offered in the planned development combining district to encourage the inclusion of a variety of housing types.

Measure HO-17: Identify the sources of funding that will be used to support a first-time homebuyer program, and when the County will apply for those funds.

Measure HO-18: Provide specific objectives on the number of units expected to be rehabilitated throughout the planning period, and clarify if weatherization services are part of the rehabilitation program.

Measure HO-24: Describe when the County will provide education on homelessness, and when the continuum of care update will be completed.

- 7 -

Measure HO-30: Per conversations with City staff, this program is intended to mitigate the impact of requiring economic analysis studies through the development of a model study which projects can then use to tier off of. The program should clarify this intent, and identify the funding program which will assist to off-set the cost of this analysis for housing affordable to lower-income households.

2. *Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels, including rental housing, factory-built housing, mobilehomes, and emergency shelters and transitional housing. Where the inventory of sites, pursuant to paragraph (3) of subdivision (a), does not identify adequate sites to accommodate the need for groups of all household income levels pursuant to Section 65584, the program shall provide for sufficient sites with zoning that permits owner-occupied and rental multifamily residential use by right, including density and development standards that could accommodate and facilitate the feasibility of housing for very low- and low-income households (Section 65583(c)(1)).*

As noted in finding B3, the element does not include a complete sites inventory or analysis and therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the County may need to add or strengthen programs to address a shortfall of sites or zoning available to encourage a variety of housing types.

For your information, where the inventory does not identify adequate sites pursuant to Government Code Sections 65583(a)(3) and 65583.2, the element must provide a program to identify sites in accordance with subdivision (h) of 65583.2 for 100 percent of the remaining lower-income housing need with sites zoned to permit owner-occupied and rental multifamily uses by-right during the planning period. These sites shall be zoned with minimum density and development standards that permit at least 16 units per site at a density of at least 20 units per acre. Also, at least 50 percent of the remaining need must be planned on sites that exclusively allow residential uses. In addition, the following programs should be revised:

Measure HO-27 should describe the densities that will be allowed in mixed-use developments, any development standards that will be required such as residential commercial use ratios, and the types of incentives the County will implement to encourage residential development on the identified sites.

Furthermore, as noted in finding B3 the element must now comply with the provision of Chapter 633, Statutes of 2007 (SB 2). Therefore Measure HO-25 must be updated to identify zones the County is considering where emergency shelters will be permitted without a CUP or other discretionary action and commit to permit transitional and supportive housing as a residential use and only subject to those restrictions that apply to other residential uses of the same type in the same zone. For your assistance, please see the enclosed SB 2 technical assistance memo to assist in addressing this statutory requirement.

3. *The housing element shall contain programs which "assist in the development of adequate housing to meet the needs of extremely low-, low- and moderate-income households (Section 65583(c)(2))."*

In accordance with Chapter 891, Statutes of 2006, the element must include programs to assist the development of extremely low-income households. Programs should be modified or added to specifically assist in the development of a variety of housing types to meet the needs of these households.

4. *The housing element shall contain programs which "address, and where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing" (Section 65583(c)(3)).*

As noted in finding B4, the element requires a more detailed analysis of potential governmental constraints. Depending upon the results of that analysis, the County may need to strengthen or add programs and address and remove or mitigate any identified constraints. In addition, the programs HO-4, HO-9, and HO-31 must be strengthened to address potential constraints due to the TIM as follows:

Measure HO-4: Describe how the County will promote the use of this program and identify the subsequent actions it will pursue should the TIM fee impede the development of housing affordable to lower-income households.

Measure HO-9: One of the functions of this program could be to off-set development impact fees (page 44). However, this use is not included in the program.

Measure HO-31: Describe how the County will encourage programs that will result in improved levels of service on existing roadways, the steps required to allow for reductions in the TIM fee, and subsequent actions it will pursue should the study not result in the reduction of impact fees for mixed-use developments.

5. *The housing program shall promote equal housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin or color (Section 65583(c)(5)).*

The element did not address this requirement. The element should include specific commitment to disseminate fair housing information throughout the County in a variety of public locations and to establish a process to refer or resolve fair housing complaints.

6. *The housing program shall preserve for low-income household the assisted housing developments identified pursuant to paragraph (8) of subdivision (a). The program for preservation of the assisted housing developments shall utilize, to the extent necessary, all available federal, state, and local financing and subsidy programs identified in paragraph (8) of subdivision (a), except where a community has other urgent needs for which alternative funding sources are not available. The program may include strategies that involve local regulation and technical assistance (Section 65583(c)(6)).*

Pursuant to finding A6, the element requires a more detailed analysis of units at-risk. Depending on the results of that analysis, the County may need to strengthen programs, to include specific actions to address the potential loss of units. For

example, the element could include a program detailing the acquisition/rehabilitation of the Diamond Springs Apartments as described in the Department's conversation with City staff. The element should also include a program to quickly move forward if notices to convert to market-rate uses are received. The program could also include a proactive tenant noticing and education strategy and commit to identifying funds that may be available to preserve the units. Additional information and resources are available at the California Housing Partnership Corporation (<http://www.chpc.net/>).

E. Public Participation

Local governments shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element, and the element shall describe this effort (Section 65583(c)(7)).

While the element includes a general description of workshops and notice of meetings, the element must describe how the County has or will make a diligent effort to achieve the involvement of all economic segments particularly low- or moderate-income households or organizations that represent them in the working group or update process. For example, the element should provide information on how public participation was encouraged (i.e., types of outreach, meetings, etc.), and any ongoing efforts to engage the public and stakeholders in the implementation of the housing element. Finally, the element should include a description of the effectiveness of public participation efforts (i.e., number of participants, general comments received, etc.) and describe how comments received were incorporated into the housing element. The County should continue to engage the community through the adoption of the housing element, by, prior to submitting to the Department, making revisions available with sufficient notice to comment and considering and incorporating, where appropriate, comments, including strengthening policies and programs. The Department has enclosed a sample analysis from the *Building Blocks* website to further assist the County in addressing this requirement.