

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

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May 22, 2025

Brandon Phipps, Community and Economic Development Director
Community Development Department
City of Sausalito
420 Litho Street
Sausalito, CA 94965

Dear Brandon Phipps:

RE: City of Sausalito's 6th Cycle (2023-2031) Draft Amendment to the Housing Element

Thank you for submitting the City of Sausalito's (City) draft amendment to the housing element received for review on April 3, 2025, with revisions received on May 13, 2025. 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 conversations on May 1 and May 5, 2025, with you and your staff. In addition, HCD considered public comments from several individuals, pursuant to Government Code Section 65585, subdivision (c). Please see Attachment A.

On April 28, 2023, HCD found the City's housing element in substantial compliance with State Housing Law (Gov. Code, § 5580 et seq) and as of this writing, the draft amendment meets the minimum statutory requirements necessary to remain in substantial compliance with State Housing Element Law (Gov. Code, § 5580 et seq). The draft amendment 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. HCD's finding was based on adequate sites to accommodate the Regional Housing Needs Allocation (RHNA) and additional program commitments to monitor, identify, and remove constraints associated with the Objective Design and Development Standards (ODDS), ViewSync software, and overlay standards. The element also included additional data and trends that indicate the City has been approving projects throughout the planning period.

HCD reminds the City that it will continue to closely monitor the City's progress in the implementation of its housing element programs throughout the planning period. In particular, HCD will be monitoring the City's progress on Programs 4 (Ensure Inventory of Sites Accommodates RHNA throughout Planning Period) and 19 (Development Procedures Review), related to the required rezoning that is subject to Ordinance

1022/1128 and the development of the ODDS. In relation to Program 4, HCD will be actively monitoring the City's efforts to prepare the ballot initiative by August 2025 in preparation for the November election. In relation to Program 19, the proposed timeline for preparation of the ODDS is May 2025 and it is HCD's understanding that the City will review development standards—including height limits—to remove constraints to multi-family residential development, including mixed used development, prior to adoption by January 2026.

All rezones, including sites subject to restrictions on existing voter initiatives, must be completed by January 31, 2026. Please be advised, failure to implement key program milestones, deadlines, and monitor and report on the City's progress will result in HCD taking formal enforcement actions, including revocation of compliance.

Please note, pursuant to the Housing Accountability Act, Government Code section 65589.5, subdivision (f)(1) states that while a local agency is not prohibited from requiring the housing development project to comply with objective, quantifiable, written development standards, conditions and policies shall be applied to facilitate and accommodate development at the density permitted on the site and proposed by the development. It is HCD's understanding that the zoning ordinance amendments, ODDS, including the ViewSync software, and overlay standards are concurrently being developed. HCD emphasizes to the City the importance of fulfilling the commitments in Program 4 (Ensure Inventory of Sites Accommodates RHNA throughout Planning Period), Program 16 (Zoning Ordinance Amendments), and Program 19 (Development Procedures Review) to demonstrate that these standards do not pose constraints to development.

In addition, as noted in the housing element, the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households. For your information, the housing element must demonstrate 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)). Absent findings (e.g., adoption resolution) based on substantial evidence, the existing uses will be presumed to impede additional residential development and will not be utilized toward demonstrating adequate sites to accommodate the regional housing need allocation.

Lastly, the City must continue timely and effective implementation of all programs in the currently adopted housing element, including but not limited to the following:

- Program 8 (Public Property Conversion to Housing): Once rezoning has been completed, this program commits to a series of staggered timelines for relocation of Site 75 and to make publicly-owned sites, including Sites 73, 75, and 84 available for housing development within the planning period. Specifically, the City commits to declare Sites 75 and 84 as surplus and issue notices of availability in accordance with the State Surplus Lands Act in 2026

and 2028. The City also commits to partnering with SMCSO to make Site 73 available for development in 2027. HCD reminds the City that it should be prepared to issue the requisite Notices of Availability/Request for Qualifications upon completion of the rezones. Further, this program should be implemented in coordination with Programs 10 (Affordable Housing Development Assistance) and 11 (Local Affordable Housing Fund).

- Program 12 (Partnerships for Affordable Housing): This program commits the City to coordination with local and regional housing developers on a semi-annual basis to identify additional opportunities for development. HCD reminds the City that it should continue to proactively identify and correspond with developers, and support such partnerships, including by providing incentives and ongoing technical assistance to interested parties.
- Program 15 (Inclusionary Housing Regulations): This program commits the City to monitoring the efficacy of its inclusionary requirements by initiating a fee nexus study in 2025 and by December 2025, adopting in-lieu fees for smaller residential developments. Please be advised, HCD received public comment indicating that City Council recently exempted projects of four dwellings or less from its affordability requirements. HCD reminds the City that this action should be evaluated for consistency with the program commitments stipulated in Program 15 and modifications may be necessary to ensure additional constraints do not limit affordable housing opportunities in the City.
- Program 22 (Affirmatively Furthering Fair Housing): This program includes commitments to implement a variety of critical actions to AFFH within the City. For example, the program commits to anti-displacement actions, including the development of an eviction protection and rent stabilization ordinance by July 2025 and increasing housing choice voucher participation in higher opportunity areas by 2027. The Program also commits to ongoing advocacy and coordination with regional agencies to increase residential capacity of local marinas and waterfront areas by 2025.

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, the draft amendment makes several modifications to the sites inventory, and any future adopted versions of the element must also submit the electronic version of the sites inventory.

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. As noted in

HCD's prior review, the City should continue to employ additional methods for public outreach, particularly to lower-income and special needs households in order to provide for a variety of housing choices and greater access to opportunity. 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.

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 program, 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.

HCD appreciates the cooperation of the City in the housing element update and welcomes the opportunity to discuss this review and assist with the remaining statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Chelsea Lee, of our staff, at Chelsea.Lee@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. Zisser', with a stylized flourish extending to the right.

David Zisser
Assistant Deputy Director
Local Government Relations & Accountability

Enclosure

ATTACHMENT A

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