

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

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April 1, 2022

Steven Sizemore, Interim Director
Community & Economic Development
City of Monterey Park
320 W Newmark Avenue
Monterey Park, CA 91754

Dear Steven Sizemore:

RE: City of Monterey Park 6th Cycle (2021-2029) Adopted Housing Element

Thank you for submitting the City of Monterey Park's (City) or housing element adopted January 18, 2022 and received for review on February 2, 2022. Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from Linda Tang pursuant to Government Code section 65585, subdivision (c). Our review was facilitated by a conversation on March 24, 2022 with yourself, and the City's consultants Jason Montague and Reema Shakra from Rincon Consulting.

The adopted housing element addresses many statutory requirements described in HCD's December 6, 2021 review; however, additional revisions are necessary to fully comply with State Housing Element Law (Article 10.6 of the Gov. Code), see enclosed Appendix.

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. Additionally, pursuant to Government Code section 65585, subdivision (b) (AB 215, Statutes of 2021), any subsequent draft revision, the local government must post the draft revisions on its website and email a link to all individuals and organizations that have previous requested notices related to local governments housing element at least seven days before resubmitting 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 meets 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.

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 Tristan Lanza, of our staff, at Tristan.lanza@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager

Enclosure

APPENDIX CITY OF MONTEREY PARK

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).)*

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

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

Enforcement: HCD's prior review stated that while the element included a summary of fair housing complaints on a county-wide basis, the element should include information on fair housing complaints specific to the City and analyze those complaints for impact on protected classes. While the revised element included some information on fair housing complaints from the City's 2015 analysis of impediments, this information must be updated with more current data sources. Additionally, as stated in HCD's prior review, the City must indicate if the City has had any findings, lawsuits, or judgements related to fair housing enforcement actions. Lastly, the element must discuss compliance with existing fair housing laws and regulations. For access to data on fair housing complaints, please visit: [Affirmatively Furthering Fair Housing Data and Mapping Resources \(arcqis.com\)](http://arcqis.com). For more information on this analysis, please visit pages 28-30 of the HCD's Affirmatively Furthering Fair Housing (AFFH) guidance memo: [Affirmatively Furthering Fair Housing \(ca.gov\)](http://ca.gov).

Integration and Segregation (Race and Disability status): While the revised element included an analysis for trends and patterns related to income and familial status, the element did not analyze trends and patterns related to race and disability status. For example, the element was revised to include a high-level conclusion that residents living in the northeastern portion of the City are likely to live in segregated neighborhoods with high poverty levels. This did not address HCD's prior review. Specifically, HCD's prior review stated that while the element provided data across the required fair housing analysis

components, it must analyze this data for patterns and trends over time throughout various areas or neighborhoods.

Metrics, Milestones, Strategies and Actions: 1) The element included several actions under Program 20 to address fair housing issues. Many of these actions either lacked information on how the action would be implemented, metrics to target meaningful outcomes and/or definitive timelines. As stated in HCD's prior review, the element must include specific actions that address fair housing issues, metrics to evaluate progress, and implementation timelines. 2) Upon reviewing each action and program the City listed to address fair housing issues, many programs included language such as "will review and consider" and "if required." Programs and actions must include specific commitment to implementation.

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).)*

Progress in Meeting the Regional Housing Needs Allocation (RHNA): HCD's prior review stated that the element must include an analysis demonstrating the affordability of the 40 pipeline units affordable to lower-income households. While the revised element did discuss affordability assumptions for those 40 pipeline units, the element is now counting an additional 16 units as credit towards the lower-income RHNA (p. 4-12). Specifically, Table 4-6 indicated that a total of 56 units will be counted as credit towards the lower-income RHNA. The element must include additional information such as project status and analysis of affordability for these additional 16 units.

Realistic Capacity: The element was revised to reduce the capacity assumed on the identified sites to 75 percent of the maximum allowable density and that the assumption was based on the City's pipeline projects typically developing at 95 percent of maximum allowable densities. However, to demonstrate that the City does develop at the densities assumed in the inventory, the element must provide clear and supporting information on typical built densities of existing or approved residential developments at a similar affordability level. For example, to better relate the pipeline examples to the realistic capacity assumptions, the element should include information about each pipeline projects zoning, allowable density, built density, level of affordability, and the presence of exceptions such as density bonuses.

Additionally, the element did not address HCD's prior review regarding demonstrating the likelihood of residential in zones that allow 100 percent nonresidential uses. For example, the revised element referenced that five pipeline projects redeveloped as mixed-use. However, that does not address the finding. As stated in HCD's prior review, the element must account for the likelihood of 100 percent nonresidential uses. The element should include analysis based on factors such as development trends, performance standards or other relevant factors. For example, the element could analyze all development activity in these nonresidential zones, how often residential development occurs and adjust residential capacity calculations, policies, and programs accordingly.

Suitability of Nonvacant Sites: The element was revised to include a list of factors that were considered when identifying nonvacant sites including improvement to land value, existing uses, age of structure, etc., (p. 4-8), and provided a few projects that may have redeveloped with similar site characteristics. However, the element generally does not address HCD's prior review. For example, while the projects listed on page 4-12 discuss existing uses, it did not relate the other factors utilized including ILV and age of structure. The element must provide support for the identified factors. Additionally, the element should quantify the factors used and list the actual values for each of the sites to relate to the overall analysis and identify what the thresholds are for the factors used in determining the suitability of the sites. Lastly, the element stated that it did not include medium to large size apartment buildings or condominiums and parcels with "newer structure" (p. 4-9). Based on public comments, the sites inventory includes a majority residential structures and several of them being condominiums and apartment and townhomes built after 2004. The element must provide a clear and accurate description of the methodology to identify nonvacant sites, ensure it is reflected in the sites inventory and supported through development trends or other information.

HCD's prior review stated that the element must analyze the extent that the existing uses may impede additional residential development. The element was not revised to address this finding. Please see HCD's prior review for more information.

Lastly, HCD's prior review stated that the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households and the element must make findings (e.g., adopted resolution) based on substantial evidence that the existing uses are not an impediment to additional residential development and will likely discontinue in the planning period. (Gov. Code, § 65583.2, subd. (g)(2).) The adopted resolution did not make any findings regarding nonvacant sites. The revised element must be re-adopted with findings through an adopted resolution that the existing use will not impede additional residential development.

City-Owned Sites: HCD has received public comment indicating that certain sites in the inventory were not properly identified as a publicly owned site and/or have already been committed to other uses including parking lots and food halls. Specifically, parcel number 5255-008-902 is listed in the inventory as a privately owned parking lot; however public comment provided documentation that this parcel is a City-owned site and is in the process of being sold/leased to a developer to create an "open food hall" Additionally, HCD received public comments that City-owned site 5255-008-900 has a recent funding agreement with Los Angeles County MTA to construct a 300-parking structure. The element must clearly indicate whether a site is publicly owned and include a discussion on each of the city-owned sites identified to accommodate the RHNA. Specifically, the analysis should address general plan designations, allowable densities, support for residential capacity assumptions, existing uses and any known conditions that preclude development in the planning period and the potential schedule for development. If zoning does not currently allow residential uses at appropriate densities, then the element must include programs to rezone sites pursuant to Government Code section 65583.2, subdivisions (h) and (i). In addition, the housing element must include a description of whether there are any plans to sell the property during the planning period and how the

jurisdiction will comply with the Surplus Land Act Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5.

Small Sites: The revised element did not address HCD's prior review. Specifically, HCD's prior review stated the element should indicate and expand on any examples of developments that resulted in housing affordable to lower-income household and to relate these examples to the methodology used to identify small sites. Additionally, HCD's prior review stated that the element should include an analysis of conditions rendering parcels suitable and ready for lot consolidation. The element was not revised to address any of these findings. Instead, the revised element includes a statement that only 162 lower-income RHNA units have been identified on sites less than 0.5 acres. However, the sites inventory identified 523 lower-income units on small sites. The element must address this discrepancy and provide evidence that these sites are adequate to accommodate lower-income housing.

Lastly, the element stated that City considered ownership patterns and sites owned by a single entity when identifying sites (p. 4-8). However, HCD has received public comment indicating that the consolidated sites in the inventory do not have common ownership and rather are owned by several different owners. The element should clearly indicate the methodology and assumptions made when identifying small sites suitable for affordable housing.

Housing Overlay Zone: The element is relying on the housing overlay zones to allow for residential uses and densities appropriate to accommodate lower-income households throughout the City. The element stated that the housing overlay zones have not been incorporated into the City's zoning code (p. 3-6). Additionally, conversations with the City indicated that the overlay zones have not been implemented. As stated in HCD's prior review the element must 1) detail any affordability requirements, whether 100 percent residential uses are allowed, development standards, and what incentives or concessions for utilization 2) indicate which zones and sites the overlay will apply to and 3) include a program committing to implementing the overlay zone, including, if appropriate, addressing requirements pursuant to Government Code section 65583.2, subdivisions (h) and (i).

3. *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. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Government Code section 65584 and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters identified pursuant to paragraph (7). Transitional housing and supportive housing shall be considered a residential use of property, and shall be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone. (Gov. Code, § 65583, subd. (a)(5).)*

Land-Use Controls: The revised element did not address this finding. Please see HCD's prior review.

Parking Standards: The revised element did not address this finding. Please see HCD's prior review.

Short-term rental ordinance: HCD's prior review stated that the element must include an analysis of locally adopted ordinances that impact the cost and supply of housing. Based on our conversation, the City implements a short-term rental ordinance. The element must analyze the City's short-term rental ordinance for impacts on the cost and supply of housing.

Constraints on Housing for Person with Disabilities – Reasonable Accommodation: The revised element did not address this finding. Please see HCD's prior review.

4. *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. The analysis shall also demonstrate local efforts to remove nongovernmental constraints that create a gap between the locality's planning for the development of housing for all income levels and the construction of that housing. (Gov. Code, § 65583, subd. (a)(6).)*

Requests for Lower Density: The revised element did not address this finding. Please see HCD's prior review.

B. Housing Programs

1. *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. In addition, the element should be revised as follows:

Housing Overlay Zone and R-3 Zone: As stated in HCD's prior review and the findings noted above, the revised element and through conversations with the City, HCD understands that the zoning is not in place to permit appropriate densities for lower-income households and/or allow for residential uses on several of the identified sites. Specifically, the City has not implemented the housing overlay zone and relies on the R-3 zone to accommodate lower-income households at densities that were not deemed appropriate (25 du/ac). As a result, the element must address a shortfall of sites and include a program to specifically commit to acreage, allowable densities, and anticipated units.

In addition, to accommodate the housing needs of lower-income households, the program should specifically commit to rezoning pursuant to Government Code section 65583.2, subdivisions (h) and (i). Specifically, the program must commit to:

- permit owner-occupied and rental multifamily uses by-right for developments in which 20 percent or more of the units are affordable to lower income households. By-right means local government review must not require a conditional use permit (CUP), planned unit development permit, or other discretionary review or approval;
- accommodate a minimum of 16 units per site;
- require a minimum density of 16/20 units per acre; and
- at least 50 percent of the lower-income need must be accommodated on sites designated for residential use only or on sites zoned for mixed uses that accommodate all of the very low and low-income housing need, if those sites: o allow 100 percent residential use, and
 - o require residential use occupy 50 percent of the total floor area of a mixed-use project.

Program 4 – Housing for Special Needs Population: This program stated that it “will consider amending the zoning code” to allow Low-barrier navigation centers by-right in mixed-use zones and zones that allow for nonresidential uses. As stated in HCD's prior review, the element must include a specific commitment to address this requirement.

Program 7 – Monterey Park Municipal Code: The revised element did not address HCD's prior review. Specifically, this program states that “it will consider” complying with parking standards for emergency shelters, Health and Safety Code §17021.5, (Employee Housing Act), and allowing group homes for seven or more in residential zones. The element must include specific commitment to these actions.

Program 10 – Sites Used in Previous Planning Periods: The element has identified sites from the previous planning periods to accommodate to housing for lower-income households. This program states that the City “will consider” allowing by-right approvals for projects with 20 percent affordability on these sites. To reuse sites from the past planning periods, the element must commit to allowing residential uses by-right for projects that include 20 percent of the units affordable to lower-income households.

Program 13 – Replacement Housing: As stated in HCD’s prior review, the element identifies sites with residential uses and must include a replacement housing policy or program. While the element included Program 13, program language states the City “will consider to require the replacement of units...” The element must commit to a replacement policy pursuant to (Gov. Code, § 65583.2, subd. (g)(3)).

2. *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 Findings A3 and A4, 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.

Program 11 – Mixed-Use Sites: As stated in HCD’s prior review, the element recognizes that minimum lot size, high standards, and other standards in the MU-1 and MU-II zones are a constraint to achieving densities. The revised element stated that “if required” the element will amend the zoning code to address these constraints. The element must include a firm commitment to addressing these constraints. This is especially critical because there are many sites identified in the inventory that do not meet minimum size requirements and would require lot consolidation to be developed.

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).)*

As noted in Finding A1, the element must include a complete assessment of fair housing. Based on the outcomes of that analysis, the element must add or modify programs. Additionally, several programs meant to address AFFH, and fair housing issues lack specific commitments, definitive timelines, and metrics to evaluate progress.

4. *The housing program shall preserve for low-income household the assisted housing developments identified pursuant to paragraph (9) of subdivision (a). The program for preservation of the assisted housing developments shall utilize, to the extent necessary, all available federal, state, and local financing and subsidy programs identified in paragraph (9) of subdivision (a), except where a community has other urgent needs for which alternative funding sources are not available. The program may include strategies that involve local regulation and technical assistance. (Gov. Code, § 65583, subd. (c)(6).)*

Program 2 (Conserve At-Risk Housing): While the revised element now includes several actions to monitor and coordinate on at-risk affordable housing developments, as stated in HCD's prior review, the element must commit to assisting owners with compliance of state preservation notice law ((Gov Code 65863.10, 65863.11, 65863.13) within 3 years, 6 months, and 12 months before expiration of deed restrictions.

C. Quantified Objectives

Establish the number of housing units, by income level, that can be constructed, rehabilitated, and conserved over a five-year time frame. (Gov. Code, § 65583, subd. (b)(1 & 2).)

The element was not revised to address this finding. Please see HCD's prior review.