

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

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October 5, 2022

Grace K. Leung, City Manager  
City of Newport Beach  
100 Civic Center Drive  
Newport Beach, CA 92660

Dear Grace Leung:

**RE: City of Newport Beach 6<sup>th</sup> Cycle (2021-2029) Adopted Housing Element**

Thank you for submitting the City of Newport Beach housing element adopted September 13, 2022 and received for review on September 15, 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.

HCD is pleased to find the adopted housing element in full compliance with State Housing Element Law (Article 10.6 of the Gov. Code). The adopted element was found to be substantially the same as the revised draft element that HCD's August 24, 2022 review determined met statutory requirements.

Additionally, the City must continue timely and effective implementation of all programs including but not limited to the following:

- *Policy Action 1A to 1F (Adequate Sites to Accommodate the 2021- 2029 RHNA):* Among other things, these programs propose to rezone candidate sites to address the shortfall of sites needed to accommodate the Regional Housing Needs Allocation. This includes Initiating a Ballot Measure for a Charter Section 423 Vote by September 2023.
- Policy Action 1H (Accessory Dwelling Units Monitoring Program): This program commits to monitoring ADU permitting annually.
- Policy Action 1K (Inclusionary Housing Program): This program commits to a base inclusionary requirement of 15 percent for new residential development to be affordable to very low-, low-, and moderate-income households.
- Policy Action 3A (Objective Design Standards): This program commits to amend existing development standards to replace or remove all subjective standards for projects with a minimum affordable housing component with objective standards.

- *Policy Action 3P (Residential Care Facilities): This program commits the City to take the necessary actions to be in compliance with state and federal laws pertaining to residential care facilities to promote objectivity and greater approval certainty.*
- *Policy Action 4A (Affirmatively Furthering Fair Housing): This program commits to a number of action to affirmatively furthering fair housing including, but not limited to, conducting place based community workshops to identify issues and solutions to access to opportunities including jobs and services and incorporating improvements to access to transit near housing opportunities sites in the Capital Improvement Program.*
- *Policy Action 4D (List of Pre-Approved Development Incentives): This program commits to develop a list of incentives and qualifications to promote the development of affordable housing.*
- *Policy Actions 4J-4L (Environmental Constraints): These programs commit to addressing the potential environmental constraints and ensuring the feasibility of sites for lower-income RHNA in the Airport Environs Sub Area, the West Newport Mesa Area, and the Coyote Canyon property.*

The City must monitor and report on the results of this and other programs through the annual progress report, required pursuant to Gov. 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.

In addition, the element includes Policy Actions 1A-1F identifying adequate sites to accommodate the shortfall of 2,707 units for very low-, low-, and moderate-income households by committing to rezone at least 436 acres to provide for the accommodation of at least 8,174 residential units by October 2024. Among other things, the program commits to zoning with densities of at least 20 units per acre and 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.

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>

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.

HCD appreciates the great effort and dedication that Jim Campbell, Deputy Community Development Director; Benjamin Zbeda, Senior Planner; Jaime Murillo, Principal Planner; and consultant David Barquist, provided throughout the course of the housing element review. HCD wishes the City success in implementing its housing element and looks forward to following its progress through the General Plan annual progress reports pursuant to Government Code section 65400. If HCD can provide assistance in implementing the housing element, please contact me at [melinda.coy@hcd.ca.gov](mailto:melinda.coy@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