

EXHIBIT "A"

**February 7, 2025, HCD Letter
(attached)**

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

651 Bannon Street, Suite 400
Sacramento, CA 95811
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



February 7, 2025

Jim Morrissey, City Planner
City of Canyon Lake
31516 Railroad Canyon Road
Canyon Lake, CA 92587

Dear Jim Morrissey:

RE: City of Canyon Lake's 6th Cycle (2021-2029) Subsequent Draft Housing Element

Thank you for submitting the City of Canyon Lake's (City) revised draft housing element update received for review on December 17, 2024, along with revisions received on February 4, 2025. The revisions were posted and made available to the public for seven days prior to review. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. Our review was facilitated by a conversation on January 23, 2025 with Jason Montague, Consultant.

The revised draft element, incorporating the revisions, addresses most statutory requirements described in HCD's August 27, 2024 review. However, the housing element cannot be found in substantial compliance until the City has completed Program 1.2b (Rezone Program on Mixed-use Sites within the TCSP) to rezone sites to accommodate the Regional Housing Needs Allocation (RHNA) pursuant to Government Code section 65583.2, subdivisions (h) and (i). While HCD has reviewed Ordinance Number 222 to rezone sites within the TCSP, the ordinance does not meet statutory requirements. Specifically, the zoning does not appear to meet requirements related to nondiscretionary review for housing developments with 20 percent affordability, minimum density (20 dwelling units per acre for Canyon Lake), residential performance standards, including allowing 100 percent residential development, among other requirements. Pursuant to Government Code section 65588, subdivision (e)(4), a jurisdiction that failed to adopt a compliant housing element within one year from the statutory deadline cannot be found in compliance until rezones pursuant to Government Code sections 65583, subdivision (c)(1) and 65583.2, subdivision (c) is completed.

The housing element will substantially comply with State Housing Element Law (Gov. Code, § 65580 et seq) when it is adopted, submitted to and approved by HCD, in accordance with Government Code section 65585, subdivision (g) and all rezones are completed pursuant to Government Code section 65583.2, subdivision (h) and (i). Once the City completes Program 1.2b, a copy of the resolution or ordinance should be transmitted to HCD.

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 must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while 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.

In addition, for your information, if the element relies on nonvacant sites to accommodate 50 percent or more of the housing needs for lower-income households, requirements are triggered to make findings based on substantial evidence (as part of adoption) that the existing use is not an impediment and will likely discontinue in the planning period. Please see HCD's prior reviews for additional information.

For your information, 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 and submit an electronic version of the sites inventory. While the City has submitted an electronic version of the sites inventory, if changes occur, any future adopted versions of the element must also submit the electronic version of the sites inventory.

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 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 of the housing element team in the update and review of the housing element. HCD looks forward to receiving the City's adopted housing element. If you have any questions or need additional technical assistance, please contact Clare Blackwell, of our staff, at Clare.Blackwell@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Melinda Coy", with a long, sweeping horizontal stroke extending to the right.

Melinda Coy
Proactive Housing Accountability Chief