

STATE OF CALIFORNIA - BUSINESS, TRANSPORTATION AND HOUSING AGENCY

ARNOLD SCHWARZENEGGER, Governor

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

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June 7, 2010

Ms. Danelle Stylos
Community Development & Services Director
City of Oakdale
120 South Sierra Avenue
Oakdale, CA 95361

Dear Ms. Stylos:

RE: Review of the City of Oakdale's Draft Housing Element

Thank you for submitting Oakdale's draft housing element received for review on April 8, 2010 with revisions received May 28, June 1 and 2, 2010. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). Telephone conversations with Ms. Tracey Ferguson, Associate Planner, of PBS&J facilitated the review.

The Department commends the City of Oakdale for conducting a housing conditions survey providing significant detail of current housing conditions throughout the City. This allows targeting resources to areas of greatest need for preservation and rehabilitation. In addition, the City's efforts to support the acquisition and rehabilitation of the at-risk Oakridge Apartments, including allocation of Redevelopment Agency funds, is particularly noteworthy.

The draft element addresses most 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 complete sites analysis and programs to assist in the development of extremely low-income households. The enclosed Appendix describes these and other revisions needed to comply with State housing element law.

The Department is committed to assist Oakdale in addressing all statutory requirements of housing element law. If you have any questions or need additional technical assistance, please contact Erik Gropp, of our staff, at (916) 322-4268.

Sincerely,

Cathy E. Creswell
Deputy Director

Enclosure

cc: Tracey Ferguson, PBS&J

APPENDIX CITY OF OAKDALE

The following changes would bring Oakdale'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

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).

Oakdale has a regional housing needs allocation (RHNA) of 983 housing units of which, 390 are for lower-income households. To address this need, the element relies on vacant sites and units permitted since the beginning of the planning period. However, to demonstrate the adequacy of these sites and strategies to accommodate the City's RHNA, the element must include complete analyses as follows:

Progress In Meeting the RHNA: As you know, the City's RHNA may be reduced by the number of new units built since January 1, 2007. The element indicates (page 20) that three units affordable to very low-income households and 115 units affordable to low-income household have been built. However, the element must describe the City's methodology for assigning these units to the various income groups based on actual sale prices or rent level of the units.

Sites Inventory: Pending the completion of the analysis of progress towards the RHNA, the City may need to revise its inventory (Table 3-41, page 69) to identify sufficient sites are available to accommodate its remaining regional need by income level. The City may wish to consider additional strategies to increase total residential development capacity of sites within the existing City boundaries, including identifying opportunities for redevelopment or mixed-use development. For additional information on strategies and needed analysis required to demonstrate the adequacy of City actions to address a shortfall of sites, please refer to the *Building Blocks*' section on Sites Inventory and Analysis at http://www.hcd.ca.gov/hpd/housing_element2/SIA_zoning.php.

B. Housing Programs

- 1. 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. 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 A-1, 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 City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types. Any program to address a shortfall of sites must provide for zoning that allows owner-occupied and rental multifamily uses by-right sufficient to accommodate the remaining need for lower-income households. Pursuant to Section 65583.2(i), "by-right", means local government review must not require a conditional use permit (CUP), planned unit development or other discretionary review or approval. The program must also ensure the adequate sites program provides for:

- a minimum of 16 units per site;
 - a minimum density of 20 units per acre; and
 - at least 50 percent of the lower-income need must be accommodated on sites designated for residential use only.
- 2. 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 (Section 65583(c)(2)).*

The element includes some programs to assist in the development of low-, and moderate-income households, pursuant to Chapter 891, Statutes of 2006 (AB 2634). However, the element does not include actions to specifically assist in the development of a variety of housing types to meet the housing needs of extremely low-income (ELI) households. While the element includes Program 1.5 to explore the feasibility of single-room occupancy (SRO) units, this housing type does not address the housing needs of family ELI households who may need housing with two or more bedrooms. The element should include ELI programs that correspond to the City's entire range of ELI household needs. To address this requirement, the element could revise programs to prioritize some funding for the development of housing affordable to ELI households, and/or offer financial incentives or regulatory concessions to encourage the development of housing types such as multifamily, and supportive housing, which address some of the needs of this income group. Also Program 1.5 should be revised with specific actions beyond "explore to feasibility" and "consider providing funding and/or regulatory relief" to assist in the preservation or development of SROs.

In addition, several additional programs should be strengthened to include specific commitments to implementation, including information on what specifically the City will do to promote and encourage the availability of resources for rehabilitation assistance or the development of specific housing types (e.g., second units). Programs to be revised include but are not limited to Programs 1.3 (Second Units), 1.13 (Housing Rehabilitation), 1.14 (Housing Improvement), 2.4 (Density Bonus Ordinance) and 2.5 (First-Time Homebuyer).

3. *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)).*

Program 2.13 generally describes the City's intent to adopt an inclusionary housing program (page 80). From the brief description, it is not clear how the Program will be implemented and what types of incentives the City will adopt. If the City adopts an inclusionary housing program, the element should be amended to evaluate the requirements for its potential impacts on the cost and supply of housing. Please see the Department's letter regarding inclusionary housing ordinances at http://www.hcd.ca.gov/hpd/thalman_inc121307.pdf.

Program 2.16 indicates the City will review and amend zoning to comply with State law to permit group homes and residential care facilities serving six or fewer by-right as a single-family use in residential districts. The element should, however, describe where and how these facilities serving seven or more are permitted, analyze potential constraints on housing for persons with disabilities and include programs as appropriate to address identified constraints.

C. Consistency with General Plan

The housing element shall describe the means by which consistency will be achieved with other general plan elements and community goals (Section 65583(c)(7)).

The City should also note recent statutory changes to Government Code Section 65302 (Chapter 369, Statutes 2007 [AB 162]) which requires amendment of the safety and conservation elements of the General Plan to include analysis and policies regarding flood hazard and management information upon the next revision of the housing element on, or after, January 1, 2009. For additional information, refer to Department's website at http://www.hcd.ca.gov/hpd/hrc/plan/he/ab_162_stat07.pdf.