

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

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August 30, 2024

Lea C. Simvoulakis, Director
Department of Community Development
City of Ceres
2220 Magnolia Street
Ceres, CA 95307

Dear Lea C. Simvoulakis:

RE: City of Ceres' 6th Cycle (2023-2031) Revised Draft Housing Element

Thank you for submitting the City of Ceres' (City) revised draft housing element received for review on July 1, 2024. Pursuant to Government Code section 65585, the California Department of Housing and Community Development (HCD) is reporting the results of its review. Our review was facilitated by a conversation on August 14, 2024 with you and your consultant.

The revised draft element addresses many statutory requirements; however, revisions will be necessary to substantially comply with State Housing Element Law (Gov. Code, § 65580 et seq). The enclosed Appendix describes the revisions needed to comply with State Housing Element Law.

As a reminder, the City's 6th Cycle housing element was due December 31, 2023. 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 in the Appendix, adopt, and submit to HCD to regain housing element compliance.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), as the City did not adopt a compliant housing element within 120 days of the statutory deadline (December 31, 2023), Programs (Program 1.11 - Non-Discretionary Approval Process for 4th and 5th Cycle Reused Sites) to make prior identified sites available or rezone to accommodate the remaining regional housing needs allocation (RHNA) must 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). Please be aware, if the City does not adopt a compliant housing element within one year from the statutory deadline, the element cannot be found in substantial compliance until all necessary rezones are completed.

pursuant to Government Code sections 65583, subdivision (c)(1)(A) and 65583.2, subdivision (c).

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. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

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 Affordable Housing and Sustainable Communities program, 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. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at: <https://www.opr.ca.gov/planning/general-plan/guidelines.html>.

HCD appreciates the hard work and effort provided during the course of our review. 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 Emily Hovda, of our staff, at Emily.Hovda@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager

Enclosure

APPENDIX CITY OF CERES

The following changes are necessary to bring the City'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 HCD's website at <https://www.hcd.ca.gov/planning-and-community-development/hcd-memos>. Among other resources, the housing element section contains HCD's latest technical assistance tool, *Building Blocks for Effective Housing Elements (Building Blocks)*, available at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks> and includes the Government Code addressing State Housing Element Law and other resources.

A. Housing Needs, Resources, and Constraints

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).)*

Disproportionate Housing Needs: While the element now discusses areas of the City with a relatively higher need of rehabilitation, it should still analyze coincidences across other fair housing components (e.g., segregation and integration, disparities in access to opportunity).

Identified Sites and Affirmatively Furthering Fair Housing (AFFH): In response to HCD's prior review, the element now provides data and analysis of the regional housing need allocation (RHNA) by location and various socio-economic characteristics. For example, the element acknowledges a significant portion of the RHNA by income group is accommodated in new growth areas that are isolated, particularly, in the eastern and western portions of the City. While the element discusses these areas will accommodate a mix of housing choices and affordability, it should also discuss the impact of isolating the RHNA, even if for a mix of incomes. For example, the element should discuss how the isolation of the RHNA in new growth areas may result in differences in neighborhood quality and disparities in access to opportunity. Based on the outcomes of a complete analysis, the element should add or modify programs as appropriate such as promoting housing choices and affordability throughout the City and place-based strategies for community revitalization to facilitate more inclusive and equitable neighborhoods throughout the City.

Contributing Factors to Fair Housing Issues: Upon a complete analysis of AFFH, the element should re-assess and prioritize contributing factors to fair housing issues.

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).)

Progress in Meeting the RHNA: While the element now includes information to demonstrate the availability of units included in pipeline projects during the planning period, the element must still demonstrate the anticipated affordability for the Dhillon Villas and Moffett projects. Please see HCD's prior review for additional information.

Specific Plan Areas: In response to HCD's prior review, the element now states that Phase 1 of the West Landing Specific Plan is anticipated to be complete by 2026 (p. C-38), with additional phases requiring construction of a sewer lift station, anticipated for completion by 2027 (pg. C-42). However, the element should be revised to explicitly clarify the total and planned infrastructure capacity of the West Landing Specific Plan area. Also, the element includes conflicting information regarding the anticipated number of units for the Whitmore Ranch Specific Plan. More specifically, while Table C-8 states the plan area has a buildout capacity of 441 units (p. C-44), the element later states only 372 units are anticipated (pg. C-45). The element should be revised to reconcile this information.

Suitability of Nonvacant Sites: In response to HCD's prior review, the element now includes some additional information on existing uses and revised capacity assumptions for non-vacant sites (Appendix C). However, the analysis identifies several sites with existing single-family residences with minimal analysis provided to demonstrate whether these uses would impede additional development within the planning period. The element could relate past development trends to the site characteristics identified in Table C-5 and summarize past experiences converting similar existing uses to higher density residential development to support assumptions that existing residential uses on these sites will be discontinued. Please see HCD's prior review for additional information.

Accessory Dwelling Units (ADU): The element now includes discussion of ADU trends and programs to encourage the development of ADUs but should also support assumptions related to anticipated affordability. Please see HCD's prior review for additional information.

Electronic Sites 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 adopted versions of the element must also submit the electronic version of the sites inventory.

Zoning for a Variety of Housing Types (Emergency Shelters): In response to HCD's prior review, the element states emergency shelters are permitted in the M-1, H-1, and PC zones, but should also explicitly identify which of these zones allow emergency shelters by-right, without discretionary approval. Please be advised, if the City does not have a zone to permit emergency shelters without discretionary action, HCD cannot find the element in compliance until the appropriate zoning is available.

B. Housing Programs

1. *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, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element...(Gov. Code, § 65583, subd. (c).)*

As noted in HCD's prior review, programs must have specific commitment and discrete timing (e.g., at least annually and by 2025) to have a beneficial impact within the planning period and achieve the goals and objectives of the housing element. Programs to be revised include the following:

- *Program 1.9 (Changes to the Zoning Code):* Program 1.9 commits the City to permitting unlicensed residential care facilities where single-family uses are permitted and subject only to those laws applicable to single-family homes. However, the Program should be modified to amend zoning and permit procedures to permit group homes for six or fewer persons (regardless of licensing) as single-family uses and to permit group homes for seven or more persons (regardless of licensing) in all zones allowing residential uses and only subject to requirements of other residential uses of the same type in the same zone.
- *Program 1.12 (Whitmore Ranch Specific Plan Development):* The Program includes actions to monitor and take alternative actions, including upzoning, should residential development in the plan area is not actualized within the planning period. However, the Program should be modified to also include monitoring and appropriate actions taken for the remaining phases of development required to meet the entire RHNA, similar to Program 1.10. This is especially significant given the challenges the City has identified with respect to Whitmore Ranch, including the need for additional sewer and water infrastructure expansion, lack of developer interest in developing higher-density residential, and the fact that Phase 1 of the plan area only includes single-family development.
- *Program 2.3 (Housing Rehabilitation Programs):* The Program should consider applying, with discrete timing, for additional funding sources.
- *Program 3.4 (Temporary/Seasonal Farmworker Housing):* The Program should include significant and specific commitment(s) beyond developing marketing materials to address the housing needs of farmworkers. For example, the element could commit to proactive actions to coordinate with nonprofit developers, employers, and other related organizations, to explore funding and incentives and to identify specific development opportunities. The Program

should address new construction, rehabilitation and conservation of the existing housing stock.

2. *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... Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including... emergency shelters... (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding A2, the element does not include a complete site 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 to address a shortfall of sites or zoning available to encourage a variety of housing types.

3. *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).)*

As noted in Finding A3, 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 and address and remove or mitigate any identified constraints.

In addition, the element includes Program 1.14 (Adopt Approval Findings for Residential Development) to promote approval certainty in the entitlement process. However, some proposed findings of approval appear to be subjective and may impact approval certainty. For example, approval findings related to compatibility with the surrounding area or character of the architecture could impact approval certainty. To address these potential constraints, Program 1.14 should be modified to remove or revise these decision-making criteria or establish mechanisms or other strategies to promote approval certainty.

4. *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).)*

As noted in Finding A1, the element does not include a complete analysis of AFFH. Depending upon the results of that analysis, the City may need to revise or add programs. Goals and actions must specifically respond to the analysis and to the 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 specific commitment, metrics, and milestones as appropriate, geographic targeting, and must address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection. For example, Programs 5.4

(Place-Based Strategies to Support Infrastructure Improvements) and 5.5 (Place-Based Strategies to Support Economic Mobility) are limited in scope by only targeting infrastructure improvements in low-density areas and tracts with generally higher-income households. As another example, Program 2.7 (Promote Walkability and Active Transportation) should include specific project examples with commitment(s) and geographic targeting that promote walkability and the development of active transportation infrastructure in the City.

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. (Gov. Code, § 65583, subd.(c)(9).)

While the element includes Table 1 in Appendix E (p. 2-2), it should expand on the City's response to public comments related to site feasibility in Comment 21 and include discussion of how comments were incorporated in the element.