

**Table**  
**Audit Objectives and the Methods Used to Address Them**

AUDIT OBJECTIVE	METHOD
<p>1 Review and evaluate the laws, rules, and regulations significant to the audit objectives.</p>	<p>Reviewed relevant laws, regulations, policies, and procedures pertaining to the audit objectives.</p>
<p>2 Identify and evaluate HCD’s requirements and guidance for local housing elements. Perform the following:</p> <ul style="list-style-type: none"> <li>• Determine whether HCD’s standards and guidance are detailed enough for cities to apply to their housing elements.</li> <li>• Assess whether HCD is available for assistance when cities are developing their initial drafts of housing elements and determine the median times cities wait for assistance from HCD.</li> </ul>	<ul style="list-style-type: none"> <li>• Selected 10 local jurisdictions based on location, size, number of draft housing elements, and housing element compliance status.</li> <li>• Judgmentally selected six common findings from HCD’s findings letters. These included two findings related to AFFH, two findings related to sites inventory, and two findings that did not relate to these two topics. For six of the findings that occurred in at least seven local jurisdictions, identified and reviewed HCD’s available guidance, including its website and memos.</li> <li>• Identified and documented the individualized assistance that HCD provides to local jurisdictions. We determined that HCD does not consistently document or record its interactions with local jurisdictions.</li> <li>• Interviewed staff at the 10 selected local jurisdictions to gain their perspective about the quality and availability of HCD’s individualized assistance when they were revising their housing elements.</li> </ul>
<p>3 Assess HCD’s responsiveness in reviewing housing elements for the 10 selected cities by doing the following:</p> <ul style="list-style-type: none"> <li>• Identify the median range of time HCD took to complete each review (or reviews) of the fifth and sixth housing element cycles.</li> <li>• Identify the median range of time HCD took to approve the housing elements and compare these times to the times of those from the fifth housing element cycle.</li> <li>• Assess how and when HCD communicated housing element submission deadlines for the sixth housing element cycle. Determine whether these deadlines differed from the fifth housing element cycle.</li> </ul>	<ul style="list-style-type: none"> <li>• Obtained housing element data from HCD as of November 2024.</li> <li>• Calculated statewide statistics on the number of housing elements that local jurisdictions submitted to HCD for review and the review process time.</li> <li>• Obtained findings letters for the 10 selected local jurisdictions.</li> <li>• Calculated statistics on the amount of time HCD and each of the 10 local jurisdictions spent on the housing element review process from initial submission to final adopted housing element, and whether HCD met its statutory deadlines for its reviews.</li> <li>• Identified and documented key changes in state law that affected housing elements during the sixth cycle.</li> <li>• Identified and reviewed HCD’s communications on its website regarding new or changing requirements for housing elements and evaluated the length of time it took HCD to issue guidance regarding these requirements.</li> <li>• Interviewed staff at the 10 selected local jurisdictions to obtain their perspectives on the timeliness and coordination of HCD’s housing element reviews.</li> <li>• Documented the deadlines for housing elements for the fifth and sixth cycles and, for the 10 local jurisdictions reviewed, documented the compliance date for housing elements. State law generally sets deadlines for local jurisdictions that depend on the region in which the local jurisdiction lies.</li> <li>• Reviewed state law, HCD documentation, and interviewed HCD and local jurisdiction staff to identify potential consequences of not complying with legal requirements to adopt compliant housing elements.</li> </ul>

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AUDIT OBJECTIVE	METHOD
<p><b>4</b> Evaluate HCD's comments and feedback to each of the 10 selected cities in the sixth housing element cycle by doing the following:</p> <ul style="list-style-type: none"> <li>• Determine the consistency of HCD's comments among the 10 selected cities.</li> <li>• Determine whether HCD reviewers provided precise, measurable, and criteria-based comments and feedback.</li> <li>• Compare the overall comments and feedback to HCD's comments and feedback on the Affirmatively Furthering Fair Housing standards and sites inventory requirements of the housing element.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewed findings letters for three commonly occurring findings topics to determine whether HCD provided the 10 local jurisdictions we selected with consistent feedback for similar findings.</li> <li>• For six commonly occurring findings at the 10 selected local jurisdictions, we assessed the guidance HCD offered in its findings letters to determine whether its feedback was precise, measurable, and based on criteria.</li> <li>• Interviewed local jurisdictions about the consistency of the feedback they received from HCD and obtained additional documentation to follow up on a selection of inconsistencies we identified.</li> </ul>
<p><b>5</b> Evaluate HCD's staffing levels and turnover rate, to the extent data is available, by doing the following:</p> <ul style="list-style-type: none"> <li>• Identify the total number of reviewers HCD had in the fifth and sixth cycles. For each cycle, determine the median time that reviewers worked at HCD. Compare the turnover and totals between the two cycles.</li> <li>• Determine the median number and full range of reviewers that evaluated the housing elements of each of the 10 selected cities.</li> <li>• Determine how long a reviewer remained assigned to the same local government in the sixth housing element cycle and compare this time to the average for the fifth housing cycle.</li> </ul>	<ul style="list-style-type: none"> <li>• Interviewed HCD staff and reviewed available documentation.</li> <li>• Obtained housing element data from HCD as of November 2024 and calculated the rate of change in the number of primary reviewers HCD assigned statewide to perform housing element reviews for the period of calendar years 2013 through 2023.</li> <li>• HCD's data system does not track the duration of time that a reviewer was assigned to a housing element or identify the total number of reviewers assigned to each local jurisdiction.</li> <li>• Using source documentation for the 10 local jurisdictions as of September 2025, identified the primary reviewer of each housing element and calculated the minimum number of reviewers who participated in each local jurisdiction's fifth- and sixth-cycle housing element review process.</li> </ul>
<p><b>6</b> Identify and evaluate HCD's policies and procedures for training new and existing staff assigned to review housing elements and determine the following:</p> <ul style="list-style-type: none"> <li>• The length of time for and procedures taught in new employee training.</li> <li>• Whether HCD offers additional training to existing staff and, if so, how often and on what topics.</li> <li>• Whether HCD's training is sufficient to prepare reviewers to review housing elements and provide clear comments to local governments.</li> </ul>	<ul style="list-style-type: none"> <li>• Identified key training materials and the topics presented to new employees.</li> <li>• Interviewed HCD staff to determine the length of the training provided to new staff. We also interviewed a selection of HCD staff who participated in the training to determine whether they found it sufficient and interviewed HCD management to determine how they measure its effectiveness.</li> <li>• Reviewed documentation and interviewed HCD staff and management to determine the extent of ongoing training to existing staff.</li> <li>• Reviewed training materials and other documentation to determine whether the material allowed reviewers to provide clear comments on the selected findings.</li> </ul>
<p><b>7</b> Review and assess any other issues that are significant to the audit.</p>	<p>We did not identify any other issues to review during the course of the audit.</p>

Source: Audit workpapers.