

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

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June 1, 2021

Jeff Hunt, City Planner
Planning Division
City of Oceanside
300 North Coast Highway
Oceanside, CA 92054

Dear Jeff Hunt:

RE: Review of Oceanside's 6th Cycle (2021-2029) Draft Housing Element Update

Thank you for submitting the City of Oceanside's (City) draft housing element received for review on April 2, 2021, along with revisions received on May 20, 2021. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. Our review was facilitated by a telephone conversation on May 12, 2021 with City staff Robert Dmohowski and City's consultants Veronica Tam and Alexis Bueno. In addition, HCD considered comments from the San Diego Housing Federation pursuant to Government Code section 65585, subdivision (c).

The draft element addresses many statutory requirements; however, the following revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code).

1. *Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction. (Gov. Code, § 65583, subd. (c)(10)(A)).*

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).)

Enforcement and Outreach: While the element includes a summary of fair housing complaints (p.D-5), it must also address how the City complies with existing fair housing laws and regulations and fair housing outreach capacity.

Integration and Segregation: The element includes some data on integration and segregation based on race, income, and familial status. However, the element must also address persons with disabilities and analyze trends and patterns for all the categories.

Access to Opportunity: The element includes data on access to opportunities based on race for a variety of areas including education, transportation, and jobs (p.D-12). The element also notes that the City has 17 census tracts that are considered “low resource.” However, the element must analyze this data for local trends, patterns, and local knowledge, and conclude with a summary of any identified issues.

Displacement: The element includes data on disproportionate housing needs using factors such as overcrowding, units in need of substantial rehab, and cost burden (D-13). However, the element must analyze this data for trends, patterns, and local knowledge and the level of risk for displacement.

Sites Inventory: The element must identify and include an analysis of the number of units, location, and assumed affordability on identified sites relative to all components of the assessment of fair housing. Further, the element needs to analyze and conclude whether the identified sites improve or exacerbate each of the fair housing issue areas.

Contributing Factors: The element must list and prioritize contributing factors to fair housing issues. Contributing factors create, contribute to, perpetuate, or increase the severity of fair housing issues and are fundamental to adequate goals and actions.

Goals, Actions, Metrics, and Milestone: Goals and actions must significantly seek to overcome contributing factors to fair housing issues. Currently, the element identifies several programs to address affirmatively furthering fair housing. However, most of these programs do not appear to facilitate any meaningful change. Additionally, goals and actions should be tailored to address fair housing issues and concerns specific to the City based on a complete analysis as described above. The element must also include metrics and milestones for evaluating progress on programs, actions, and fair housing results.

For more information, please see HCD’s guidance at <https://www.hcd.ca.gov/community-development/affh/index.shtml>.

- 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 completed pursuant to paragraph (3) of subdivision (a) without rezoning... (Gov. Code, § 65583, subd. (c)(1).)

Realistic Capacity on Mixed-Use Sites: For sites zoned for nonresidential uses (e.g. commercial), the element must account for the likelihood of non-residential development. The element notes residential is likely but also notes 100 percent non-residential is allowed and does not appear to account for the likelihood of non-residential uses.

Suitability of Nonvacant Sites: The element must include an analysis to demonstrate the potential for redevelopment. The analysis shall consider factors, including but not limited to the extent existing uses constitute an impediment, past experience, development trends and market conditions.

The element includes some examples on recent developments that were built on nonvacant sites (p.B-16) and details the existing uses for most of the sites in the inventory. However, the element must include additional analysis to demonstrate the identified sites have additional development potential during the planning period. The element could use factors including, but not limited to, development trends, past experiences, whether existing uses are operating, have been operating or are not anticipated to continue operating, expiring lease agreements, owner interest, and policies and programs.

In addition, the element states 78% of its lower income Regional Housing Needs Allocation (RHNA) relies on nonvacant sites (p.B-10). When the housing element relies on nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households, as part of the resolution to adopt the housing element, the City must make findings based on substantial evidence pursuant to Government Code section 65583.2, subdivision (g)(2).

Small Sites: Sites larger than ten acres in size or smaller than a half-acre in size are deemed inadequate to accommodate housing for lower-income households unless it is demonstrated, with sufficient evidence, that sites are suitable to accommodate housing for lower-income households. The analysis in the element includes three examples of lot consolidated projects. However, the examples should include affordability, year the project was approved, and other factors such as site characteristics. The analysis also relies on the

assumption that sites will be consolidated due to common ownership and adjacent parcels (p.B-17) but should also identify these parcels and include additional information to support the assumptions such as more recent examples.

Accessory Dwelling Units (ADU): The element projects 50 ADUs per year over the eight-year planning period for a total of 400 ADUs. However, the element notes that the City issued 79 and finalized 95 ADU building permits between 2018-2020 (p.B-2). To credit ADU's towards meeting a portion of the City's RHNA, assumptions should be based on the average building permits issued over three most recent years. HCD's records show that the City issued 49 ADU building permits in 2020, 30 in 2019, and 21 in 2018 equating to an average of 33 ADUs for the last three years. These numbers can also be adjusted to account for strong policies and programs to encourage the development of ADUs. Without sufficient analysis and policies and programs, the element should be revised to reduce the number of ADUs assumed per year. Additionally, the ADU monitoring program (Program 5) must commit to more frequent monitoring (every year) and a specific commitment to adopt alternative measures such as rezoning or amending the element within a specific time (e.g., 6 months) if ADU assumptions for the number of units and affordability are not met.

Sites Inventory: Pursuant to Government Code section 65583.3, subdivision (b), the City must utilize standards, forms, and definitions adopted by HCD when preparing the sites inventory. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml> for a copy of the form and instructions. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance. Please note, upon adoption of the housing element, the City must submit an electronic version of the sites inventory with its adopted housing element to sitesinventory@hcd.ca.gov.

Programs: As noted above, the element does not include a complete analysis; therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs.

- 3. An analysis of 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... (Gov. Code, § 65583, subd. (a)(5).)*

Constraints on Housing for Persons with Disabilities: The element explains the reasonable accommodation procedure and lists certain approval findings, such as evaluating the reasonable accommodation request for impacts on surrounding uses (p.IV-10). This approval finding essentially subjects a request for reasonable accommodation to a use permit finding and acts as a constraint on housing for persons with disabilities. Programs should be added or modified as appropriate to address this constraint.

4. *The housing element shall contain programs which assist in the development of adequate housing to meet the needs of extremely low-, very low-, low- and moderate-income households. (Gov. Code, § 65583, subd. (c)(2).)*

While the element includes Program 4 to assist in the development of housing for lower-income households, including extremely low-income households and households with special needs, it must also include more discrete timing (e.g., annual outreach, applications, awards, etc.)

The element will meet the statutory requirements of State Housing Element Law once it has been revised to comply with the above requirements.

As a reminder, the City's 6th cycle housing element was due April 15, 2021. As of today, the City has not completed the housing element process for the 6th cycle. The City's 5th cycle housing element no longer satisfies statutory requirements. HCD encourages the City to make revisions to the element as described above, adopt, and submit to HCD to regain housing element compliance.

To remain on an eight-year planning cycle, the City must adopt its housing element within 120 calendar days from the statutory due date of April 15, 2021 for San Diego Association of Governments (SANDAG) localities. If adopted after this date, Government Code section 65588, subdivision (e)(4), requires the housing element be revised every four years until adopting at least two consecutive revisions by the statutory deadline. For more information on housing element adoption requirements, please visit HCD's website at: http://www.hcd.ca.gov/community-development/housing_element/housing-element-memos/docs/sb375_final100413.pdf.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City 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.

Specifically, HCD understands the City only made the element available to the public at the same time of submittal to HCD. By not providing an opportunity for the public to review and comment on a draft of the element in advance of submission, the City has not yet complied with statutory mandates to make a diligent effort to encourage the public

participation in the development of the element and it reduces the HCD's ability to consider public comments in the course of its review. The availability of the document to the public and opportunity for public comment prior to submittal to HCD is essential to the public process and HCD's review. The City must proactively make future revisions available to the public, including any commenters, prior to submitting any revisions to HCD and diligently consider and address comments, including making revisions to the document where appropriate. HCD's review will consider the extent to which the revised element documents how the City solicited, considered, and responded to public comments in the element. The City's consideration of public comments must not be limited by HCD's findings in this review letter.

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 programs; 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 will meet housing element requirements for these and other funding sources.

For your information, some General Plan element updates are triggered by housing element adoption. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at:

http://opr.ca.gov/docs/OPR_Appendix_C_final.pdf and
http://opr.ca.gov/docs/Final_6.26.15.pdf.

HCD appreciates the dedication and responsiveness City's housing element team and the City's consultants Veronica Tam and Alexis Bueno provided during the course of our review. We are committed to assist the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Sohab Mehmood, of our staff, at Sohab.mehmood@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink that reads "Shannan West". The signature is written in a cursive, flowing style.

Shannan West
Land Use & Planning Unit Chief