

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

1800 Third Street, Suite 430
P. O. Box 952053
Sacramento, CA 94252-2053
(916) 323-3177
FAX (916) 327-2643



June 12, 2009

Mr. Chu Chang, Director
Department of Community Development Services
Redwood City
1017 Middlefield Road
Redwood City, CA 94063

Dear Mr. Chang:

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

Thank you for submitting Redwood City's draft housing element received for review on April 15, 2009. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). The review was facilitated by communications with Ms. Jill Ekas, Planning Manager, Ms. Debbi Jones-Thomas, Housing Coordinator, Ms. Maureen Riordan, Senior Planner and the City's consultants, Ms. Lisa Brownfield, Ms. Genevieve Sharrow and Ms. Diana Gonzales, of Hogle-Ireland. In addition, the Department considered comments from the Non-Profit Housing Association of Northern California, Public Interest Law Firm and the California Affordable Housing Law Project, pursuant to Government Code Section 65585(c).

The Department commends Redwood City's public outreach through the City's affinity groups and recent accomplishments facilitating the development of student and faculty housing at Canada College. 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). For example, the element must include an analysis of residential capacity estimates on mixed-use sites and potential governmental constraints. The enclosed Appendix describes these and other revisions needed to comply with State housing element law.

The Department is committed to assisting Redwood City in meeting the statutory requirements of housing element law. If you have any questions or would like assistance, please contact Paul McDougall, of our staff, at (916) 322-7995.

Sincerely,


Cathy E. Creswell
Deputy Director

Enclosure

APPENDIX

REDWOOD CITY

The following changes would bring Redwood 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 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).*

Redwood City has a regional housing need allocation (RHNA) of 1,856 housing units, of which 726 are for lower-income households. To address the need, the City is relying on vacant and underutilized sites. However, to demonstrate the adequacy of these sites, the element must address the following:

Addressing Unaccommodated Need from the Previous Planning Period: Pursuant to Chapter 614, Statutes of 2005 (AB 1233), if Redwood City failed to identify or make adequate sites available to accommodate the regional housing need in the prior planning period, including failure to implement rezoning, the City must zone or rezone sites to accommodate any unaccommodated need within the first year of the 2009-2014 planning period. As you know, the City did not adopt an element demonstrating adequate sites in the prior planning period. While the City mentions in the a letter dated April 10, 2009 that residential capacity is available for the current and prior planning period, the element must include an analysis or programs to demonstrate compliance with these statutory requirements. Further information can be found at http://www.hcd.ca.gov/hpd/hrc/plan/he/ab_1233_final_dt.pdf or on the *Building Blocks'* website at http://www.hcd.ca.gov/hpd/housing_element2/GS_reviewandrevise.php.

Sites Inventory: Many sites are listed with pending general plan designations and zoning which could require rezoning for development to occur. However, based on conversations with City staff, it appears the existing zoning on many sites, including opportunity areas, allows residential and mixed-use development at densities sufficient to accommodate housing affordable to lower-income households. Because timely redesignation of sites is uncertain, the City may need to describe existing zoning to demonstrate adequate sites to accommodate the regional housing need. Where needed, the element should include programs to rezone sites sufficient to accommodate any shortfall of capacity to address the City's regional housing need.

Appendix A lists many sites comprised of multiple parcels. For example, the Downtown 6 site is made up of seven individual parcels. While the inventory may aggregate parcels, it should describe the potential for lot consolidation on sites comprised of multiple parcels. For example, the element could evaluate conditions rendering parcels suitable and ready for redevelopment, circumstances similar to recent trends, information on the number of owners and indicate where sites have been assembled. The element should also include policies and programs as appropriate to facilitate lot consolidation.

Realistic Capacity: In estimating residential capacity of mixed-use sites, the element must account for the extent to which uses other than residential are allowed. Projected residential development capacity should not, for example, assume residential-only development on all mixed-use sites when a 100 percent non-residential uses are allowed.

Non-Vacant Sites: The element must evaluate the extent to which existing uses may impede additional residential development. While the element includes very general (e.g., residential, office) information about existing uses, there is no analysis about the potential for additional residential development. To address this requirement, the element could include more complete descriptions of existing uses for representative, prime opportunity sites (rather than all sites) including information on the condition and age of structures, improvement to land values, and whether the use is operating, marginal, or discontinued. In addition, the element could:

- describe how sites are determined to be “significantly underutilized”, and
- evaluate proposed downtown projects (Table H-51) to determine whether existing uses and circumstances leading to redevelopment are similar to other sites identified in the inventory.

2. *Analyze potential and actual governmental constraints upon the maintenance, improvement, and development of housing for all income levels, including land use controls and local processing and permit procedures (Section 65583(a)(5)).*

Land-Use Controls: A parking standard of two spaces per unit for multifamily projects, regardless of bedroom size, could impact the cost and supply of housing particularly for studio or one-bedroom units. While the element indicates the City has reduced these standards, it should describe the process and potential for reducing parking requirements.

Processing and Permit Procedures: Although the element describes the City’s pre-application process and processing times (pages 71 to 77), it must describe and analyze approval procedures for typical multi- and single-family developments, including the level of discretionary action, for impacts on the cost and supply of housing, including approval certainty. The analysis must specifically address decision-making criteria, such as approval findings by permit type for residential uses, particularly multifamily, and focus on developments larger than four units which appear to require more complex discretionary action. See the sample analysis on the *Building Blocks*’ website at http://www.hcd.ca.gov/hpd/housing_element2/CON_permits.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, including rental housing, mobilehomes, and emergency shelters and transitional housing (Section 65583(c)(1)).*

As noted in the finding A1, the element does not include a complete sites inventory or analysis; as a result, the adequacy of sites and zoning has not been 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 and zoning for a variety of housing types. For example, if the revised inventory identifies a shortfall of residential capacity with existing zoning, the element will need a program, pursuant to Section 65583(c)(1), to rezone sites sufficient to accommodate the remaining housing needs of lower-income households by a date certain. In addition:

Action H-23 (Special Needs): The element includes a discussion of the suitability and acreage in the Light Industrial Zone and Live/Work Zone and Action H-23 creates an overlay within these areas. However, pursuant to Chapter 633, Statutes of 2007 (SB 2), Action H-23 should also commit to the amount of acreage to be zoned with the new overlay sufficient to accommodate the City's need for emergency shelters.

2. *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)).*

The element must include specific commitment to assist in the development of housing for lower-income households, as follows:

Extremely Low-income (ELI) Households: Pursuant to AB 2634, existing programs should either be revised or programs added to specifically assist in the development of a variety of housing types to meet the housing needs of ELI households. 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 single-room occupancy (SRO) units, which address the needs of this income group. For example, the element could revise Action H-23 with specific commitment to how and when the City identify and support development opportunities for SROs.

Action H-5 (Affordable Housing Development): Describe when and how often (i.e., annual) the City will identify opportunities for development. In addition, the Program could prioritize resources to the Downtown and other mixed-use opportunity areas, particularly for lower-income households. For example, Action H-5 could be coordinated with Action H-10 (Adequate Sites) to identify development opportunities and allocate financial resources on an annual or bi-annual basis.

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)).*

As noted in finding A2, the element requires 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. *The housing program shall preserve for low-income household the assisted housing developments identified pursuant to paragraph (8) of subdivision (a). The program for preservation of the assisted housing developments shall utilize, to the extent necessary, all available federal, state, and local financing and subsidy programs identified in paragraph (8) of subdivision (a), except where a community has other urgent needs for which alternative funding sources are not available. The program may include strategies that involve local regulation and technical assistance (Section 65583(c)(6)).*

Action H-4 (Preservation of At-Risk Rental Housing): While the Program commits to monitor at-risk units and hold public hearings, it should include additional specific actions to assist in preserving at-risk units. Examples of additional actions include assisting with funding or supporting funding applications and facilitating tenant education. For additional information, see the *Building Blocks*' website at http://www.hcd.ca.gov/hpd/housing_element2/PRO_atrisk.php.

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 (Section 65583(c)(7)).

The element describes a community-wide process, including affinity groups and neighborhood outreach, and specific efforts through the Housing and Human Concerns Committee (pages 5 to 8). However, the element does not describe the success of these efforts. The element should generally summarize comments and describe how they were considered. Further, engaging the community and organizations and service providers representing low- and moderate-income households is important in developing, adopting and implementing an effective housing element. The City should continue to engage the community and make revisions available to the public.

D. For Your Information

The City is considering drafting an inclusionary ordinance (Action H-7). Please be aware, if the City adopts an inclusionary ordinance, the element should be amended to evaluate the requirement for potential impacts on the cost and supply of housing and ensure the requirement does not act as a constraint on new development. This analysis is particularly important given current market conditions. For example, the evaluation should address whether sufficient regulatory and financial incentives are offered to facilitate compliance with the requirements.