

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

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November 18, 2022

Andrew Crabtree, Director
Community Development Department
City of Santa Clara
1500 Warburton Ave
Santa Clara, CA 95050

Dear Andrew Crabtree:

RE: City of Santa Clara's 6th Cycle (2023-2031) Draft Housing Element

Thank you for submitting the City of Santa Clara's (City) draft housing element received for review on August 22, 2022. 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 October 12, 2022 with Reena Brilliot, Assistant Director Community Development; Lesley Xavier, Planning Manager; Adam Marcus, Housing and Community Services Division Manager; John Davidson, Principal Planner; John Baty, Consultant Planner; as well as your consultants Edward Samson and Roxanne Borzo Bertrand. In addition, HCD considered comments from several stakeholders and members of the community, pursuant to Government Code section 65585, subdivision (c).

The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code). The enclosed Appendix describes the revisions needed to comply with State Housing Element Law.

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. 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.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), if a local government fails to adopt a compliant housing element within 120 days of the statutory deadline (January 31, 2023), then any rezoning to make prior identified sites available or accommodate the regional housing needs allocation (RHNA) pursuant to Government Code sections 65583, subdivision (c) and 65583.2, subdivision (c), shall be completed no later than one year from the statutory deadline. Please be aware, if the City fails to adopt a compliant housing element within one year from the statutory deadline, the element cannot be found in substantial compliance until rezones to accommodate a shortfall of sites are completed.

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 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 cooperation Reena Brilliot, Assistant Director Community Development; Lesley Xavier, Planning Manager; Adam Marcus, Housing and Community Services Division Manager; John Davidson, Principal Planner; John Baty, Consultant Planner; as well as your consultants Edward Samson and Roxanne Borzo Bertrand provided during 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 Jose Armando Jauregui, of our staff, at jose.jauregui@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager

Andrew Crabtree, Director
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Enclosure

APPENDIX CITY OF SANTA CLARA

The following changes are necessary to bring the City's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on HCD's website at <https://www.hcd.ca.gov/hcd-memos>. Among other resources, the housing element section contains HCD's latest technical assistance tool, *Building Blocks for Effective Housing Elements (Building Blocks)*, available at <https://www.hcd.ca.gov/building-blocks> and includes the Government Code addressing State Housing Element Law and other resources.

A. Review and Revision

Review the previous element to evaluate the appropriateness, effectiveness, and progress in implementation, and reflect the results of this review in the revised element. (Gov. Code, § 65588 (a) and (b).)

The element must provide an evaluation of the cumulative effectiveness of past goals, policies, and related actions in meeting the housing needs of special needs populations (e.g., elderly, persons with disabilities, large households, female-headed households, farmworkers, and persons experiencing homelessness) and revise programs as appropriate.

B. Housing Needs, Resources, and Constraints

1. *Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction. (Gov. Code, § 65583, subd. (c)(10)(A).)*

Enforcement and Outreach Capacity: The element must describe the City's compliance with state and federal fair housing laws, including findings, lawsuits, enforcement actions, settlements, or judgments related to fair housing or civil rights. Further, the element could incorporate its outreach into the assessment of fair housing to better understand pattern, trends and needs and formulate appropriate policies and programs. For example, the element appears to gather various outreach related to fair housing (pp. A-5 and A-6) and could integrate that in the assessment.

Disproportionate Housing Needs, including Displacement Risk: The element provides some discussion on cost-burdened households and overcrowding. However, the element must evaluate trends and patterns within the City for substandard housing and persons experiencing homelessness. This analysis should utilize local data and knowledge and other relevant factors. For substandard housing, the element should discuss areas of the City where proportions of housing units needing rehabilitation may be higher than other areas and may utilize local knowledge such as qualitative

information for code enforcement staff. For homelessness, the element should discuss protected characteristics (e.g., race, disability) and disproportionate impacts as well as areas of the City with higher need, including proximity to transportation and services.

Local Data and Knowledge: The element must include local data, knowledge, and other relevant factors to discuss and analyze any unique attributes about the City related to fair housing issues. The element should complement federal, state, and regional data with local data and knowledge where appropriate to capture emerging trends and issues, including utilizing knowledge from local and regional advocates and service providers, City staff and related local and County planning documents.

Other Relevant Factors: The element must include other relevant factors that contribute to fair housing issues in the City. For instance, the element can analyze historical land use, zoning and barriers to housing choices, investment practices, seeking investment or lack of seeking investment to promote affordability and inclusion, information about redlining/greenlining, restrictive covenants and other discriminatory practices, land use related lawsuits, local initiatives, demographic trends, or other information that complements the state and federal data.

Identified Sites and Affirmatively Furthering Fair Housing (AFFH): The element must include data on the location of regional housing need allocation (RHNA) sites by income group relative to all fair housing components. The analysis should address the number of units by income group and location, any isolation of the RHNA by income group, magnitude of the impact on existing concentrations of socio-economic characteristics and discuss how the sites improve fair housing conditions. The analysis should be supported by local data and knowledge and other relevant factors and programs should be added or modified as appropriate to promote inclusive and equitable communities.

Contributing Factors to Fair Housing Issues: Based on the outcomes of a complete analysis, the element should re-assess contributing factors and particularly prioritize those factors then formulate appropriate policies and programs.

2. *Include an analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected needs for all income levels, including extremely low-income households. (Gov. Code, § 65583, subd. (a)(1).)*

Include an analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition. (Gov. Code, § 65583, subd. (a)(2).)

Analyze any special housing needs such as elderly; persons with disabilities, including a developmental disability; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter. (Gov. Code, § 65583, subd. (a)(7).)

Extremely Low-Income (ELI) Households: While the element quantifies existing and projected ELI households, it must also analyze their housing needs. The analysis of ELI housing needs could consider tenure, overpayment, resources and the effectiveness of strategies and the magnitude of housing need. To assist the analysis, see the enclosed data and sample analysis at <http://www.hcd.ca.gov/community-development/building-blocks/housing-needs/extremely-low-income-housing-needs.shtml>.

Housing Costs: While the element includes estimated housing costs based on Fair Market Rents and American Community Survey (ACS) data, the element should consider additional data sources to better reflect local market conditions.

Special Housing Needs: While the element includes some quantification of special housing needs, it must still analyze those needs. The analysis should include, but is not limited to, factors such as trends, household income, tenure, housing types, zoning, available resources, effectiveness of past strategies and an evaluation of the magnitude of the need. Local officials, special needs service providers, or City social and health service providers may be able to assist with information to complete the analysis. For additional information and a sample analysis, see the Building Blocks at <http://www.hcd.ca.gov/community-development/building-blocks/housing-needs/large-families-female-head-household.shtml>.

In addition, the element should quantify and analyze persons with disabilities by type, elderly households by tenure and permanent and seasonal farmworkers (e.g., USDA Agricultural Census data).

3. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

Progress toward the RHNA: While the element may utilize pipeline and potential development projects toward the RHNA, it must also demonstrate their affordability and availability in the planning period. Affordability must be demonstrated based on actual sales price, rent level or other mechanisms ensuring affordability (e.g., deed restrictions). Availability should account for the likelihood of project completion in the planning period and should address the status, necessary steps to issue permits, any barriers to development and other relevant factors. Given the element's reliance on pipeline projects, the element should include programs with actions that commit to facilitating development and monitoring approvals of the projects (e.g., coordination with applicants to approve remaining entitlements, supporting funding applications, expediting approvals and monitoring of project progress, including rezoning or identification of additional sites, if necessary).

In addition, the element identifies sites in several large specific plans and should demonstrate the realistic availability of these sites and development in the planning period. For example, the element should discuss planned built out horizons, necessary

steps to make sites available and any impediments to the availability of sites for development in the planning period.

Parcel Inventory: While the element lists parcels by various factors such as parcel number and size, it must also list sites by general plan designation and existing use. The description of existing use should be sufficiently detailed to facilitate an analysis of the potential for additional development in the planning period.

Suitability of Nonvacant Sites: The element must include an analysis demonstrating the potential for additional development on nonvacant sites. The analysis shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, the City's past experience with converting existing uses to higher density residential development, the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites.

In addition, if the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households 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 RHNA.

Availability of Infrastructure: The element includes some introductory statements regarding water and sewer providers but then indicates the discussion will be updated upon completion of the environmental review document. Future versions of the housing element must demonstrate existing and planned water and sewer capacity to accommodate the RHNA and include programs, if necessary.

For your information, water and sewer service providers must establish specific procedures to grant priority water and sewer service to developments with units affordable to lower-income households. (Gov. Code, § 65589.7.) Local governments are required to immediately deliver the housing element to water and sewer service providers. The element should demonstrate compliance with these requirements and add or modify programs, if necessary. For additional information see the Building Blocks at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks/priority-water-and-sewer>.

Electronic Sites Inventory: For your information, pursuant to Government Code section 65583.3, the City must submit an electronic sites inventory with its adopted housing element. The City must utilize standards, forms, and definitions adopted by HCD. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml#element> for a copy of the form and instructions. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance.

Zoning for a Variety of Housing Types:

- *Emergency Shelters:* While the element mentions emergency shelters are allowed in the ML (Light Industrial Zone), it must demonstrate compliance with statutory requirements. The analysis must clarify emergency shelters are permitted without discretionary action; discuss available acreage in the zone; including typical parcel sizes and the presence of reuse and redevelopment opportunities. In addition, the analysis should address proximity to transportation and services and any conditions inappropriate for human habitability. Finally, the element should list and evaluate development standards for compliance with statutory requirements and as constraints on emergency shelters. This analysis should additionally address the cap on emergency shelters bases on estimates of persons experiencing homelessness which can act as a constrain. Based on the outcomes of the analysis, the element should add or modify programs as appropriate.
 - *By Right Permanent Supportive Housing:* By-right permanent supportive housing shall be a use by-right in zones where multifamily and mixed uses are permitted, including nonresidential zones permitting multifamily uses pursuant to Government Code section 65651. The element must demonstrate compliance with this requirement and include programs as appropriate.
 - *Employee Housing:* Health and Safety Code section 17021.5 requires employee housing for six or fewer employees to be treated as a single-family structure and permitted in the same manner as other dwellings of the same type in the same zone. The element must demonstrate zoning in compliance with this requirement or add or modify programs as appropriate.
 - *Low Barrier Navigation Centers:* Low Barrier Navigation Centers shall be a use by-right in zones where multifamily and mixed uses are permitted, including nonresidential zones permitting multifamily uses pursuant to Government Code section 65660. The element must demonstrate compliance with this requirement and include programs as appropriate.
4. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures... (Gov. Code, § 65583, subd. (a)(5).)*

Land Use Controls: The element must identify and analyze all relevant land use controls impacts as potential constraints on a variety of housing types. The analysis should analyze land use controls independently and cumulatively with other land use controls. The analysis should specifically address heights, lot coverages, parking, and parking in the MU and TMU zones parking (At least one garage or carport per unit and parking space per unit) (Table 5-3) and LASP parking (two spaces per unit for two or more bedroom residential. The analysis should address any impacts on housing cost, supply (number of units), feasibility and ability to achieve maximum densities and include programs to address identified constraints.

In addition, the element should discuss how the City complies with State Density Bonus Law (SDBL) pursuant to Government Code section 65915. The discussion should address whether there is an ordinance and the general process for requesting and approving benefits of SDBL. Based on the outcomes of this discussion, the element should add or modify programs.

Fees and Exaction: The element shows the total amount of fees per unit for typical single family and multifamily development but should also list the pertinent fees. In addition, the element should complete this analysis for large multifamily development which is currently described as to be determined.

Local Processing and Permit Procedures: The element lists architecture review process criteria (p. 13.5-17); however, it should also evaluate those criteria for impacts on cost, timing and especially approval certainty. For example, standards such as “desirability of the neighborhood”, “harmonious development” and “comfort” can be subjective and impact approval certainty. The element should explain how these standards are applied and met, whether there are any impacts on cost, timing and approval certainty and add or modify programs to address any identified constraints. In addition, the element should list and evaluate any other approval findings for typical single family and multifamily developments and add or modify programs as appropriate.

In addition, the element generally describes the Planned Unit Development (PUD) process but must analyze this process for impacts on supply, cost, financial feasibility, timing and approval certainty. For example, the analysis should clearly state whether the Planned Development process is mandatory or optional, whether the burden of establishing zoning and development standards typically rests with the City or developers, particularly on identified sites, any absence of fixed development standards, any additional legislative approvals and any other requirements or mechanisms that may act as a constraint.

SB 35 Streamlined Ministerial Approval Process: The element must clarify whether there are written procedures to implement SB 35 (Chapter 366, Statutes of 2017) and add or modify programs to establish a procedure if necessary.

Zoning and Fees Transparency: The element must clarify its compliance with new transparency requirements for posting all fees, zoning and development standards for each parcel on the jurisdiction’s website pursuant to Government Code section 65940.1(a)(1).

Housing for Persons with Disabilities (Reasonable Accommodation): The element briefly mentions the City adopted a reasonable accommodation ordinance (p. 13.5-11) but should describe and analyze that process such as the approval body, fees, process timing and most importantly approval findings. The analysis should address any impacts on cost and approval certainty and add or modify programs as appropriate.

Inclusionary Housing Requirements: The element generally mentions the City’s inclusionary requirements such as the percentage of required affordability and fees

must also analyze the City's inclusionary housing requirements, including its impacts as potential constraints on the development of housing for all income levels. The analysis must evaluate the inclusionary broader policy's implementation framework, including the types of options and incentives offered, relationships with SDBL and any other factors that may impact housing costs. The City could engage the development community to facilitate this analysis.

5. *Analyze existing assisted housing developments that are eligible to change to non-low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions. (Gov. Code, § 65583, subd. (a)(9) through 65583(a)(9)(D).)*

While the element lists several projects at-risk of converting to market rate uses in the planning period, it must provide analysis to guide appropriate policies and programs that commit to preserve these units. Specifically, the element must still:

- Evaluate the risk of conversion, including ownership type and any known conditions that may lead to potential conversion.
- Estimate and compare the total cost for producing, replacing and preserving the units at-risk.
- Identify public and private nonprofit corporations known to the City to have the legal and managerial capacity to acquire and manage at-risk units.
- Identify and consider the use of federal, state and local financing and subsidy programs.

For additional information and sample analysis, see the Building Blocks at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks/assisted-housing-developments-risk-conversion>.

C. Housing Programs

1. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element... (Gov. Code, § 65583, subd. (c).)*

To have a beneficial impact in the planning period and achieve the goals and objectives of the housing element, programs should have specific commitment toward housing outcomes and discrete and early timing (e.g., at least annually or by a specified date). Examples of programs that should be revised with discrete timing include Actions 1 (Provision of a Variety of Housing Types), 3 (Affordable Housing Incentives and Facilitation), 4 (Maintenance of Housing Stock), 6 (Acquisition of Multifamily Housing), 10 (Adequate Sites Inventory), 15 (Homeownership for First-Time Buyers), 16 (Fair Housing Program) and 17 (Homeless Services).

Additionally, programs must have specific commitment to clear outcomes or deliverables. Several programs include actions with no commitment to housing outcomes (e.g., “determine feasibility”, “explore”,). Examples include:

- Action 1: Provision of a Variety of Housing Types – The program should go beyond determining the feasibility of funding to support housing for ELI persons with disabilities (including developmental) and annually identify housing opportunities and pursue funding.
- Action 3: Affordable Housing Incentives and Facilitation – The program should go beyond exploring incentives to preserve naturally occurring affordable housing and establish and implement actual strategies at least annually and ongoing throughout the planning period.

2. *Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city’s or county’s share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory completed pursuant to paragraph (3) of subdivision (a) without rezoning, and to comply with the requirements of Government Code section 65584.09. Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding B3, the element does not include a complete site analysis; therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types.

In addition, the element notes zoning should be amended to encourage and facilitate single-room occupancy and employee housing (Health and Safety Code § 17021.5). However, Program 9 (Zoning Ordinance) commits to only revise zoning “if appropriate”. The element demonstrates zoning must be amended and as a result the program should be revised with specific commitment that zoning will be amended and remove “if appropriate”.

3. *Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. (Gov. Code, § 65583, subd. (c)(3).)*

As noted in Finding B4, the element requires a complete analysis of potential governmental and non-governmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints.

In addition, as noted on page 5-8, the zoning ordinance does not explicitly acknowledge group homes for seven or more persons and zoning must be amended. Yet, Program 9 (Zoning Ordinance) only commits to amend zoning for this housing type “if appropriate”. However, the lack of any explicit language allowing this important housing type for persons with disabilities is clearly “appropriate” to amend zoning. The program should specifically commit to amend zoning, remove “if appropriate” language and clarify that zoning and permit procedures will be amended to permit these housing types in all zones allowing residential use with objective standards to facilitate approval certainty similar to other residential uses.

4. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics... (Gov. Code, § 65583, subd. (c)(5).)*

As noted in Finding B1, the element must include a complete analysis of AFFH. The element must be revised to add goals and actions based on the outcomes of a complete analysis. Goals and actions must specifically respond to the analysis and to the identified and prioritized contributing factors to fair housing issues and must be significant and meaningful enough to overcome identified patterns and trends. Actions must have specific commitment, milestones, geographic targeting and metrics or numeric objectives and, as appropriate, must address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection.

5. *Develop a plan that incentivizes and promotes the creation of accessory dwelling units that can be offered at affordable rent... (Gov. Code, § 65583, subd. (c)(7).)*

The element must include programs to establish incentives and promote the creation of accessory dwelling units (ADUs). While the element commits to amend the ordinance and comply with ADU law, it should also commit to establish incentives such as modifying development standards (e.g., heights), pursuing funding, making prototype plans available, waiving fees beyond ADU law, proactive marketing and establishing points of contact to ease permitting processes. In addition, the element should monitor the production of affordability of ADUs at least twice in the planning period and commit to act within a specified time (e.g., six months) if assumptions are not realized.

D. Quantified Objectives

Establish the number of housing units, by income level, that can be constructed, rehabilitated, and conserved over a five-year time frame. (Gov. Code, § 65583, subd. (b)(1 & 2).)

While the element includes quantified objectives for new construction, rehabilitation, and conservation (p. 13.2-18), it should include objectives for ELI households. In addition, conservation objectives appear to be limited to units at-risk of conversion to market rate

uses. However, conservation objectives may include many other activities intended to conserve housing such as programs 7 (Code Enforcement), 13 (Residential Displacement) and 14 (Housing Choice Vouchers).

E. General Plan Consistency

The Housing Element shall describe the means by which consistency will be achieved with other general plan elements and community goals. (Gov. Code, § 65583, subd. (c)(7).)

While the element discusses how internal consistency will be achieved with other elements of the general plan as part of the housing element update, it should also discuss how internal consistency will be maintained throughout the planning period.

F. Public Participation

Local governments shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the Housing Element, and the element shall describe this effort. (Gov. Code, § 65583, subd.(c)(9).)

While the element includes a summary of the public participation process, it should summarize and describe how public comments were considered and incorporated throughout the housing element process.