

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

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August 25, 2025

Kerry Kallman, City Manager  
City of Palos Verdes Estates  
340 Palos Verdes Drive West  
Palos Verdes Estates, CA 90274

Dear Kerry Kallman:

**RE: City of Palos Verdes Estates' 6<sup>th</sup> Cycle (2021-2029) Adopted Housing Element and Rezone to Accommodate the Regional Housing Need Allocation (RHNA)**

Thank you for submitting the City of Palos Verdes Estates' (City) Resolution Number R25-11 and Ordinance Number 766 (Zoning Documents) related to rezoning to make prior identifies sites available and accommodate the regional housing need allocation (RHNA). The Zoning Documents were adopted June 10, 2025 and June 24, 2025 respectively, and received for review on July 1, 2025. Pursuant to Government Code section 65585, the California Department of Housing and Community Development (HCD) is reporting the results of its review.

On July 29, 2024, HCD found the adopted housing element met the statutory requirements of State Housing Element Law (Gov. Code, § 65580 et seq). However, the housing element could not be found in substantial compliance until the City has adopted and completed necessary rezones to make prior identified sites available and accommodate the RHNA to comply with various statutory requirements. The City adopted the Zoning Documents and HCD is pleased to find the City has completed actions to address the requirements that were described in HCD's July 29, 2024 review. As a result, the adopted element substantially complies with State Housing Element Law as of the date of this letter.

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

- Program 3 (Encourage Mixed Commercial and Residential Use)
- Program 7 (Accessory Dwelling Units (ADUs))
- Program 8 (Density Bonus Incentives)
- Program 9 (Shared Housing)
- Program 10 (Affirmatively Furthering Fair Housing)
- Program 11 (Special Needs Housing)

- Program 12 (Lot Consolidation)
- Program 13 (Zoning Code Review and Update)
- Program 14 (Repurposing Existing Space within a Primary Residence)

The City must monitor and report on the results of these and other programs through the annual progress report, required pursuant to Government Code section 65400. Please be aware, Government Code section 65585, subdivision (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.

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 now 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 Land Use and Climate Innovation at: <https://www.lci.ca.gov/planning/general-plan/guidelines.html>.

HCD appreciates the dedication and effort the City's housing element team provided throughout the housing element update and 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 you have any questions or need additional technical assistance, please contact Andrea Grant, of our staff, at [andrea.grant@hcd.ca.gov](mailto:andrea.grant@hcd.ca.gov).

Sincerely,



Paul McDougall  
Senior Program Manager