

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

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October 10, 2008

Mr. Michael Johnson
Planning Director
County of Placer
3097 County Center Dr., Ste 140
Auburn, CA 95603

Dear Mr. Johnson:

RE: Review of the County of Placer's Draft Housing Element

Thank you for submitting Placer County's draft housing element received for review on August 13, 2008. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). A meeting on October 7, 2008 with Messrs. Loren Clark, Assistant Director, Christopher Schmidt, Senior Planner, Ms. Ann Baker, Principal Planner, and Mr. Rik Keller and Ms. Chesley Norton, with Mintier Harnish, the County's Consultants, facilitated the review.

The Department commends the County's successful implementation of many of the programs in the previous planning period, including the development of the Children's Emergency Shelter and Health Center; the institution of the one-stop permit counter which has facilitated a streamlined permitting process and the commitment to establish minimum density standards in the Multifamily Residential (RM) zoning district. The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State housing element law (Article 10.6 of the Government Code). In particular, the element must include a more detailed analysis of identified sites and potential governmental constraints such as permit procedures. The enclosed Appendix describes these and other revisions needed to comply with State housing element law.

If you have any questions or would like assistance, please contact Melinda Coy, of our staff, at (916) 445-5307. We would be happy to arrange a meeting in either Auburn or Sacramento to provide any assistance needed to facilitate your efforts to bring the element into compliance.

Sincerely,

Cathy E. Creswell
Deputy Director

Enclosure

**APPENDIX
PLACER COUNTY**

The following changes would bring Placer'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).*

The County has a Regional Housing Need (RHNA) of 6,229 housing units, of which 2,716 units are for lower-income households. The element relies on approved developments, vacant sites, and sites within commercial zones that allow residential development, to address this need,. To demonstrate the adequacy of these sites and strategies to accommodate the County's share of the RHNA, the element must include an analysis, as follows:

Progress in Meeting the Regional Housing Need Allocation: Table A-1 lists a number of projects that have been built, under construction, approved, or are pending entitlements. However, the element must document the affordability of the 1,585 units credited as affordable to lower-income households constructed or approved since January 1, 2006, and the status of 724 units pending approval. Specifically, the element must demonstrate affordability of units credited to the lower-income need based on actual sales prices, rents, or information on financing or other mechanisms establishing affordability. For projects pending approval, the element should provide information regarding the projected affordability and describe the anticipated timing and types of entitlements needed for approval.

The element describes available residential capacity in approved specific plans for over 16,022 units, including 1,278 units affordable to lower-income households. To utilize this capacity to accommodate the County's share of the regional housing need, the element must include a description of phasing or other timing requirements that impact the units being built in the planning period. For example, of the 16,022 units, how many units are projected to be developed in the planning period? This analysis should particularly address timing requirements for housing anticipated to be affordable to lower-income households. In addition, the Bickford

Ranch Specific Plan development agreement allows 50 percent of the affordable units to be accommodated through other mechanisms such as in-lieu fees, land dedication, or constructed off site. In order to credit these 90 units, the element must demonstrate these units will be constructed within the planning period.

Suitability of Non-Vacant Sites: The sites inventory contains several parcels which would require some demolition (page 188). If utilizing non-vacant sites to accommodate the regional housing need, the element must include a description of existing uses, analyze the extent to which existing uses may impede additional residential development and describe, relative to identified sites, development trends, market conditions and regulatory incentives and standards to facilitate redevelopment or reuse. This analysis could utilize interest from property owners, applications in the planning stage or recent redevelopment activity and describe recent characteristics and circumstances leading to redevelopment, such as discontinuing uses, which could be compared to the identified sites to demonstrate their suitability in the planning period.

Realistic Capacity: The inventory indicates realistic residential capacity projections are based on 85 percent of allowed density. The element must describe the methodology for establishing the capacity estimates of sites. The analysis must adjust the calculation to account for land-use controls and site improvements, including height limits. The element could also describe the typical density yield of those projects recently built or under construction.

In addition, the analysis should specifically describe the methodology for determining the residential capacity on commercial sites that allow residential development. This is particularly important since all of these identified sites can be wholly developed for non-residential uses. For example, Table A-2 notes two of the commercial parcels have non-residential uses in the “pre-development” stage. The analysis should specifically account in the calculation of capacity any current proposal and account for the potential for other uses other than residential being built and describe any existing or proposed regulatory incentives and standards to facilitate housing development in the commercial zones.

Zoning to Encourage and Facilitate Housing for Lower-Income Households: Should the County need to rely on sites allowing less than 20 dwelling units per acre to accommodate a portion of the RHNA for lower-income households, the element must demonstrate the adequacy of the zone including the base density, without density bonus, to encourage and facilitate the development of housing based on factors such as market demand, financial feasibility and development experience within zones or identify additional sites at appropriate densities.

Environmental Constraints: While the element notes identified sites accounted for slope and flood zones, it should include a general analysis of the full range of known environmental constraints, such as conservation easements, wetlands, and oak tree preserves, which could impede development in the planning period.

2. *Analyze potential and actual governmental constraints upon the maintenance, improvement, and 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. 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 (Section 65583(a)(5)).*

Land-Use Controls: While the element describes Placer County's zoning and development standards for typical residential zones (Table 54), it must describe and analyze the development standards for residential development within commercial and mixed-use zones.

Processing and Permit Procedures: As the element describes typical approval requirements for residential development, it should also describe the typical process and timeframes for approval of both single-family and multifamily residential projects. In addition, many of the sites identified in the inventory to accommodate the RHNA for housing for lower-income households are located in the C2 and CPD zones which require a CUP for multifamily development. The element must identify typical findings of approval for the CUP and analyze the process for the potential impact on approval certainty, timing, and cost. The County may need to include a program to mitigate or remove this process requirement especially as it relates to the identified potential for residential development.

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 previous housing element identified the Foresthill Apartments as at-risk for conversion, these units were removed from the at-risk list. According to the US Department of Agriculture this project is eligible to convert in 2016 which is within the 10-year period required by housing element law. The element must include an analysis of the potential risk of conversion including a cost estimate of replacing the at-risk units. This analysis will facilitate development of a program to address the critical nature of preserving at-risk units.

B. Housing Programs

1. *Include a program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land-use and development controls, provision of regulatory concessions and incentives, and the utilization of appropriate federal and State financing and subsidy programs when available. The program shall include an identification of the agencies and officials responsible for the implementation of the various actions (Section 65583(c)).*

To address the requirements of Government Code Section 65583(c)(1-6), all programs where specific actions are required, must be revised to include specific completion dates. In addition, Programs B-9 (State and Federal Funds) and Program C-2 (Employee Housing) should be revised to include a specific commitment to seek funding and formalize procedures, respectively.

2. *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 A1, the element does not include a complete site analysis and therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the County may need to add or strengthen programs to address a shortfall of sites or zoning available to encourage a variety of housing types. At a minimum, the element should be revised as follows:

As referenced (page 87), the County must comply with recent statutory changes pursuant to Chapter 633, Statutes of 2007 (SB 2), requiring, among other things, the identification of at least one zone(s) where emergency shelters are permitted without a conditional use permit (CUP) or other discretionary action within one year of the beginning of the planning period. While the element states Placer County will amend the zoning code to designate emergency shelters in the RM zone with a zoning clearance, it must demonstrate that the RM zone provides sufficient opportunities to accommodate the identified need in the planning period, and should consider opportunities available in suitable locations near services and facilities. In addition, the element must demonstrate that proposed permit processing, development, and management standards encourage and facilitate the development of, or conversion to, emergency shelters. To assist in addressing this statutory requirement, refer to the Department's SB 2 memo at http://www.hcd.ca.gov/hpd/sb2_memo050708.pdf.

In addition, the element states that the Placer County zoning ordinance does not explicitly address single-room occupancy (SRO) units (page 95). Therefore, the element must include implementation actions to provide appropriate zoning that explicitly allows SROs with development standards that encourage and facilitate development.

3. *Provide information on the redevelopment agency's role in the County's effort to encourage the development of a variety of housing types for all income levels (Section 65583(c)).*

The element estimates the County will accrue approximately \$11,225,572 in low- and moderate-income set aside funds through 2012 (page 98). The County should describe the proposed uses of these funds relative to the programs described in the element. For your information, Community Redevelopment Law (Health and Safety Code Section 33334.4) requires agencies, over each 10-year period of the implementation plan, to ensure housing assistance is proportionately provided to very low- and low-income households (based on the proportion each group represents of the community's total housing need for lower- and moderate-income persons) and also to persons under the age of 65 years (based on the proportion this population group represents of the total population reported from the current census). In addition, 33413(b)(4)) requires a redevelopment implementation plan to be consistent with a community's housing element. The integration of applicable information from the redevelopment agency's current housing implementation plan into the housing element will assist in the development of an effective housing element.

4. *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)).*

While the element includes some programs to assist the development of very low-, low-, and moderate-income households, programs should be expanded or added pursuant to Chapter 891, Statutes of 2006 (AB 2634), to specifically assist in the development of a variety of housing types to meet the housing needs of extremely low-income households. Given the importance of the Program A-4 (Mixed-use development) in addressing Placer County's housing need, the County should consider modifying the program to include additional incentives to facilitate the development of residential such as by-right processing of multifamily units and financial incentives for developments which provide housing affordable to lower-income households.

5. *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 A2, the element requires a more detailed analysis of potential governmental constraints. Depending upon the results of that analysis, the County may need to strengthen or add programs and address and remove or mitigate any identified constraints.