

## City of Healdsburg, Planning & Building Department

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### Memo

To: Members of the Planning Commission

From: Scott M. Duiven, Community Development Director

Subject: Housing Element Annual Progress Report

Date: April 12, 2022

Attached, for your information, is a copy of the 2021 Housing Element Annual Progress Report presented to the City Council at their March 21, 2022 meeting. State law requires that the City submit an Annual Progress Report (“APR”) on implementation of the Housing Element to the Governor’s Office of Planning and Research and the California Department of Housing and Community Development (HCD) as part of a report on the status of the General Plan, and specifically the progress made in meeting the City’s share of regional housing needs as set forth in the City’s adopted Housing Element. Submittal of an APR to HCD qualifies the City for certain grant funds.

Attachments



## **CITY OF HEALDSBURG CITY COUNCIL AGENDA STAFF REPORT**

**MEETING DATE:** March 21, 2022

**SUBJECT:** 2021 Housing Element Annual Progress Report

**PREPARED BY:** Stephen Sotomayor, Housing Administrator

**STRATEGIC INITIATIVE(S):**

Expand Affordable Housing Opportunities  
Provide Effective Governance

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**RECOMMENDED ACTION(S):**

By motion, accept the Housing Element Annual Progress Report for the 2021 calendar year and direct staff to submit the report to the State of California Department of Housing and Community Development and the State Office of Planning and Research.

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**COMMUNITY ENGAGEMENT/OUTREACH:**

This report is a State requirement as part of the City's General Plan Housing Element, which is a product of community engagement and input.

**BACKGROUND:**

The Healdsburg 2030 General Plan provides a comprehensive long-range plan used to inform and guide decision-making by residents, property owners, business interests, and elected and appointed City officials principally regarding the public and private land use and development that shapes Healdsburg's physical environment.

In 2009, the City of Healdsburg completed a comprehensive revision of its General Plan, which was adopted by the City Council on July 6, 2009. One of the State-mandated elements of the General Plan is the Housing Element. State law requires that the Housing Element of the General Plan be updated every 8 years. A comprehensive revision of the General Plan Housing Element was adopted by the City Council on November 17, 2014 and certified by the State on January 8, 2015. This report provides an update on progress made on implementing the General Plan Housing Element through 2021.

State law also requires that the City submit an Annual Progress Report ("APR") on the progress towards implementation of the Housing Element to the Governor's Office of Planning and Research and the California Department of Housing and Community Development (Government

Code §65400). A major area of focus of the APR is a description of the City's progress in meeting the City's share of regional housing needs as set forth in the City's adopted Housing Element. Submittal of an APR to HCD qualifies the City for certain grant funds.

Moreover, on September 29, 2017, California Senate Bill 35 (SB-35) was signed by Governor Jerry Brown and became effective January 1, 2018. SB-35 applies in cities that are not meeting their Regional Housing Need Allocation ("RHNA") goal for construction of above-moderate income housing and/or housing for households below 80% area median income ("AMI"). SB-35 amends Government Code Section 65913.4 to require local entities to streamline the approval of certain housing projects by providing a ministerial approval process. Streamlining includes the removal of the requirement for CEQA analysis, conditional use permits, design review, or any other similar discretionary entitlements granted by the Planning Commission. A project electing to pursue streamlining must meet certain eligibility criteria as well as providing a percentage of the proposed residential units as affordable.

#### **DISCUSSION/ANALYSIS:**

The City of Healdsburg has met or exceeded its RHNA goals for the construction of low, moderate, and above-moderate income housing for the current RHNA Cycle which extends through the end of 2022. With building permits issued for both the Mill District and Enso Village, the City has issued permits for more units than required for the 5<sup>th</sup> Cycle of RHNA. However, as further explained below, because the City is nearing the end of the 5<sup>th</sup> RHNA Cycle, we are shifting the methodology on how we count units to prepare for the 6<sup>th</sup> RHNA Cycle.

RHNA cycles are imperfect as they cannot account for the myriad conditions that local jurisdictions face when it comes to producing housing. Some of these conditions are time related in that it takes about 3 to 4 years (or longer depending on funding) for an affordable housing project to go from concept to occupancy. In as much, a project started in 2020-2021 may fall on the cusp of the 5<sup>th</sup> and 6<sup>th</sup> RHNA Cycles.

To account for this, jurisdictions may choose to count RHNA units that fall into what is called the "projection period," or the period in between the 5<sup>th</sup> and 6<sup>th</sup> RHNA Cycles, in a different manner. The projection period in the 5<sup>th</sup> Cycle begins on July 1, 2022 and runs through the next planning cycle which begins in February 2023.

Generally, RHNA units are counted at the time of building permit issuance and that is the methodology that Healdsburg has used to date. If the City were to continue with this methodology, the City would have completed its RHNA this year. However, since there are several large projects already in progress, such as the Mill District, Enso Village, the L&M Motel, and others, it makes more sense to change our methodology from building permit issuance to building permit final (i.e. completion of construction).

This will allow Healdsburg to apply units that fall in the projection period to be counted towards the 6<sup>th</sup> Cycle of RHNA. There is no State incentive or advantage for jurisdictions that exceed their RHNA.

The shift in methodology is an administrative change and is allowable if the units that are falling in the projection period are not double counted towards the 5<sup>th</sup> Cycle of RHNA. This also gives us an advantage of being able to get a head start towards our 6<sup>th</sup> Cycle allocation, which in some cases is nearly 600% more than the previous RHNA cycle.

This administrative change, if no further units receive a building final prior to July 2022, will leave the City 18 units short of its progress towards Very-Low-Income units. As a result, the City will continue to be subject to streamlining provisions of SB 35 that require jurisdictions with insufficient progress toward the lower income RHNA to streamline development projects that propose over 50% affordability as a part of their project. To date, this designation under SB 35 has not resulted in requests for streamlining, nor is it anticipated that this would be likely to occur.

This change in methodology, however, is necessary to ensure that the units already in production will be counted toward the City’s goals. This will not result in any loss of units or the slowing down of any projects.

The only noticeable difference is that in our Annual Progress Reports, such as this report, will reflect fewer units than in previous reports. This is because we are shifting our methodology, not slowing production.

**Current progress towards RHNA:**

	VERY LOW	LOW	MODERATE	ABOVE MODERATE
UNITS REQUIRED - 5 <sup>TH</sup> CYCLE RHNA	31	24	26	76
UNITS WITH A BUILDING FINAL AS OF 12/31/20	13	27	83	145
PERCENT OF UNITS	41%	112%	319%	190%

**Units in Progress to be Counted Towards the 6<sup>th</sup> Cycle of RHNA**

As previously mentioned, below is a chart outlining affordable projects that fall within the “projection period” of the 5<sup>th</sup> Cycle that will not be counted towards RHNA in this Cycle but will rather be pushed towards the 6<sup>th</sup> Cycle.

PROJECT	Very Low	Low	Moderate	Above Moderate
MILL DISTRICT	24	16	1	0
155 DRY CREEK	57	-	1	-
3 HEALDSBURG	2	-	1	27
ENSO VILLAGE	20	-	10	191
COMSTOCK	6	9	39	26
FARMSTAND		1	3	20
L&M VILLAGE	21	-	-	-
HEALDSBURG	39	-	-	-
SCATTERED SITE				
SAGGIO HILLS	10	90	10	-
TOTALS	179	116	65	264

Based upon the number of units above, it is possible to see why it is important to push these units to the next cycle as they will be occupied near or in the 6<sup>th</sup> Cycle.

The City is in a unique position as we are currently in the planning phase of our next General Plan Housing Element Update. The ability to capture units in progress during the 5<sup>th</sup> Cycle and apply them to the 6<sup>th</sup> Cycle gives us a head-start on our 6<sup>th</sup> Cycle RHNA, but it also allows us to focus on the unique housing needs of our community without the distraction of having to force our community goals to meet the prescriptive nature of the Housing Element process.

Upon City Council's acceptance of this Annual Progress Report, Staff will submit the City's APR to the State by the April 1, 2022, deadline. The submission of this report will keep the City in compliance with Housing Element law.

**ENVIRONMENTAL STEWARDSHIP:**

This item is a report only and does not have an environmental impact.

**ALTERNATIVES:**

Council may choose to make additions or deletions to this report.

**FISCAL IMPACT:**

There is no fiscal impact associated with the proposed action.

**ENVIRONMENTAL ANALYSIS:**

The Annual Progress Report is an informational item required to comply with State reporting requirements on mandated plans and policies, which does not qualify as a project pursuant to the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(5) that states that organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment are not projects. Pursuant to CEQA Guidelines Section 15060(c)(3) any activity that is not a project is not subject to environmental review under CEQA.

**ATTACHMENT(S):**

Attachment A

# Attachment A

## 2021 APR

<b>Jurisdiction</b>	Healdsburg	<b>ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation</b> (CCR Title 25 §6202)	This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs. Please contact HCD if your data is different than the material supplied here
<b>Reporting Year</b>	2021 (Jan. 1 - Dec. 31)		
<b>Planning Period</b>	5th Cycle 01/31/2015 - 01/31/2023		

**Table B**

### Regional Housing Needs Allocation Progress

#### Permitted Units Issued by Affordability

		1	2									3	4
Income Level		RHNA Allocation by Income Level	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Very Low	Deed Restricted	31	1		12	-	-	-	-	-	-	13	18
	Non-Deed Restricted		-	-	-	-	-	-	-	-	-		
Low	Deed Restricted	24	3	1	20	-	1	2	-	-	-	27	-
	Non-Deed Restricted		-	-	-	-	-	-	-	-	-		
Moderate	Deed Restricted	26	2	3	-	-	1	2	-	-	-	83	-
	Non-Deed Restricted				29	12	17	16	1	-	-		
Above Moderate		76	39	22	16	40	13	15	-	-	-	145	-
<b>Total RHNA</b>		<b>157</b>											
<b>Total Units</b>			<b>45</b>	<b>26</b>	<b>77</b>	<b>52</b>	<b>32</b>	<b>35</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>268</b>	<b>18</b>

Note: units serving extremely low-income households are included in the very low-income permitted units totals and must be reported as very low-income units.

Please note: For the last year of the 5th cycle, Table B will only include units that were permitted during the portion of the year that was in the 5th cycle. For the first year of the 6th cycle, Table B will include units that were permitted since the start of the planning period.

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