

Attachment B

Details on the 2021 Housing Element Annual Progress Report

Pursuant to Government Code (“GC”) Section 65400, each jurisdiction must prepare an annual progress report on the jurisdiction’s status and progress in implementing its housing element. The housing element Annual Progress Report (“APR”) covers the previous calendar year’s housing activity. The APR must be submitted to Housing Community Development (“HCD”) and the Governor’s Office of Planning and Research (“OPR”) by April 1 of each year. The content of housing element progress reports are prescriptive and highly detailed. Timely filing of housing element APRs is a threshold eligibility requirement for many State funding programs for workforce housing. Humboldt County and the seven incorporated cities in the region are presently in the 6th housing element cycle that began August 31, 2019 and ends August 2026.

One of the primary purposes of the housing element annual progress report is for jurisdictions to compile calendar year housing data for the number of building permits issued, the types of housing units issued building permits, and the affordability of each unit. When this data is compiled, it measures the County’s RHNA progress. There is continuing confusion about why the State requires local agencies to report planning and building applications for housing that have not been approved or issued. The State has legal authority to enforce housing law. This mandatory reporting enables the State to hold jurisdictions accountable for actions that are inconsistent with housing law and a jurisdiction’s certified housing element.

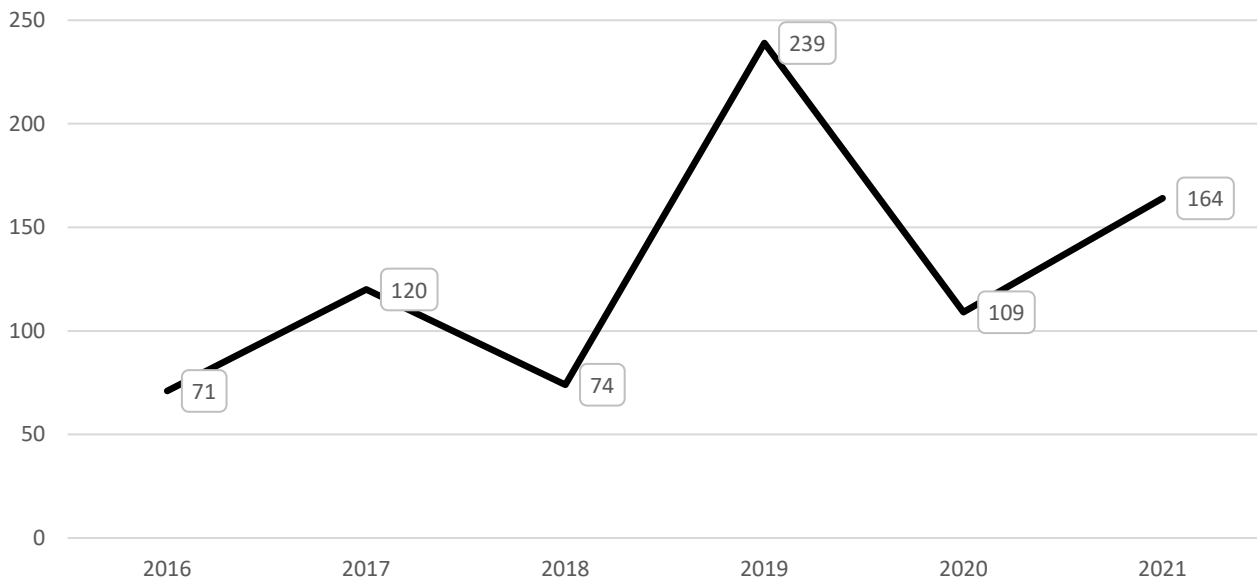
The following is a summary of the 2021 Housing Element Annual Progress Report which is available for viewing on the County’s webpage: URL <https://humboldt.gov/DocumentCenter/View/105954/CORRECTED-HumboldtCounty2021-XLSM>. The County’s 2021 report was initially filed with HCD and OPR on March 30, 2022, and HCD notified the County that the 2021 APR was successfully uploaded to their database on April 4, 2022. A post-submittal audit identified additional housing units that received building permits in 2021 but were not reported. On April 7, 2022, Planning staff filed a corrected APR with HCD. Table 1 below is Humboldt County’s RHNA progress from August 31, 2019 through December 31, 2021 and shows the County has met 23 percent of its total RHNA obligation:

Figure 1 shows year over year (for 2020 to 2021) housing production increased by 56 units, or 50% (with production measured by building permit issuance). From 2016 to 2021, housing production has increased by 131%. 2019’s value of 239 housing units is largely attributable to the issuance of building permits for two multifamily housing developments: 66 multifamily units in Mytletown, also known as Garden Apartments, and 79 income restricted units for the Samoa Vance Ave multifamily development, as previously reported.

Table 1

Income Level		RHNA Allocation by Income Level	2019	2020	2021	Total Units to Date (all years)	Total Remaining RHNA by Income Level	% by Income Level	
Very Low	Deed Restricted	351	-	-	15	18	333	5%	
	Non-Deed Restricted		-	-	3				
Low	Deed Restricted	223	-	-	14	32	191	14%	
	Non-Deed Restricted		-	7	11				
Moderate	Deed Restricted	256	-	-	-	119	137	46%	
	Non-Deed Restricted		20	27	72				
Above Moderate		583	25	75	49	149	434	26%	
Total RHNA		1,413							
Total Units			45	109	164	318	1,095	23%	

Figure 1: Total Housing Production, 2016-2021



Notable RHNA Progress in 2021

The March 2021 issuance of building permits for the Pine Hill Village housing development was the biggest contributor to the County’s Very Low Income and Low Income RHNA progress in 2021. As part of a County-initiated rezoning program for volunteered properties, the Board of Supervisors in 2010 up-zoned a portion of the property located in greater Eureka to multifamily with a qualified overlay zone (R-3-Q) in the face of significant public opposition. The Board’s hard work in 2010 paved the way

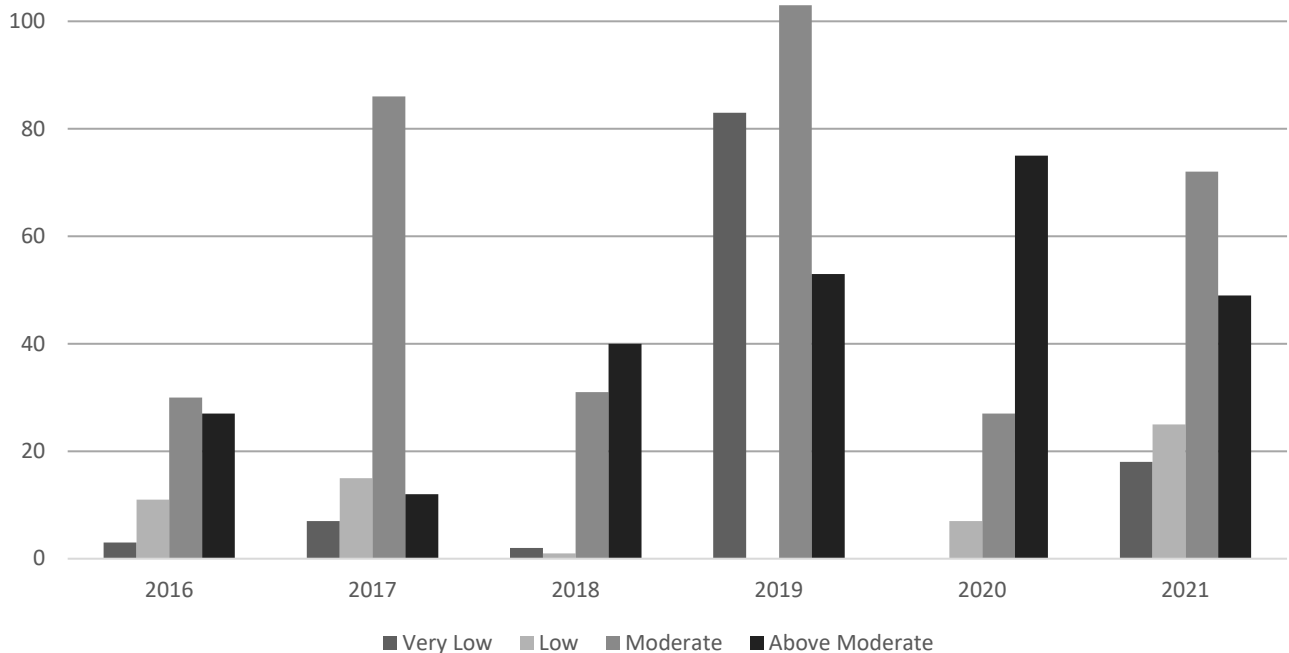
for the successful funding of a 30 affordable housing unit development in 2020. With Planning staff support, in October 2020, the Pine Hill Village project received one of the highly sought-after reservations of Low Income Housing Tax Credits (“LIHTC”). The LIHTC reservation, along with No Place Like Home funds awarded in partnership with Humboldt County, finalized the financing needed to move the project forward. When complete, the development will consist of 30-units of affordable housing mixed with permanent supportive housing units for folks experiencing homelessness. Twenty-nine of the units are assured to be affordable to lower income households for 55 years.

Consistent with Policies H-P21 and H-P35 of the 2019 Housing Element, the processing of the building permits for Pine Hill Village were prioritized and were issued in less 90 days. As a qualifying housing development, the developer requested three development incentives pursuant to Density Bonus law, Gov’t Code Section 65915 et seq. All requested incentives were ministerially approved by Planning staff consistent with State law. Presently the Pine Hill Village housing development is under construction, with units anticipated to be ready for occupancy in 2022. As of writing this report, there are no similar housing developments with deeply targeted and assured affordability in the pipeline, although Planning staff has met with organizations about prospective projects.

The issuance of five building permits for the construction of 40 multifamily housing units in the Central Estates subdivision in 2021 also contributed significantly to the County’s housing stock. As unassisted units, Planning staff estimated that 100% of these units will be rentals and affordable to moderate income households. These units comprise 56% of the moderate income units added to the County’s housing stock in 2021 and will add much needed housing to central McKinleyville.

Figure 2 depicts housing production from 2016-2021 by income category. The duration of time representative in Figure 2 includes years from both the County’s 5th and 6th housing element cycle.

Figure 2: Housing Production by Income Category

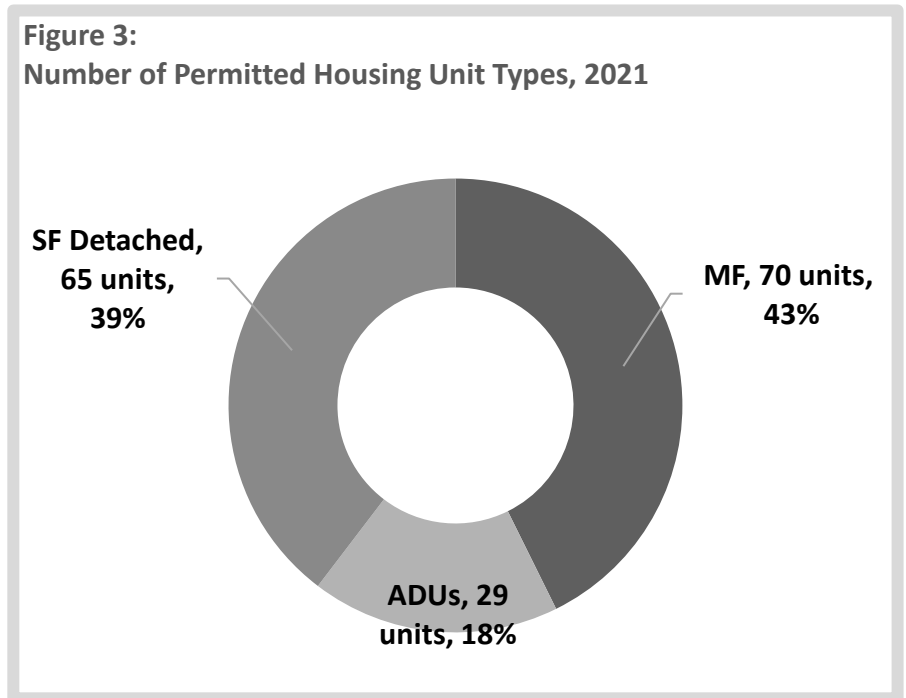


For the 2021 report, staff believes the number of housing units estimated to be affordable to moderate income households is overstated. The 2021 annual progress reported 72 housing units as being affordable to moderate income households. Planning staff believes a number of these units are likely affordable to above moderate income households.¹ As many know market conditions for land, building supplies, labor and have experienced dramatic changes in recent years. The County's current housing cost factor used to estimate affordability of unrestricted ownership units is based on 2019 data. While affordability of unrestricted rental units uses HUD's Fair Market Rate ("FMR") data which is updated annually, Planning have heard antidotally FMR data underestimates the price of rentals. For next year's APR, staff intends to update the housing cost factor for ownership units and explore other data sources that may more accurately estimate affordability while being able to pass HCD scrutiny.

Housing Unit Types

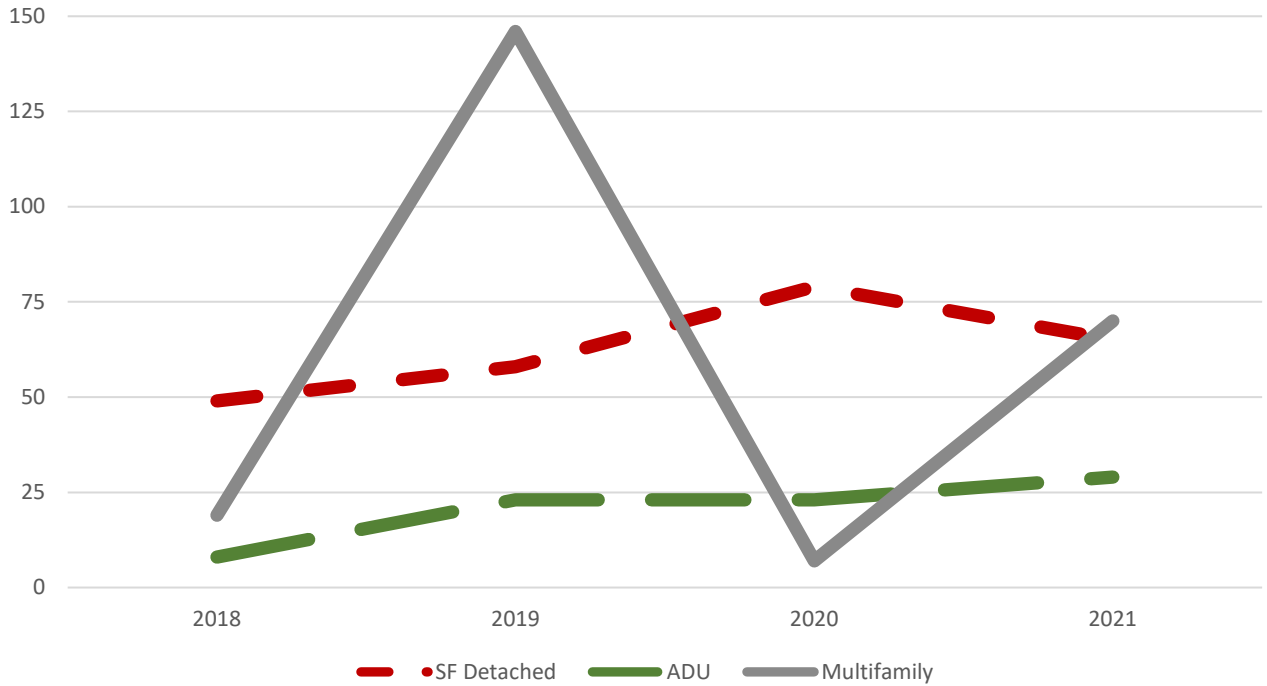
Figure 3 shows the breakdown of the housing unit types that received buildings permits in 2021, with production of multifamily and detached single family units being fairly close at 70 and 65 units respectively. Figure 4 that follows shows housing permit types issued building permits from 2016-2021.

Figure 4 indicates multifamily production has been more eradicate, and ADU production continues to see a steady production increase. From 2016 to 2020 data indicates a steady increase in the production of single family detached units. For 2021, however, data indicates production decline from 79 to 65 single family detached units (or -18%).



¹ Above moderate income means annual gross household income greater than 110% of the area median income, or greater than \$79,200 for a household of four in 2021

Figure 4, Housing Production by Unit Type
2018-2022



Building Permit Processing Timeframes and Actual Construction

Of the 164 housing units issued building permits in 2021, 87 were applied for in an earlier calendar year, as indicated in Table 2 below:

2018	2019	2020	2021	Total # of Housing Units Issued Building Permits in 2021
3 units	63 units	21 units	77 units	164 units

Of the 77 housing units that were applied for in calendar year 2021 and issued a building permit in calendar year 2021, 30 units are for Pine Hill Village.

In 2021, 16 housing units were constructed as measured by issued certificates of occupancy or building finals (referred to as “readiness” in housing element APR language). Twelve of these constructed units are estimated to be affordable to above moderate income households, three units affordable to moderate income, and one unit affordable to low income households.

2021 Progress on 2019 Housing Element Implementation Measures

Table D of the State’s reporting form reports the jurisdiction’s progress on completing the adopted implementation programs. A summary of the reported progress is provided in Table 3 below. See

Section 4.0 of General Plan for a detailed discussion of the County’s housing element accomplishments in 2021.

Table 3

Implementation Status:	2021
Completed	6
In Progress	17
Not Required	1
Not Started	34
Ongoing & In Progress	1
Partially Completed	3
Tl. # of Implementation Measures	86

The Continuing Need for the 2022 Multifamily Rezone Project

The [County’s 2019 Housing Element](#) was adopted by the Board of Supervisors on August 20, 2019, then certified by the California Department of Housing and Community Development (“HCD”) in October 2019. During the public review period that preceded adoption of the housing element, Legal Services of Northern California (“LSNC”) challenged the County’s inclusion of parcels in the Martin Slough Interceptor (“MSI”) service area in the County’s Lower Income inventory. The basis of LSNC’s challenge was the contention these parcels did not meet the statutory requirement for sites to have sufficient sewer service to support housing development. LSNC contested sites in the MSI service area because Mitigation Measure 11-3.1 of the MSI project EIR (State Clearinghouse No. 2002082043) had not been completed. The language of Mitigation Measure 11-3.1 enables the City of Eureka to prohibit wastewater connections to the Martin Slough Interceptor until a circulation improvement program is funded by the County and City. To date, neither the County nor the City have implemented a circulation improvement fund program. Nonetheless, the City of Eureka is approving without reservation new development in areas served by the MSI project. The North McKay tract subdivision being the most recent example.

Although the City of Eureka has not communicated a willingness to prohibit connections in the MSI service area at this time, it is important for the County to advance and fund the Multifamily Rezone Project due to unmet housing need, the shortage of housing and the associated increasing costs of housing for both owners and renters, and to reduce legal risk to the County.

The 2021 Annual Progress Report

The content of Tables A, A2, B, and D in the Annual Progress Report are discussed above. Other tables contained in the State’s mandatory reporting form are summarized below.

Table C: No actions were undertaken by the County in 2021 that necessitate completion of Table C, which is used to report:

- A shortfall of inventory sites as identified in the housing element GC § 65583(c)(1).

- Identifying additional sites required by No Net Loss law pursuant to GC § 65863.
- Identified an Unaccommodated Need of sites from the previous RHNA planning period pursuant to GC § 65584.09

Staff anticipates the County’s 2021 housing element APR will need to report the loss of the lower income inventory sites in the Martin Slough Inceptor service area discussed in Section 5.0 of the General Plan APR.

Table E: This form is used to report approved commercial development bonuses. This arises when a commercial developer has entered into an agreement for partnered housing project and contributes to affordable housing. In 2021, no projects were proposed or approved using this allowance.

Table F: This table is optional and is used to report units that have been substantially rehabilitated, or converted. In order for units to count towards RHNA, the rehabilitation or preservation must meet the standards set forth in GC § 65583.1(c)(2). Also, to count towards RHNA, the jurisdiction’s housing element must include a program to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA. In 2021, Humboldt County did not receive or approve an application using this provision.

Table G: As of 2019, County owned lands included in the Housing Element Sites Inventory that have been sold, leased, or otherwise disposed of, must be reported pursuant to GC § 65400.1. The disposal of the Lucas Street property is subject to this reporting requirement.

Table H: Reports the inventory of real property owned or under control of the County that is declared surplus or excess in accordance with statute and located in a U.S. Census designated urbanized areas or urban cluster. Working with Public Works and researching County records, only the Lucas Street property has been identified as meeting the criteria.

LEAP Reporting: The Governor’s 2019-20 Budget Act that created the Local Early Action Planning (“LEAP”) grant program included an annual reporting requirement. As indicated in the LEAP Table, Humboldt County made progress on several awarded activities.

- Adoption of the County’s Accessory Dwelling Unit ordinance. The ADU ordinance for Inland portions of the County was adopted by the Board in September 2020. In November 2020, the County filed an LCP amendment seeking Coastal Commission certification of the ADU ordinance for the Coastal portions of the County. Coastal Commission certification of the amendments continue to be a work in progress.
- The County included voter passage of Measure I, Humboldt County’s Article XXXIV authorization in the 2020 Annual Progress Report.
- In accordance with Board Resolution 21-120, approved November 9, 2021, Planning staff filed the county’s LEAP rescope application and is awaiting for HCD approval. The rescope is to reallocate unspent funds (in the amount of \$55,452) from to a new activity for the preparation of a CEQA Initial Study and technical studies in support of the County’s initiated Multifamily Rezone Project. While the Multifamily Rezone Project would benefit from HCD’s approval of the rescope, Board approval of a supplemental budget in the amount of \$250,000 is necessary for the preparation and certification of a legally adequate Environmental Impact Report.