

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

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November 30, 2009

Ms. Loretta A. Nickolaus
County Administrative Officer
County of Humboldt
825 5th Street, Room 111
Eureka, CA 95501

Dear Ms. Nickolaus:

RE: Review of the County of Humboldt's Adopted Housing Element

Thank you for submitting Humboldt County's housing element adopted on August 25, 2009 and received for review on September 1, 2009. The Department is required to review adopted housing elements and report the findings to the locality pursuant to Government Code Section 65585(h). Communications with Mr. Michael Richardson, Senior Planner, facilitated the review. In addition, the Department considered comments from Brian Mitchell, Find Our Lots, Humboldt Economic Land Plan, Northcoast Association of Home Builders and Humboldt Association of Realtors, pursuant to Section 65585(c).

The adopted element addresses some of the statutory requirements described in the Department's April 10, 2009 review. For example, the element now includes programs to amend zoning to permit transitional housing as a residential use. However, revisions are still necessary to comply with State housing element law (Article 10.6 of the Government Code). For instance, the element must still include a complete site inventory analysis and identify adequate sites. The enclosed Appendix describes this and other revisions needed to comply with State housing element law.

The Department appreciates the cooperation and hard work of Mr. Richardson during the housing element update. If you have questions or would like further assistance, please contact Paul McDougall, of our staff, at (916) 322-7995.

Sincerely,

Cathy E. Creswell
Deputy Director

Enclosures

cc: Brian Mitchell
Kay Backer, Humboldt Economic Land Plan & Find Our Lots
Julie Williams, Northcoast Association of Home Builders
Victoria Copeland & Debbie Provolt, Humboldt Association of Realtors
Robin P. Arkley II, Security National

APPENDIX
COUNTY OF HUMBOLDT

The following changes would bring Humboldt County'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 www.hcd.ca.gov/hpd/housing_element2/index.php, the Government Code addressing State housing element law and other resources.

A. Housing Needs, Resources, and Constraints

1. *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).*

As you are aware, the final regional housing needs allocation (RHNA), pursuant to Section 65584 et. seq., for Humboldt County jurisdictions has not yet been adopted by the Humboldt County Association of Governments (HCAOG) and accepted by the Department. As a result, the County's housing element cannot demonstrate compliance with statutory requirements including, but not limited to, analyses of constraints and identification of adequate sites pursuant to Government Code Sections 65583(c)(1), and 65583.2. If the County's final adopted allocation exceeds the draft or the income distribution is different, it will be necessary to further revise the element.

Suitability of Non-Vacant Sites: As described in the previous review, in accordance with Chapter 724, Statutes of 2004 (AB 2348), the element must demonstrate the potential for redevelopment of non-vacant sites, including an analysis of the extent existing uses may impede development in the planning period. The inventory now lists many sites described as "improved", defined as parcels with improvements valued less than \$100,000. However, the element does not describe the actual use and provides no analysis to support the estimated development potential. The inventory should describe existing uses on non-vacant (e.g., improved) sites adequately to demonstrate their potential for redevelopment. For non-residential sites, the inventory could generally describe whether the use is operating, marginal or discontinued; the condition of the structure; and could describe any expressed interest in redevelopment. For sites with residential uses, the inventory could generally describe structural conditions or other circumstances and trends demonstrating the redevelopment potential to more intense residential uses. Refer to the sample analysis on the *Building Blocks*' website at http://www.hcd.ca.gov/hpd/housing_element2/SIA_zoning.php#nonvacant.

In addition, for non-vacant (improved) sites, the element should estimate potential residential capacity considering not all non-vacant sites will redevelop within the housing element planning period. For example, the element could evaluate sites determined to have the greatest potential for redevelopment in the planning period.

Environmental Constraints: The element lists sites by total acreage and developable acreage. The element now explains developable acreage accounts for various potential environmental constraints such as slope and wetlands. However, the element does not evaluate the impact of such constraints on development potential. For example, the amount of undevelopable acreage could negatively impact feasibility and financially preclude or constrain development.

Candidate Sites: While the element includes programs to address a shortfall of adequate sites, pursuant to Section 65583(c)(B), it must include an analysis of the suitability and availability of candidate sites for rezoning with all components specified in Section 65583.2.

Large Sites: The element now only credits capacity for 100 units on larger sites toward the housing need for lower-income households; however, it must still demonstrate the appropriateness of these sites such as discussing opportunities for specific plan development, further lot subdivision or other methods to facilitate development of housing for lower-income households.

Find Our Lots (FOL): The element references work by the FOL committee convened by the County. Information from the FOL identified a number of issues related to sites in the inventory that should be addressed. For example:

Humboldt Community Service District: The element notes the difference between the FOL recommendation and the County's calculation of capacity is the result of the availability of infrastructure which is dependent on the Martin Slough Interceptor project. Given the importance of sites identified in this area, reliance on the Interceptor project in the previous element and uncertainties surrounding the completion of the project until later in the planning period, the element should include program(s) to facilitate and monitor the completion of the project and commit to identify alternatives if sites are not made available to facilitate development in the planning period.

Shelter Cove: The element now lists capacity for 1,088 units in the Shelter Cove area based on infrastructure capacity. However, in addition to infrastructure, the element should evaluate potential development capacity in this area based on development patterns and trends and development standards. For example, the element could estimate capacity based on development trends similar to the prior element.

Agriculture Exclusive (AE) and Timber Production Zone (TPZ) Sites: The element states (pages 8-6 and G-108 to 109) sites zoned AE and TPZ are not identified in the inventory. However, the inventory appears to identify some sites in these zones. For example, APN 30703152 identifies a residential capacity for 205 units on a site zoned AE (page 73 of Attachment I). The element should separately list acreage for split zoned parcels and evaluate the impact on development potential.

Sites with Improvement Value Greater than \$100,000: The element describes sites with an improvement value greater than \$100,000 were eliminated from the inventory. However, based on FOL's comments and the County's November 23, 2009 response, the element identifies some sites with a value greater than \$100,000. The element should include an analysis of the potential for redevelopment on these sites or demonstrate how the inventory uses the County's site selection criteria.

Additional Sites: The Department understands the County recently added approximately 2,500 sites to the inventory and is continuing to evaluate these sites.

2. *Analyze potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), 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 and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters identified pursuant to paragraph (7) (Section 65583(a)(5)).*

Land-Use Controls: While the element now lists some development standards in residential zones, it should list and analyze all relevant standards. For example, the element should describe parking requirements. In addition, the element must still include an analysis of the cumulative impacts of these standards on the cost and supply of housing and ability to achieve maximum densities.

Processing and Permit Procedures: While the element lists review steps for a typical multifamily development in the South Coast Planning Area, including "consideration of evidence" and "adoption of findings", it does not analyze these steps for their impacts on timing, cost, supply and approval certainty. In addition, the element must still identify and analyze permit types and discretionary action by housing type and zone. Please see the prior letter and the *Building Blocks'* website at http://www.hcd.ca.gov/hpd/housing_element2/CON_permits.php.

3. *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 now lists projects at-risk of converting to market-rate uses, it was not revised with analysis to:

- estimate total cost for producing, replacing and preserving the units at-risk,
- analyze the level of risk of conversion, and
- identify qualified entities with the managerial capacity to acquire and manage at-risk units.

For more information and sample analysis, please see the *Building Blocks*' at http://www.hcd.ca.gov/hpd/housing_element2/EHN_atrisk.php.

B. Housing Programs

1. *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 A-1, the element does not include a complete sites inventory or analysis and the adequacy of sites and zoning was not established. 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 to accommodate the County's regional housing need. In addition:

H-IM17 (Affordable Multifamily Housing Land Inventory) and H-S19 (Standards for Sites in the Residential Land Inventory): The element was not revised to address the requirement described in the previous review. These programs must be revised to permit owner-occupied and rental multifamily uses by-right in compliance with Sections 65583.2(h) and (i). By-right pursuant to 65583.2(i) means local government review must not require a conditional use permit (CUP), planned unit development or other discretionary review or approval. In addition, these programs were also not revised to clarify the amount of acreage, by zone, that will be rezoned.

As noted in Finding A-1, depending on the adopted regional housing need allocation and complete analysis, H-IM17 and H-S19 may need to be further revised.

2. *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)).*

Extremely Low-income (ELI) Households: Programs were not revised to include specific actions to assist in the development of housing for ELI households. While the element includes actions to permit single-room occupancy (SRO) units, addressing the housing needs for family ELI households may necessitate development of housing with two or more bedroom units. As described in the previous review, existing programs should either be expanded or new programs added to specifically assist in the development of a variety of housing types, such as multifamily and supportive housing

to meet the housing needs of ELI households. For example, H-IM6 (Housing Trust Fund) and/or H-IM7 (Pursue Funding) could specifically prioritize some funding or apply for funding for the development of housing affordable to ELI households. Please see the previous review and the Department's *Building Blocks*' website at http://www.hcd.ca.gov/hpd/housing_element2/PRO_assist.php.

3. *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 A-2, the element requires analysis of potential governmental constraints. Depending upon the results of that analysis, the County may need to add or revise programs and address and remove or mitigate any identified constraints.

In addition, the County is considering adopting an inclusionary ordinance (H-IM3). Please be aware, if the County adopts an inclusionary ordinance, the element will need revision to evaluate the requirement for potential impacts on the cost and supply of housing. This analysis is particularly important given current market conditions. For example, among other factors, the element should address whether sufficient regulatory and financial incentives are offered to facilitate compliance with the requirements and describe and analyze other requirements for impacts on the cost and supply of housing such as the level of affordability. For additional information, see the Department's website at <http://www.hcd.ca.gov/hpd/inclusion.html>.

C. 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)(6)(B)).

As noted in the previous review, the County should continue to engage the community, including FOL, through the revision and adoption of the housing element. These efforts are particularly important given community interest in identified sites in the previous and current planning period.