

AGREEMENT
BETWEEN
THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
AND
THE CITY OF BLUE LAKE

It is hereby stipulated and agreed by and between the California Department of Housing and Community Development (“HCD”) and the City of Blue Lake (“City”) that they have reached an understanding as described in further detail below, by way of this Agreement.

I. Recitals

Whereas, the City is a political subdivision of the State of California. The City is charged with regulating and controlling land use and development within the City’s boundaries, including but not limited to complying with all applicable provisions of state law, including Housing Element Law.

Whereas, HCD is responsible, among other things, for Housing Element Law compliance, and oversees and enforces actions by local government in this state, including the City, to adopt a substantially compliant Housing Element for the 2021-2029 Planning Period, known as the Sixth Cycle. (Government Code section 65590 et seq.)

Whereas, by a letter dated January 24, 2020, HCD reminded the City that it was required to revise its Sixth Cycle Housing Element pursuant to Government Code section 65588, no later than August 31, 2019, and notified the City that it had been out of compliance with Housing Element Law since August 31, 2009.

Whereas, on December 8, 2020, the City of Blue Lake signed the Standard Agreement for funding through the Local Early Action Planning (LEAP) grant program to fund an update of the City’s Housing Element for the Sixth Cycle.

Whereas, on November 23, 2021, HCD again notified the City of its failure to revise its Sixth Cycle Housing Element.

Whereas, by a letter dated April 27, 2022, HCD inquired with the City as to the status of its Sixth Cycle Housing Element update due on August 31, 2019.

Whereas, on May 31, 2022, the City submitted its first draft of its Sixth Cycle Housing Element.

Whereas, on August 29, 2022, HCD notified the City of necessary revisions to its draft Sixth Cycle Housing Element to achieve compliance with Housing Element Law.

Whereas, on October 18, 2022, the City of Blue Lake was awarded funding through the Regional Early Action Planning (REAP) grant program to fund preparation of a CEQA Initial Study for the City’s Sixth Cycle Housing Element

Whereas, on April 28, 2023, the City submitted its second draft of its Sixth Cycle Housing Element.

Whereas, on June 20, 2023, HCD notified the City of necessary revisions to its draft Sixth Cycle Housing Element to achieve compliance with Housing Element Law.

Whereas, on August 28, 2023, the City submitted its third draft of its Sixth Cycle Housing Element.

Whereas, on September 23, 2023, HCD notified the City that it had met the statutory requirements of Housing Element Law; however, pursuant to Government Code section 65588(e)(4), its Housing Element would not be determined to be in substantial compliance unless and until the City completed the required rezoning action proposed by Program HI-14.

Whereas, on January 28, 2025, the City submitted a draft of the combining zone proposed by Housing Element Program HI-14 for review. HCD met with the City on February 6, 2025 to provide feedback on the draft combining zone. At this meeting, HCD provided recommended revisions to the draft combining zone to ensure it is consistent with the Housing Element Law.

Whereas, by a letter dated April 30, 2025, HCD inquired about the status of the City's rezoning action proposed by Program HI-14, the proposed amendments to its Zoning Code, and the submission of an updated and adopted Sixth Cycle Housing Element. HCD requested that the City provide a revised and specific timeline by May 30, 2025 for (1) completing necessary rezones, (2) submitting an updated draft Housing Element, and (3) obtaining compliance with Housing Element Law.

Whereas, by a letter dated May 28, 2025, the City provided a revised and specific timeline for (1) preparing and submitting an electronic sites inventory to HCD, (2) adopting and submitting the Sixth Cycle Housing Element Update to HCD, and (3) completing the required rezoning action by implementing Housing Element Program HI-14. The timeline provided by the City proposed to complete all these actions by February 28, 2026.

Whereas, by an email dated May 29, 2025, HCD inquired whether it was possible for the City to shorten the timeline for achieving compliance with Housing Element Law by a month or two.

Whereas, on June 27, 2025, HCD issued a Notice of Violation to the City for its failure to adopt its Sixth Cycle Housing Element and complete the rezoning action proposed by Program HI-14. Moreover, HCD rejected the City's proposed timeline of February 26, 2026 as the date to complete the rezoning action proposed by Program HI-14.

Whereas, by a letter dated June 30, 2025, the City provided an updated revised and specific timeline for completing the actions necessary to achieve compliance with the Housing Element Law. The timeline provided by the City proposed to complete all these actions by December 15, 2025.

Whereas, on July 22, 2025, the City adopted its Sixth Cycle Housing Element Update by and through a duly noticed public hearing of its City Council.

Whereas, on July 30, 2025, the City submitted its adopted Housing Element to HCD, including its Sites Inventory and Programs with timelines to (1) complete necessary rezones and amend its Zoning Code required to achieve the goals and objectives of its Housing Element, and (2) to make adequate provision for the housing needs of all economic segments of the community with sites that could be developed for housing within the Sixth Cycle sufficient to provide for the City's share of the regional housing needs allocation (RHNA) for all income levels. (Government Code sections 65583(c) and 65583.2(a).)

Whereas, on August 21, 2025, HCD notified the City in accordance with Government Code section 65585(h) that its adopted Housing Element would not be in substantial compliance with Housing Element Law unless and until the City completed the rezones necessary to meet its unaccommodated need of the RHNA from the City's Fifth Cycle Housing Element, in addition to the rezones necessary to meet its Sixth Cycle RHNA. HCD notified the City of its obligation to timely implement Programs HI-1 through HI-23.

Whereas, on October 20, 2025, the City's Planning Commission held a duly noticed public hearing to consider the Zoning Code and Zoning Map amendment proposed by Housing Element Program HI-14, which are necessary to comply with Housing Element Law. At the meeting, the City's Planning Commission recommended that (1) the City Council adopt a CEQA Initial Study-Mitigated Negative Declaration for the implementation of Program HI-14, and (2) adopt the Zoning Code and Zoning Map amendment proposed by Housing Element Program HI-14.

Whereas, the City is statutorily required to complete its Seventh Cycle Housing Element and receive a finding of substantial compliance from HCD by July 15, 2027 (estimated).

Whereas, the City never adopted a substantially compliant Fifth Cycle Housing Element.

Whereas, the City did not adopt a Fifth Cycle Housing Element and did not timely adopt a Sixth Cycle Housing Element and therefore could be subject to statutory remedies and penalties, including but not limited to those under Government Code sections 65009.1, 65585(l), and 65755.

Whereas, in exchange for HCD forbearing from pursuing litigation to impose statutory remedies and penalties on the City for the City's violations of Housing Element Law, the City agrees to be subject to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein, the signatory Parties to this Agreement agree to the following responsibilities, terms and conditions.

II. Incorporation of Recitals.

The above Recitals are incorporated into and are a part of this Agreement.

III. Parties and Purpose.

A. This Agreement is executed by and between HCD and the City, collectively referred to as Parties.

- B. The Parties agree that the purpose of this Agreement is to avoid referral of the City to the Office of the Attorney General, avoid the costs of litigation, and otherwise resolve the City's alleged violations of Housing Element Law by memorializing the timeline within which the City will complete the requisite rezones required by Programs H1-14, amend its Zoning Ordinance and submit its Sixth Cycle Housing Element to HCD, and timely complete its Seventh Cycle Housing Element.

IV. City's Obligations.

The Parties agree that the City shall take the following required actions to complete and adopt a substantially compliant Sixth Cycle Housing Element Revision and a substantially compliant Seventh Cycle Housing Element Revision.

A. Adoption of a Sixth Cycle Housing Element Found to be Substantially Compliant by HCD.

1. Prior to and no later than December 31, 2025, consistent with Government Code section 65588(e)(4)(C)(iii), which prohibits a finding of substantial compliance with Housing Element Law unless and until the City completes all required rezoning, the City shall amend its Zoning Code and Zoning Map and submit the amended ordinance to HCD. The Zoning Code and Zoning Map amendments shall reflect sites with the zoning and densities appropriate to implement Programs H1 -14 during the Sixth Cycle (2019-2027) planning period and substantially comply with Housing Element Law, as determined by HCD or a court, in accordance with Government Code Section 65585.
2. Throughout the process, the City shall comply with all applicable environmental laws.
3. The City shall comply with all statutory requirements regarding public participation efforts, including, but not limited to, provisions to make a diligent effort to reach all economic segments of the community pursuant to Government Code section 65583(c)(9) and public noticing pursuant to Government Code section 65585(b)(1). Nothing in this paragraph precludes HCD from receiving and/or considering public comments as required by Government Code section 65585(c).

B. Commencement of Seventh Cycle Housing Element and Adoption of a Seventh Cycle Housing Element Found to be Substantially Compliant by HCD.

The City shall notify HCD immediately upon completing each of the following required actions.

1. By March 31, 2026, the City shall have a consultant in place to assist the City with updating its Housing Element for the Seventh Cycle; preparing CEQA compliance documentation; and conducting requisite analysis, zoning, and other planning activities necessary to achieve a compliant Seventh Cycle Housing Element.

2. Prior to and no later than August 3, 2026, the City shall publish its initial draft Seventh Cycle Housing Element on its website for 30-day review pursuant to Government Code section 65585(b)(1).
3. Prior to and no later than August 24, 2026, the City shall hold a duly noticed public hearing to consider the Seventh Cycle Housing Element.
4. Prior to and no later than September 18, 2026, the City shall submit its initial draft Seventh Cycle Housing Element to HCD pursuant to Government Code section 65585(b). While conducting its review of the draft Housing Element, HCD will provide the City with informal feedback prior to the close of the review period.
5. Not later than December 2, 2026, HCD will return its formal findings to the City. If the City is not in substantial compliance with Housing Element Law, the City shall meet in person, or via telephone or video conference with HCD on or before December 31, 2026, to discuss the items still needing revision by the City to achieve substantial compliance.
6. If the City's Housing Element draft is not found in substantial compliance with Housing Element Law prior to February 1, 2027, the City shall release a second draft for public review and comment.
7. Prior to and no later than February 15, 2027, the City shall submit its final revised draft Housing Element to HCD for review pursuant to Government Code section 65585(b). HCD will provide City with informal feedback during the 60-day review period.
8. Not later than April 1, 2027, HCD will return its formal findings.
9. Prior to and no later than June 1, 2027, the City shall adopt a compliant Housing Element and submit to HCD pursuant to Government Code section 65585(g)(1). By July 14, 2027, HCD will review the City's adopted Housing Element pursuant to Government Code section 65585(h) and issue a certification letter if the City's Housing Element meets the statutory requirements.
10. Throughout the process outlined above, the City shall comply with all applicable environmental laws.
11. The City shall comply with all statutory requirements regarding public participation efforts, including, but not limited to, provisions to make a diligent effort to reach all economic segments of the community pursuant to Government Code section 65583(c)(9) and public noticing pursuant to Government Code section 65585(b)(1). Nothing in this paragraph precludes HCD from receiving and/or considering public comments as required by Government Code section 65585(c).

C. Compliance with No Net Loss.

The City shall maintain sufficient sites to accommodate its RHNA throughout the Sixth (2019-2027) Cycle planning periods consistent with Government Code section 65863.

D. Compliance with the Housing Accountability Act (HAA).

The City shall comply with all provisions of the HAA, including but not limited to Government Code section 65589.5(d). The City acknowledges, for the benefit of third parties, that until it has adopted a Housing Element that is in substantial compliance with Housing Element Law for the Sixth Cycle as determined by HCD or a court that the City cannot make findings under Government Code section 65589.5(d)(1) or (d)(5), and it shall not deny a housing development project for very low-, low-, or moderate-income households, as defined under Government Code section 65589.5(h)(3).

E. Compliance with Duty to Affirmatively Further Fair Housing.

The City shall administer its programs and activities relating to housing and community development in a manner to affirmatively further fair housing, and shall take no action that is materially inconsistent with its obligation to affirmatively further fair housing, consistent with Government Code section 8899.50.

V. HCD Commitments.

1. HCD shall review the City's Zoning Code and Zoning Map amendments required under Paragraph A and return its formal written findings to the City within 45 days of receipt.
2. HCD staff commit to providing technical assistance to the City as time and capacity permit to facilitate the adoption of substantially compliant Sixth Cycle Housing Element.
3. In exchange for and upon the City's compliance with its obligations in this Agreement, HCD will release the City from any liability for the City's failure to timely adopt a Fifth or Sixth Cycle Housing Element.

VI. Remedies/Assessment of Penalties for City's Failure to Meet its Obligations.

Immediately upon the City's failure to comply with any of the terms and conditions of this Agreement, HCD shall notify the City of its violation(s) of this Agreement and/or Housing Element Law.

A. Opportunity to Cure.

The City shall have 30 days from the date of HCD's notification to the City of its violation(s) under this Agreement to cure the violation(s).

B. HCD's Enforcement Remedies for the Sixth Cycle.

In the event HCD determines under Paragraph A immediately above that the City has failed to timely cure a violation of this Agreement, HCD shall have the right to issue a Notice of Violation and/or enforce this Agreement in an action filed in Humboldt County Superior Court. If the violation at issue is the City's failure to timely comply with its obligations under Section IV – A of this Agreement, HCD shall have all rights and remedies available to it under California Law.

C. HCD's Enforcement Remedies for the Seventh Cycle

1. If after an opportunity to cure specified in Section VI(A), the City fails to timely comply with any of the interim deadlines relating to progress toward adopting a certified Seventh Cycle Housing Element set forth in items 1-7 of Section IV – B of this Agreement, HCD shall have the right to issue a Notice of Violation and/or enforce this Agreement in an action filed in Humboldt County Superior Court; however, in this event, the only remedy HCD may seek from the court is an order requiring the City to comply with this Agreement.
2. In the event that the City fails to meet the statutory deadline to adopt a certified Seventh Cycle Housing Element, HCD shall have all rights and remedies available to it under California Law to enforce the Housing Element Law.

VII. Miscellaneous Provisions.

- A. Nothing in this Agreement shall be construed as relieving the City of its obligation to comply with all local, state, and federal laws, regulations, and rules.
- B. The terms of this Agreement shall be governed by the laws of the State of California.
- C. The Parties agree and represent that any person(s) signing this Agreement is authorized by proper authorities to execute and bind the Parties to all terms and conditions set forth herein.
- D. This Agreement shall be deemed satisfied and will automatically terminate effective the date that HCD finds that the City's Seventh Cycle Housing Element is in substantial compliance with state law. Nothing in this Agreement relieves the City of the obligation to comply with any duties it has under State law.
- E. All notices and submissions shall be provided as follows.

For the City:

Jill Duffy
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citymanager@bluelake.ca.gov
PO Box 458
111 Greenwood Rd.
Blue Lake, CA 95525

For HCD:

David Zisser
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P.O. Box 952052
Sacramento, CA 94252-2052
Email: David.Zisser@hcd.ca.gov

With a copy to:

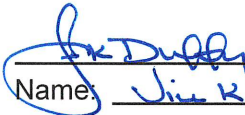
David Pai
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[SIGNATURE PAGE FOLLOWS]

By their signatures, the Parties indicate their agreement and obligations to perform all terms and conditions of this Agreement.

City of Blue Lake

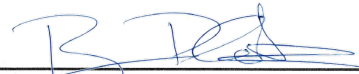
California Department of Housing and
Community Development

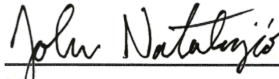
By: 
Name: Jim R. Duffy
Title: Interim City Manager

By: 
Name: David Zisser
Title: Assistant Deputy Director

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: 
Name: Ryan T. Plotz
Title: City Attorney

By: 
Name: John M. Natalizio
Title: Deputy Attorney General

December 8, 2025