

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

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



February 12, 2020

Chuck Maynard, City Manager
City of Desert Hot Springs
65950 Pierson Boulevard
Desert Hot Springs, CA 92240

Dear Chuck Maynard:

RE: Desert Hot Springs' 5th Cycle (2013-2021) Adopted Housing element

Thank you for submitting the City of Desert Hot Springs' housing element adopted October 22, 2019 and received for review on November 14, 2019. Our review was facilitated by a conversation on December 12, 2019 with Rebecca Deming, Community Development Director and supplemental information provided on December 23, 2019. In addition, HCD considered comments from the Public Interest Law Project and Inland Counties Legal Services pursuant to Government Code section 65585, subdivision (c). Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review.

The adopted element is not substantially the same as the revised draft element reviewed on June 13, 2019. Multiple revisions that were submitted to HCD on June 7 and 12, 2019 were not incorporated into the adopted element and content has been amended. Revisions are necessary to comply with state housing element law (Article 10.6 of the Gov. Code).

Needs Assessment: "Table H-1: Population Growth" summarizes population growth data for Desert Hot Springs and Riverside County. Data contained in Table H-1 is referenced in analysis contained in the element, but Table H-1 is missing from the adopted element. Table H-1 should be included in the element.

Emergency Shelters: The June 12, 2019 revision with analysis of the R-H zone for its adequacy and appropriateness to accommodate emergency shelters without discretionary action is missing in the adopted housing element. The analysis should be included in the element.

Rancho Royale Specific Plan: The element describes the Mission Trails area of the Rancho Royale Specific Plan is subject to a settlement agreement that requires withdrawal of existing tentative tract maps. As such, none of the sites within the Mission Trails area are included in the inventory or credited toward the City of Desert Hot Springs' Regional Housing Needs Allocation (RHNA) (pages H-38 and H-40).

However, capacity estimated for the Rancho Royale Specific Plan area is not reduced from previous estimates. The capacity estimate is increased by a total of 1,267 units (248 units for low-income households and 1,019 units for moderate-income households) with no corresponding analysis. In addition, "Appendix H-B: Approved Projects Table" which included additional detail on all seven approved specific plan areas (included in June 7, 2019 revisions) is missing in the adopted element.

The element should be revised to include an analysis to support the increased capacity in the Rancho Royale Specific Plan, include Appendix H-B, and ensure none of the sites within the Mission Trails area are included within capacity estimates to accommodate the city's RHNA or as a part of the Site Inventory itemizing sites identified for rezoning to accommodate RHNA for lower-income households.

Two Bunch Palms Specific Plan: The city provided HCD with supplemental information, a copy of the development agreement for the Two Bunch Palms Specific Plan (Plan). Table 4-5 of the element proposes 738 moderate-income units in the Plan. However, the development agreement describes a reduction of capacity to 621 single family units.

In addition, the Plan describes the redevelopment and expansion of the Two Bunch Palms Resort and Spa. The development agreement does not include a description of affordability requirements for the single-family units. The element must analyze the affect, if any, on the development of single family homes on resort property for its affordability to moderate-income households. Alternatively, the element could assign the units to accommodate above-moderate RHNA, or remove the Plan's capacity from Table 4-5.

Program 1: Adequate Sites: The June 7, 2019 revision to Program 1 is not incorporated into the adopted element. Rezoning for a shortfall of adequately-zones sites to accommodate the city's RHNA for lower-income households is required pursuant to Government Code section 65583.2 subdivisions (h) and (i). Specifically, Program 1 must be revised to commit to establishing a minimum density of 20 units per acre on rezoned sites.

Program 7: Zoning Ordinance Update: The June 12, 2019 revision to Program 7 committing to evaluate and modify minimum dwelling size standards is not incorporated into the adopted element. Minimum unit sizes are a constraint to development. Program 7 must be revised as described in the June 12, 2019 revisions.

Program 10: Code Enforcement: The June 12, 2019 revision to Program 10 committing to adopt the most recent building code standards by 2020 is not incorporated into the adopted element. Program 10 must be revised as described in the June 12, 2019 revisions.

In addition to revisions, actions as described in HCD's June 13, 2019 correspondence are necessary to comply with state housing element law (Article 10.6 of the Gov. Code).

HCD acknowledges the housing element describes and analyzes the city's housing plan as proposed for a general plan update. As such, in addition to the revisions required, Desert Hot Springs must take additional action prior to HCD certification of the housing element, as follows:

- Zoning *and* development standards to accommodate the development of housing for lower-income households must be adopted and available to developers. Program 1 (Adequate Sites), Program 6 (Affordable Housing Incentives), Program 7 (Zoning Ordinance Update), and Program 8 (Mixed-Use Development) are essential to facilitate the development of affordable housing and zoning must be adopted for the housing element to comply with statutory requirements. To address this requirement, the city could adopt zoning concurrently with the general plan.
- Pursuant to Government Code section 65584.09, a jurisdiction that failed to identify or make available adequate sites to accommodate all of the previous cycle's housing need must zone or rezone adequate sites to accommodate all of the previous cycle's unmet housing need within the first year of the next housing element cycle. Desert Hot Springs failed to identify adequate sites to accommodate 3,080 units for lower-income households in its 4th cycle housing element. Zoning pursuant to the requirements of Government Code section 65583.2, subd. (h) and (i) was required to be implemented no later than October 15, 2014. To date, the city has failed to implement the required zoning. Zoning must be implemented prior to HCD certification of the housing element.
- Government Code section 65588, subd. (e)(4) requires a jurisdiction that failed to adopt its housing element within 120 calendar days from the statutory due date to revise its element every four years until adopting at least two consecutive revisions by the applicable due dates. The City of Desert Hot Springs did not meet the requirements of Government Code section 65588, subd. (e)(4); therefore, it is subject to the four-year revision requirement until the city has adopted at least two consecutive updated revisions by the applicable due dates.

Furthermore, prior to obtaining housing element compliance, Desert Hot Springs must adopt a compliant four-year update. The four-year update, among other things, requires standalone public outreach and participation, separate from the public outreach conducted for the initial 5th cycle housing element. The four-year update must also demonstrate meaningful progress in implementation, such as completing necessary zoning amendments, since adoption of the initial 5th cycle housing element.

- 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 must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate.

The city has a shortfall of adequately-zoned sites to accommodate 946 units of housing affordable to lower-income households from their 5th cycle housing need. Be advised, timeframes imposed pursuant to Government Code section 65583 subd. (c)(1)(A) have elapsed; therefore, the provisions of Government Code section 65583 subd. (g) apply to Desert Hot Springs. All sites included in Appendix H-A: Sites Inventory Table are subject to these provisions.

Specifically, Government Code section 65583 subd. (g) states in the event a local government fails to complete rezoning by the deadline prescribed in Government Code section 65583 subd. (c)(1)(A), a local government may not disapprove a housing development project, nor require a conditional use permit planned unit development permit, or other locally imposed discretionary permit, or impose a condition that would render the project infeasible, if the housing development project:

- Is proposed to be located on a site required to be rezoned, and
- complies with the applicable objective general plan and zoning standards and criteria, including design review standards, described in the rezone program action.

In addition, any subdivision of sites shall be subject to the Subdivision Map Act and design review shall not constitute a “project” for purposes of Division 13 (commencing with Section 2100) of the Public Resources Code. Noncompliance with these requirements and other requirements of state law creates the risk of the jurisdiction being subject to lawsuit and court order to compel action and compliance.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds Desert Hot Springs 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: http://opr.ca.gov/docs/OPR_Appendix_C_final.pdf and http://opr.ca.gov/docs/Final_6.26.15.pdf.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. Housing element compliance is a threshold criteria to receive SB 2 Planning Grant funding. HCD received the city’s SB 2 Planning Grant application and is placing the city’s application on hold pending determination of housing element compliance. To ensure the awarding of grant funding, in addition to other program requirements, the city’s housing element must be

determined to be compliant with sufficient time to meet the encumbrance deadline of June 30, 2020. A determination of compliance after February 2020 puts the city's award of SB 2 Planning Grant Program funding at risk of not meeting the encumbrance deadline. Additional guidance can be obtained from the SB 2 Planning Grant Team at SB2PlanningGrant@hcd.ca.gov .

HCD appreciates the hard work and dedication Rebecca Deming, Community Development Director and the City's consulting team at MIG provided throughout the course of the housing element review. HCD is committed to assisting Desert Hot Springs in addressing all statutory requirements of housing element law. If you have any questions or need additional technical assistance, please contact Robin Huntley, of our staff, at (916) 263-7422.

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 Manager