

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

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December 14, 2021

Carl Stiehl, Senior Planner
Planning Division
City of Murrieta
1 Town Square
Murrieta, CA 92562

Dear Carl Stiehl:

RE: City of Murrieta's 6th Cycle (2021-2029) Revised Draft Housing Element

Thank you for submitting the City of Murrieta's (City) revised draft housing element update received for review on October 15, 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 revised draft housing element addresses many statutory requirements described in HCD's August 31, 2021 letter; however, additional revisions are necessary to fully 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 this statutory deadline, 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).

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: http://opr.ca.gov/docs/OPR_Appendix_C_final.pdf and http://opr.ca.gov/docs/Final_6.26.15.pdf.

HCD appreciates the hard work and dedication the housing element update team provided in preparation of the City's housing element. HCD is 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 Marisa Prasse, of our staff, at Marisa.Prasse@hcd.ca.gov.

Sincerely,



Paul McDougall

Senior Program Manager

Enclosure

APPENDIX CITY OF MURRIETA

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. Review and Revision

Review the previous element to evaluate the appropriateness, effectiveness, and progress in implementation, and reflect the results of this review in the revised element. (Gov. Code, § 65588 (a) and (b).)

The element was not revised to address this requirement. As noted in the prior review, the element must provide an explanation of the effectiveness of goals, policies, and related actions in meeting the housing needs of special needs populations.

B. 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).)*

Enforcement & Outreach: The element was not revised to address this requirement. Please see HCD's prior review.

Disproportionate Housing Needs, including Displacement: The element generally was not revised to address this requirement. The element must still evaluate spatial patterns and trends, particularly for overpayment, overcrowding and displacement risk. Please see HCD's prior review and AFFH Data Viewer for additional information.

Sites Inventory: While the element provides information regarding sites and units by income relative to segregation and integration and disparities in access to opportunity, it must still address this requirement for disproportionate housing needs, including displacement risk. In addition, the analysis should address the magnitude of the impact on local patterns and specifically address the isolation of the RHNA for lower-income households. In turn, this information should be complimented by local data and knowledge and other relevant factors to formulate appropriate policies and programs. For example,

the element should have specific programs with metrics and milestones to address the isolation of the RHNA for lower-income households.

Local Data and Knowledge and Other Relevant Factors: The element was not revised to address this requirement. Please see HCD's prior review.

Contributing Factors to Fair Housing Issues: The element should reassess and prioritize contributing factors upon completion of analysis and make revisions as appropriate. In addition, the element now lists three prioritized contributing factors. However, these factors do not appear to reflect the analysis. For example, two of the three contributing factors relate to fair housing complaints. However, at this time, significant portions of the analysis relate to a predominantly higher resource community with an isolation of sites identified for lower-income households. Yet, no contributing factors appear to address these themes.

Goals, Actions, Metrics, and Milestones: As noted in the prior review, the element must be revised to add or modify goals and actions based on the outcomes of a complete analysis. Goals and actions must specifically respond to the analysis and to the identified and prioritized contributing factors to fair housing issues and must be significant and meaningful enough to overcome identified patterns and trends and foster inclusive communities. Actions must have specific commitment, metrics, and milestones as appropriate and must address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection.

- 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. (Gov. Code, § 65583, subd. (a)(1).)*

Extremely Low-Income (ELI) Households: As noted in the prior review, the element must include analysis of ELI households given their unique and disproportionate housing needs. The element includes information on overpayment and other housing issues but should also analyze tenure, overcrowding and other household characteristics then examine the availability of resources to determine gaps in housing needs and formulate appropriate policies and programs.

- 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).)*

Progress in Meeting the RHNA: The element now lists approved, entitled and permitted projects by affordability. However, the element must still demonstrate affordability based on anticipated or actual sales prices, rent levels or other mechanisms ensuring affordability (e.g., deed-restrictions).

Realistic Capacity: The element now includes analysis for residential capacity in the Multifamily 3 Zoning District, Downtown Murrieta Specific Plan and Transit-oriented Development (TOD) Overlay District. For the Multifamily 3 Zoning District, the element assumes minimum densities and as a result, no additional analysis is necessary. For the Downtown Murrieta Specific Plan, the element assumes densities at 24 units per acre based on assumptions in the Specific Plan. However, the element should still support this assumption based on typically built densities by affordability. For example, the element could utilize built densities in pending and approved projects (Table B-4). For the TOD overlay, the element assumes minimum densities and no additional analysis is necessary.

In addition, the element must still analyze and account for the likelihood of 100 percent non-residential uses as noted in the prior review.

Suitability of Nonvacant Sites: The element lists examples of recent development on nonvacant sites. However, the element should provide supporting information to demonstrate the similarity between redevelopment trends and identified sites. For example, the element could explain the characteristics of existing uses on recently redeveloped sites and evaluate how those characteristics relate to identified sites through examples of typical sites or quantitative analysis. Further, the parcel listing includes descriptions of how existing uses do not impede redevelopment or why a site might redevelop. The element could highlight these reoccurring descriptions and provide supporting information such as development trends. For example, the parcel listing describes primarily vacant with small structure, large surface parking lot or mostly paved and back half of the lot undeveloped. The element could provide supporting information for these descriptions to demonstrate the potential for additional development.

In addition, the element lists sites to accommodate RHNA for moderate and above moderate-income households. Some of these sites are nonvacant with existing single-family structures where zoning allows a net additional number of units. In several cases, the net number of additional units is minimal, and the element should either support this assumption or remove the identified sites. To support these assumptions, the element could utilize recent trends or present other analysis to address whether the existing uses impeded additional development such as abandoned properties or other conditions indicating turnover of the property.

Zoning for a Variety of Housing Types (Emergency Shelters): The element now describes development standards and mentions capacity is near hazardous waste contributors, but it should still include analysis as described in the prior review. First, the element should provide an analysis of proximity to transportation and services. Second, the element should describe whether these waste contributors cause conditions inappropriate for human habitation and if so, identify alternative areas or demonstrate areas that are not affected by the waste contributors. Lastly, the element states parking requirements of one per 4 beds are consistent with state law. Zoning may impose parking requirements on emergency shelters; however, those requirements should only be the number sufficient and necessary for all staff working in the emergency shelter. Parking standards requiring one space per four beds appear inconsistent with statutory requirements. As a result, the element should add or modify programs as appropriate.

Electronic Sites Inventory: As a reminder, pursuant to Government Code section 65583.3, the City must submit an electronic sites inventory with its adopted housing element. The City must utilize standards, forms, and definitions adopted by HCD. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml#element> for a copy of the form and instructions. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance.

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).)*

An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including... 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).)

Land Use Controls: The element now includes a program to address minimum lot size requirements. However, it must still analyze and address fully enclosed garage parking requirements for multifamily dwellings and condominiums as a constraint on housing.

Processing and Permit Procedures: The element was not revised to evaluate the processing and permit procedures' impacts as potential constraints. Please see the prior HCD review.

In addition, the element now includes an in-depth discussion of SB 35 (Chapter 366, Statutes of 2017), but it should still address how the City facilitates compliance. For example, the element could describe whether the City has a written procedure to implement SB 35 or include a program if appropriate.

Housing for Persons with Disabilities: The prior review noted the element should specifically analyze the conditional use permit (CUP) for group homes for seven or more persons as a constraint and include programs as appropriate. In response, the element lists approval findings and concludes conditions of approval are objective in nature. However, some approval findings appear to be subjective. Standards such as impairment on integrity and character, creating objectionable conditions or adverse to public convenience are potentially constraints. The element should either demonstrate written rules or other policies or procedures clarify these standards or include a program to address the constraint as appropriate to ensure zoning allows group homes for seven or more persons with objectivity and to promote approval certainty.

Approval Time and Requests for Lesser Densities: The element was not revised to address this requirement relative to approval times. Please see the prior HCD review. With respect to requests for lesser densities, the element states the City does not typically receive requests at densities less than what is permitted. However, this analysis should address requests for densities less than those identified in the sites inventory. For example, requests less than 24 units per acre in the Downtown Murrieta Specific Plan or the assumed densities in other specific plan areas.

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

As noted in the prior review, the element must revise programs with specific commitment and definitive implementation timelines. Several programs were revised with timelines. However, the following programs must still be revised, as follows:

- *Policy Action 1-1 (Affordable Housing Opportunities)* should be revised with annual outreach to affordable housing developers to identify and pursue opportunities.
- *Policy Action 1-2 (Residential Opportunities Land Use Database)* should be revised to proactively promote the database to developers on an annual basis.
- *Policy Action 4-3 (Affirmatively Furthering Fair Housing)* should be revised with timing more discrete than ongoing for all actions.

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 B3, 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 to accommodate the RHNA or zoning available to encourage a variety of housing types. In addition:

- *Policy Action 1-3 (Lot Consolidation)* should include clear commitment to establish incentives in addition to the City's existing program by a specified date and proactive outreach with developers and property owners.
 - *Policy Action 1-4 (Large Residential Opportunity Sites)* should go beyond evaluating the feasibility of offering incentives and commit to establish incentives by a specified date.
 - *Policy Action 5-3 (Accessory Dwelling Units Monitoring)* should commit to when additional actions will be implemented (e.g., within six months) if ADUs are not permitted as expected.
3. *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. (Gov. Code, § 65583, subd. (c)(2).)*

The prior review found the element should include specific actions to assist in the development of housing for ELI and special needs households. While programs were added and modified in response, the programs should be revised as follows:

- *Policy Action 3-3 (Development of Extremely-low and Lower-income Housing)* should consider actions beyond subsidizing application processing fees. For example, actions could include proactive and annual outreach with developers, assisting with funding or funding applications, incentives beyond State Density Bonus Law and expediting permit processing.
 - *Policy Action 4-5 (Provisions for Special Needs Households)* should commit to how often the City will support non-profits and could consider actions to assist in development as described above under Policy Action 3-3.
 - *Policy Action 4-1 (Housing for Persons with Physical and Developmental Disabilities)* should commit to how often the City will meet with developers to identify opportunities.
 - *Policy Action 4-4 (Homeless Assistance)* should commit to when the City will apply for funding, coordinate with the regional alliance and work with County on coordinated entry.
4. *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).)*

As noted in Finding B4, 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.

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).)

As noted in Finding B1, the element must include a complete assessment of fair housing. Based on the outcomes of that analysis, the element must add or modify programs.

D. 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)(8).)

Moving forward, the City should continue to employ a variety of methods for public outreach efforts, particularly including lower-income and special needs households and neighborhoods with higher concentrations of lower-income and special needs households. The City must continue to proactively make future revisions available to the public prior to submitting any revisions to HCD and diligently consider and address comments, including revising the document where appropriate. The City's consideration of public comments must not be limited by HCD's findings in this review letter.