



STAFF REPORT TO THE CITY COUNCIL

DATE: Special Meeting of March 12, 2024

TO: Mayor and Members of the City Council

VIA: Dante Hall, City Manager

SUBMITTED BY: Tim Rood, Community Development Director

SUBJECT: 2023 Annual Housing Element Progress Report and 2023 Annual General Plan Progress Report.

RECOMMENDED ACTION:

Accept and direct staff to submit the following to the California Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research (OPR) via minute action:

1. The 2023 Annual Housing Element Progress Report (Attachment 1)
2. The 2023 Annual General Plan Progress Report (Attachment 2)

BACKGROUND:

Government Code Section 65400 requires each local government to complete a General Plan and Housing Element Annual Progress Report (APR) on the status and progress in implementing the jurisdiction's General Plan and Housing Elements. These annual reports—the General Plan Annual Progress Report and Housing Element Annual Progress Report (APR)—are submitted to the State's Office of Planning and Research (OPR) and the Department of Housing and Community Development (HCD) by April 1st of each year for the prior calendar year. In the Bay Area, copies of the approved Housing Element APR report are also forwarded to the Association of Bay Area Governments (ABAG) and Contra Costa Transportation Authority (CCTA).

The reports must also be reviewed by the local governing body, which can be done before or after submitting to the state. After review by the City Council, staff will submit the APRs

to HCD and OPR to ensure compliance with the State deadline of April 1, 2024, for the 2023 reporting period. Updated versions of these reports may be resubmitted to the OPR at any time if the Council directs any revisions.

For the Housing Element APR, HCD provides a standard template that cities complete to fulfill statutory requirements for reporting on housing information – including housing production and affordability, implementation of Housing Element programs, and local efforts to remove governmental constraints to the development of housing.

The General Plan APR allows OPR to identify statewide trends and how local planning and development activities relate to statewide planning goals and policies. The General Plan APR may inform future updates to OPR's General Plan Guidelines and help track local jurisdictions' progress in updating General Plans. Unlike the Housing Element APR, the State does not prescribe a specific report format, and cities are advised to highlight measures associated with the implementation of the General Plan, such as General Plan and Zoning Ordinance amendments, policy actions by the City Council, Citywide initiatives, and City-initiated projects. The City's first General Plan APR was prepared and submitted in 2023. This second General Plan APR focuses on progress made in 2023.

The City Council may accept the report via minute action instead of by resolution.

ANALYSIS:

Housing Element APR

The draft Hercules 2023 Annual Housing Element Progress Report (Attachment 1) provides a comprehensive overview of the city's progress within the 2023-2031 Housing Element cycle. It effectively outlines the number of new residential units constructed during the reporting period, categorizing them by income levels. This breakdown allows for a detailed examination of how well the city is meeting the diverse housing needs of its residents.

One key aspect of the report is its comparison of the new residential units to the regional housing needs allocation (RHNA) assigned to the City for the entire Housing Element period (2023-2031). This comparison offers valuable insight into whether the city is on track to meet its mandated housing targets. By assessing progress against the RHNA, city planners and stakeholders can identify areas of success and areas that may require additional focus or resources.

Furthermore, the report delves into the city's housing policies, providing an analysis of the progress made in achieving the goals outlined within these policies. This evaluation allows for a more nuanced understanding of the effectiveness of current strategies and highlights any areas where adjustments may be necessary to better address housing needs.

Overall, the draft Hercules 2023 Annual Housing Element Progress Report serves as a vital tool for monitoring and evaluating the city's efforts to address housing challenges. Its detailed analysis provides valuable insights that can inform future policy decisions and resource allocations to ensure continued progress towards meeting the housing needs of Hercules residents.

Summary

Table A2 in the Annual Housing Report for 2023 requires the reporting of the following for every housing unit:

- When entitlements are approved;
- When building permits are issued;
- When certificates of occupancy are approved;
- Affordability of all units in any phase of development;
- Additional information regarding other ancillary information.

Key housing information for 2023 reflected in the report includes:

- Table A: Three (3) Accessory Dwelling Unit applications for housing were submitted in 2023.
- Table A2: Received entitlement, building permit or certificate of occupancy, including:
 - Three (3) accessory dwelling units received building permits.
- Table B: Progress on Regional Housing Needs Allocation (RHNA) for the 2023-2031 housing cycle:
 - Two (2) above-moderate affordable (i.e., market rate units), 325 units short of RHNA of 327 units;
 - Zero (0) moderate affordable units (i.e., affordable at up to 120% of area median income), 126 units short RHNA of 126 units;
 - Zero (0) low affordable units (i.e., affordable at up to 80% of area median income), 198 units short of RHNA of 198 units;
 - Zero (0) very low affordable units (i.e., affordable at up to 50% of area median income), 344 units short of RHNA of 344 units.
- Table C: No sites identified or rezoned to accommodate additional housing.
- Table D: The City made progress in implementing objectives contained in the 2015-2023 Housing Element and draft objectives of the 2023-2031 Housing Element. Key progress includes updates to the city website to provide project-specific checklists and webpages concerning ADUs, SB 9, SB 35, and SB 330. In addition, the City updated the Development Code to comply with AB 2162 (Supportive/Transitional Housing). Already in 2024, the City updated the Development Code to comply with AB 2339 (Emergency Shelters), and AB 101 (Low Barrier Navigation Centers).
- Table E: No commercial development bonuses approved.
- Table F: No affordable units rehabilitated, preserved, or acquired.
- Table G: No City-owned land sold, leased, or otherwise disposed.

- Table H: No City-owned surplus lands.
- Table I: No dwelling units or lot splits pursuant to Senate Bill 9
- Table J: No lower-income student housing.
- Table K: The City adopted a local tenant prioritization provision in 2021 as part of its Affordable Housing Policy.
- LEAP Reporting: Local Early Action Planning grant and other funding (Regional Early Action Planning (REAP)) received.
 - The city received a LEAP grant award in 2021 of \$150,000 to apply towards the update of the Housing Element for the 6th Cycle Housing Element update (2023–2031). On September 25, 2023, staff submitted the Request for Reimbursement of Funds (RRF) to the California Department of Housing & Community Development (HCD). The reimbursement is currently in process with HCD. The city was also granted and received reimbursement of \$20,000 in REAP grant funding.

General Plan APR

The General Plan of the City of Hercules encompasses seven State-mandated elements, covering Land Use, Circulation, Housing, Open Space, Conservation, Safety, and Noise. Additionally, it includes optional elements such as Hazardous Management, Economic Development, and Growth Management. The General Plan APR (Attachment 2) offers a condensed overview of the General Plan and highlights significant achievements made during the reporting period.

FISCAL IMPACT:

No direct financial impact of filing the annual housing report; however, failing to file the annual housing report can negatively impact the potential receipt of various grant and regional funds.

ATTACHMENTS:

Attach 1 - 2023 Annual Housing Element Progress Report
 Attach 2 - 2023 Annual General Plan Progress Report