

Agenda Report



MEETING DATE: Tuesday, March 12, 2024

TO: Planning Commission

FROM: COMMUNITY DEVELOPMENT DIRECTOR MERRIAM
HOUSING MANAGER LANDAVERRY

SUBJECT: PRESENTATION OF THE 2023 HOUSING ELEMENT ANNUAL
PROGRESS REPORT

RECOMMENDED ACTION:

Staff recommends that the Planning Commission, by motion, recommend to the Watsonville City Council the acceptance of the Housing Element Annual Progress Report (APR) for the 2023 calendar year for the adopted 2015-2023 Housing Element and submittal of the reports to the State Housing and Community Development Department (HCD) and the Governor's Office of Planning and Research (OPR).

DISCUSSION:

Government Code Section 65400 requires each local government to prepare an Annual Progress Report (APR) on the status and progress of implementation of the Housing Element and submit it to the State Housing and Community Development Department (HCD) and the Governor's Office of Planning and Research (OPR) by April 1st of each year. Cities and counties with a compliant housing element and up-to-date submissions of APRs gain access to State grant funds.

The Housing Element Annual Report details progress in meeting the City's share of regional housing needs and local efforts to remove governmental constraints to the maintenance, improvement, and development of housing. The Housing Element APR is prepared using standards, forms, and definitions adopted by HCD. The data and information in the HCD forms document the number of new units of all types of housing in each income category, and the progress in meeting the City's share of the Regional Housing Needs Allocation (RHNA). The APR summarizes the planning activities for the City of Watsonville from January 1 to December 31, 2023, in compliance with Government Code section 65400.

Cities are required by state law to update their housing elements every 8 years. 2023 is the last year of our 5th Cycle Housing Element, and the City has submitted the 6th Cycle Housing Element to the state for review and comment.

As shown in Table B, 515 housing units were completed during the 5th Housing Element Cycle, 185 units short of the RHNA goal. The City’s responsibility under the RHNA is to ensure that there is adequate land available and zoned appropriately to allow the development of the specified number of housing units, however because cities do not construct housing, we must rely on private developers to construct housing units. The state continues to push cities to relax development standards and provide additional incentives to developers in order to entice development and reduce the risks and costs inherent in new construction. With the adoption of the Downtown Watsonville Specific Plan, the City anticipates that a significant amount of new housing will be proposed in the downtown area during the 6th Cycle Housing Element.

DESCRIPTION OF TABLES

The reporting forms (Tables A-K) have been revised by HCD in recent years and require detailed information on each application, entitlement, issued building permit and completed construction in an Excel spreadsheet format. As a result, the tables are large and difficult to reproduce as attachments to this report. Summaries of the information presented in Tables A and A2 are attached to this report and the entire report can be found at the following link: <https://cityofwatsonville.org/165/Housing>

Table A contains data on the housing development planning applications that were submitted to the Community Development Department in 2023. The data is limited to discretionary applications received in 2023. A total of 42 complete applications were received last year. The 43 units include a duplex project and 41 ADUs. The table below shows all proposed units in 2023.

Table A: Housing Applications Summary	
Total Housing Applications Submitted:	42
Number of Proposed Units in All Applications Received:	43
Total Housing Units Approved:	43
Total Housing Units Disapproved:	0

Table A2 contains data on the discretionary housing development planning applications that were approved (entitled), all ministerial building permits issued for housing development, and housing construction completed. Building permits were issued for a total of 58 housing units in 2023 including multi-family units and ADUs. 13 of the units are in the Hillcrest Estates development and the rest are the duplex and ADUs described previously. The table below shows all the permits issued in 2023 by income category.

Table A2: Building Permits Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	0
Low	Deed Restricted	3
	Non-Deed Restricted	43
Moderate	Deed Restricted	0
	Non-Deed Restricted	2
Above Moderate		10
Total Units		58

Table B places these 58 new housing units into affordability categories to demonstrate the City's progress in meeting the allocated share of regional housing needs for the planning period (RHNA). A summary of Table B is shown below, and the full table outlining units constructed per year, is listed in the Housing Element Annual Report.

SUMMARY OF TABLE B
RHNA Progress Permitted Units Issued by Affordability

Income Level	RHNA Allocation by Income Level	Total Units to Date	Total Remaining RHNA
Very Low	169	146	23
Low	110	86	24
Moderate	128	17	111
Above Moderate	293	266	27
Total RHNA	700		
Total Units		515	185
Progress toward extremely low-income housing need, as determined pursuant to Government Code 65583(a)(1)			
	Extremely-Low Income Need	Total Units to Date	Total Units Remaining
Extremely Low-Income Units	85	10	75

Table C is not applicable to the City.

Table D contains information on the status and progress of Housing Element program and policy implementation for all programs described in the Housing Element.

Tables E and F and F2 are not applicable to the City.

Table G requests a list of City-owned sites from the Housing Element Sites Inventory that were sold, leased, or otherwise disposed of during the reporting year.

Table H requests an inventory of City-owned surplus lands. (None in 2023 – Not Applicable).

Table I requests a list of Units Constructed Pursuant to Government Code 65852.21 and Applications for Lot Splits Pursuant to Government Code 66411.7 (SB9) (None in 2023 – Not Applicable).

Table J requests a list of Student housing development for lower income students for which was granted a density bonus pursuant to subparagraph (F) of paragraph (1) of subdivision (b) of Section 65915 (None in 2023 – Not Applicable).

Table K is a new requirement for 2023 (SB 649) and requires local governments adopting a tenant preference to create a webpage containing the authorizing local ordinance and supporting materials (None in 2023 – Not Applicable).

The Summary Table provides a summary of housing units for which building permits were issued and applications were submitted in 2023. These tables also include information on SB 35 streamlining applications and permits.

The LEAP Reporting table is required for any jurisdictions that have received Local Early Action Planning (LEAP) grants. The City of Watsonville submitted an application for the LEAP grant that was executed in 2021. The grant funds have been used to cover City costs for the Downtown Specific Plan as well as implementation of the Specific Plan.

STRATEGIC PLAN:

The Housing Element Annual Progress Report is an informational document that shows the City's progress in meeting our Regional Housing Needs Allocation and is consistent with the Housing goal in the City's Strategic Plan.

CEQA

The preparation and submittal of the APR is not a project under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15378(b)(2), as the action is not does not have the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and therefore no further review is required.

FINANCIAL IMPACT:

Preparation of the Housing Element Annual Progress Report is part of the Community Development Department's budgeted work program using existing staff resources.

ALTERNATIVE ACTION:

The Planning Commission may decide not to recommend to the City Council the Housing Element Annual Progress Report for 2023 at this time, but doing so may jeopardize the City's ability to gain access to State grant funds.

ATTACHMENTS AND/OR REFERENCES (If any):

- 1) 2023 Housing Element Summary Table
- 2) 2023 Housing Element Table B
- 3) Link to the 2023 Housing Element Annual Progress Report:
<https://cityofwatsonville.org/165/Housing>