

**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



August 22, 2008

Ms. Carol Shearly, Director
Planning Department
City of Sacramento
915 'I' Street, 3rd Floor
Sacramento, CA 95814

Dear Ms. Shearly:

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

Thank you for submitting the City of Sacramento's draft housing element received for review on June 26, 2008. The Department is required to review draft housing elements and report its findings to the locality pursuant to Government Code Section 65585(b). The review was facilitated by a meeting with Ms. Emily Halcon, Management Analyst for Sacramento Housing and Redevelopment Agency, and Mr. Greg Sandlund, Associate Planner, and your consultant, Mr. Jeff Goldman.

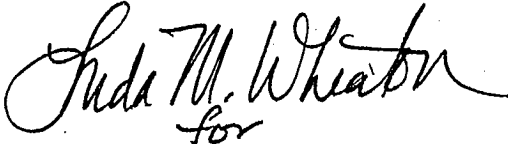
The Department commends Sacramento's efforts and successes in addressing its housing and community development needs, including the recent construction and approval of 956 units affordable to lower-income households and many accomplishments in the previous planning period to promote infill development, including the Infill House Plan Program. Sacramento's strategies to comprehensively advance sustainable land use development through its Vision and Guiding Principles, Sustainability Master Plan and many other mechanisms are particularly noteworthy.

The draft element addresses most of the 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 analyze realistic capacity on commercially zoned sites and potential governmental constraints. The enclosed Appendix describes these and other revisions needed to comply with State housing element law.

Ms. Carol Shearly, Director
Page 2

The Department appreciates the City's cooperation and efforts during the housing element update and is committed to assist Sacramento in addressing the statutory requirements of housing element law. If you have any questions or would like to schedule another meeting, please contact Paul McDougall, of our staff, at (916) 322-7995.

Sincerely,

A handwritten signature in cursive script that reads "Linda M. Wheaton".

for
Cathy E. Creswell
Deputy Director

Enclosures

APPENDIX
CITY OF SACRAMENTO

The following changes would bring the City of Sacramento's draft housing element into compliance with Article 10.6 of the Government Code. The pertinent Government Code Section is cited for each recommended change.

Housing element technical assistance information is available on the Department's website at www.hcd.ca.gov. Refer to the Division of Housing Policy Development and the section pertaining to State Housing Planning. Among other resources, please refer to the Department's latest technical assistance tool *Building Blocks for Effective Housing Elements (Building Blocks)* at www.hcd.ca.gov/hpd/housing_element/index.html, the Department's publication, *Housing Element Questions and Answers (Qs & As)*, and the Government Code addressing State housing element law.

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).*

Sacramento has a remaining regional housing need of 9,290 housing units. To address this need, the element relies predominantly on vacant sites with a total identified capacity for 14,691 units. However, to demonstrate the adequacy of sites, the element must include analysis, as follows:

Realistic Capacity: The element must describe the methodology for determining the capacity of non-residentially zoned sites in the inventory. The element assumes 50 percent of the acreage intended for commercial or mixed uses will be built as residential uses (page 5-10). However, the element must include a detailed description supporting this assumption, including the likelihood of non-residential development and accounting for performance standards or the degree of residential that can reasonably be expected in mixed-use development. The analysis could utilize recently constructed and approved developments.

Small Sites: To the extent necessary to demonstrate adequate sites, the element must include an analysis of smaller sites, those less than one acre in size, demonstrating their feasibility, likelihood and potential for more intense residential development capacity in the planning period, including the potential of lot consolidation. The element could use development trends to facilitate this analysis. This is particularly important given the necessary economies of scale to facilitate development of housing affordable to lower-income households. For example, most assisted housing developments utilizing State or federal financial resources typically include at least 50 to 80 units.

Infrastructure: While the element notes in some areas infrastructure lines may require extension (page 5-12), it must indicate whether existing or planned water and sewer capacity can accommodate the City's share of the regional housing need within the planning period.

Alternative Adequate Sites: The Department commends Sacramento rehabilitation efforts, including converting market-rate units to affordable units at the Point Natomas Apartments (Appendix F). However, to credit these units toward the City's projected share of the regional housing need, the element must address all the specific requirements outlined in Government Code Section 65583.1. For example, the element must demonstrate committed assistance is available through a program during the first two years of the June 2008 to 2014 housing element planning period (see the enclosed checklist for your assistance).

Zoning for a Variety of Housing Types: The element must include an analysis identifying zoning districts available to encourage and facilitate a variety of housing types including emergency shelters, transitional housing, supportive housing, housing for agricultural employees and single-room occupancy (SRO). The analysis must demonstrate how the zoning allows the uses and whether permit procedures and development standards encourage and facilitate their use or strengthen or add programs to provide appropriate zoning.

For Emergency Shelters, amongst other requirements, recent amendments to housing element law (Chapter 633, Statutes of 2007 [SB 2]) require the identification of a zone(s) to permit emergency shelters without a conditional use permit (CUP) or other discretionary action and description of sufficient capacity to accommodate the need for emergency shelters. Jurisdictions with existing ordinances must only describe how the ordinance is consistent with the requirements of SB 2. While the element indicates the City permits emergency shelters by-right in several districts, it should also discuss development standards or other regulations or ordinances that apply to emergency shelters and how they encourage and facilitate the use. Please see the Department's technical assistance memo at http://www.hcd.ca.gov/hpd/sb2_memo050708.pdf.

For Supportive and Transitional Housing, the zoning code defines these uses as temporary residential shelters permitted by-right in several zones and subject to a planning commission special use permit in residential zones. The element should also discuss whether development standards and permit procedures encourage and facilitate the use. The City should be aware SB 2 requires permitting supportive and transitional housing as a residential use and only subject to those restrictions that apply to other residential uses of the same type in the same zone.

For SROs, the element notes SROs are subject to development standards and special permit approval by the planning commission (page 8-14); however, it should analyze whether development standards encourage and facilitate the use.

2. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including housing for persons with disabilities and land use controls (Section 65583(a)(5)).*

Land-Use Controls: While the element identifies various development standards (starting on page 8-13), it should also analyze these standards for their potential impact on the cost and supply of housing and the ability to achieve maximum densities. This analysis should specifically address the potential impact of height limits outside of Central City in the R-3 Zone.

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, factory-built 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 strengthen programs to address a shortfall of sites and zoning for a variety of housing types.

2. *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 a more detailed analysis of potential governmental constraints. Depending upon the results of that analysis, the City may need to strengthen or add programs and address and remove or mitigate any identified constraints.

3. *Preserve for lower-income households the assisted housing developments identified pursuant to paragraph (8) of subdivision (a) (Section 65583(c)(8)).*

Given the City has identified almost 2,500 housing units at-risk of conversion to market-rate uses, Program 73 must be strengthened with specific and proactive actions. The element mentions (page 3-36) various proactive efforts including a preservation ordinance and various efforts by SHRA, but does not describe how these actions will be continued in the current planning period. Program 73 could clarify and continue these efforts to strengthen action to preserve at-risk units.

C. Redevelopment Funds

Describe the amount and uses of funds in the redevelopment agency's Low and Moderate Income Housing Fund (Section 65583(c)).

In addition to estimating amount expected to accrue (page 6-2) in the Low and Moderate Income Housing Fund (LMIHF), the element must describe planned uses (i.e., rental rehabilitation, direct financial assistance for land write-downs and new construction and first time homebuyer mortgage assistance) of the LMIHF by approximate amounts.