



PLANNING COMMISSION  
STAFF REPORT

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**DATE:** February 15, 2023

**APPLICATION NO:** General Plan Housing Element Annual Progress Report for Calendar Year 2022

**LOCATION:** Citywide

**REQUEST:** Adoption of a Resolution Recommending the City Council Receive and Accept the Report and to Authorize Staff to Submit the Housing Element Annual Progress Report for Calendar Year 2022 to the Governor's Office of Planning and Research (OPR) and State Department of Housing and Community Development (HCD).

**CEQA STATUS:** The proposed Housing Element Annual Progress Report for Calendar Year 2022 is not considered a project as prescribed by the California Environmental Quality Act (CEQA).

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**SUMMARY:**

Each year, California cities are required to prepare an annual progress report (APR) on the status of implementing the General Plan Housing Element and to submit the report to the State Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research (OPR). Using a form provided by HCD, staff provides data to create a snapshot of housing unit production across affordability levels, a listing of development application received, and provides an update on housing program implementation. The annual report must be provided to the City Council prior to sending to the State.

**BACKGROUND:**

Pursuant to California Government Code Section 65400, the City is required to prepare a General Plan Housing Element Annual Progress Report for submittal to the City Council, OPR and HCD by April 1<sup>st</sup> of each year. The purpose of the annual report is to provide the City Council and the above referenced State Departments progress on the General Plan Housing Element's implementation status toward meeting the City's fair share of the Regional Housing Needs Allocation (RHNA) (as discussed below).

The City Council adopted the City's 2019-2023 Housing Element on December 9, 2019. The City received certification from HCD on February 7, 2020.

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The Housing Element is one (1) of seven (7) mandated elements of the City's General Plan and includes information related to the City's existing housing needs, an analysis of the City's population and employment trends, household characteristics, an inventory of land suitable for residential development and goals, policies and programs intended to meet the identified housing needs and state mandated requirements.

As part of the update to the City's Housing Element, the City is required to identify sites to accommodate its fair-share of the RHNA, as established by HCD and managed by the San Joaquin Council of Governments (SJCOG). In summary, the RHNA process allocates the State's projection of housing needs for each County. HCD identifies housing needs to each region in response to projected population and household growth, and mandates that each Council of Governments (COG) distribute the RHNA to each jurisdiction (Cities and Counties) within the COG's region, and in our case, SJCOG. The City's 2019 update to the Housing Element, identified a number of sites that could accommodate the City's fair share of the RHNA, in all income categories. The following table represents the City's RHNA (excerpt from the 2019 Housing Element):

**TABLE 1: REGIONAL HOUSING NEEDS ALLOCATION (2014-2023) PROGRESS**

Status	Extremely Low	Very Low	Low	Moderate	Above Moderate	TOTAL
RHNA Allocation	526	493	759	957	2,421	5,156
Built	0	0	0	29 <sup>1</sup>	1,571	1,600
Under Construction/ Permitted	0	0	0	0 <sup>2</sup>	197	197
<b>Remaining Allocation</b>	<b>526</b>	<b>493</b>	<b>759</b>	<b>928</b>	<b>653</b>	<b>3,359</b>

<sup>1</sup>INCLUDES 18 HOMES BUILT IN 2014 AND 9 HOMES BUILT IN 2015 SOLD AT MARKET-RATE PRICES AFFORDABLE TO MODERATE INCOME HOUSEHOLDS AND INCLUDES 2 ADUS BUILT IN 2017 AND 2018

<sup>2</sup>104 BUNGALOW UNITS ARE UNDER CONSTRUCTION IN RIVER ISLANDS; THESE UNITS WILL BE MONITORED AS THE DENSITY AND SIZE OF THE UNITS MAY YIELD MARKET-RATE SALES PRICES AFFORDABLE TO MODERATE INCOME HOUSEHOLDS.

<sup>3</sup>THERE IS THE POTENTIAL FOR SOME OR ALL OF THE APPROVED 350 MULTIFAMILY UNITS TO BE DEVELOPED AS AFFORDABLE UNITS, IF THE DEVELOPER SEEKS ADDITIONAL FUNDING OR SELLS ONE OR MORE OF THE PROJECTS TO AN AFFORDABLE HOUSING DEVELOPER.

SOURCE: SAN JOAQUIN COUNCIL OF GOVERNMENTS, 2014; ZILLOW.COM; CITY OF LATHROP, 2019

Each income category is defined as a percentage of the Area Median Income (AMI), as established by HCD. The income categories are then used to calculate housing affordability for rental and owner occupied housing. Each income category is defined as follows:

- **Extremely Low Income Households** have a combined income at or lower than 30 percent of AMI.
- **Very Low Income Households** have a combined income between 30 and 50 percent of AMI.
- **Low Income Households** have a combined income between 50 and 80 percent of AMI.
- **Moderate Income Households** have a combined income between 80 and 120 percent of AMI.
- **Above Moderate Income Households** have a combined income greater than 120 percent of AMI

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The State Income Limits, as illustrated in the City's 2019 Housing Element are as follows:

**TABLE 30: STATE INCOME LIMITS –SAN JOAQUIN COUNTY (2019)**

Income Group	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Extremely Low	\$14,700	\$16,910	\$21,330	\$25,750	\$30,170	\$34,590	\$39,010	\$43,430
Very Low	\$24,500	\$28,000	\$31,500	\$35,000	\$37,800	\$40,600	\$43,400	\$46,200
Low	\$39,200	\$44,800	\$50,400	\$56,000	\$60,500	\$65,000	\$69,450	\$74,950
Moderate	\$60,000	\$68,550	\$77,150	\$85,700	\$92,550	\$99,400	\$106,250	\$113,100
Above Moderate	\$60,000+	\$68,550+	\$77,150+	\$85,700+	\$92,550+	\$99,400+	\$106,250+	\$113,100+

SOURCE: HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT, 2019

In order to provide an idea of affordable housing costs by income group, affordable home sale prices are estimated for one, two, four, and six person households.

**TABLE 31: HOUSING AFFORDABILITY BY INCOME GROUP**

Income Group	One Person		Two Person		Four Person		Six Person	
	Home Sale Price*	Monthly Rent or Housing Cost	Home Sale Price*	Monthly Rent or Housing Cost	Home Sale Price*	Monthly Rent or Housing Cost	Home Sale Price*	Monthly Rent or Housing Cost
Extremely Low	\$51,100	\$367	\$58,100	\$422	\$86,000	\$643	\$114,900	\$864
Very Low	\$89,000	\$612	\$100,400	\$700	\$123,100	\$875	\$141,200	\$1,015
Low	\$138,000	\$980	\$155,600	\$1,120	\$190,900	\$1,400	\$219,200	\$1,625
Moderate	\$226,600	\$1,500	\$255,500	\$1,713	\$313,400	\$2,142	\$359,600	\$2,485
Above Moderate	\$226,600+	\$1,500+	\$255,500+	\$1,713+	\$313,400+	\$2,142+	\$359,600+	\$2,485+

\*MAXIMUM AFFORDABLE SALES PRICE IS BASED ON THE FOLLOWING ASSUMPTIONS: 5% INTEREST RATE, 30-YEAR FIXED LOAN, DOWNPAYMENT:

\$5,000 – EXTREMELY LOW, \$10,000 – VERY LOW; \$15,000 - LOW, \$25,000 – MODERATE, PROPERTY TAX, UTILITIES, AND HOMEOWNERS

INSURANCE AS 30% OF MONTHLY HOUSING COST (EXTREMELY LOW), 28% OF MONTHLY HOUSING COST (LOW), AND 25% OF MONTHLY HOUSING COST (MODERATE/ABOVE MODERATE). HOMES SALES PRICES ARE ROUNDED TO NEAREST \$100.

SOURCE: DE NOVO PLANNING GROUP, 2019

An excerpt from the City's 2019 General Plan Housing Element related to RHNA, state income limits, and housing affordability is attached to this Staff Report as Attachment 3. The forms provided by HCD were originally adopted in 2010 and have recently been updated pursuant to Assembly Bill 879 (AB 879) and Senate Bill 35 (SB35), which now include information related to the number of development applications received and approved and list of sites rezoned to address RHNA shortfall. In summary, the forms require the following information:

- Status of the plan and progress in its implementation.
- Progress in meeting its share of the regional housing needs.
- The number of housing development applications received in the prior year.
- The number of units included in all development applications in the prior year.
- The number of units approved and disapproved in the prior year.
- The degree to which its approved general plan complies with the adopted General Plan guidelines.
- Sites rezoned to accommodate that portion of the City's share of the regional housing need for each income level.
- Number of net new units of housing, including both rental and for-sale, that have been issued an entitlement, a building permit, or a certification of occupancy.

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- Number of building permits issued and development applications received using the streamline review process (SB35).
- Locally owned lands included in the Housing Element Sites Inventory that have been sold, leased, or otherwise disposed of.
- Locally owned or controlled lands declared surplus pursuant to Government Code Section 54221, or identified as excess pursuant to Government Code Section 50569.

### **ANALYSIS:**

Staff has prepared the 2022 Housing Element Annual Progress Report, included as Attachment 2. Some highlights of the year include:

#### New Applications Received and Either Deemed Complete or Processed

The City processed seven (7) residential entitlement applications for new residential development that may result in 1,326 new units. The City received and processed the following entitlement applications in 2022.

#### Architectural Design Review – River Islands

Lennar Driftway	95 single-family dwelling units
Pulte Village C & R	43 single-family dwelling units
Pulte Del Webb	905 age-restricted single-family dwelling units

#### Architectural Design Review – Central Lathrop

Richmond American Phase 1C	104 single-family dwelling units
D.R. Horton Phase 1C	87 single-family dwelling units

#### Residential Subdivisions

Queirolo Road Subdivision and	
D.R. Horton Eagles Landing ADR	84 single-family dwelling units
Alaniz Estates Subdivision	8 single-family dwelling units

#### New Home Construction

The City issued a total number of 958 residential building permits in 2022, which represents a decrease of 171 less than 2021 (a total of 1,129 residential building permits issued in 2021). Of the 958 residential building permits, 924 are single-family residential units and are considered “Above Moderate” affordability. The remaining 34 residential building permits are for multi-family dwelling units (apartments) (29 units) and accessory dwelling units (5 units) and are considered “Moderate” affordability.

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### Progress Towards Meeting RHNA

As illustrated in Table B of the HCD Forms shown below, the City has issued 4,496 building permits for residential development for the 2014 – 2023 Housing Element Planning Period.

Income Level		RHNA Allocation by Income Level	2015	2016	2017	2018	2019	2020	2021	2022	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Very Low	Deed Restricted	1019										1019
	Non-Deed Restricted											
Low	Deed Restricted	759										759
	Non-Deed Restricted											
Moderate	Deed Restricted	957									361	596
	Non-Deed Restricted							148	179	34		
Above Moderate		2421	343	170	297	383	389	679	950	924	4,135	-
Total RHNA		5156										
Total Units			343	170	297	383	389	827	1,129	958	4,496	2,374

### CEQA REVIEW:

The proposed Housing Element Annual Progress Report for Calendar Year 2022 is not considered a project as prescribed by the California Environmental Quality Act (CEQA).

### RECOMMENDATION:

Staff recommends the Planning Commission approve Resolution No. 23-1, recommending the City Council to direct staff to transmit the report to the Governor's Office of Planning and Research (OPR) and State Department of Housing and Community Development (HCD).

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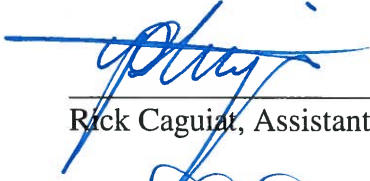
### Approvals:



David Niskanen, Contract Planner

2/3/2023

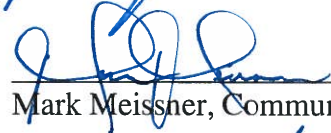
Date



Rick Caguia, Assistant Community Development Director

2/8/23

Date



Mark Meissner, Community Development Director

2-8-2023

Date



Salvador Navarrete, City Attorney

2-8-2023

Date

### Attachments:

1. Planning Commission Resolution No. 23-1
2. Housing Element Annual Progress Report for Calendar Year 2022
3. Affordability & RHNA Explanation. Excerpt from the City's 2019 General Plan Housing Element