



Staff Reports

File #: 5-2022, **Version:** 1

To: Honorable Mayor and Members of City Council
From: Vincent Smith, Community Development Director
Prepared By: Michael Walker, Senior Planner

TITLE:
2021 Housing Element Annual Progress Report

RECOMMENDED ACTION:

Accept the 2021 Housing Element Annual Progress Report and direct Staff to file the report with HCD and OPR.

DISCUSSION:

The City's General Plan helps to guide decision-making by residents, property owners, business interests, and elected and appointed officials about public and private land use and development that shape Napa's physical environment, including decisions relating to housing. As required by State law, an annual report must be submitted to the City Council, and ultimately be forwarded to the Governor's Office of Planning and Research (OPR) and to the California Department of Housing and Community Development (HCD), identifying the progress made with various housing programs contained in the General Plan, including local efforts to remove governmental constraints to the maintenance, improvement and development of housing.

This 2021 Housing Element Annual Progress Report (APR) identifies the actions undertaken by the City in the previous year to carry out the Housing Element's implementation programs. This is the fifth year of the 5th Cycle Housing Element, covering years 2015 through 2023.

Continuing with the enhanced spreadsheet introduced for the 2018 Reporting Year, the supporting documentation that accompanies this report incorporates requirements pursuant to housing-related bills that were enacted by the Legislature in 2017. As such, the supporting documentation includes seven tables of information as outlined below. For reference, the "reporting year" for this APR is January 1 through December 31, 2021. Below, Staff has noted those tables and which Tables are not applicable to Napa.

- Table A - Includes data on housing units and developments for which an application was submitted and "deemed complete" during the reporting year.
- Table A2 - This table requires information for a project's affordability component and includes data on net new housing units and developments that have received (a) an entitlement; (b) a building permit; or (c) a certificate of occupancy.
- Table B - Provides a summary of prior permitting activity (permits issued) in the current Cycle including activity for the current reporting year.

- Table C (not applicable) - Sites identified or rezoned to accommodate shortfall housing need. This table only applies if the City identifies an unaccommodated need of sites from the previous planning period, has a shortfall of sites as identified in the housing element, or is identifying additional sites required by no net loss law.
- Table D - Reports the status and progress of housing element program and policy implementation for all programs described in the housing element.
- Table E (not applicable) - This table only applies if the City approved any commercial development bonuses during the reporting year. To qualify, an applicant for a commercial development enters into an agreement for partnered housing to contribute affordable housing through a joint project or two separate projects encompassing affordable housing and the commercial developer receives a development bonus.
- Table F - Identifies units rehabilitated, preserved, and acquired for alternative adequate sites.
- Table G (not applicable) - Identifies any City-owned housing element sites which were sold, leased, or disposed of over the reporting year.
- Table H (not applicable) - Identifies locally owned or controlled lands declared Surplus or Excess.
- Summary Table - The summary table auto-populates from data entered on other tables related to project entitlements completed during the reporting year and if those projects received streamlined review pursuant to SB 35 Streamlining Provisions. It is important to note that for projects where building permits were issued in 2021, the entitlements were likely issued in previous years and are not reflected in this summary table.
- LEAP Grant Reporting - Tracks reimbursement requests for activities funded through the Local Early Action Planning (LEAP) Grant.

Housing Needs Information

On March 3, 2015, City Council adopted the 5th Cycle Housing Element which addresses housing needs from 2015 to 2023. The City of Napa Regional Housing Needs Allocation (RHNA) goal is 835 units over an 8-year period, representing an average of 104 units per year. The need is broken down as follows:

- 432 units at moderate income (81% to 120% of area median income) or below (52% of goal); or an average of 54 moderate, low, or very-low income units per year.
- 403 units at above moderate income (>120% of area median income) (48% of goal); or an average of 50 units per year.

In the past seven years, the City has issued building permits for 1,381 new residential units.

Permit Activity

HCD requires that the City report on new residential Building Permits issued during each year within the Housing Element cycle by income level (see Table B in Attachment 1). The total number of Building Permits issued in 2021 for new residential units was 211, including 125 units in the above-moderate affordability category, 39 units in the moderate-income category, 34 in the low-income category, 13 in the very low-income category and includes 60 Accessory Dwelling Units.

ADU Affordability Methodology - A report by the Napa Valley Community Foundation and Community Foundation of Sonoma County, "Understanding the Market: ADUs in Napa and Sonoma County" from

July 2019, found that ADUs tend to rent for 20-30% less than comparable apartments. For the purposes of reporting to HCD, most ADUs fall in the moderate-income level. Staff has further determined that modest ADUs, such as garage conversions, JADUs, and units less than 500 square-foot are more likely to fall in the low-income level. These are included in the Non-Deed Restricted categories on Table B (see Attachment 1).

Staff reached out to HCD to determine if a statewide methodology exists for ADU affordability and was informed that HCD recommends jurisdictions rely on local and regional studies or surveys to determine their own affordability methodology.

Project Activity

As reflected in Table A of Attachment 1, projects submitted and “deemed complete” in the reporting year included 128 housing units. This table also identifies Unit Categories: Single Family Attached (SFA), Single Family Detached (SFD), Two to Four Unit buildings (2 to 4), Multi-Unit Buildings (5+), Accessory Dwellings (ADU), and Mobile Homes (MH). The total number of units approved during the reporting year was 127.

Housing Element Implementation

The Housing Element identifies key housing goals, policies, quantified objectives and scheduled implementation programs aimed at preserving and enhancing residential neighborhoods, sustaining the community’s character and environmental resources, and efficiently planning for the future use of remaining undeveloped or redeveloped properties so that they fulfill the City’s fair share of the regional housing need. The implementation programs, as described in the Report, are intended to address these issues.

The City has made a concerted effort to follow through on the programs of the Housing Element and to further expand and more efficiently respond to its housing needs in coordination with other City goals. Actions taken by the City of Napa during 2021 to implement the Housing Element are summarized by the Housing Element Program in Table D of Attachment 1. This summary includes implementation of programs that are required on an ongoing basis, as well as those that are identified for implementation within the eight-year term of the Housing Element.

Program accomplishments for the 2021 calendar year include:

- The City continued the General Plan Update.
- The City initiated the Housing Element Update.
 - Participation in the Napa-Sonoma Subregional Housing Collaborative which includes Technical Assistance, Website Resources, Regional Fair Housing Analysis, an Equity Working Group, and Developer Panel to validate Housing Sites.
 - Through ABAG’s Regional Housing Technical Assistance Program, the City was awarded one of 25 licenses for “Balancing Act”, an online simulation-based outreach program to enhance public engagement and affirmatively further fair housing.
- The City continued its Junior Unit Initiative pilot program which provides financing and technical assistance to homeowners to create Junior Accessory Dwelling Units (JADUs) which are rented to low-income residents.
- The City providing funding for the creation of two deed-restricted JADUs through the Junior Initiative pilot program.

- The City continued its partnership with the Napa Sonoma ADU Center to assist homeowners with addressing construction costs and fees associated with building an ADU by supporting development and maintenance of an informative web site and by participating in workshops for homeowners interested in constructing ADUs.
- The 34-unit Redwood Grove affordable housing project was completed.
- The City provided funding for the rehabilitation of 11 owner-occupied units - including five through the Owner-Occupied Rehab Loan Program and six through the Emergency Grant Program.
- The City reserved CDBG-DR funding for Valley Lodge Apartments, a motel conversion which will create 54 units of permanent housing for formerly homeless including transitional aged foster youth.
- Charter Oaks, a 75-unit affordable rental project completed renovations. As part of the renovations, the project will increase the number of very-low income units from 15 to 31; maintain 1 manager's unit; and provide 43 low-income units.

Actions in the Coming Year

- The City will continue work on the General Plan Update with an anticipated adoption date in the second quarter of 2022.
- The City will continue work on the Housing Element Update with an anticipated certification date by January 31, 2023.

PLANNING COMMISSION MEETING

The Planning Commission received the report on February 17, 2022. No public comment was received. The Commission unanimously recommended that the City Council accept the 2021 Housing Element Annual Progress Report.

FINANCIAL IMPACTS:

No direct financial impact to the City has been identified with this agenda item.

CEQA:

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Division 15060(c).

DOCUMENTS ATTACHED:

ATCH - 2021 Housing Element Annual Progress Report

NOTIFICATION:

None