

Responses to Council Questions and Comments

3/11/2024

Item # 6 Housing – Resolution Accepting the Annual Housing Element Progress Report for the 2023 Calendar Year and Authorizing Staff to Submit the Report to the California Department of Housing and Community Development and the Governor’s Office of Planning and Research

- Question: How is the RHNA year by year test measured? Does the Cycle requirement get divided by 8 for each year evaluation?
 - Response: The Annual Progress Report demonstrates the city’s progress on RHNA and implementation of programs and policies the city adopted as part of its certified Housing Element (Attachment 2, Table B and Table D). There is not a requirement to evenly distribute RHNA progress based on the 8-year cycle.

- Question: Is the data in Table 1 Entitlement, Permits of Occupancy? Please provide Entitlement, Permits of Occupancy?
 - Response: Table 1 of the staff report lists city progress on Regional Housing Needs Allocation (RHNA), which looks at the number of permits issued by income level. The more comprehensive annual report that gets submitted to the state also includes the number of units that were entitled and permits of occupancy (Attachment 2, Table A2). These are three different permit types that are issued at different stages of development (e.g. entitlement approved → building permit issued → certificate of occupancy issued).

- Question: Why does Table 1 include year 22-23? How much of Table 1 22-23 was included in Cycle 5?
 - Response: Per the ABAG 6th Cycle Final RHNA Allocation Plan, adopted in December of 2021, and included in the 2023-20231 Housing Element, it is states that while the new 6th cycle Housing Element begins January 31, 2023, **the baseline project period for the RHNA begins on June 30, 2022.** For example, the city receives 6th Cycle RHNA credit for the PEP Riverbend Project that includes 50 deed restricted units as it was completed in fall of 2022. It is the only project that is included under this provision.

- Question: Why does data in the City's annual report not match the State database? See attached
 - Response: Staff will conduct a full review and cross reference of the final City reports submitted to the state with the data in the HCD state on-line portal system. Any data discrepancies may be due to state and City staff experiencing challenges with the state reporting template and system. The tool is a complex excel worksheet.

- Question: Why does the Table not distinguish between deed restricted and not deed restricted (re ADU's)?
 - Response: ADU’s are not deed restricted, and the levels of affordability is determined by the state. This policy is included in the 6th Cycle 2023-2031 Housing Element. State law allows jurisdictions to project the number of ADUs

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to be constructed over eight years based on the recent trend of ADU construction. Based on a survey of rental listings for ADUs and similar units, ABAG established an income/affordability distribution for ADUs at 30 percent very low income, 30 percent low income, 30 percent moderate income, and 10 percent above moderate income.

- Question: Which of the units count toward the sixth cycle vs fifth?
 - Response: Cities receive RHNA Credit on any units approved, issued a building permit and/or a certificate of occupancy between June 30, 2022 and January 31, 2023 are counted towards the City's sixth cycle RHNA. The PEP River City Senior/Veteran project is a good example of this. While the project was approved during the fifth cycle planning period, the 54 units received their Certificate of Occupancy in the Fall of 2023 and therefore are shown on Table 1 as counting toward the City's 6th Cycle RHNA obligation.

- Question: What other things we can do in the near term to adjust fees, so they align better with our goals?
 - Response: Table D of Attachment 2 shows the city's progress on its Housing Element. There are a number of fee strategies to support the city's housing plan. Most notable is to conduct an impact fee analysis and revise the development fee structure to encourage a range of housing unit sizes by utilizing a sliding scale based on unit size or fee schedule per square foot basis. As part of the General Plan Update, the development fees will need to be revisited. In the near-term, staff can look at how to expand its fee reduction program to meet its housing goals.