

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

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R E C E I V E D
DEC 0 9 2010

December 7, 2010

Mr. Steven Hallam, City Manager
City of Oakdale
120 South Sierra Avenue
Oakdale, CA 95361

Dear Mr. Hallam:

RE: Review of the City of Oakdale's Adopted Housing Element

Thank you for submitting Oakdale's housing element adopted September 7, 2010 and received for review on September 13, 2010. The Department is required to review adopted housing elements and report the findings to the locality pursuant to Government Code Section 65585(h). The review was facilitated by communications with Ms. Tracey Ferguson, Project Manager, PBS&J.

The adopted element addresses the statutory requirements described in the Department's June 7, 2010 review. Among other things, the element now demonstrates adequate sites. Therefore, the Department is pleased to find Oakdale's adopted element in compliance with State housing element law (Article 10.6 of the Government Code). However, for your information, the Department's finding of adequate sites to accommodate the regional housing need for lower-income households did not consider any sites zoned at less than 20 units per acre (e.g. R2 zone).

The Department congratulates Oakdale on exceeding its rehabilitation objectives by the successful implementation of the Community Development Block Grant (CDBG) award. In addition, programs to promote multifamily development such as density bonuses and the developer incentive program will help facilitate compact development and maximize existing land resources. Such strategies also promote the feasibility of developing housing for lower-income families and workers while strengthening the local economy.

Program 1.5 to assist in the development of housing for extremely low-income households including contacting developers on a bi-annual basis is important to demonstrate compliance with housing element law. The City must monitor and report on the results of this Program and other programs through the annual progress report, required pursuant to Government Code Section 65400. If Program 1.5 is not implemented effectively and timely, the element should be amended to identify alternative strategies and add or revise programs, as appropriate.

Maintaining adequate sites at appropriate densities to accommodate Oakdale's regional housing need, including for lower-income households, throughout the planning period is required pursuant to Government Code Section 65863. In addition, this Code Section specifies no local government action shall reduce, require or permit the reduction of, the

residential density or allow development at a "lower residential density" for any parcel identified in the site inventory unless the local government makes written findings, the reduction is consistent with the adopted General Plan, and the remaining sites identified in the element are adequate to accommodate the jurisdiction's share of the regional housing need. As defined by statute, "A lower residential density" refers to allowing fewer units on the site than were projected within the sites inventory of the housing element. The Department recommends the City adopt a program or procedure to monitor approved development relative to capacity estimates in the housing element.

In addition, the City is considering an inclusionary ordinance (Program 2.13). Please be aware, if an ordinance is adopted the element should be amended to evaluate the requirement for potential impacts on the cost and supply of housing. This analysis is particularly important given current market conditions. For example, among other aspects of the analysis, the evaluation should address whether sufficient regulatory and financial incentives are offered to facilitate compliance with the requirements.

The Department is pleased to report Oakdale now meets specific requirements for several State funding programs designed to reward local governments for compliance with State housing element law. For example, the Housing Related Parks Program (HRPP), Local Housing Trust Fund and the Building Equity and Growth in Neighborhoods (BEGIN) programs include housing element compliance either as a threshold or competitive factor in rating and ranking applications. Additional information about these and other programs are available on the Department's website at http://www.hcd.ca.gov/hpd/hrc/plan/he/loan_grant_hcompl011708.pdf.

In particular, the HRPP, authorized by Proposition 1C, is an innovative new program rewarding local governments for the approval of housing for lower-income households and provides grant funds to eligible local governments for every qualifying housing start, beginning calendar year 2010. More specific information about the HRPP is available on the Department's website at <http://www.hcd.ca.gov/hpd/hrpp/>.

The Department appreciates the collaboration and diligence of Ms. Ferguson, and her efforts in expediting revisions in order to bring Oakdale's housing element into compliance. We wish Oakdale success in implementing the housing element and look forward to following its progress through the General Plan annual progress reports pursuant to Government Code Section 65400. If the Department can provide assistance in implementing the housing element, please contact Erik Gropp, of our staff, at (916) 322-4268.

Sincerely,



Cathy E. Creswell
Deputy Director