

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

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June 7, 2021

Greg Sandlund, Planning Director
Department of Planning and Environmental Review
City of Sacramento
300 Richards Blvd,
Sacramento CA 95811

Dear Greg Sandlund:

RE: Review of the City of Sacramento's 6th Cycle (2021-2029) Draft Housing Element

Thank you for submitting the City of Sacramento's (City) draft housing element received for review on April 8, 2021 along with revisions on May 24, 2021. Pursuant to Government Code section 65585, subdivision (b), the Department (HCD) is reporting the results of its review. Our review was facilitated by a telephone conversation on May 14, 2021 with Matt Hertel, Greta Soos, and the City's consultants. In addition, HCD considered comments from Legal Services of Northern California (LSNC) on behalf of themselves and Sacramento Housing Alliance 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 protected by the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2), Section 65008, and any other state and federal fair housing and planning law. (Gov. Code, § 65583, subd. (c)(5).)

Trends and Patterns: While the element reports on levels of socio-economic concentration, it should also discuss the trends and other circumstances leading to existing patterns.

Access to Opportunity: The element should analyze access to opportunity related to transportation within the City.

Sites Inventory: While the element discusses the impacts of the sites relative to access to opportunity and areas of concentrated poverty and race, it should also address sites intended to accommodate moderate- and above moderate-income households. In addition, the element briefly notes the disproportionate number of sites in lower resource areas but should include analysis of factors or goals leading to this distribution of sites for housing to accommodate lower income households and the magnitude of the impact on exacerbating segregation and integration and discussion of whether the lower income regional housing needs allocation (RHNA) is isolated in lower resource areas. This is particularly important given the socio-economic pattern in the City.

- Local Data and Knowledge: 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: The element discusses past redlining and briefly mentions conditions, covenants and restrictions. However, given the socio-economic patterns, the element must include analysis to understand the dynamics behind past actions to better inform future actions. For example, the element must include discussion of past zoning practices, governmental (state, federal and local) investment, related demographics and other factors as appropriate.
 - Goals and Actions: The element must be revised to add or modify goals and actions based on the outcomes of analysis described above. Goals and actions must specifically respond to the analysis of identified and prioritized contributing factors to fair housing issues and must be significant and meaningful enough to overcome identified patterns and trends. Actions must have metrics and milestones as appropriate and address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection.
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, and to comply with the requirements of Government Code section 65584.09... (Gov. Code, § 65583, subd. (c)(1).)

Realistic Capacity: The number of units calculated per site must account for land use controls and typical densities of existing or approved residential developments at a similar affordability level. While the element identifies some recent affordable developments at densities around 100 to 150 units per acre, it also assumes some sites to develop for affordable housing well in excess of 150 units per acre. As a result, the element should include analysis to demonstrate these capacity assumptions or make adjustments as appropriate.

Large Sites: The element identifies nine large sites greater than 10 acres. Sites greater than 10 acres are not eligible absent a demonstration that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower-income housing units as projected for the site or unless other evidence is provided. The inventory adjusts these larger sites to accommodate a mix of incomes and while this approach is generally acceptable, additional analysis is necessary to demonstrate the appropriateness of these sites. For example, developments with units affordable to lower-income households typically range in size from 50 to 150 units. Most of the identified large sites go well beyond this range without any analysis such as feasibility or practicality of magnitude of development with this number of affordable units. If utilizing these sites toward the housing need for lower income households, the element must include additional analysis and programs as appropriate.

Accessory Dwelling Units (ADU): The element demonstrates a steady increase and an annual average of 55 ADUs permitted per year since 2017. The element also includes several meaningful programs that will accelerate ADU production even more and for these reasons, an annual projection of 75 units per year is adequate to meet statutory requirements. However, the element does not support using an average of 100 ADU permitted per year in the second half of the planning period and assumptions should be adjusted downward. In future years and upon demonstrating an increase in ADUs, the

City may submit the housing element to recalculate the number of ADUs utilized to accommodate the regional housing need.

Nonvacant Sites: The element should clearly identify reliance on nonvacant sites to accommodate the housing need for lower-income households. If the housing element relies upon 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).

Emergency Shelters: The element notes several zones where emergency shelters are permitted without discretionary action, identifies some development standards as constraints and includes a general discussion of acreage available to accommodate the need for emergency shelters. The element also discusses how capacity for shelters is not well served by transit, notes additional analysis is needed and then states the City has relied on unique partnerships rather than building new structures on zoned capacity. As a result, the element should be revised to better align typical practices and the analysis meeting statutory requirements. For example, the element should include analysis that addresses potential capacity for re-use of structures or publicly owned or leased sites and further discuss proximity to transit and services and include programs as appropriate.

Water Sewer Priority: The element must describe whether the City has written procedures to grant priority water and sewer service to developments with units affordable to lower-income households and include programs as appropriate. (Gov. Code, § 65589.7.)

Programs: As noted in the findings above, the element does not contain a complete sites inventory and analysis. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types.

- 3. An analysis of potential and actual governmental constraints upon the maintenance, improvement, or 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. (Gov. Code, § 65583, subd. (a)(5).)*

Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities... (Gov. Code, § 65583, subd. (c)(3).)

Processing and Permit Procedures: The element identifies approval findings for the Site Plan and Design Review (pages 5-21); however, it should also analyze those findings for impacts on approval certainty and timing. Findings such as compatible or not detrimental to the surrounding neighborhood may be a constraint and the element should include specific analysis and programs as appropriate.

Fees and Exactions: While the element lists various planning fees, it must specifically analyze the fees for a conditional use permit and include programs to address identified constraints as appropriate.

Programs: As noted in the findings above, the element requires a complete analysis of potential governmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs to address and remove or mitigate any identified constraints.

4. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period... (Gov. Code, § 65583, subd. (c).)*

In addition to adding or modifying programs as appropriate based on complete analyses, as noted above, programs must be revised to ensure a beneficial impact in the planning period, as follows:

Program 7 (Develop a Web-based Land Inventory): Per comments from LSNC, the element should reconsider utilizing various layers in the web-based inventory to reflect equity and environmental goals.

Program 31 (Identify Local Financing for Affordable Housing): In addition to studying feasibility, this program should commit to subsequent actions to insure a beneficial impact in the planning period.

Program 41 (Housing for Extremely Low-income Households): The program commits to seek funding as funding opportunities arise. In addition, the program should seek funding opportunities on a regular basis, at least annually.

Program 45 (Preserve Existing Supply of Affordable Housing): The element must include additional actions to preserve at-risk units. Examples of additional actions include immediate coordination with qualified entities upon initial noticing, pursuing or supporting applications for funding, ensuring proper noticing to tenants and connecting tenants to resources if necessary.

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 May 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 May 15, 2021 for Sacramento Area Council of Governments (SACOG) 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.

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#> element 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.

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.

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.

Greg Sandlund, Planning Director
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HCD appreciates City staff and the various consultants that worked on this project. 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 Irvin Saldana, of our staff, at Irvin.Saldana@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