

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

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January 21, 2022

Jason Simpson, City Manager  
City Manager's Office  
City of Lake Elsinore  
130 South Main Street  
Lake Elsinore, CA 92530

Dear Jason Simpson:

**RE: City of Lake Elsinore's 6<sup>th</sup> Cycle (2021-2029) Revised Draft Housing Element**

Thank you for submitting the City of Lake Elsinore's (City) revised draft housing element received for review on November 24, 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.

The draft element addresses many statutory requirements; 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.

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.

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 (October 15, 2021), then any rezoning to accommodate the regional housing needs allocation (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 meets housing element requirements for these and other funding sources.

We are committed to assist the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Jamillah Williams, of our staff, at [Jamillah.Williams@hcd.ca.gov](mailto:Jamillah.Williams@hcd.ca.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall". The signature is stylized and cursive.

Paul McDougall  
Senior Program Manager

Enclosure

## APPENDIX CITY OF LAKE ELSINORE

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 <http://www.hcd.ca.gov/community-development/housing-element/housing-element-memos.shtml>. Among other resources, the housing element section contains HCD's latest technical assistance tool, *Building Blocks for Effective Housing Elements (Building Blocks)*, available at <http://www.hcd.ca.gov/community-development/building-blocks/index.shtml> 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))*

The element includes the Assessment of Fair Housing (AFH); however, additional information is necessary to address the requisite affirmatively furthering fair housing (AFFH) analysis requirement, including local contributing factors to the fair housing issues and develop strong programs and strategies to address the identified fair housing issues as follows:

Disparities in Access to Opportunity: While the element included some additional analysis (p. 3.47) for access to opportunity, it must still provide local analysis of trends and patterns transportation and environment and a regional analysis for education. The analysis should also address persons with disabilities and disparities in access to transit. Please refer to page 35 of the AFFH guidebook (link: <https://www.hcd.ca.gov/community-development/affh/index.shtml#guidance>) for specific factors that should be considered when analyzing access to opportunities.

Site Inventory: The map of the approved projects inventory shows a concentration of very low- and extremely low-income (ELI) sites in low resource areas. While Program 9 was added to mitigate the impact of lower income concentration and the narrative describes how the allocation of sites improves conditions, it does not address how sites exacerbate conditions. Additionally, the analysis evaluates the sites relative to access to opportunity but should also evaluate the income categories of identified sites with respect to location, the number of sites and units by all income groups and how that affects the existing patterns for all components of the assessment of fair housing (e.g., racially and ethnically concentrated areas of poverty (RE/CAPs), integration and segregation, and disproportionate housing needs and displacement risk).

Contributing Factors: While the element includes additional issue areas as well as associated contributing factors, it does not explain how these factors are prioritized in the analysis. The element must prioritize contributing factors to fair housing issues. Contributing factors create, contribute to, perpetuate, or increase the severity of fair housing issues, are fundamental to adequate goals and actions, and must be related to the overall analysis. Examples include community opposition to affordable housing, housing discrimination, land use and zoning laws, lack of regional cooperation, location and type or lack of affordable housing and lack of public or private investment in areas of opportunity or affordable housing choices. The analysis must result in strategic approaches to inform and connect goals and actions to mitigate contributing factors to affordable housing.

Goals, Priorities, Metrics, and Milestones: Goals and actions must significantly seek to overcome contributing factors to fair housing issues. While the revised draft includes an overview of two issues in Lake Elsinore along with contributing factors, it does not identify associated goals, metrics, and milestones. The element must include metrics and milestones for evaluating progress on programs, actions, and fair housing results. Programs also need to be based on identified contributing factors, be significant and meaningful. The element must add, and revise programs based on a complete analysis and listing and prioritization of contributing factors to fair housing issues. For sites that are in lower-resourced areas, the element must include specific actions that seek to transform and address disparities in low resourced areas. Furthermore, the element must include metrics and milestones for evaluating progress on programs, actions, and fair housing results. For more information, please see HCD's guidance at <https://www.hcd.ca.gov/community-development/affh/index.shtm>.

2. *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).)*

The City has a regional housing needs allocation (RHNA) of 6,681 housing units, of which 2,977 are for lower-income households. To address this need, the element relies on vacant sites, including sites in Specific Plan Areas. To demonstrate the adequacy of these sites and strategies to accommodate the City's RHNA, the element must include complete a vacant sites analysis:

Specific Plan Areas: The revised sites inventory identifies potential capacity in a number of specific plans for 18,403 units (Appendix B) and relies on capacity to accommodate at least 1,725 of its lower-income RHNA on multifamily sites within those specific plans (Table 4.8). While the housing element indicates the Specific Plans' residential capacity and estimates the number of units by income group, it does not provide any analysis demonstrating their suitability and availability for development in the planning period or potential affordability. For specific plans that are anticipating a variety of housing types including multifamily, it remains unclear how multifamily is to be accommodated in these specific plans, land

capacity that will be available for multifamily, and allowable densities. To utilize residential capacity in Specific Plans, the element must:

- Identify the date of approval of the plans and expiration date.
- Identify approved or pending projects within these plans that are anticipated in the planning period, including anticipated affordability based on the actual or projected sale prices, rent levels, or other mechanisms establishing affordability in the planning period of the units within the project.
- Provide descriptions of allowable densities, development standards and other requirements for multifamily development anticipated to accommodate the lower-income RHNA;
- Describe necessary approvals or steps for entitlements for new development (e.g., design review, site plan review, etc.).
- Describe any development agreements, and conditions or requirements such as phasing or timing requirements, that impact development in the planning period.

Zoning for Lower-Income Households: The site inventory is relying on zoning that allows up to 24 units per acre to accommodate the lower-income housing need. The element includes additional analysis to substantiate the City's use of lower income based on "lower real estate costs" and programs to remove constraints. However, the element does not include a complete analysis to demonstrate the feasibility of 24 units per acre density. Specifically, the element must describe market demand and financial feasibility. To address this analysis, the City could consult with local developers. In addition, the element states that over 4,448 units affordable to lower-income households are expected to be accommodated in potential multifamily and mixed-use development in a variety of specific plans. However, the element does not include information allowable densities for multifamily development and therefore HCD cannot make a determination related to the appropriateness of sites within the specific plans to accommodate the RHNA for lower-income.

Realistic Capacity: As stated in the previous element, the City uses maximum density allowed in the Residential Mixed-Use zone (RMU) multiplied by the size of the parcel. While the element was revised to indicate there is residential capacity in the Commercial Mixed-Use zone that was not included in the inventory, this information is not sufficient to address this requirement as it does not provide support for the capacity assumptions in the RMU. The element should include typical densities of existing or approved residential developments at similar affordability levels within the zone and development trends supporting residential development. Please see HCD's prior review.

Water Sewer Priority: Water and sewer service providers must establish specific procedures to grant priority water and sewer service to developments with units affordable to lower-income households. (Gov. Code, § 65589.7.) Program 16 (Adequate Sites) commits to delivering the housing element to water and sewer service providers but does not indicate a procedure to grant priority water and sewer service to

developments with units affordable to lower-income households. Please See HCD's prior review.

## **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 through the administration of land use and development controls, the provision of regulatory concessions and incentives, and the utilization of appropriate federal and state financing and subsidy programs when available. The program shall include an identification of the agencies and officials responsible for the implementation of the various actions. (Gov. Code, § 65583, subd. (c).)*

To address the program requirements of Gov. Code section 65583, subd. (c)(1-6), and to facilitate implementation, programs should include: (1) a description of the City's specific role in implementation; (2) definitive implementation timelines; (3) objectives, quantified where appropriate; and (4) identification of responsible agencies and officials. Programs to be revised include the following:

All programs should be reviewed and revised to include items (1) through (4) as stated above. While many programs contain objectives and timelines, many do not. The element should be revised to address any of these deficiencies, including those noted below:

Program 14 (Special Needs Housing): This Program commits to giving priority to special needs projects, encouraging nonprofits to pursue funding for special needs housing, and assisting developers seeking state and federal funding. While the City clarified actions and included additional objectives, it did not describe how the City will encourage nonprofit organizations or how it will grant priority for special needs projects.

Program 15 (Resources to Address Homeless Need): This Program commits to addressing needs of at-risk and homeless through assistance to nonprofits, continuing to work with nonprofit organizations to aid residents in need and offering technical assistance, and using the Lake Elsinore Homeless Task Force to further the City's efforts. As stated in the previous letter, it is unclear of what specific actions the City will take to assist nonprofit efforts or what the City's technical assistance will look like. The Program should be revised to specify actions and objectives for each category and answer when the City intends on applying for the stated funds and what kind of assistance will or can be granted to the nonprofits.

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).)*

As noted in Finding A2, 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.

3. *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).)*

Program to AFFH: While the element includes Program 25 which describes how the City's fair housing initiatives, it must also include stronger actions that promote AFFH opportunities. The element must be revised to include programs that go beyond status quo actions and include quantifiable objectives and concrete actions that are transformative and overcome patterns and trends identified in the element. For example, Disparities in Access to Opportunity section identifies lack of public investment in specific neighborhoods, the location of proficient schools and school assignment policies as contributing factors, but none of the associated goals address any of these. Additionally, Bullet 2 in the same section should go beyond identifying issues and commit to addressing them once they are discovered. Bullet 4 does not proactively address identified issues such as a concentration of lower- and moderate-income minorities. Bullet 7 should be revised to include a specific implementation date.

AFFH means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming RE/CAPs into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to AFFH extends to all public agency's activities and programs relating to housing and community development.

**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. (Gov. Code, § 65583, subd.(c)(9).)*

While the element includes a general summary of the public participation process (pp. 1.4 to 1.7) and describes public comments and how they were incorporated into the element, it must also demonstrate diligent efforts were made to involve all economic segments of the community in the development of the housing element.