

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

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February 28, 2023

Jeff Mitchem, Director
Planning and Building Department
City of Calistoga
1232 Washington Street
Calistoga, CA 94515

Dear Jeff Mitchem:

RE: City of Calistoga's 6th Cycle (2023-2031) Revised Draft Housing Element

Thank you for submitting the City of Calistoga's (City) revised draft housing element received for review on December 30, 2022. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from David Kellogg pursuant to Government Code section 65585, subdivision (c).

The revised draft element addresses many statutory requirements described in HCD's August 24, 2022 review; however, revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code). The enclosed Appendix describes the revisions needed to comply with State Housing Element Law.

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 the statutory deadline (January 31, 2023), then any rezoning to make prior identified sites available or accommodate the regional housing needs allocation (RHNA) shall be completed no later than one year from the statutory deadline pursuant to Government Code sections 65583, subdivision (c) and 65583.2, subdivision (c). 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). **Please be aware, if the City fails to adopt a compliant housing element within one year from the statutory deadline, the element cannot be found in substantial compliance until these rezones are completed.**

Chapter 654, Statutes of 2022 (AB 2339), adds specificity on how cities and counties plan for emergency shelters and ensure sufficient and suitable capacity. Future submittals of the housing element may need to address these statutory requirements. For additional information and timing requirements, please see HCD's memo at <https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/ab2339-notice.pdf>.

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. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

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.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City 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: <https://www.opr.ca.gov/planning/general-plan/guidelines.html>.

HCD appreciates the hard work and dedication your team provided during the review. 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 Chelsea Lee, of our staff, at Chelsea.Lee@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager

Enclosure

**APPENDIX
CITY OF CALISTOGA**

The following changes are necessary to bring the 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 HCD’s website at <https://www.hcd.ca.gov/planning-and-community-development/hcd-memos>. Among other resources, the housing element section contains HCD’s latest technical assistance tool, *Building Blocks for Effective Housing Elements (Building Blocks)*, available at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks> and includes the Government Code addressing State Housing Element Law and other resources.

A. Housing Needs, Resources, and Constraints

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).)

1 Enforcement & Outreach: While the revised element now discusses outreach capacity for fair housing issues and includes an analysis of fair housing complaints, it must still describe the City's compliance with existing fair housing laws and regulations. For additional information, please see pages 28-30 on HCD’s Affirmatively Furthering Fair Housing (AFFH) Guidance Memo at [https://www.hcd.ca.gov/community-development/affh/docs/AFFH Document Final 4-27-2021.pdf](https://www.hcd.ca.gov/community-development/affh/docs/AFFH_Document_Final_4-27-2021.pdf).

2 Integration and Segregation (Income, Disability and Familial Status): The revised element included some information on overall household size, households with children, and data on race by block groups. However, the element must still analyze local and regional trends and patterns across neighborhoods for income, disability, and familial status. The analysis should consider neighborhood concentrations of specific households (income, disability, and familial status) and analyze coincidences across various fair housing components.

3 Disparities in Access to Opportunities: The revised element briefly summarizes educational access throughout the City and noted the City’s TCAC scores for access to various opportunities; however, the element still needs to include a complete local and regional analysis of patterns and trends for all components (economic, environmental, transportation and educational). A comprehensive analysis should include local and regional disparities of access to educational, environmental, and economic opportunities through local, state and federal data.

4 Disproportionate Housing Needs: The element included minor revisions noting potential displacement risks throughout the City. However, a complete analysis should evaluate local and regional trends and patterns related to cost-burdened and overcrowded

households, substandard housing conditions, and homelessness across census tracts, census blocks or neighborhoods. The analysis should also analyze coincidences across other fair housing components including any neighborhood level concentrations.

5 Other Relevant Factors: While the revised element includes some information on wildfire risks from an academic study, this does not address HCD's prior finding. Please see HCD's August 24, 2022 (prior review) for additional information.

6 Local Knowledge and Data: The element was not revised to address this requirement. Please see HCD's August 24, 2022 (prior review) for additional information.

7 Sites Inventory: The element was not revised to address this finding. Please see HCD's August 24, 2022 (prior review) for additional information.

8 Contributing Factors and Summary of Fair Housing Issues: While the element includes some contributing factors and a summary of fair housing issues, based on a complete analysis, the element may need to add or revise the identification of contributing factors and fair housing issues.

2. *Include an analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition. (Gov. Code, § 65583, subd. (a)(2).)*

Analyze any *special housing needs* such as elderly; persons with disabilities, including a developmental disability; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter. (Gov. Code, § 65583, subd. (a)(7).)

9 Extremely Low Income (ELI): HCD's prior review found that the element must quantify existing ELI households and provide an analysis of the needs and challenges for these households. While the element now provides a quantification, it still must analyze the existing needs and resources. For example, the element should discuss the existing resources to meet housing needs (availability of shelter beds, number of large units, number of deed restricted units, community services, etc.) and an assessment of any gaps in resources. Local officials, special needs service providers or County social and health service providers may be able to assist with information to complete the analysis. The element may need to add or revise programs and policies based on the outcomes of a complete analysis.

Overpayment: The element was not revised to address this requirement. Please see HCD's prior review for additional information.

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).)*

10

Realistic Capacity: The element was revised to indicate that the City is relying on minimum densities to calculate realistic capacity assumptions. While that is a generally acceptable approach, the element noted that the minimum density for the CC, DC, and R-3 zones is 20 units per acre (p. 5-17). However, in other areas of the element, the densities for these zones indicate that the minimum density is either a range between 10-20 units per acre or allows up to 20 units per acre (pp. 5-21 and 6-2). The element also indicates in the actual sites inventory (attached at the end of the element), that the minimum densities for several zones is ten units per acre. The element must consistently and accurately indicate each sites zone and the allowable densities. Based on a revised analysis, the element may need to adjust assumptions.

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Additionally, the revised element notes that 100 percent residential and nonresidential uses are allowed in nonresidential zones and the City’s pipeline projects were able to develop with residential given the City’s performance standards. However, to address this finding, the element still should specifically analyze the likelihood of 100 percent nonresidential uses in these zones. As found in the prior review, to complete this analysis, the element should consider the likelihood of nonresidential development, performance standards, and development trends supporting residential development. For additional information, see the Building Blocks at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks/analysis-sites-and-zoning>.

Electronic Sites Inventory: 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 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. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance. Please note, upon adoption of the housing element, the City/County must submit an electronic version of the sites inventory with its adopted housing element to sitesinventory@hcd.ca.gov.

Zoning for a Variety of Zoning Types:

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- **Emergency Shelters:** In response to HCD’s prior review, the element includes reference to development standards for emergency shelters in Chapter 17.22 of the City’s ordinance (p. 6-4). However, the element must still identify and analyze these standards (e.g., spacing and parking requirements). In addition, the element was not revised to address parking requirements for emergency shelters. Please see HCD’s prior review for additional information.

13

- **Supportive and Transitional Housing:** In response to HCD’s prior review, the element now includes revisions that clarify how supportive and transitional housing are permitted in residential zones (p. 5-4). However, as found in HCD’s prior review, the element still must indicate whether these uses are allowed in zones that allow for residential uses (Table 6-1). Additionally, the element still needs to demonstrate compliance with requirements related to supportive housing as a by-right use in zones where multifamily and mixed uses are

permitted (Government Code section 65651). Please see HCD's prior review for additional information.

14

- **Housing for Agricultural Employees:** The revised element states that while the City does not define farmworker and employee housing in the zoning code, it generally complies with the Employee Housing Act. However, the element should include a program specifically defining and zoning to fully comply with the requirements under Employee Housing Act (Health and Safety Code, § 17000 et seq.).

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).)*

Land Use Controls (Parking): HCD's previous review found that the City requires two spaces per multifamily unit. The element included an analysis to evaluate this requirement as a potential constraint on development. The analysis noted that because the City allows projects to meet parking requirements through various ways (covered, garage, off-street parking), parking is not an impediment to development. However, requiring two spaces for smaller bedroom units such as studios and one-bedroom units is considered a constraint by increasing project costs and reducing available land to develop actual units and also impacting a projects ability to meet maximum densities. The element should be revised to modify or include a program committing to adopting reduced parking requirements for smaller bedroom units (e.g., studio and one bedroom).

15

Local Permit Process and Procedures: The element should address public comments on this revised draft submittal and discuss compliance with the Permit Streamlining Act and intersections with CEQA and timing requirements, including streamlining determinations and add or modify programs as appropriate.

Constraints on Housing for Persons with Disabilities:

- **Reasonable Accommodation:** In response to HCD's prior review, the element includes revisions describing the City's reasonable accommodation procedures. This information identified that application fees are identical to those for a minor conditional use permit, approximately 850 dollars. The element should analyze these fees as potential constraints on housing for persons with disabilities and include a program as necessary to remove constraints.

16

- **Licensed and Unlicensed Residential Care Facilities for Seven or More Persons:** While the element notes that the City allows special needs housing by-right in all residential zones (p. 6-22), as found in HCD's prior review, the element still must

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identify and evaluate how the City permits unlicensed and licensed group homes. Please see HCD's prior review for additional information.

5. *An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, the cost of construction, the requests to develop housing at densities below those anticipated in the analysis required by subdivision (c) of Government Code section 65583.2, and the length of time between receiving approval for a housing development and submittal of an application for building permits for that housing development that hinder the construction of a locality's share of the regional housing need in accordance with Government Code section 65584... (Gov. Code, § 65583, subd. (a)(6).)*

18 **Approval Time and Requests for Lesser Densities:** The element was not revised to address this finding. Please see HCD's prior review for additional information.

B. Housing Programs

1. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element... (Gov. Code, § 65583, subd. (c).)*

19 **As found in HCD's prior review, programs must demonstrate that they will have a beneficial impact within the planning period. Beneficial impact means specific commitment to deliverables, measurable metrics or objectives, definitive deadlines, dates, or benchmarks for implementation.** Deliverables should occur early in the planning period to ensure actual housing outcomes. The element must provide quantified objectives where appropriate and all programs should be evaluated to ensure provision of discrete timing (e.g., month and year) to account for how often the action will occur as well as to ensure a beneficial impact throughout the planning period.

2. **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 completed pursuant to paragraph (3) of subdivision (a) without rezoning, and to comply with the requirements of Government Code section 65584.09. 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).)

20 As noted in Finding A3, the element does not include a complete site analysis; 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. In addition, the element should be revised as follows:

21 **Publicly-Owned Sites:** The element was not revised to address this finding. Please see HCD's prior review for additional information.

22 **Small Sites:** The revised element included an analysis demonstrating that small sites (less than 0.5 acres) can be feasible for development due to being contiguous lots and having common ownership, making the sites ripe for lot consolidation. However, the element should include a program establishing incentives and actions to encourage and promote lot consolidation efforts.

3. *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).)*

23 As noted in Findings A4 and A5, the element requires a complete analysis of potential governmental and nongovernmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints.

4. *Develop a plan that incentivizes and promotes the creation of accessory dwelling units that can be offered at affordable rent...for very low, low-, or moderate-income households... (Gov. Code, § 65583, subd. (c)(7).)*

24 The element identified Program A1.2-2 indicating the City will consider amending accessory dwelling units (ADU) regulations to include incentives for development. However, as found in the prior reviews, the element should specify what type of potential or actual incentives the City will be establishing. Additionally, the element included Program A1.2-3 to conduct outreach. However, the program should include additional information about what type of outreach and the frequency of the action. Lastly, given the City's reliance on ADUs, the element should include a program committing to frequent monitoring and adjusting the projected assumptions if they do not actualize during the planning period. Specifically, the program should commit to monitor ADU production and affordability throughout the course of the planning period and implement additional actions if not meeting target numbers anticipated in the housing element. If necessary, additional actions should be taken in a timely manner (e.g., within six months). The degree of additional actions should be in stride with the degree of the gap in production and affordability. For example, if actual production and affordability of ADUs is far from anticipated trends, then rezoning or something similar would be an appropriate action. If actual production and affordability is near anticipated trends, then measures like outreach and marketing might be more appropriate

5. *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... (Gov. Code, § 65583, subd. (c)(5).)*

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Goals, Priorities, Metrics, and Milestones: As noted in Finding A1, based on a complete analysis, the element may need to revise or include additional programs to address fair housing issues. Additionally, as found in the prior review, the element must include goals and actions that significantly seek to overcome contributing factors to fair housing issues. Please see HCD's August 24, 2022 (prior review) for additional information.