

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

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April 28, 2023

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 6<sup>th</sup> Cycle (2023-2031) Adopted Housing Element Update**

Thank you for submitting the City of Sausalito's (City) housing element, which was adopted January 30, 2023 and received for review on February 27, 2023. Minor amendments were received on April 25, 2023, authorized pursuant to Resolution No. 14A-2023. The California Department of Housing and Community Development (HCD) also considered correspondence from the City received on April 25 and April 27, 2023. Pursuant to Government Code section 65585, subdivision (h), HCD is reporting the results of its review. Our review was facilitated by conversations on April 21, 2023, and April 25, 2023, with you, Sergio Rudin, and Beth Thompson. In addition, HCD considered comments from the San Francisco Bay Conservation and Development Commission (BCDC), YIMBY Law, Carlo Berg, Dennis Fisco, Gabriel Martin, and Marcio von Muhlen, Chris Sullivan, Jenny Silva, and Cox and Castle pursuant to Government Code section 65585, subdivision (c). HCD reminds the City that a copy of the updated adopted housing element including these revisions should be posted wherever the housing element is available to the public. HCD requests notification upon posting.

HCD is pleased to find the adopted housing element in substantial compliance with State Housing Element Law (Article 10.6 of the Gov. Code) as of April 27, 2023. The adopted element addresses the statutory requirements described in HCD's January 26, 2023, review. HCD's finding was based on, among other reasons, adequate sites to accommodate the Regional Housing Needs Allocation (RHNA), and programs to facilitate the development of those sites, remove governmental constraints, and affirmatively further fair housing (AFFH).

Please note, as noted in your April 25, 2023, correspondence and on Table 1 (RHNA Sites Strategy) of the housing element, anticipation of capacity related to new liveaboard berths and Program 9 (Liveaboard/Water-based Housing) to work with BCDC to expand

berth capacity is aspirational and are not required to accommodate the RHNA. Therefore, although Table 57 includes potential capacity from liveaboards, HCD did not consider potential capacity from these units in its review of adequate sites. The City should also not rely on the potential capacity in its calculations remaining capacity pursuant to No Net Loss Law. HCD also understands that Sites 39 and 301 have portions of the parcel which are water-based and portions of the parcel that are land-based and only the land-based portions suitable for redevelopment are included in the sites inventory (pgs. E-19 and E-22). HCD confirms that it only considered the available capacity on buildable portion of the site as stated in the element and not any portion of the site that exists underwater.

In addition, the element includes Program 4 (Ensure Inventory of Sites Accommodates RHNA throughout the Planning Period) identifying adequate sites to accommodate the shortfall of 463 units at all income levels by committing to rezone 17 acres at densities ranging from 43 to 70 units per acre by January 30, 2026. For sites expected to accommodate the lower-income need, the program commits 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. The program acknowledges some parcels are subject to a vote of the electorate and includes a timeline for preparing the initiative ballot measures and contingencies if that vote should fail. It is critical that Sausalito implement these actions in accordance with the timelines in Program 4 to ensure timely rezoning of the subject parcels. As part of the rezoning process and in accordance with Program 16 (Zoning Ordinance Amendments) Sausalito must provide development standards that will facilitate, and not constrain, potential development at the maximum allowable densities on these sites. This includes, but is not limited to, establishing appropriate height limits, parking requirements, setbacks, and floor area ratio requirements.

While the element substantially complies with the minimum statutory requirements of State Housing Element Law, HCD will be closely monitoring future actions throughout the planning period including key milestones and implementation deadlines for compliance with housing element law. In addition to implementation of Program 4, the City must continue timely and effective implementation of all programs including but not limited to the following:

- *Program 2 (Preservation of Existing Affordable Housing)*: As stated in the April 25, 2023, correspondence, the City was unable to confirm the status of the Bee Street property and is therefore considering it at risk within the planning period. As a result, the City must implement programmatic actions to maintain affordability of this property.
- *Program 6 (Accessory Dwelling Units (ADU) and Junior Accessory Dwelling Units (JADU))*: This program commits to updating the current code to comply with state law (December 2023), provide technical resources to assist with ADU/JADU development (December 2024), and monitor the development of these units to ensure production estimates of 32 ADUs within the planning period are achieved (January 31, 2027).

- *Program 7 (SB 9 Units)*: This program commits to publishing an online mapping tool (December 2024) and monitor the development of SB 9 production to achieve an estimated production of 26 units by 2031 (January 31, 2027).
- *Program 8 (Public Property Conversion to Housing)*: Once rezoning has been completed, this program commits to a series of actions to make publicly-owned sites available to housing developers within the planning period. Critically, the City commits to declare Sites 75 and 84 as surplus and issue a notice of availability in accordance with State Surplus Lands Act by March 2026. In addition, the program commits to facilitate affordable housing projects on these properties through provision of a variety of incentives. Finally, the program also commits to facilitate the development of housing on Sites 73 and 85 and include a commitment to rezone should sites not be made available by January 2026. This program should be implemented in coordination with Program 12 (Partnerships for Affordable Housing).
- *Program 16 (Zoning Ordinance Amendments)*: This program commits the City to make critical updates to the zoning code. Among other commitments, these zoning updates include adoption of objective design standards, streamlining and simplifying the development process (including a limitation on the number of hearings per project, revisions to height limits, adoption of parking standards consistent with AB 2097 (statutes of 2022), providing for a barrier free definition of housing, and revision of setback requirements no later than October 2025.
- *Program 19 (Development Review Procedures)*: This program commits to adopt objective design and development standards for single-family, multifamily, and mixed-use housing for both ministerial approvals and projects subject to the City's discretionary review process. It also commits to using past project timelines to conduct an evaluation of the permitting process to ensure conformance with requirements under the Permit Streamlining Act.
- *Program 22 (Affirmatively Furthering Fair Housing)*: This program commits to implement a variety of actions to AFFH. For example, the program commits to advertise housing opportunities to Sausalito's essential workforce to encourage diversification, develop strategies for the adaptive reuse of commercial structures and market-rate housing, maintain zoning and affordability for liveboards, institute a rental registry program, and strengthen protections for tenants.
- Given the need for housing in Sausalito, HCD encourages the City to continue to work with all developers who seek to develop much needed housing throughout the City. Program 10 (Affordable Housing Development Assistance) should be utilized to facilitate infill development throughout the City to help address the housing needs of its extremely low, very low, low, and moderate-income households.

The City must monitor and report on the results of this and other programs through the annual progress report, required pursuant to Government Code section 65400. Please be aware, Government Code section 65585(i) grants HCD authority to review any action or failure to act by a local government that it determines is inconsistent with an adopted

housing element or housing element law. This includes failure to implement program actions included in the housing element. HCD may revoke housing element compliance if the local government's actions do not comply with state law.

HCD received public comments expressing concern about sites and the timing of the housing element adoption in relation to public noticing and outreach. Please note that, pursuant to Government Code section 65585, subdivision (d), HCD's review of these public comments were made in furtherance of, and limited to, a determination of the City's substantial compliance with Article 10.6 of the Government Code. Accordingly, HCD expresses no opinion as to whether the City has complied with, or is excused from, any other provisions of the Government Code governing the preparation, adoption, and amendment of the City's general plan.

HCD recognizes the diligent effort by the City including all segments of the community throughout the element process prior to the element's adoption on January 30, 2023. Participation efforts in the recent adoption should have been more reflective of and in the spirit of these past efforts. As a result, moving forward and as part of the housing element's implementation, the City must make diligent efforts to engage all segments of the community, such as utilizing a variety of outreach methods (beyond public noticing), targeted outreach to a broad geographic spectrum and to lower-income and special needs households, including representative organizations. The City must report on the progress and effectiveness of its public participation as part of program implementation as part of the annual progress report.

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, 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.

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 you and your team provided throughout the course of the review. 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 Chelsea Lee, of our staff at [Chelsea.Lee@hcd.ca.gov](mailto:Chelsea.Lee@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