Agenda Item No: 1.j

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: March 17, 2026
Submitted by: Joe Lambert
From: Development Services

Subject:
2025 HOUSING ELEMENT ANNUAL PROGRESS REPORT

Financial Impact:
Fiscal Impact:
None.

Summary:
State law requires cities to prepare and submit an Annual Progress Report ("APR") on the status and progress of implementing the goals identified within the City's certified Housing Element. Government Code Section 65700, exempts charter cities from preparing an APR on the status of the Housing Element. However, all cities including charter cities must submit an Annual Progress Report to be eligible for certain funding programs. This report is to be submitted to the City Council, the Governor's Office of Land Use and Climate Innovation ("LCI"), and the California Department of Housing and Community Development ("HCD") prior to April 1 of each year. This action receives and files the 2025 Housing Element Annual Progress Report, which subsequently will be sent to the State.

Recommendation:
Recommended Action: It is recommended that the City Council:
Receive and file the 2025 Housing Element Annual Progress Report.

Strategic Plan Statement:
This item i s consistent with Strategic Goal No. 4: Economic Development and Goal 5: Organizational Excellence.
This item will implement adopted Housing Element Strategies, and will specifically create opportunities for the development of more housing in the City, including a mix of housing at various price points. In that regard, it will promote economic development by providing more construction opportunities. Also, by having City regulations consistent with State law and by filing required annual reports consistent with State law, this fosters organizational excellence.

Discussion:
BACKGROUND:
Government Code Section 65400, requires that the City provide the governing body, in this case the City Council, an APR on the status and progress in implementing the Housing Element using forms and definitions adopted by the California Department of Housing and

Community Development. Government Code Section 65700 exempts charter cities from preparing an annual report on the status of the Housing Element. However, all cities including charter cities must submit an annual report to be eligible for certain funding programs. As stated by HCD, the APR is an important tool to facilitate implementation of a community's Housing Element and to track and monitor progress in addressing housing needs and goals.

The APR includes information on a city's progress in fulfilling the Regional Housing Needs Allocation ("RHNA"), including the number of housing units permitted (that is, how many building permits were pulled by developers) by defined income levels, as well as the status of programs in the housing element and efforts to remove governmental constraints. The aforementioned reporting is based on the RHNA, programs and policies in the 6th Cycle Housing Element adopted by City Council on February 6, 2024. The APR is to be provided to the LCI and to HCD no later than April 1 of every year. Once reviewed, received, and filed by the City Council, Staff will submit the APRs to the LCI and the HCD.

DISCUSSION:

The APR is primarily a spreadsheet of required information regarding annual building activity broken down into pre-defined income levels (for example, Very Low, Low, and Moderate). These income levels correspond to the Regional Housing Need Allocation (RHNA) as assigned by the Southern California Association of Governments (SCAG), as empowered by HCD. The RHNA process is the part of Housing Element Law used to determine how many new homes, and the affordability of those homes, each local government must plan for in its Housing Element.

As detailed in the City's adopted and certified 6th Cycle Housing Element for the 2021-2029 Planning Period, which was adopted by the City Council on February 5, 2024, the City's Regional Housing Needs Assessment (RHNA) is 4,398 units. Those 4,398 units, which must be "planned for" in the Housing Element planning period spanning 2021 to 2029, are broken down into the following income categories: Extremely Low, Very Low, Low, Moderate, and Above Moderate. A table representing the City's RHNA allocation for the 6th Cycle Housing Element (2021-2029 Planning Period) is located in Attachment 1.

During the Housing Element planning period of 2006-2014, Placentia was assigned a total RHNA allocation of 98 total units. During the 2013-2021 Planning Period and corresponding Housing Element which was adopted by City Council on January 7, 2014, the City's assigned RHNA was 492 total units. As demonstrated, during the last three Planning Period cycles, the RHNA has drastically increased from 98 units for the 2006-2014 Planning Period, to 492 units for the 2013-2021 Planning Period, to 4,398 units for the 2021-2029 Planning Period (6th Cycle). A table representing the progress Placentia has made related to facilitating housing production for calendar year 2025, as it relates to the 2021-2029 Planning Period (6th Cycle) is located in Attachment 2.

Under state law, a density of 30 units/acre is considered necessary to facilitate affordable housing which is not subsidized. In 2022, City Council amended the General Plan Land Use Element and the City's Zoning Code to increase the allowable density in the R-3 Zone from 25 units/acre to 30 units/acre. This requirement was further satisfied with the Old Town Placentia Revitalization Plan and Zone Change adopted in 2017 near the proposed Metrolink station. Properties on Baker Street are within a "by-right" High Density residential sub-area of the Old Town Zone which allows housing at a base density of 65 units/acre. On February 6, 2024, subsequent to receiving a Planning Commission recommendation, City Council adopted a

General Plan Amendment and Zone Change to expand the TOD land use designation and TOD zone by approximately 14.5 acres. The TOD zoning district allows up to 95 units/acre and the original 28-acre TOD Zone was created by City Council on April 4, 2017. Densities in all of the aforementioned areas are considered conducive to affordable housing by HCD.

Regarding affordable housing production during the last several years, the City worked with the County of Orange, and Mercy Housing California in 2018, to construct a 49-unit affordable (extremely low income) housing development for homeless and/or disabled Veterans (with an additional manager's unit). partially located on a property owned by Orange County Flood Control, leased to Mercy Housing and located within the City. Other affordable housing developments include the Santa Angelina development at Church of the Blessed Sacrament (64 units). Another opportunity for residential development is City-owned property at 207-209 W. Crowther Avenue, which was previously entitled to construct 187 affordable workforce income restricted units, along with two manager units. This continues to be a viable, available site for a similar development.

To further affordable housing production, the City conducted a Request for Proposals (RFP) seeking an affordable housing developer to build on the City (or Agency) owned lots on Baker Street which is a housing "by-right" sub-area of the Old Town Zone. Subsequent to selecting Mercy Housing California as the preferred developer, City Council approved a Disposition and Development Agreement on March 5, 2024 with Mercy Housing California. This agreement transferred title of properties located at 300, 307, 312, 314, and 323 Baker Street to Mercy Housing California to facilitate the development of a 68-unit affordable workforce housing development with onsite resident and management services. In addition to the aforementioned affordable residential developments, the City entitled several developments since 2018. Of note, The Herald (215 units) was finished in 2021. JPI (Cenza) constructed a 418-unit residential apartment development. Risewell Homes is in the final phases of construction regarding 151 residential townhomes on S. Van Buren St. Risewell Homes is also constructing 39 residential townhomes on E. Veterans Way, adjacent to Veteran's Village.

In addition, Risewell Homes recently obtained the first phase of building permits at 440 Jefferson Street, the first of 140 total units. Orangethorpe Investment Partners, LLC entitled 248 units at 777 W. Orangethorpe Avenue in 2024. Toll Bros 100-unit subdivision is currently under construction and the final phases are currently in production. In conclusion, the City of Placentia has been entitling and facilitating the construction of affordable and market rate housing units at a remarkably high pace since at least 2016.

Attachments

1. Table Related to City's RHNA Allocation for 6th Cycle Housing Element.docx
2. Table Related To City's Housing Production For Calendar Year 2025.docx
3. 2024 Housing Element Annual Progress Report.pdf