

**City of Visalia  
Agenda Item Transmittal**

**Meeting Date:** 3/19/2018

**Agenda Item Number (Assigned by City Clerk):** 2.

**Agenda Item Wording:** Acceptance of the 2017 Annual Housing Element Progress Report.

**Deadline for Action:** 4/2/2018

**Submitting Department:** Community Development

**Contact Name and Phone Number:**

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**Department Recommendation:**

Staff recommends that the City Council review the 2017 Annual Housing Element Progress Report and authorize staff to forward the report to the state Department of Housing and Community development.

**Summary:**

Pursuant to State Housing Law, (Government Code Section 65400), California cities are required to report their progress on implementing their most current Housing Elements. This includes numerical reporting on their incremental success in achieving their by-income category residential development, as mandated by their Regional Housing Needs Allocation (RHNA).

The report is a useful tool for City officials and staff, and for citizens and stakeholder groups interested in the City's housing trends - particularly as they relate to affordable housing. As part of the process the report is required to be reviewed by the City Council, and delivered to the State Housing and Community Development Department (HCD) by April 1st. Failure to prepare and deliver the report to the State on a timely basis incurs a risk to the City of losing future housing grant funding opportunities. The draft report was provided to the Planning Commission as an information only item on March 12, 2018.

The report demonstrates that the City is in compliance with all applicable State laws and policies pertaining to housing; and that the City is implementing its housing policies and programs, as articulated in the 2016 Housing Element Update.

**Background Discussion:**

The Annual Housing Element Progress Report (Report) is organized by key statistical and self-analysis sections. The statistical section (Table A through A-3) summarizes the number of new

residential units built during the 2017 calendar year, the number of affordable units built or rehabilitated using City resources [partnership with qualifying entities (such as Habitat for Humanity) and funding through one or more of the City's housing programs], and their incremental effect on meeting the City's total RHNA obligations.

Table B combines the new housing (and rehabilitated) housing units added to the residential inventory during the 2017 calendar year with the City's RHNA. The State HCD pays particular attention to this Table. The State merges the City's data with that received from all reporting cities and counties as a method of gauging the effectiveness of housing policies on balancing housing costs with housing needs for all income and special needs categories.

Table C is a self-analysis tool that allows the City to review its success during the 2017 calendar year in implementing the housing programs and accomplishing the goals contained in the Housing Element Update. The City reviews the Housing Element goals and policies in the context of the available resources and established time lines. Through this process, the City is able to re-evaluate individual policies and programs in the context of available resources and priorities to ensure conformance with State law and the City's Housing Element.

The General Comments section of the report allows for narratives to further clarify the more quantitative sections of the report. For example, the narrative explaining any actions affecting properties in the RHNA Land Inventory is contained in the General Comments section. Additionally, the methodology for equating housing unit price with affordability is explained in the General Comments section.

## **Highlights:**

### **New Residential Housing Units-**

- During Calendar Year (CY) 2017, the City issued permits for 553 residential units. 70 of these were multi-family units. This compares with CY 2016 during which 705 residential units were constructed of which 130 of these were multi-family units.
- All of the 70 multi-family units are classified as affordable to Low Income categories, based on the project's underlying zone density. None of the units are deed restricted or benefit from participation in the City's affordable housing incentives and concessions provisions (Zoning Ordinance Section 17.32.170, et.seq.).
- Two single-family units (one duplex) are classified as affordable to Low Income categories, based on total valuation of the permit and number of bedrooms.
- Twenty-nine units are classified as affordable to Moderate Income categories, the remainder 403 are classified as Above-moderate income houses.
- The City provided financial assistance for five affordable units in CY 2017. Four were funds toward exterior repairs or replacement of mobile homes belonging to qualifying Senior homeowners. One unit was funded through a land sale to Habitat for Humanity to complete a single-family residence which was completed in 2017. This property has a twenty (20) year Affordability Covenant.
- The official State Income Limits for 2017 (published June 9, 2017, Department of Housing and Community Development, Division of Housing Policy Development) provides the following table for household income levels by income category. These are correlated (with household size) for determining housing unit price affordability. :

County	Income Category	Number of Persons in Household							
		1	2	3	4	5	6	7	8
Tulare County 4-Person Area Median Income: \$59,900	Extremely Low	12600	16240	20420	24600	28780	32960	37140	39550
	Very Low Income	21000	24000	27000	29950	32350	34750	37150	39550
	Low Income	33550	38350	43150	47900	51750	55600	59400	63250
	<b>Median Income</b>	41950	47900	53900	<b>59900</b>	64700	69500	74300	79050
	Moderate Income	50350	57500	64700	71900	77650	83400	89150	94900

Determining housing affordability based on the factors of declared assessed valuation on the building permit, the number of bedrooms in the unit, and compared with a given household's ability to afford the unit are applied only to residential units built in the R-1 Zoned District. As noted above, all units in the multi-family zoned districts (R-M-2, R-M-3) and the mixed use zoned districts (CMU, and DMU) have their affordability categories pre-determined by the RHNA Inventory List. The mortgage qualification calculator is explained further in the General Comments portion of the Report.

#### Regional Housing Needs Allocation (RHNA) Compliance-

- There were a total of seven discretionary actions affecting the City's Regional Housing Needs Allocation (RHNA) obligations. Two projects reduced the RHNA unit count by a total of 47 units (Low Income Category). However five projects were entitled on R-M-2 Zoned properties that were not listed on the RHNA Inventory List for a total gain of 136 units (Low Income Category). The total net gain is 89 units (Low Income Category).
- A re-zone of 15.6 acres zoned R-M-3, and included in the RHNA Land Inventory for 361 units of Very Low (VL) and Extremely Low Income (ELI), to R-M-2 and recalculated for 188 units of Low Income category was completed in CY 2017. Both the VL and ELI categories were in surplus by 723 units (HE Update Table 48-A). Consequently, the RHNA remains in compliance with the Housing Element and State law.

#### Housing Element Implementation-

- The key Program accomplishment for CY 2017 was adoption of the General Plan Housing Element Amendment (GPA) policies and Zoning Text Amendments (ZTA) to implement the Housing Element Update. In addition, The City entitled an eight-unit residential mixed-use project in the Downtown Mixed Use Zone District.

#### Fiscal Impact:

None. However, failure to submit the report in a timely manner exposes the City to risk of being ineligible for future State housing grant opportunities.

**Prior Council Action:**

- On September 6, 2016, the City Council approved the 2016 Housing Element Update.
- On December 18, 2017, the City Council adopted by second reading Ordinance 2017-13, implementing the Zoning Code Amendments authorized by the Housing Element Update.

**Alternatives:** Continue the item and direct staff to make revisions to the report, or provide additional information as the City Council may desire.

**Attachment:** Draft 2017 Annual Housing Element Progress Report

**Recommended Motion:**

I move to accept the report and to direct staff to forward the final report to the State Department of Housing and Community Development

Copies of this report have been provided to:

**Environmental Assessment Status**

**CEQA Review:** Exempt pursuant to California Environmental Quality Act (CEQA) Guidelines section 15306 (Information Collection).

# ANNUAL ELEMENT PROGRESS REPORT

## *Housing Element Implementation*

(CCR Title 25 §6202 )

Jurisdiction VISALIA

Reporting Period 01/01/2017 - 12/31/2017

Pursuant to GC 65400 local governments must provide by April 1 of each year the annual report for the previous calendar year to the legislative body, the Office of Planning and Research (OPR), and the Department of Housing and Community Development (HCD). By checking the “Final” button and clicking the “Submit” button, you have submitted the housing portion of your annual report to HCD only. Once finalized, the report will no longer be available for editing.

The report must be printed and submitted along with your general plan report directly to OPR at the address listed below:

Governor’s Office of Planning and Research  
P.O. Box 3044  
Sacramento, CA 95812-3044

**ANNUAL ELEMENT PROGRESS REPORT**  
***Housing Element Implementation***  
 (CCR Title 25 §6202 )

Jurisdiction VISALIA

Reporting Period 01/01/2017 - 12/31/2017

**Table A**

**Annual Building Activity Report Summary - New Construction**  
**Very Low-, Low-, and Mixed-Income Multifamily Projects**

Housing Development Information							Housing with Financial Assistance and/or Deed Restrictions		Housing without Financial Assistance or Deed Restrictions		
1	2	3	4				5	5a	6	7	8
Project Identifier (may be APN No., project name or address)	Unit Category	Tenure R=Renter O=Owner	Affordability by Household Incomes				Total Units per Project	Est. # Infill Units*	Assistance Programs for Each Development	Deed Restricted Units	Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable. Refer to instructions.
			Very Low- Income	Low- Income	Moderate- Income	Above Moderate- Income			See Instructions	See Instructions	
917 fulgham st	SF	Owner	1	0	0	0	1	0			3br total valuation \$68,400, affordable for Family of 4 very low income.
919 S. Fulgham St.	SF	Owner	1	0	0	0	1	0			3br total valuation \$67,900, affordable to VL income 4 person HH.
417 E. Harter Ct.	SU	Owner	0	1	0	0	1	0			Second dwelling unit \$80,000 1 br, affordable for Low income 2-person HH.
4710 W. Kaweah	SF	Owner	0	1	0	0	1	0			4br \$161,655, affordable for 5 person HH, Low income
1245 N. Woodland St	5+	Renter	0	8	0	0	8	0			market rate 8 unit multi-family development 16 br total. Low income affordability based on zoning and development density.



3230 S. Villa St.	2 to 4	Renter	0	2	0	0	2	0			duplex affordable to Low income HH based on zoning density
3244 S. Villa St.	2 to 4	Renter	0	2	0	0	2	0			duplex affordable to Low income HH based on Zoning density
3240 S. Villa St.	2 to 4	Renter	0	2	0	0	2	0			duplex affordable to Low income HH based on zoning density
3306 S. Villa St.	2 to 4	Renter	0	2	0	0	2	0			duplex affordable to Low income HH based on zoning density
220 S. Grand St	2 to 4	Renter	0	2	0	0	2	0			duplex affordable to Low income HH based on zoning density
4435 E. Acequia	2 to 4	Renter	0	2	0	0	2	0			duplex affordable to Low income HH based on zoning density.
<b>(9) Total of Moderate and Above Moderate from Table A3</b>					29	403					
<b>(10) Total by Income Table A/A3</b>			2	72	29	403					
<b>(11) Total Extremely Low-Income Units*</b>			0								



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**Table A2**  
**Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65583.1(c)(1)**

Please note: Units may only be credited to the table below when a jurisdiction has included a program in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.1(c)(1)

Activity Type	Affordability by Household Incomes				(4) The Description should adequately document how each unit complies with subsection (c )(7) of Government Code Section 65583.1
	Extremely Low-Income*	Very Low-Income	Low-Income	TOTAL UNITS	
(1) Rehabilitation Activity	0	4	0	4	Senior's mobile home repair program. Four units 1415 N. Tipton St. Assistance
(2) Preservation of Units At-Risk	0	0	0	0	
(3) Acquisition of Units	0	1	0	1	Land sale to Habitat for Humanity for one SFR, completed in 2017. Deed restr
(5) Total Units by Income	0	5	0	5	

\* Note: This field is voluntary

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Jurisdiction VISALIA  
 Reporting Period 01/01/2017 - 12/31/2017

**Table A3**  
**Annual building Activity Report Summary for Above Moderate-Income Units**  
**(not including those units reported on Table A)**

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Unit	5. Mobile Homes	6. Total	7. Number of infill units*
No. of Units Permitted for <b>Moderate</b>	29	0	0	0	0	29	0
No. of Units Permitted for <b>Above Moderate</b>	403	0	0	0	0	403	0

\* Note: This field is voluntary

# ANNUAL ELEMENT PROGRESS REPORT

## *Housing Element Implementation*

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Jurisdiction VISALIA

Reporting Period 01/01/2017 - 12/31/2017

**Table B**  
**Regional Housing Needs Allocation Progress**  
**Permitted Units Issued by Affordability**

Enter Calendar Year starting with the first year of the RHNA allocation period. See Example.												Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income Level	RHNA Allocation by Income Level	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9			
Very Low	Deed Restricted	2616	9	36	2	0	0	0	0	0	0	89	2527
	Non-Restricted		0	42	0	0	0	0	0	0	0		
Low	Deed Restricted	1931	106	0	72	0	0	0	0	0	0	296	1635
	Non-Restricted		0	118	0	0	0	0	0	0	0		
Moderate		1802	132	279	29	0	0	0	0	0	0	440	1362
Above Moderate		3672	367	246	403	0	0	0	0	0	-	1016	2656
Total RHNA by COG. Enter allocation number:		10021											
Total Units ▶ ▶ ▶			614	721	506	0	0	0	0	0	0	1841	
Remaining Need for RHNA Period ▶ ▶ ▶ ▶ ▶													8180

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

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Jurisdiction VISALIA  
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**Table C**

**Program Implementation Status**

Program Description (By Housing Element Program Names)	<b>Housing Programs Progress Report - Government Code Section 65583.</b> Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.		
Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
HE Program 9.10 Zoning Text Amendments	Process all identified Zoning Text Amendments (ZTA) to implement the HE Update	Within one year of adoption of the HE Update	Ordinance 2017-13 was introduced for first reading on November 20, 2017, and adopted by second reading on December 18, 2017. The Ordinance implements State mandates and local initiatives pertaining to housing policy, as follows: State Mandates Revise definition of "Affordable Housing" Revise definition of "Transitional Housing" Revise permitting process by zone district for the following housing classifications- Farmworker or Employee Housing, Transitional housing, Supportive housing, Codify exemptions from zoning standards to facilitate reasonable accommodation. City-initiated Code revisions Increase unit threshold for multi-family projects permitted by right Revise mobile home park development standards Codify the in-fill incentive program These Code revisions also implement each individual HE Program related to the subject Code action.

HE Program 9.8 Disadvantaged Unincorporated Communities (DUC)	Comply with SB 244 to establish a residents survey and outreach program in the K Road County Island.	Within one year of adoption of HE Update	Survey done April 2017. Inconclusive interests but generally unfavorable. Full annexation made a LAFCO condition of approval for Annexation 2017-01. Anticipate renewed outreach and annexation filing by February 2019.
HE Program 6.5 Rehabilitation and Adaptive Reuse	Assist five units per year	Ongoing	CUP 2017-26 Downtown commercial building with former hotel on second floor at 115 N. Court St. approved as a market rate rental project June 17, 2017.
HE Program 6.1 Housing Rehabilitation Program	preserve existing affordable housing stock by providing low income loans for qualifying income homeowners. Assist 25 homeowners over life of program	Ongoing	Four forgivable loans made to qualified seniors to make life safety repairs to their mobile homes during CY 2017.

# ANNUAL ELEMENT PROGRESS REPORT

## *Housing Element Implementation*

(CCR Title 25 §6202 )

**Jurisdiction** VISALIA

**Reporting Period** 01/01/2017 - 12/31/2017

### **General Comments:**

Regional Housing Needs Allocation (RHNA) Land Inventory List performance and compliance update. Pursuant to Housing Element Program 9.4 (Monitor the RHNA Land Inventory), the following information pertaining to development actions affecting properties included in the RHNA Land Inventory (Housing Element Table B-1):

RHNA Units Lost: During CY 2017, the City entitled two projects on RHNA designated property

1. CUP 2017-08 200 unit apartment complex- RHNA units anticipated- 203 (Low Income Affordability Category); RHNA units actual - 200
2. CUP 2017-02/TSM 5558 (small lot subdivision)- RHNA units anticipated- 95 (Low Income Affordability Category); RHNA units actual- 51.  
Net Loss- 47 units

RHNA Units Gained: During CY 2017, the City entitled five projects on M-R-2 Zoned property (Multi-family residential 10/15 units per acre) that are not on the RHNA Inventory List. The developments would otherwise qualify for credits as Low Income Affordability Category projects, totaling 136 units (Low Income Category)

Conclusion: During CY 2017, there was no net loss of RHNA designated units by income category.

New Housing Units Affordability Methodology: Determination of the affordability factor of new housing for permits issued in CY 2017 were calculated as follows:

- 1- Identify median income for 4-person household in Tulare County, based on Annual State Report.
- 2- Calculate mortgage payment ability using Chase Affordability Calculator. Standard data entry assumptions as follows: 4-person income divided by 12 = monthly income; Monthly expenses 10% of income; Down payment 5%; Interest rate 4.5%; Property taxes and Insurance 4% of house cost
- 3- Assume house cost as declared assessed total valuation on permit record.
- 4- Compare house cost with mortgage qualification total. Where unit exceeds 3 bedrooms, use State formula for increased household size (generally one member per additional bedrooms over 3).