



CITY OF CARLSBAD – AGENDA BILL

AB#	22,291	ADOPT A RESOLUTION ACCEPTING THE ANNUAL HOUSING ELEMENT PROGRESS REPORT FOR JANUARY 2015 – DECEMBER 2015	DEPT. DIRECTOR	<i>[Signature]</i>
MTG.	5/17/16		CITY ATTORNEY	<i>[Signature]</i>
DEPT.	CED		CITY MANAGER	<i>[Signature]</i>

RECOMMENDED ACTION:

Adopt a Resolution accepting the Annual Housing Element Progress Report for January 2015 through December 2015.

ITEM EXPLANATION:

The Annual Housing Element Progress Report for January 2015 through December 2015 (Attachment A to the Resolution) has been prepared to fulfill the reporting requirements of the state (Government Code Section 65400) and the city’s Housing Element Program 3.18. In addition, preparing and submitting the reports enables the city to apply for certain federal, state and local grant funding programs; examples include the following:

- SANDAG – Smart Growth Incentive Program
- SANDAG – Active Transportation Grant Program
- State – Workforce Housing Reward Program
- State – Infill Infrastructure Grant Program
- State – Housing-Related Parks Program

The Annual Housing Element Progress Report for January 2015 through December 2015 (Exhibit 2) consists of:

- **Housing Production Status (Part 1)** – Provides the status of housing production in the city and the city’s progress in meeting its share of regional housing needs during Calendar Year (CY) 2015.
- **Program Implementation Status (Part 2)** – Provides the status of and the city’s progress toward implementing the City of Carlsbad 2010-2020 Housing Element programs during CY 2015. The current housing element was adopted by the City Council along with the General Plan Update in September 2015, and the State Department of Housing and Community Development (HCD) determined that the housing element is in full compliance with state law in October 2015.

DEPARTMENT CONTACT: Corey Funk 760-602-4645 corey.funk@carlsbadca.gov

FOR CITY CLERKS USE ONLY.				
COUNCIL ACTION:	APPROVED	<input checked="" type="checkbox"/>	CONTINUED TO DATE SPECIFIC	<input type="checkbox"/>
	DENIED	<input type="checkbox"/>	CONTINUED TO DATE UNKNOWN	<input type="checkbox"/>
	CONTINUED	<input type="checkbox"/>	RETURNED TO STAFF	<input type="checkbox"/>
	WITHDRAWN	<input type="checkbox"/>	OTHER – SEE MINUTES	<input type="checkbox"/>
	AMENDED	<input type="checkbox"/>		

FISCAL IMPACT:

This is an information report and the only associated fiscal impact is the cost of staff time to prepare the report and provide it to the City Council, the California Office of Planning and Research, California Department of Housing and Community Development, and SANDAG

ENVIRONMENTAL IMPACT:

This report is categorically exempt from environmental review as per CEQA Guidelines Section 15306, which states that information collection activities are exempt from the provisions of CEQA

EXHIBITS:

1. A Resolution accepting the Annual Housing Element Progress Report for January 2015 through December 2015.

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RESOLUTION NO. 2016-091

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARLSBAD, CALIFORNIA, ACCEPTING THE ANNUAL HOUSING ELEMENT PROGRESS REPORT FOR JANUARY 2015 THROUGH DECEMBER 2015.

WHEREAS, the attached Annual Housing Element Progress Report has been prepared to comply with Government Code Section 65400(a)(2), meet the grant funding requirements of certain SANDAG and California Department of Housing and Community Development (HCD) programs, and implement Housing Element Program 3.18. The purpose of the report is to provide information to the City Council, the State Office of Planning and Research, the State Department of Housing and Community Development, San Diego Association of Governments and the public as to the status of the Housing Element programs, as well as mark the City's progress in meeting its share of the region's housing needs.

The City Council of the City of Carlsbad, California, does hereby resolve as follows:

1. That the above recitation is true and correct.
2. That the report attached hereto as Attachment A is accepted and the City Planner


is directed to submit the report to the California Office of Planning and Research, the California Department of Housing and Community Development, and the San Diego Association of Governments.

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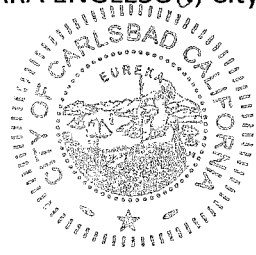
PASSED, APPROVED AND ADOPTED at a Regular Meeting of the City Council of the City of Carlsbad on the 17th day of May, 2016, by the following vote to wit:

AYES: Hall, Schumacher, Blackburn.
NOES: None.
ABSENT: Wood, Packard.


MATT HALL, Mayor

ATTEST:


BARBARA ENGLERSON, City Clerk
(SEAL)



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

Jurisdiction City of Carlsbad
Reporting Period 1-Jan-15 - 31-Dec-15

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	
2230610900	SDU	R		1			1		Inc		
2230613300	SDU	R		1			1		Inc		
2230615200	SDU	R		1			1		Inc		
1562123500	SDU	R		1			1		Inc		
1562123700	SDU	R		1			1		Inc		
1562124100	SDU	R		1			1		Inc		
2121027200	SDU	R		1			1		Inc		
2121027400	SDU	R		1			1		Inc		
2121025900	SDU	R		1			1		Inc		
(9) Total of Moderate and Above Moderate from Table A3 ▶▶				20	200		220				
(10) Total by income Table A/A3 ▶▶				9	20	200	229				
(11) Total Extremely Low-Income Units*											

* Note: These fields are voluntary

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

Jurisdiction City of Carlsbad
Reporting Period 1-Jan-15 - 31-Dec-15

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) Description of Activity Including Housing Element Program Reference
	Extremely Low-Income*	Very Low-Income	Low-Income	TOTAL UNITS	
(1) Rehabilitation Activity				0	
(2) Preservation of Units At-Risk				0	
(3) Acquisition of Units				0	
(5) Total Units by Income	0	0	0	0	

* Note: This field is voluntary

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 Moderate		2		18		20	
No. of Units Permitted for Above Moderate	198	2				200	

* Note: This field is voluntary ** Includes 54 single family attached townhomes

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction City of Carlsbad
Reporting Period 1-Jan-15 - 31-Dec-15

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.		2010	2011	2012	2013	2014	2015				Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income Level		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9		
Very Low	Deed Restricted		35								35	877
	Non-deed restricted	912										
Low	Deed Restricted		23			6	9				42	648
	Non-deed restricted	693	4	1	1	1					3	
Moderate	Deed Restricted											925
	Non-deed restricted	1,062	2	56	41	5	13	20			137	
Above Moderate		2,332	371	200	364	201	235	200			1,571	761
Total RHNA by COG. Enter allocation number:		4,999										
Total Units ▶ ▶ ▶			377	315	405	207	255	229			1,788	3,211
Remaining Need for RHNA Period ▶ ▶ ▶ ▶ ▶												

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

ANNUAL HOUSING ELEMENT PROGRESS REPORT

Part 2 – Program Implementation Status

January 2015 through December 2015

CODE KEY	
Status:	Division:
<p>C - Completed = One-time project for which all work has been completed and local approvals have been obtained</p> <p>O - Ongoing = Completed program, but one that requires recurring activity</p> <p>I - In Process = Staff work is well under way and program will be implemented soon (including any necessary hearings)</p> <p>P - Pending = Program for which preliminary work needs to be initiated, or program is in early stages of work</p> <p>D - Delete = Program that may no longer be necessary or relevant due to another program, changed circumstances, or policy change</p>	<p>B – Building</p> <p>CED – Community & Economic Development</p> <p>HNS – Housing & Neighborhood Services</p> <p>P – Planning</p> <p>F– Finance</p>

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
Condominium Conversion	1.1	The city will continue to discourage and/or restrict condominium conversions when such conversions would reduce the number of low or moderate income housing units available throughout the city. All condominium conversions are subject to the city's Inclusionary Housing Ordinance; the in-lieu fees or actual affordable units required by the ordinance would be used to mitigate the loss of affordable rental units from the city's housing stock.	O	P	The city considers condominium conversions on a case by case basis. In 2015, the city received no applications and issued no permits to convert rental housing to condominiums.
Mobile Home Park Preservation	1.2	<p>The city will continue to implement the city's Residential Mobile Home Park zoning ordinance (Municipal Code Chapter 21.37) that sets conditions on changes of use or conversions of mobile home parks, consistent with Government Code Section 66427.5.</p> <p>The city will also assist lower income tenants of mobile home parks to research the financial feasibility of purchasing their mobile home parks so as to maintain the rents at levels affordable to its tenants.</p>	O	P, HNS	The city continues to implement the mobile home zoning ordinance. No applications for change in use or conversion of a mobile home park were received in 2015.

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
Acquisition/ Rehabilitation of Rental Housing	1.3	<p>The city will continue to provide assistance on a case-by-case basis to preserve the existing stock of lower and moderate income rental housing, including:</p> <ul style="list-style-type: none"> • Provide loans, grants, and/or rebates to owners of rental properties to make needed repairs and rehabilitation. • As financially feasible, acquire and rehabilitate rental housing that is substandard, deteriorating or in danger of being demolished. Set-aside at least 20 percent of the rehabilitated units for extremely- and/or very low income households. • As appropriate and determined by City Council, provide deferral or subsidy of planning and building fees, and priority processing. Priority will be given to repair and rehabilitation of housing identified by the city's Building Division as being substandard or deteriorating, and which houses lower income and in some cases moderate income households. 	O	HNS, B	<p>Requests for acquisition/rehabilitation of rental properties are considered on a case by case basis.</p> <p>On November 6, 2012 the City Council approved a \$7.4 million residual receipts loan from the Housing Trust Fund to assist with the acquisition of and rehabilitation of 42 1950's era duplex units in the Barrio (known as the Carol/Harding project) and in 2013, acquisition of the property was completed. The rehabilitated units were rent-restricted for 55 years to low income households (50-60% AMI). In Aug. 2015, the owner submitted an application (SDP 15-18 Pacific Wind) for city review of a proposal to demolish 22 duplexes, consolidate the lots and construct a 90-unit apartment project that would be 100% affordable. Relocation assistance will be provided to existing tenants of the duplexes.</p> <p>In 2014, the city awarded CDBG funds (\$454,000) and Housing Trust Funds (\$2,600,4600) to Solutions For Change to acquire an existing 16-unit apartment complex in the Barrio and convert it to affordable housing for graduates of their academy that helps homeless families find permanent housing. Over 2015, the property was acquired and families began moving into the property.</p>
Rehabilitation of Owner- Occupied Housing	1.4	<p>As the housing stock ages, the need for rehabilitation assistance may increase. The city will provide assistance to homeowners to rehabilitate deteriorating housing. Eligible activities under this program include such things as repairing faulty plumbing and electrical systems, replacing broken windows, repairing termite and dry-rot damage, and installing home weatherization improvements. Assistance may include financial incentives in the form of low interest and deferred payment loans, and rebates. Households targeted for assistance include lower-income and special needs (disabled, large, and senior) households.</p>	O	HNS	<p>The city has implemented a Minor Home Repair Grant Program for low-income owner occupied properties that provides loans of up to \$5,000, which are forgiven after five years. Two loans were issued in 2015.</p>

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
Preservation of At-Risk Housing	1.5	<p>One project within the city–Santa Fe Ranch Apartments–may be considered as at risk if the owner pays off bonds early. While this is unlikely since the current income at affordable levels is not substantially lower than the potential income at market rates, the city will nonetheless monitor its status. Through monitoring, the city will ensure tenants receive proper notification of any changes. The city will also contact nonprofit housing developers to solicit interest in acquiring and managing the property in the event this or any similar project becomes at risk of converting to market rate.</p>	O	HNS	<p>The city continues to monitor the affordability status of the Santa Fe Ranch Apartments. To date, the owner has not approached the city about paying off the bonds early.</p>
Adequate Sites to Accommodate the RHNA	2.1	<p>The city will continue to monitor the absorption of residential acreage in all densities and, if needed, recommend the creation of additional residential acreage at densities sufficient to meet the city’s housing need for current and future residents. Any such actions shall be undertaken only where consistent with the Growth Management Plan.</p> <p>The analysis in Section 10.3 (Resources Available) identifies examples of how housing has been built on very small sites, such as in the Village and Barrio. However, to expand opportunities for additional affordable housing, the city will encourage the consolidation of small parcels in order to facilitate larger-scale developments that are compatible with existing neighborhoods. Specifically, the city will continue to make available an inventory of vacant and underutilized properties to interested developers, market infill and redevelopment opportunities throughout the city, including the Village and Barrio, and meet with developers to identify and discuss potential project sites.</p>	O	HNS, P	<p>The city reviews residential development applications for compliance with meeting the minimum densities on which the city relies to meet its share of regional housing needs. Consistent with state law and the city’s land use policies, the city shall not approve applications below the minimum densities established in the Housing Element unless it makes the following findings:</p> <ul style="list-style-type: none"> a. The reduction is consistent with the adopted general plan, including the housing element. b. The remaining sites identified in the housing element are adequate to accommodate the City’s share of the regional housing need pursuant to Government Code Section 65584. <p>The city continues to make available an inventory of vacant and underutilized properties and works with interested developers on infill and redevelopment opportunities. In Aug. 2015, the owner of the Carol Harding duplexes (see program 1.3) submitted an application (SDP 15-18 Pacific Wind) for city review of a proposal to demolish 22 duplexes, consolidate the lots and construct a 90-unit apartment project that would be 100% affordable.</p>

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
Flexibility in Development Standards	2.2	The Planning Division, in its review of development applications, may recommend waiving or modifying certain development standards, or propose changes to the Municipal Code to encourage the development of low and moderate income housing. The city offers offsets to assist in the development of affordable housing citywide. Offsets include concessions or assistance including, but not limited to, direct financial assistance, density increases, standards modifications, or any other financial, land use, or regulatory concession that would result in an identifiable cost reduction.	O	P	<p>The city considers density increases, waivers and modifications to development standards to assist in the development of affordable housing on a case by case basis.</p> <p>In 2015, the city conducted a preliminary review for a mixed use commercial and residential project at 1044 Carlsbad Village Drive that proposed a density increase.</p>
Mixed Use	2.3	The city will encourage mixed-use developments that include a residential component. Major commercial centers should incorporate, where appropriate, mixed commercial/residential uses.	O	P	<p>The city considers mixed use developments on a case by case basis.</p> <p>The following projects were reviewed or approved in the Village area in 2015:</p> <ul style="list-style-type: none"> - CT 13-05 State Street Townhomes project was approved in June 2014, which includes 41 live/work townhomes and six affordable residential condos. The project began issuing building permits in March 2015. - CT 14-01 State Street Mixed Use 30 was approved by City Council in Jan. 2015, and proposes 14 multi-family residential units, 13 timeshare units and 4,529 s.f. of commercial space. - Under review is The Wave, which is a mixed use project that proposes 8 residential units, 13 timeshare units and one retail space. - The city conducted a preliminary review for a mixed use commercial and residential project at 1044 Carlsbad Village Drive that proposed a density increase. <p>Outside of the Village area, the city was conducting reviews of</p> <ul style="list-style-type: none"> - A development application for the Uptown Bressi project (EIR 15-01), which proposes a mixed use development with 125 townhomes and approximately 80,000 s.f. of commercial space.

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
Energy Conservation	2.4	<p>The city has established requirements, programs, and actions to improve household energy efficiency, promote sustainability, and lower utility costs. The city shall enforce state requirements for energy conservation, including the latest green building standards, and promote and participate in regional water conservation and recycling programs.</p> <ul style="list-style-type: none"> • Create a coordinated energy conservation strategy, including strategies for residential uses, as part of a citywide Climate Action Plan. • In the Village, encourage energy conservation and higher density development by the modification of development standards (e.g. parking standards, building setbacks, height, and increased density) as necessary to: <ul style="list-style-type: none"> - Enable developments to qualify for silver level or higher LEED (Leadership in Energy and Environmental Design) Certification, or a comparable green building rating, and to maintain the financial feasibility of the development with such certification. - Achieve densities at or above the minimum required if the applicant can provide acceptable evidence that application of the development standards precludes development at such densities. • Facilitate resource conservation for all households by making available, through a competitive process, CDBG funds to non-profit organizations that could use such funds to replace windows, plumbing fixtures, and other physical improvements in lower-income neighborhoods, shelters, and transitional housing. • Encourage infill development in urbanized areas, particularly in the Village and Barrio, through implementation of the Village Master Plan and Design Manual and the allowed density ranges in the Barrio. 	O	P, B	<p>The city's comprehensive General Plan Update project includes a Climate Action Plan. The General Plan and Climate Action Plan were approved by the City Council in Sept. 2015.</p> <p>In 2015, the city finalized 1,203 building permits for photovoltaic panels on residential structures.</p> <p>In 2015, the city continued to implement the 2013 Building Energy Efficiency Standards as established by the CEC.</p> <p>In 2015, the city continued working on an update to its Village Master Plan and Design Manual that incorporates the area of the Barrio into the plan. Under consideration are policies and standards revisions that would incentivize infill development and enhance pedestrian connections through land uses and building and street design to help realize the smart growth potential of the areas.</p>

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
Inclusionary Housing Ordinance	3.1	<p>The city will continue to implement its Inclusionary Housing Ordinance, which requires a minimum of 15 percent of all ownership and qualifying rental residential projects of seven or more units be restricted and affordable to lower income households. This program requires an agreement between all residential developers subject to this inclusionary requirement and the city which stipulates:</p> <ul style="list-style-type: none"> • The number of required lower income inclusionary units; • The designated sites for the location of the units; • A phasing schedule for production of the units; and • The term of affordability for the units. <p>For all ownership and qualifying rental projects of fewer than seven units, payment of a fee in lieu of inclusionary units is permitted. The fee is based on a detailed study that calculated the difference in cost to produce a market rate rental unit versus a lower-income affordable unit. As of 2013, the in-lieu fee per market- rate dwelling unit was \$4,515. The fee amount may be modified by the City Council from time-to-time and is collected at the time of building permit issuance for the market rate units. The city will continue to utilize inclusionary in-lieu fees collected to assist in the development of affordable units.</p> <p>The city will apply Inclusionary Housing Ordinance requirements to rental projects if the project developer agrees by contract to limit rent as consideration for a “direct financial contribution” or other form of assistance specified in density bonus law; or if the project is at a density that exceeds the applicable GMCP density, thus requiring the use of “excess dwelling units,” as described in Section 10.3 (Resources Available).</p>	O	P, HNS	<p>The city continues to explore potential adoption of a housing impact fee for development of rental units if affordable units are not included in a development.</p> <p>The city continues to implement its Inclusionary Housing Ordinance. In 2015, building permits were issued for nine dwelling units required to be affordable through Inclusionary requirements for the following projects:</p> <ul style="list-style-type: none"> • Fair Oaks Valley/Shelley Property (CT 02-17) - 3 SDUs • Valley 17 (CT 12-07) - 3 SDUs • Tabata 10 (CT 06-13) - 3 SDUs <p>In addition, the following projects receiving building permits in 2015 purchased Inclusionary Housing credits at existing affordable apartments:</p> <ul style="list-style-type: none"> • La Costa Residential (CT 12-05) - 6 credits • Tabata/Blackrail 16 (CT 03-06) - 3 credits • Coastal Living 10 (CT 13-02) - 2 credits • La Costa Villas (CT 13-06) - 1 credit • Walnut Townhomes (CT 12-03) - 2 credits • La Costa Town Square Residential/Artero (CT 08-03) - 10 credits <p>In 2015 the in-lieu fee per market rate dwelling unit remained at \$4,515.</p>
Excess Dwelling Units	3.2	<p>Pursuant to City Council Policy Statement 43, the city will continue to utilize “excess dwelling units,” described in Section 10.3 (Resources Available), for the purpose of enabling density transfers, density increases/bonuses and General Plan amendments to increase allowed density.</p> <p>Based on analysis conducted in Section 10.4 (Constraints and Mitigating Opportunities), the city can accommodate its 2010-2020 RHNA without the need to utilize excess dwelling units to accommodate the RHNA at each household income level.</p>	O	P	<p>Through its continued implementation of the Growth Management Plan, the city tracks development and the Excess Dwelling Unit Bank in its monthly Development Monitoring Report. As of Dec. 2015, the excess unit balance was 764 dwelling units inside the Village and 322 units outside of the Village. These units are available for qualifying projects, which include affordable housing and density bonuses.</p>

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
Density Bonus	3.3	<p>Consistent with state law (Government Code sections 65913.4 and 65915), the city continues to offer residential density bonuses as a means of encouraging affordable housing development. In exchange for setting aside a portion of the development as units affordable to lower and moderate income households, the city will grant a density bonus over the otherwise allowed maximum density, and up to three financial incentives or regulatory concessions. These units must remain affordable for a period of no less than 30 years and each project must enter into an agreement with the city to be monitored by the Housing and Neighborhood Services Division for compliance.</p> <p>The density bonus increases with the proportion of affordable units set aside and the depth of affordability (e.g. very low income versus low income, or moderate income). The maximum density bonus a developer can receive is 35 percent when a project provides 11 percent of the units for very low income households, 20 percent for low income households, or 40 percent for moderate income households.</p> <p>Financial incentives and regulatory concessions may include but are not limited to: fee waivers, reduction or waiver of development standards, in-kind infrastructure improvements, an additional density bonus above the requirement, mixed use development, or other financial contributions.</p> <p>The city is currently amending its density bonus regulations (Municipal Code Chapter 21.86) to ensure consistency with recent changes to state density bonus law.</p>	O/C	P, HNS	<p>The city continues to make available density bonuses in compliance with state density bonus law (SDBL). In 2015, there were no SDBL applications filed with the city. The city also offers density increases through its inclusionary housing program as provided for in Municipal Code Chapter 21.85.</p> <p>In July 2015, the City Council adopted an amendment to the density bonus regulations (ZCA 14-02) in the Zoning Ordinance, Title 21 of the city's Municipal Code. The purpose of the project was to make the city's regulation of density bonuses consistent with California Assembly Bill 2222 (Nazarian) signed into law by the governor at the end of 2014.</p> <p>Since the city had last updated its density bonus ordinance in February 2014, under AB 2222 the state made procedural changes to density bonus law with regard to replacement of demolished dwelling units when requesting a new density bonus and the time of density bonus agreements. An amendment to address AB 2222 was adopted by the City Council in July 2015. Additional changes to the density bonus law were made by the state at the end of 2015 (AB 744) and will be updated in a future amendment by the City Council in 2016.</p>

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
City-Initiated Development	3.4	<p>The city, through the Housing and Neighborhood Services Division, will continue to work with private developers (both for-profit and non-profit) to create housing opportunities for low, very low and extremely low income households.</p>	O	P, HNS	<p>The city continues to provide information and work with developers to assist them in creating additional housing opportunities for lower income households.</p> <p>On November 6, 2012 the City Council approved a \$7.4 million residual receipts loan from the Housing Trust Fund to assist with the acquisition of and rehabilitation of 42 1950's era duplex units in the Barrio (known as the Carol/Harding project) and in 2013, acquisition of the property was completed. The rehabilitated units were rent-restricted for 55 years to low income households (50-60% AMI). In Aug. 2015, the owner submitted an application (SDP 15-18 Pacific Wind) for city review of a proposal to demolish 22 duplexes, consolidate the lots and construct a 90-unit apartment project that would be 100% affordable. Relocation assistance will be provided to existing tenants of the duplexes.</p>
Affordable Housing Incentives	3.5	<p>The city will consider using Housing Trust Funds on a case-by-case basis to offer a number of incentives to facilitate affordable housing development. Incentives may include:</p> <ul style="list-style-type: none"> • Payment of public facility fees; • In-kind infrastructure improvements, including but not limited to street improvements, sewer improvements, other infrastructure improvements as needed; • Priority processing, including accelerated plan-check process, for projects that do not require extensive engineering or environmental review; and • Discretionary consideration of density increases above the maximum permitted by the General Plan through review and approval of a site development plan (SDP). 	O	P, HNS, F	<p>The city continues to offer incentives to facilitate affordable housing, including those listed in Program 2.2 above and Program 3.5.</p>

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
Land Banking	3.6	<p>The city will continue to implement a land banking program to acquire land suitable for development of housing affordable to lower and moderate income households. The land bank may accept contributions of land in-lieu of housing production required under an inclusionary requirement, surplus land from the city or other public entities, and land otherwise acquired by the city for its housing programs. This land would be used to reduce the land costs of producing lower and moderate income housing by the city or other parties.</p> <p>The city has identified a list of nonprofit developers active in the region. When a city-owned or acquired property is available, the city will solicit the participation of these nonprofits to develop affordable housing. Affordable housing funds will be made available to facilitate development and the city will assist in the entitlement process.</p>	O	HNS	The city continues to implement a land banking program to acquire land suitable for development of housing affordable to lower and moderate income households. In 2015, there were no offers to donate land for affordable housing.
Housing Trust Fund	3.7	<p>The city will continue to maintain the Housing Trust Fund for the fiduciary administration of monies dedicated to the development, preservation and rehabilitation of affordable housing in Carlsbad. The Housing Trust Fund will be the repository of all collected in-lieu fees, impact fees, housing credits, loan repayments, and related revenues targeted for proposed housing as well as other local, state and federal funds.</p> <p>The city will explore additional revenue opportunities to contribute to the Housing Trust Fund, particularly, the feasibility of a housing impact fee to generate affordable rental units when affordable units are not included in a rental development.</p>	O	HNS, F	<p>The city continues to maintain the Housing Trust Fund, which had an available balance of approximately \$14 million as of December 31, 2015.</p> <p>In 2014, the city awarded CDBG funds (\$454,000) and Housing Trust Funds (\$2,600,4600) to Solutions For Change to acquire an existing 16-unit apartment complex in the Barrio and convert it to affordable housing for graduates of their academy that helps homeless families find permanent housing.</p>
Section 8 Housing Choice Vouchers	3.8	The Carlsbad Housing Authority will continue to administer the city's Section 8 Housing Choice Voucher program to provide rental assistance to very low income households.	O	HNS	The Housing Authority continues to operate Section 8 Housing Choice Voucher Program. Approximately 545 households were assisted through the program in 2015.
Mortgage Credit Certificates	3.9	The city participates in the San Diego Regional Mortgage Credit Certificate (MCC) Program. By obtaining a MCC during escrow, a qualified homebuyer can qualify for an increased loan amount. The MCC entitles the homebuyer to take a federal income tax credit of 20 percent of the annual interest paid on the mortgage. This credit reduces the federal income taxes of the buyer, resulting in an increase in the buyer's net earnings.	O	HNS	The city continues to participate in the MCC Program, however, no certificates issued in 2015.

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
Senior Housing	3.10	<p>The city will continue to encourage a wide variety of senior housing opportunities, especially for lower-income seniors with special needs, through the provision of financial assistance and regulatory incentives as specified in the city's Housing for Senior Citizens Ordinance (Municipal Code Chapter 21.84). Projects assisted with these incentives will be subjected to the monitoring and reporting requirements to assure compliance with approved project conditions.</p> <p>In addition, the city has sought and been granted California Constitution Article 34 authority by its voters to produce up to 200 senior-only, low-income restricted housing units. The city would need to access its Article 34 authority only when it provides financial assistance and regulates more than 51 percent of the development.</p>	O	HNS, P	<p>The city continues to encourage senior housing opportunities through financial assistance and regulatory incentives. No new senior housing was added in 2.</p> <p>The city has begun priority processing for the College Blvd. improvement plans and a mitigation site for future road construction impacts. In July 2015, the mitigation site was approved by the City Council, and financing was secured for College Blvd. Completion of College Blvd. will allow the construction of the previously approved Dos Colinas senior facility and the Encinas Creek Apartments project, and facilitate planning for a future potential apartment site known as Basin BJ.</p>
Housing for Persons with Disabilities	3.11	<p>The city has an adopted ordinance to provide individuals with disabilities "reasonable accommodation" in land use, zoning and building regulations. This ordinance seeks to provide equal opportunity in the development and use of housing for people with disabilities through flexibility in regulations and the waiver of certain requirements in order to eliminate barriers to fulfilling this objective.</p> <p>The city will continue to evaluate the success of this measure and adjust the ordinance as needed to ensure that it is effective. Moreover, the city will seek to increase the availability of housing and supportive services to the most vulnerable population groups, including people with disabilities through state and federal funding sources, such as HUD's Section 811 program and CDBG funding.</p>	O	P	<p>The city continues to consider requests for "reasonable accommodation" in land use, zoning and building regulations on a case by case basis. No reasonable accommodation requests were received in 2015.</p>
Housing for Large Families	3.12	<p>In those developments that are required to include 10 or more units affordable to lower-income households, at least 10 percent of the lower income units should have three or more bedrooms. This requirement does not pertain to lower-income senior housing projects.</p>	O	P	<p>The city continues to implement this program as part of its inclusionary housing ordinance. No three-bedroom affordable units were constructed in 2015.</p>

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
Housing for the Homeless	3.13	<p>Carlsbad will continue to facilitate and assist with the acquisition, for lease or sale, and development of suitable sites for emergency shelters and transitional housing for the homeless population. This facilitation and assistance will include:</p> <ul style="list-style-type: none"> • Participating in a regional or sub-regional summit(s) including decision-makers from north San Diego County jurisdictions and SANDAG for the purposes of coordinating efforts and resources to address homelessness; • Assisting local non-profits and charitable organizations in securing state and federal funding for the acquisition, construction and management of shelters; and • Continuing to provide funding for local and sub-regional homeless service providers that operate temporary and emergency shelters. 	O	HNS	<p>The City Council approved a grant of federal Community Development Block Grant program funds in the amount of \$454,000 and a loan from the city's Housing Trust Fund in the amount of \$2,436,000 to acquire an existing 16-unit apartment complex at 945 Chestnut Avenue. This purchase of property is in partnership with Solutions for Change. After the full rehabilitation of all the units, the apartment complex will provide permanent affordable housing opportunities for 16 homeless families who have graduated from the Solutions University. In 2015, the property was acquired and families began moving into the property</p>
Supportive Services for Homeless and Special Needs Groups	3.14	<p>The city will continue to provide CDBG funds to community, social welfare, non-profit and other charitable groups that provide services for those with special needs in the north San Diego County area.</p> <p>Furthermore, the city will work with agencies and organizations that receive CDBG funds to offer a city referral service for homeless shelter and other supportive services.</p>	O	HNS	<p>During the 2015-2016 CDBG program year, the city allocated \$76,500 in funding assistance to 8 social service providers in North County and serves as a referral agency for homeless shelters and support services.</p>
Alternative Housing	3.15	<p>The city will continue to implement its Second Dwelling Unit Ordinance (Section 21.10.015 of the Carlsbad Municipal Code) and will continue to support alternative types of housing, such as hotels and managed living units to accommodate extremely-low income households.</p>	O	P, HNS	<p>The city continues to implement the Second Dwelling Unit Ordinance and consider alternative types of housing. In 2015, building permits were issued for 27 second dwelling units.</p>
Military and Student Referrals	3.16	<p>The city will assure that information on the availability of assisted or below-market housing is provided to all lower-income and special needs groups. The Housing and Neighborhood Services Division will provide information to local military and student housing offices of the availability of low-income housing in Carlsbad.</p>	O	HNS	<p>The city provides information on assisted and below market housing to individuals and groups needing that information.</p>

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
Coastal Housing Monitoring	3.17	<p>As a function of the building permit process, the city will monitor and record Coastal Zone housing data including, but not limited to, the following:</p> <ol style="list-style-type: none"> 1. The number of housing units approved for construction, conversion or demolition within the coastal zone after January 1, 1982. 2. The number of housing units for persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code, required to be provided in new housing developments within the coastal zone. 3. The number of existing residential dwelling units occupied by persons and families of low or moderate income that are authorized to be demolished or converted in the coastal zone pursuant to Section 65590 of the Government Code. 4. The number of residential dwelling units occupied by persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code that are required for replacement or authorized to be converted or demolished as identified above. The location of the replacement units, either onsite, elsewhere within the city's coastal zone, or within three miles of the coastal zone in the city, shall be designated in the review. 	O	P	<ol style="list-style-type: none"> 1) In 2015, building permits were issued for 52 dwelling units in the Coastal Zone (37 single family dwellings, of which 7 were attached townhomes, four 2-4 unit structures and 11 second dwelling units). 2) In 2015, building permits were issued for three second dwelling units required to be affordable (through Inclusionary or Density Bonus requirements) in the Coastal Zone. The following projects receiving building permits in 2014 purchased Inclusionary Housing credits at existing affordable apartments: Walnut Townhomes (CT 12-03) and Carlsbad 16 (CT 03-06). 3) 0 4) 0

Table 2.1 CY 2015 Housing Element Program Implementation Status

HE Program	Program #	Description	Status	Div	Comments
Housing Element Annual Progress Report and Mid-Planning Period Housing Element Update	3.18	<p>First, to retain the Housing Element as a viable policy document, the Planning Division will review the Housing Element annually and schedule an amendment if necessary. As required by state law, city staff will prepare and submit annual progress reports to the City Council, SANDAG, and California Department of Housing and Community Development (HCD).</p> <p>Second, Senate Bill 575 requires that a jurisdiction revise its housing element every four years, unless it meets both of the following criteria: (1) the jurisdiction adopted the fourth revision of the element no later than March 31, 2010; and (2) the jurisdiction completed any rezoning contained in the element by June 30, 2010. While implementation of the city's 2005-2010 Housing Element satisfied the first criterion, it did not meet the second. Although rezoning was completed before the end of the extended Housing Element period (April 30, 2013) to satisfy the adequate sites program, it was not completed in time to meet the SB 575 requirement.</p> <p>The city will build on the annual review process to develop a mid-planning period (four-year) Housing Element update that includes the following:</p> <ul style="list-style-type: none"> • Review program implementation and revision of programs and policies, as needed; • Analysis of progress in meeting the RHNA and updates to the sites inventory as needed; • Outcomes from a study session that will be held with the Planning Commission to discuss mid-period accomplishments and take public comment on the progress of implementation. The city will invite service providers and housing developers to participate. 	O	P, HNS	The city will continue its annual reporting.
Fair Housing Services	4.1	<p>With assistance from outside fair housing agencies, the city will continue to offer fair housing services to its residents and property owners. Services include:</p> <ul style="list-style-type: none"> • Distributing educational materials to property owners, apartment managers, and tenants; • Making public announcements via different media (e.g. newspaper ads and public service announcements at local radio and television channels); • Conducting public presentations with different community groups; • Monitoring and responding to complaints of discrimination (i.e. intaking, investigation of complaints, and resolution); and • Referring services to appropriate agencies. 	O	HNS	The city contracts with CSA San Diego County, a fair housing agency, to provide their services to Carlsbad residents and property owners. Services include those listed in the column to the left.

ANNUAL HOUSING ELEMENT PROGRESS REPORT

Appendix A – Description of terms and methods

JANUARY 2015 THROUGH DECEMBER 2015

Regional Housing Needs – The determination of housing need for Carlsbad and all other jurisdictions in California is derived from the Regional Housing Needs Assessment (RHNA) prepared by the local regional councils of government (SANDAG) before the beginning of each housing cycle. Based upon these assessments of *need*, the local jurisdictions are required to adopt housing *objectives* in the housing elements of their general plans.

A regional assessment of housing need is an estimate of the total need for new housing construction throughout the region due to population growth forecasted to occur during a specific time period. The overall housing need is then broken out by four income groups: *very low, low, moderate, and above-moderate (or upper-income)* – all as defined by the federal Department of Housing and Urban Development (HUD), and the state Department of Housing and Community Development (HCD). The regional housing needs are then allocated to the local jurisdictions on a “regional share” basis, according to models and formulas designed by the SANDAG.

Table 1 shows Carlsbad’s share of the current RHNA and is based upon housing growth estimated by the State and SANDAG to occur in Carlsbad during the period January 1, 2010 through Dec. 31, 2020.

Table 1: Carlsbad's Share of the RHNA January 1, 2010 through Dec. 31, 2020*		
Income Group	Definition** (% of AMI***)	New Construction Needs (in housing units)
Very Low	50% or under	912
Low	51 - 80 %	693
Moderate	81 - 120%	1,062
Above-Moderate	Over 120%	2,332
Totals		4,999
<small>* SANDAG, RHNA PLAN: Fifth Housing Element Cycle Planning for Housing in the San Diego Region 2010 – 2020, Table 4, ** Definitions are from HUD, via the California Department of Housing and Community Development. *** AMI is the Area Median Income. The 2015 AMI for San Diego-Carlsbad-San Marcos MSA for a family of four is \$73,000.</small>		

Definition of Income Groups – Table 1 defines each of the four income groups as a percentage of the county area median income (AMI). HUD annually revises the AMI based on cost of living issues such as the relationship of housing prices to income. For 2015, HUD established the AMI for San Diego County at \$73,000. In addition to establishing the AMI, HUD also establishes income limits for each of the four income groups which are adjusted for family size so that larger households have higher income limits (see Table 2 below).

Income Group	Persons per Household			
	2	4	6	8
Very Low	\$ 32,400	\$ 40,500	\$ 47,000	\$ 53,500
Low	\$ 51,850	\$ 64,800	\$ 75,200	\$ 85,550
Moderate	\$ 64,250	\$ 80,300	\$ 93,150	\$ 106,000
Above Moderate	> \$ 64,250	> \$ 80,300	> \$ 93,150	> \$ 106,000

Source: "2015 Household Income Limits," U.S. Department of Housing and Urban Development (effective Mar. 6, 2015)

Prices of Affordable Housing – Generally, the federal and state rule is that housing is affordable to a given family if the family pays no more than 30% of its monthly income for housing expenses that include the rent or mortgage payment, property taxes, insurance, utilities, and the like. A determination of whether a housing unit is affordable can be easily made for *assisted public* rental housing and other *public* housing programs because documentation is maintained on both the individual household's income and the actual cost of the unit in question (typically rental). Income group determinations for income restricted (*assisted*) housing units shown in the tables of Part 1 were made by the Carlsbad Housing and Neighborhood Services Department.

To determine affordable housing expenses for rentals, the practice is to set thresholds for each income group, using the 30% rule, with adjustments for the number of bedrooms (a convention developed in 1993 by member agencies of the San Diego Association of Governments assumes two persons per bedroom). An additional adjustment is also made for utility allowance, as required by HUD. Table 3 provides the resulting maximum market rate rental expenses (which include rent and a utility allowance that increases with household size) for the very low, low, and moderate-income groups for CY 2015.

Table 3 CY 2015 Qualifying Rent and Utility Expenses By Number of Bedrooms				
Income Group	Number of Bedrooms			
	1	2	3	4
Very Low	\$ 810	\$ 1,012	\$ 1,175	\$ 1,337
Low	\$ 1,296	\$ 1,620	\$ 1,880	\$ 2,138
Moderate	\$ 1,606	\$ 2,007	\$ 2,328	\$ 2,650
Above Moderate	> \$ 1,606	> \$ 2,007	> \$ 2,328	> \$ 2,650

Source: "2015 Household Income Limits," U.S. Department of Housing and Urban Development (effective Mar. 6, 2015)

With regard to for-sale housing, there is no federal or state required formula to determine the sales price that would be considered affordable. The only federal or state requirement is that the mortgage amount (including taxes, insurance, utilities, etc.) must not exceed 30% of the monthly income of the household (to be considered affordable to a specific income group, see Table 2).

The varying factors (interest rates, closing costs, lending programs, etc.), which impact the mortgage amount, make it difficult to specify certain sales prices that are considered affordable to the various income groups. To simplify determining affordability for reporting purposes, the city uses a rule-of-thumb formula similar to that employed by many mortgage-lending institutions, which was reviewed and accepted by the SANDAG and the California Department of Housing and Community Development. The rule-of-thumb formula is as follows:

Affordable sales price = 3.0 x maximum-allowed-annual income for each class, adjusted for bedroom count.

Based on this formula Table 4 gives the qualifying purchase price for housing for the different income groups. The table illustrates that a three-bedroom house costing no more than \$279,450 would be the maximum affordable to a moderate-income family.

Income Group	Number of Bedrooms			
	1	2	3	4
Very Low	\$ 97,200	\$ 121,500	\$ 141,000	\$ 160,500
Low	\$ 155,550	\$ 194,400	\$ 225,600	\$ 256,650
Moderate	\$ 192,750	\$ 240,900	\$ 279,450	\$ 318,000
Above Moderate	> \$ 192,750	> \$ 240,900	> \$ 279,450	> \$ 318,000

* 3X multiplier was developed by an ad hoc committee at SANDAG with subsequent approval by the SANDAG Board in 1993. (There is no formula in state law). The rule also assumes 2 persons per bedroom to provide a correspondence back to HUD affordability rules based upon persons per household (as opposed to bedrooms).

Other terms – Definitions for terms used in this appendix as well as Part 1 of the report:

Assistance Programs/Assisted Units – units receiving financial assistance from the city or other and/or other subsidy sources and have affordability deed restrictions.

Deed Restricted Units – units considered affordable due to local program or policy, such as inclusionary housing ordinance. These units may also be assisted units.

Non-deed Restricted Units/Market Rate Units - Units that received no financial assistance from the city and have no affordability restrictions.

Unit Category – SF (Single-family units), 2-4 (two to four unit structures), 5+ (five or more unit structures), SU (second-units), MH (mobile homes).

Description of housing product types:

Single-family detached - A single home on a single lot, detached from any other unit, except for an attached second dwelling unit.

Condominium - A detached or attached home on commonly owned property.

Apartment - A unit that can only be rented and not owned.

Duplex – Two units on a single lot. Units cannot be individually sold.

Second Dwelling Unit - A completely independent dwelling unit on the same lot as a primary residence. A second dwelling unit may be attached to or detached from the primary residence.