

STAFF REPORT
City Council Consent Item

DATE: March 18, 2024

TO: Honorable Mayor and Council Members

FROM: Shari Meads, Community Development Director

THRU: Merritt Perry, City Manager

SUBJECT: **2023 Housing Element Annual Progress Report**

STAFF RECOMMENDATION:

Approve the 2023 Housing Element Annual Progress Report and direct staff to submit the report to the California Department of Housing and Community Development and Governor's Office of Planning and Research.

EXECUTIVE SUMMARY:

California Government Code Section 65400 requires each jurisdiction to prepare a Housing Element Annual Report (APR) on progress implementing its housing element and toward achieving the Regional Housing Needs Allocation (RHNA). RHNA is the number of market rate and affordable housing units the California Department of Housing and Community Development (HCD) determines is necessary for a jurisdiction to build its housing needs over an 8-year period. APR content is directed by State housing law, and HCD provides reporting forms which must be submitted by April 1st each year.

BACKGROUND:

The City's Housing Element covers the 2019-2027 planning period and was adopted by the Council on August 19, 2019. The Housing Element was certified by HCD on September 16, 2019 which indicates its compliance with State Housing Element Law. Having a certified Housing Element is required for participation in some grant programs.

The Housing Element includes programs to promote the development of housing for all; including across income and age levels and access and functional needs. While the City is not responsible for constructing residential units, all California jurisdictions must provide a regulatory environment that promotes housing development.

DISCUSSION:

Highlights from the City's 2023 APR are included below and the complete APR is included as an attachment to this staff report.

- Table A documents all submitted building permit applications by unit type, project type, tenure, and affordability.
 - In 2023, building permit applications were submitted for 10 residential units. Three of the 10 units are ADUs which, based on market research, the City classifies as being for moderate-income households. Seven of the units are single-family residences which are classified in the above moderate-income category. None of the building permits utilized streamlining provisions or qualified for incentives, or concessions.
- Table A2 compiles all approved entitlements, issued building permits and certificates of occupancy, and the number of units demolished/destroyed in 2023. Projects are broken down further by unit type, project type, tenure, and affordability level. Additional information tracked on table A2 includes infill units and special programs.
 - Four entitlements were approved in 2023 representing 82 units. Building permits were issued for 25 residential units and 17 units were issued Certificates of Occupancy. One residential unit was reported as demolished/destroyed.
- Table B reports the City's progress towards meeting the 2019-2027 RHNA. Table B includes Fortuna's total RHNA requirement and the number of housing units that have been credited toward the RHNA since 2019 (the start of the current eight-year) planning period.
 - The City will need to issue building permits for 150 additional new housing units by the year 2027 to meet the remaining RHNA requirement. Of the 150 units: 73 must be intended for very-low income households; 38 for low income households; and the remaining 39 units can be for above moderate income households.
- Table C is for sites the City rezoned to meet a shortfall of parcels available for residential development. The City has no identified shortfall of residentially developable land.
- Table D lists each Housing Element program and its implementation status.
- Table E is the State's Commercial Development Bonus (partnered commercial/affordable housing), which is not applicable to the City.
- Table F is for units listed in the Housing Element that have been rehabilitated, preserved, or acquired as "alternative adequate sites." No such sites are identified in the City's Housing Element.
- Table G and H is to report any City-owned sites included in the Housing Element that were sold, leased, or otherwise disposed of during the prior year. No City-owned sites included in the Housing Element were sold, leased, or otherwise disposed of in 2023.

ENVIRONMENTAL REVIEW:

The 2023 Housing Element Annual Progress Report is not a project pursuant to CEQA Guidelines Section 21065 definition of “project” and is therefore exempt from additional environmental review pursuant to Section 153378(b)(5).

FISCAL IMPACT:

Staff costs associated with preparing and submitting the APR to HCD and OPR are accounted for in the General Fund budget.

NEXT STEPS:

Staff will submit the APR to OPR and HCD upon City Council approval and direction.

RECOMMENDED ACTION:

Accept the 2023 Housing Element Annual Progress Report and direct staff to submit the report to the California Department of Housing and Community Development and Governor’s Office of Planning and Research. Consent Agenda Vote.

ATTACHMENT:

- 2023 Housing Element Annual Progress Report