

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

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March 30, 2022

So Kim, Assistant Director
Community Development Department
City of Laguna Beach
505 Forest Avenue
Laguna Beach, CA 92651

Dear So Kim:

RE: City of Laguna Beach's 's 6th Cycle (2021-2029) Adopted Housing Element

Thank you for submitting the City of Laguna Beach's (City) housing element adopted January 11, 2022 and received for review on February 4, 2022. Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from the Kennedy Commission pursuant to Government Code section 65585, subdivision (c).

The adopted housing element addresses many statutory requirements described in HCD's November 24, 2022 review; however, additional revisions are necessary to fully comply with State Housing Element Law (Article 10.6 of the Gov. Code), as described below:

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).)

Local Data and Knowledge: The element did not address this requirement. The element should complement federal, state, and regional data with local data and knowledge where appropriate to capture emerging trends and issues, including utilizing knowledge from local and regional advocates and service providers.

Other Relevant Factors: In response to HCD's prior review, the element now includes some additional information on historic zoning practices, but as mentioned in the prior review, additional information is required to address this

finding. Examples of relevant factors that contribute to certain fair housing conditions include information on past and current state and federal investments, the impact of regulations or voter initiatives on perpetuating exclusionary zoning practices, coordination with affordable housing developers, inclusionary policies, and existing demographic trends and patterns resulting from greenlining or redlining practices.

Sites Inventory: In response to HCD's prior review, the element now includes some revisions on page C-63 that address the relationship between each of the fair housing issues (e.g., integration and segregation, disparities in access to opportunity, and disproportionate housing needs) relative to the sites inventory. In addition, the element provides a general description of location and concentration of sites across tracts for the fair housing issues identified. However, the analysis should address how sites by income group are distributed throughout the census tracts and evaluate any isolation of identified sites by income group, including impact on protected characteristics and whether sites will promote inclusion and foster equitable planning practices within the City.

Contributing Factors to Fair Housing Issues: In response to HCD's prior review, the element now includes some revisions to contributing factors. However, these factors do not appear to be directly correlated to the affirmatively furthering fair housing (AFFH) analysis. For example, many of these factors are limited to the lack of outreach. Other examples to consider include community opposition to affordable housing, housing discrimination, land use and zoning laws, lack of regional cooperation, location and type or lack of affordable housing and lack of public or private investment in areas of opportunity or affordable housing choices. The analysis should result in strategic approaches to inform and connect goals and actions to mitigate contributing factors to affordable housing. As an additional example, the element should identify and assess the characteristics of the City as a predominantly higher resourced community, in relation to equal opportunity and access to resources as a contributing factor, and formulate appropriate policies and programs to address this finding.

Programs, Actions, Metrics, and Milestones: The element did not address this requirement. The element must add and revise programs based on a complete analysis. Please see HCD's prior review for additional information.

Housing Mobility: The element did not address this requirement. Please see HCD's prior review for additional information.

- 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 without rezoning... (Gov. Code, § 65583, subd. (c)(1).)

Suitability of Nonvacant Sites: In response to HCD's prior review, the adopted element now specifies that the City is working with the project applicant to rezone the 0.35-acre parking lot in the R-2 zone that is adjacent to 340 St. Ann's Drive. However, the element does not include a specific commitment and timeframe of completion to facilitate zoning of this site. In addition, the element should include the adjacent property in the sites inventory.

Program 5.2-6 (Special Needs Housing): The element adds additional information to the Program, indicating the City will create a zone to permit emergency shelters in the same area that the existing Friendship Shelter is located by the end of 2022. For your information, as noted in HCD's prior review, the City does not have a zone to permit emergency shelters without discretionary action and HCD cannot find the element in compliance until the appropriate zoning is available.

Electronic Site Inventory: As noted in the prior review, 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 and submit an electronic version of the sites inventory. While the City has submitted an electronic version of the sites inventory, if changes occur, any future re-adopted versions of the element must also submit the electronic version of the sites inventory.

- 3. 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).)*

The revised element now includes additional revisions to Program 5.2-7(d) (Affordable Housing Partnerships), but these actions do not result in specific commitments and thus do not otherwise address this finding. Please see HCD's prior review for additional information. HCD will also send a sample under separate cover.

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

As a reminder, the City's 6th cycle housing element was due October 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 revise the element as described above, adopt, and submit to HCD to regain housing element compliance.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), if a local government fails to adopt a compliant housing element within 120 days of this statutory deadline (October 15, 2021), then any rezoning to accommodate the RHNA, including for lower-income households, shall be completed no later than one year from the statutory deadline. Otherwise, the local government's housing element will no longer comply with State Housing Element Law and HCD may revoke its finding of substantial compliance pursuant to Government Code section 65585, subdivision (i).

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. In addition, as noted in HCD's prior review, the City must continue to 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 revising the document where appropriate. HCD's future review will consider the extent to which the revised element documents how the City solicited, considered, and addressed 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.

HCD appreciates the hard work and dedication you and your team, including consultants: Nancy Bragado, Patty Anders, and Veronica Tam, provided in preparation of the City's housing element. We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Chelsea Lee, of our staff, at chelsea.lee@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager