

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

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January 14, 2022

David Newell, Assistant Director
Department of Development Services – Planning
City of Palm Springs
3200 East Tahquitz Canyon Way
Palm Springs, CA, 92262

Dear David Newell

RE: City of Palm Springs' 6th Cycle (2021-2029) Revised Draft Housing Element Update

Thank you for submitting the City of Palm Springs' (City) draft housing element received for review on November 18, 2021. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. Our review was facilitated by a conversation on January 11, 2022 with you, the City's consultant, Mark Hoffman and the City's attorney, Todd Leishman.

The revised draft element addresses many statutory requirements described in HCD's October 1, 2021 review; however, revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code). The revisions needed are as follows:

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).)*

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 protected by the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2), Section 65008, and any other state and federal fair housing and planning law. (Gov. Code, § 65583, subd. (c)(5).)

Actions, Programs, Metrics, and Milestones: As stated in HCD's October 1, 2021 review, goals and actions must significantly seek to overcome contributing factors to fair housing issues. In addition, programs must enhance housing mobility;

provide housing choices in areas of high opportunity; address disproportionate housing needs and implement place-based strategies for community revitalization and conservation. While the revised element included some modifications, several programs did not include specific actions or a description of how each action will be implemented. Lastly, as noted in the prior review, programs must include metrics and milestones to target meaningful outcomes and measure the effectiveness of actions. Programs to be revised include Programs HS1.4, 2.3, 2.4, 2.7, 2.8, 2.10, 3.1, 3.2, 3.4, 3.5, 3.6, 5.1. Additionally, the element should be revised as follows:

- *Place-based Strategies for Community Revitalization*: HCD's October 1, 2021 review stated that to develop place-based strategies for communities with several overlapping fair housing issues including DeMuth Park, Desert Highlands, and Crossley Tract, the element could modify existing programs by placing a specific focus on these communities. The revised element modified Program HS2.10 to "prioritize existing housing programs (2.3, 2.4, 2.7, 2.8, 2.9)" for the neighborhoods mentioned above. However, the element provided no description on how each program would prioritize these neighborhoods. Examples include:
 - Program HS2.7 commits to working with neighborhood organizations to improve neighborhoods in the City with a specific focus on disadvantaged communities (per HS2.10). This program should explain what actions the City and neighborhood organizations will take to improve neighborhoods.
 - Program HS2.10 stated that the City will improve access to transit, parks, and public safety for specific neighborhoods, but it should also include a list of committed actions that will lead to improving access to opportunities.
 - Program HS2.3 included providing outreach and education, however, it still needs to describe how the City will conduct outreach (e.g., newsletters, social media, flyers, etc.), how frequently the City will provide education (e.g., annually), and how this program will be prioritized in communities with several fair housing issues.
- *New Housing Choices and Affordability in Areas of Opportunity*: The element did not identify actions or programs to address this requirement. Given that most of the City is considered high to highest resource, the element must identify programs and actions that promote housing choices and affordable in areas of higher opportunity and throughout the community. For a list of examples, please see page 72-73 of HCD's AFFH Guidance: https://www.hcd.ca.gov/community-development/affh/docs/affh_document_final_4-27-2021.pdf

2. *Include an analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected needs for all income levels, including extremely low-income households (ELI). (Gov. Code, § 65583, subd. (a)(1).)*

ELI Households: While the revised element analyzed the housing needs for lower-income households including discussing the characteristics of need and current and proposed resources, as stated in HCD's October 1, 2021 review, the element must analyze the needs of ELI households. Please see HCD's prior review for more information. Based on the outcomes of a complete analysis, the element should add or modify programs as appropriate.

3. *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).)*

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 to accommodate that portion of the city's or county's share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. (Gov. Code, § 65583, subd. (c)(1).)

Parcel Listing: The Sites Inventory must list properties by, among other factors (e.g., zone, general plan, size) assessor parcel number. The element included Site #14 in the inventory (p. 141) to accommodate 101 moderate-income units; however it did not list the accessors parcel number (APN) but instead listed the site as "19 ad. parcels." The element must include the APNs for each parcel that makes up Site #14. Based on the outcomes of a complete analysis, the element must include programs as appropriate to address a shortfall of sites or zoning available to encourage a variety of housing types.

4. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other*

exactions required of developers, and local processing and permit procedures... (Gov. Code, § 65583, subd. (a)(5).)

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. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. (Gov. Code, § 65583, subd. (c)(3).)

Constraints on Housing for Persons with Disabilities: As stated in HCD's October 1, 2021 review, the element did not address group homes for seven or more persons. While the element has a program to amend zoning and permit group homes for six or fewer persons, it does not address group homes for seven or more persons. Additionally, while the element did clarify that these uses are conditionally allowed and provided a list of projects that have been approved (p. 66), it did not analyze impacts and potential constraints on housing for persons with disabilities. The analysis must address required approval findings, process including timing, and where these uses are permitted. Based on the outcomes of this analysis, the element must include programs as appropriate. Please see HCD's prior review for additional information.

Land-Use Controls–Multifamily Heights: The revised element provided a cumulative analysis of land use controls and independently evaluated multifamily heights and minimum lot size requirements. From the conversation between the City and HCD, the City contends that constraints must only be evaluated for impacts on the ability to accommodate the RHNA. While the City must evaluate impacts on the ability to accommodate the RHNA, it must also evaluate potential constraints on housing (maintenance, improvement, and development) for impacts on housing supply (including allowable densities), cost, type, timing, and approval certainty. This analysis is not limited to the RHNA. The City imposes a maximum height requirement of two stories in the R-3 zone where the maximum allowable density is 30 units per acre (p. 67). This requirement is a constraint as it, for example, can hinder achieving the maximum allowable density. While the revised element included Program HS1.8 to analyze the impact of development standards and revise if needed, the revision is needed. This program must specifically commit to revising the maximum height requirement in the R-3 zone to facilitate achieving maximum densities.

The element will meet statutory requirements of State Housing Element Law once it has been revised and adopted to comply with the above requirements.

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. Please note, upon adoption of the housing element, the City must submit an electronic version of the sites inventory with its adopted housing element to sitesinventory@hcd.ca.gov. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml> for a copy of the form and instructions.

As a reminder, the City's 6th cycle housing element was due October 15, 2021. 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 above, adopt, and submit to HCD to regain housing element compliance.

Palm Springs' statutory deadline to adopt a housing element is October 15, 2021. For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), if a local government fails to adopt a compliant housing element within 120 days of this statutory deadline, then any rezoning to accommodate the RHNA, including for lower-income households, shall 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).

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.

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 Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs; 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.

David Newell, Assistant Director
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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 Sohab Mehmood, of our staff, at Sohab.mehmood@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall". The signature is stylized and somewhat cursive, with the first name "Paul" and last name "McDougall" clearly distinguishable.

Paul McDougall
Senior Program Manager