

## Attachment 2

### Summary of 2018 and 2019 Housing Element Annual Progress Reports

Pursuant to Government Code Section 65400, each jurisdiction must prepare an annual progress report on the jurisdiction's status and progress in implementing its housing element. The 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. For housing element progress reports the content requirements are prescriptive and highly detailed. Timely filing of housing element APRs is a threshold eligibility requirement for many State funding programs.

As part of the 2017 Housing Package, AB 879 and SB 35 added significant new data requirements for housing element APRs. In response to these statutory changes and HCD's elevated scrutiny of the methodology employed to estimate affordability, it was necessary for the Planning and Building Department to modify the methodology used for estimating affordability for non-deed restricted ownership and rental housing units beginning with the 2018 APR. Details on the methodology can be found at the end of this document.

The update cycle for housing elements is statutorily mandated. For the Humboldt region the 5<sup>th</sup> cycle housing element cycle was June 2014 to June 2019. Humboldt County is now in the 6<sup>th</sup> cycle which runs from August 31, 2019 until August 31, 2027. For transition years, like 2019, it is the start date of the new cycle relative to July 1<sup>st</sup> that determines which cycle will be credited. Because our 6<sup>th</sup> cycle housing element started after July 1<sup>st</sup>, our 2019 housing units are credited to our 5<sup>th</sup> cycle. On April 23, 2020, HCD verified that our 2019 housing data was correctly credited towards Humboldt county's 5<sup>th</sup> cycle.

#### The 2018 and 2019 Annual Progress Reports

Below is the summary of the 2018 and 2019 Housing Element Annual Progress Reports. The full Corrected 2018 Housing Element Annual Progress Report, filed with HCD and OPR on March 13, 2020, can be found at:

<https://drive.google.com/file/d/1TpW3dcP0xY6GED9q4Czhii6OckNZluCx/view>

The full 2019 Housing Element Annual Progress Report, filed with HCD and OPR on March 13, 2020, is available for viewing at: [https://drive.google.com/file/d/1aoBb0F-WR7p5-SS9Kudy0b\\_Uuiu4GWBs/view](https://drive.google.com/file/d/1aoBb0F-WR7p5-SS9Kudy0b_Uuiu4GWBs/view)

Tables A and A2:<sup>1,2</sup> These tables contain the detailed housing activity data for the previous calendar year. Table A reports data for proposed housing units. Table A2 reports entitlements, building permits issued and certificates of occupancy approved and issued. Jurisdictions must also estimate the tenure and affordability of each unit, and indicate how the affordability of the unit was estimated. Table A and A2 contain housing unit counts for:

- Proposed and approved units by entitlement and building applications filed.
- Building permits issued and certificates of occupancy or other forms of readiness issued.
- The type of housing unit applied for and permitted: single family detached, accessory dwelling, two different types of multifamily and manufactured home.
- Demolished units (are units torn down) and destroyed (are units lost due to fire or other natural disaster).

Figures 1 and 2 below summarize the Housing Element APR's. The data shows a measurable increase in the number of proposed 5+ multifamily units in 2018. This increase is largely attributable to the building permit application for the construction of 66 multifamily units in Mytletown, also known as Garden Apartments. These units are receiving no public subsidy, and the units are categorized as rental units affordable to moderate income households. 2019 saw two large jumps in applications one for very low income ("VLI") deed restricted units and the other for is above moderate income and single family detached units. The 79 VLI deed restricted units

represent the Samoa Vance Ave multifamily project. The 2019 jump in the number of above moderate income and single family detached units in reflects builders getting ahead of the 2020 building code changes that mandate solar for new residential construction.

Figure 1

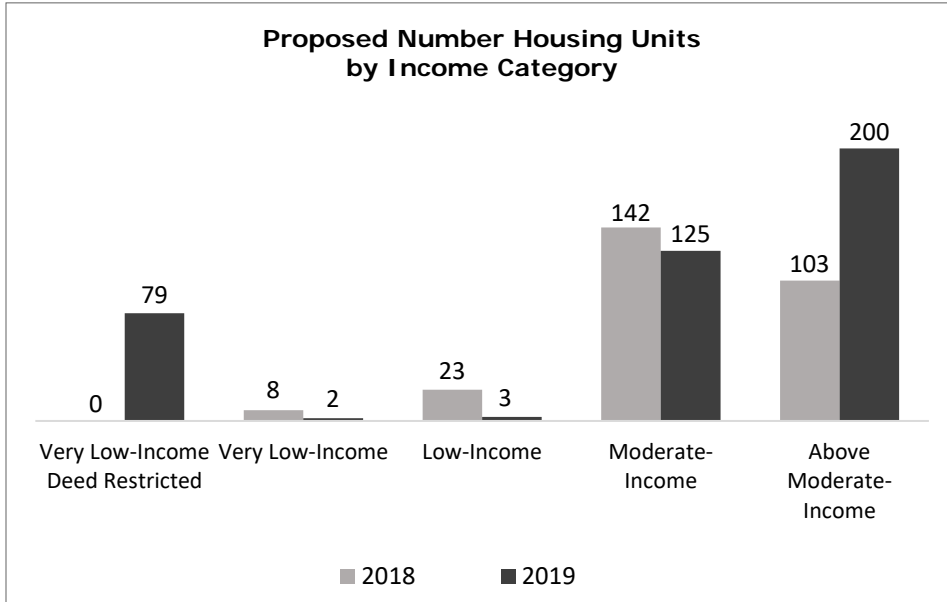


Figure 2

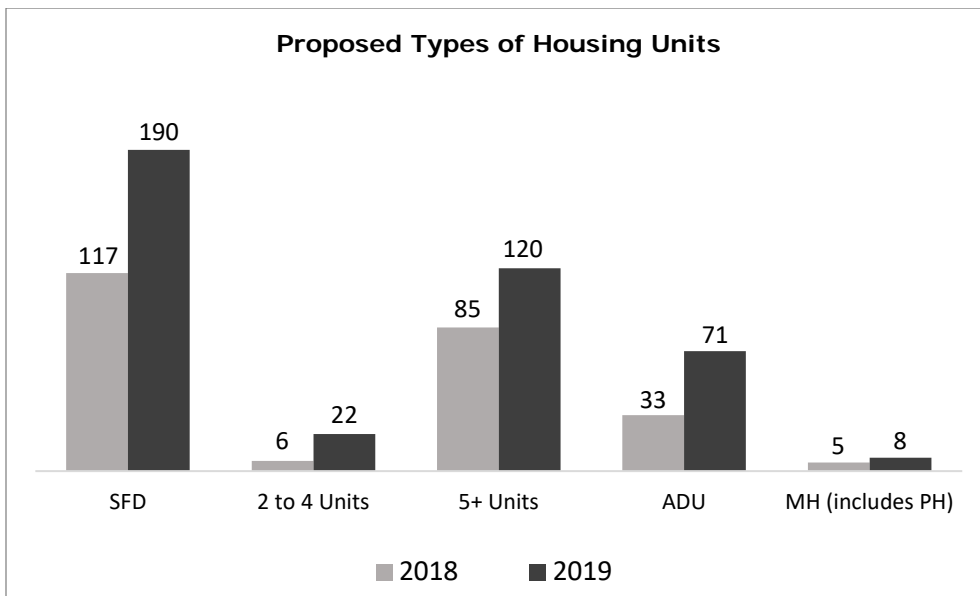


Table A2 reports data for completed housing entitlements, issued building permits, and completed certificates of occupancy. Figures 3 and 4 below indicate the number of issued building permits by type of housing unit and the estimated affordability of the permitted housing units for 2018 and 2019. We see another large jump in VLI deed restricted units permitted in 2019, and these are the Samoa Vance Ave multifamily units. Importantly these are the only VLI deed restricted units permitted during the 5<sup>th</sup> cycle. We also see a significant increase in the overall number of 5+ multifamily units permitted in 2019.

Of the 146 units permitted, 66 units are the Garden Apartments project, and 79 units are the Samoa Vance Ave project. While not as dramatic, the number of ADUs permitted in 2019 more than doubled the number permitted in 2018. Staff believes the increase is in part attributed to growing public awareness of the significant to ADU statutory changes. As for the affordability of the permitted ADUs, based on the size of the units most units are estimated to be affordable to moderate income households as indicated in Figure 5

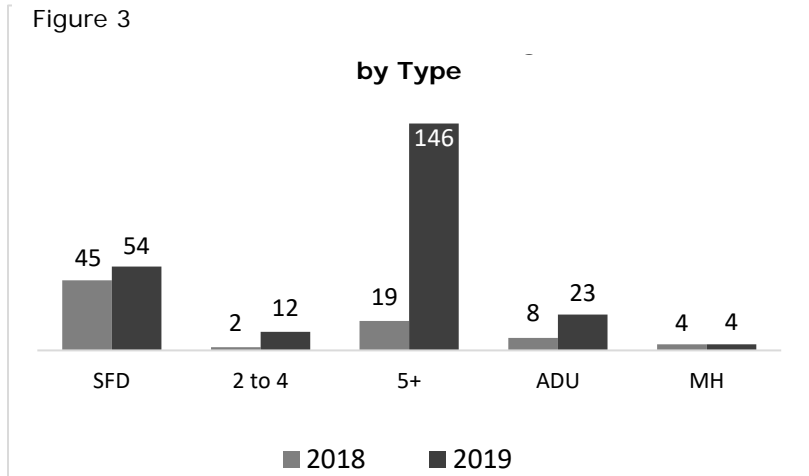


Figure 4

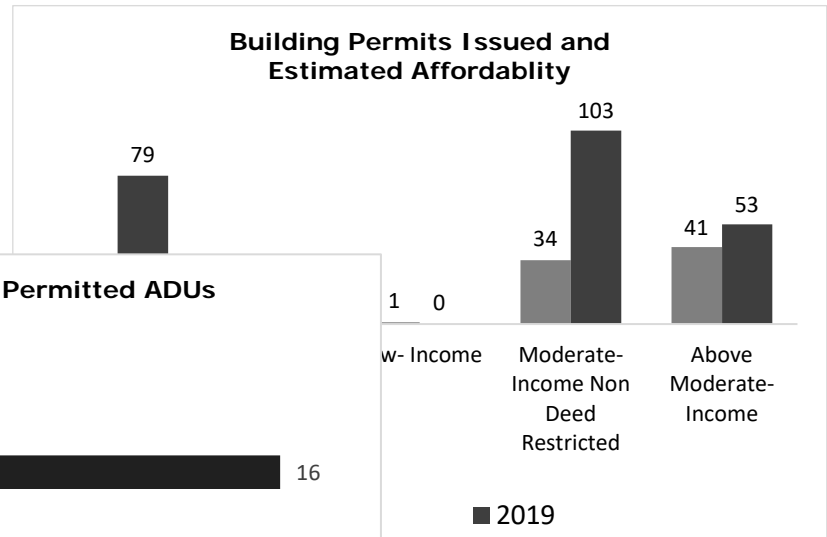
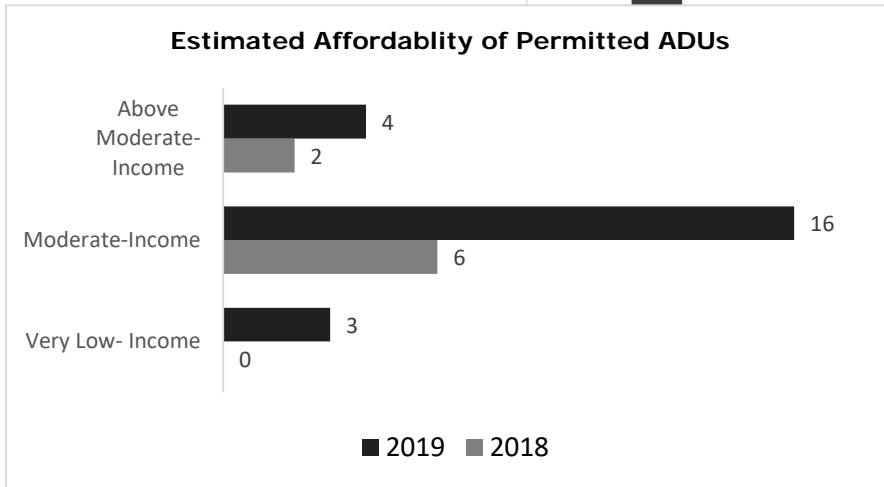


Figure 5



**Table B:** Table B is one of the most important tables in the APR because it is the jurisdiction’s RHNA progress report. Table B data is autogenerated from Table A2 data. Table B below reports the number of building permits and the affordability for each of those units issued by the Planning and Building Department from 2014 through 2019.

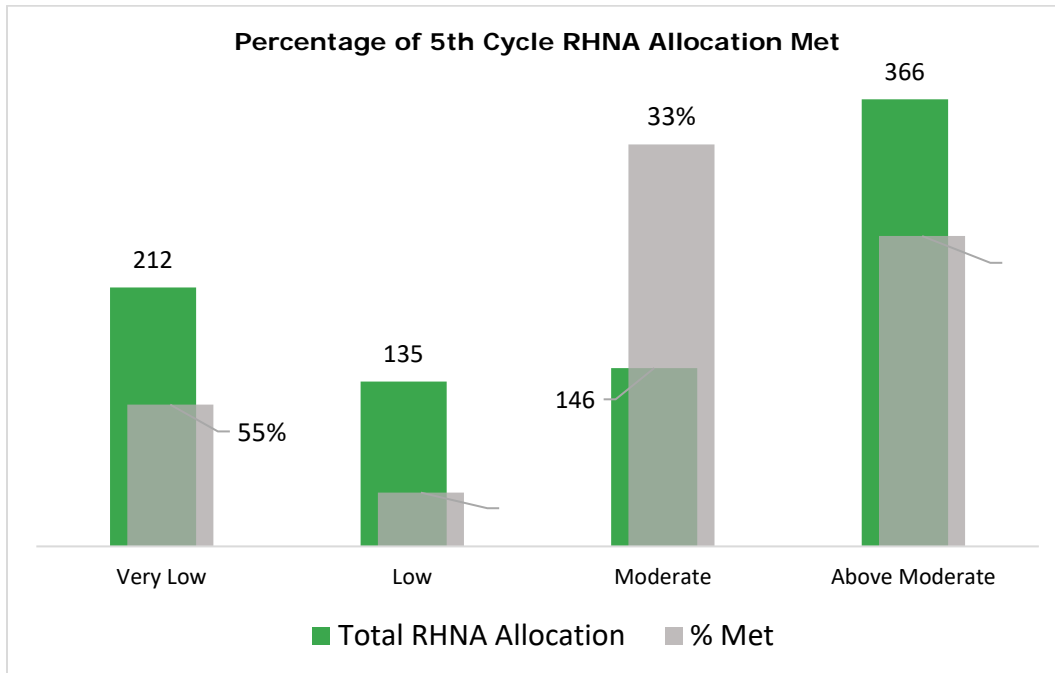
Figure 6 below contains the same data as Table B. Figure 7 is the RHNA allocation in comparison to the housing production for the 5<sup>th</sup> cycle, and shows housing units permitted that are affordable to moderate income households far exceeded the RHNA allocation for that income category.

Figure 6

5th Cycle Regional Housing Needs Allocation Progress Permitted Units Issued by Affordability											
Income Level		RHNA Allocation by Income Level	2014	2015	2016	2017	2018	2019	Total Units to Date (all years)	Tl. Remaining RHNA	
Very Low	Deed Restricted	212	0	0	0	0	0	79	116	96	
	Non-Deed Restricted		16	5	3	7	2	4			
Low	Deed Restricted	135	0	0	0	0	0	0	44	91	
	Non-Deed Restricted		13	4	11	15	1	0			
Moderate	Deed Restricted	146	0	0	0	0	0	0	329	0	
	Non-Deed Restricted		26	53	30	86	31	103			
Above Moderate		366	83	39	27	12	40	53	254	112	
Total RHNA		859									
Total Permitted Units			138	101	71	120	74	239	743	299	

Note: units serving extremely low-income households are included in the very low-income permitted units totals

Figure 7



For all other income categories, however, the production fell short of RHNA targets. Housing affordable to low income households saw the lowest production, with only 44 units developed from 2014-2019. While 55 percent of the VLI RHNA was met, 68 percent of those were contributed by a single project: the Samoa Vance Ave multifamily project discussed above. The County also fell 112 units short of the RHNA production target for units affordable to above moderate income households.

Tables C, E, F, and G: There were no actions undertaken in 2018 or 2019 that necessitate completion of these tables.

Table C: reporting is required for:

- A shortfall of inventory sites as identified in the housing element Government Code section 65583(c)(1).
- Identifying additional sites required by No Net Loss law pursuant to Government Code section 65863.

- Identified an Unaccommodated Need of sites from the previous RHNA planning period pursuant to Government Code section 65584.09

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.

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 Government Code section 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.

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 Government Code section 65400.1. The future disposal of the Lucas Street property, for example, is subject to this reporting requirement.

Table D: This table reports the jurisdiction’s progress on completing the adopted implementation programs. When staff prepared the 2018 APR, progress made on the 2014 Housing Element was reported. For the 2019 APR, staff elected to report the progress made on the implementation programs adopted as part of the 2019 Housing Element. A summary of the reported progress is provided in Figure below. The 2014 Housing Element contained 40 implementation programs and those reported as done/completed prior to 2018 are not included in Figure 8.

Figure 8

	<b>2014 Housing Element 2018 APR</b>	<b>2019 Housing Element 2019 APR</b>
Ongoing	4	23
Not Started	0	37
Committed	0	5
In progress	3	15
Delayed	1	2
Done/Completed	5	1
<b>Total</b>	<b>13</b>	<b>83</b>

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<sup>1</sup> In Tables A and A2, and the final summary table, readers will see numerous references to “SB 35”. SB 35, more formally known as “Streamlined Ministerial Approval Process” and codified at Government Code Section 65913.4, was part of the 2017 Housing Package. It created a streamlined approval process for developments in localities that have not yet met their housing targets, provided that the development is on an infill site and complies with existing residential and mixed use zoning. Participating developments must provide at least 10

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percent of units for lower-income families and meet other statutory requirements. There are numerous eligibility requirements for the project site as well. As of June 2019, HCD determined that Humboldt county had made insufficient progress on our Above Moderate income RHNA and therefore is subject to the streamlined ministerial approval process SB 35 for proposed developments with at least 10 percent affordability. Although a developer could participate in SB 35, to date, no applications have been submitted.

<sup>2</sup> Notes regarding methodology for estimating affordability and tenure of housing units:

- Tenure of housing units categorized as 2-4 and 5+ are assumed to be rental. It is estimated that 64 percent of SFD, ADU, and MH are ownership units and 36 percent are rentals. This ratio is sourced from Table 5 of Humboldt's 6th cycle data package compiled by HCD.
- Affordability of rental housing units: Using 2019 rental survey conducted by Planning staff, the annual rental cost was estimated based on number of bedrooms of the unit, then this value was compared to the annual rental limits as specified in Health and Safety Code Section 50053(b).
- Affordability of SFD, MH, and ADU ownership and rental housing units.
  - Staff developed a cost per square foot per month factor using the typical ownership cost data found in Table – V, Appendix G of the 2014 and 2019 Housing Elements.
  - Determine approximate size of the housing unit's living space and estimated the cost using the cost factor.
  - To account for the possibility that housing units of a smaller size may be occupied by a smaller household, it was assumed that houses reported as 1,000 SF or smaller in size would be occupied by a two-person household, and houses reported as greater than 1,000 SF would be occupied by a four-person household.
  - Comparison of the annual housing costs to the affordability limits specified in Health and Safety Code Section 50052.5(b) for ownership units and Section 50053(b) for rental units.