Fortuna General Plan

Housing Element

Adopted March 29, 2004

ACKNOWLEDGMENTS

City Council

Mel Berti, Mayor
Debi August
Tom Cooke
Dean Glaser
Odell Shelton

Planning Commission

Tami Gillam
Neal Kesterson
Travis Low
Charlotte MacDonald
Billy Meyers (Alternate)
Ted Silva
Doug Strehl
Darren Tomasini (Chairperson)

City Manager

Duane Rigge

Community Development Department Staff

Susan Tappan, Director
Liz Shorey, City Planner (Housing Element Contact Person)

TABLE OF CONTENTS

			Page
1.	Introduction		3
	1.1	Evaluation of Existing Housing Policies and Programs	4
	1.2	Public Participation	5
	1.3	General Plan Conformance	5
2.	Community Profile-- Housing , Population and Special Needs		6
	2.1	Housing	6
	2.1a	Existing Housing Characteristics	6
	2.1b	Housing Costs	7
	2.1c	Housing Conditions Survey Results	7
	2.2	Population Characteristics	7
	2.3	Special Needs Groups	8
	2.3a	Disabled	8
	2.3b	Large Households	8
	2.3c	Seniors	8
	2.3d	Farm Workers	9
	2.3e	Female Heads of Households	9
	2.3f	Homeless	9
3.	Housing Constraints		10
	3.1	Non-governmental Factors	10
	3.2	Governmental Constraints	10
4.	Housing Resources		13
	Regional Housing Needs		13
	4.2	Residential Land Inventory	14
	4.3	Conversion of Assisted Housing	17
5.	Housing Goals, Policies and Programs		18
	5.1	Goals and Policies	18
	5.2	Programs	20
Table 1		Housing Characteristics	6
Table 2		Housing Conditions Survey	7
Table 3		Population	7
Table 4		Age Characteristics	8
Table 5		Projected Housing Needs, 2001-2008	13
Table 6		Remaining Vacant Land, 2003	16
Exhibit 1		Remaining Vacant Land, 2003	15

1. Introduction

The California State Legislature has identified the attainment of a decent home and suitable living environment for every resident as the State's major housing goal. Recognizing the important role of local planning programs in pursuing this goal, the Legislature has mandated that all cities and counties prepare a housing element as part of their comprehensive general plan. Section 65302(c) of the Government Code sets forth the specific components to be contained in a community's housing element.

The primary purpose of the Housing Element is to: 1) preserve and improve housing and neighborhoods, 2) provide adequate housing sites, 3) assist in the provision of affordable housing, 4) remove governmental constraints to housing investment, and 5) promote fair and equal housing opportunities.

The Housing Element consists of the following major components:

1. An analysis of the City's demographics, housing characteristics, and existing and future housing needs (Section 2);
2. A review of potential market, governmental, and environmental constraints to meeting the City's identified housing needs (Section 3);
3. An evaluation of the land, financial, and organizational resources available to address the City's identified housing needs (Section 4);
4. A statement of the Housing Plan to address the City's identified housing needs, including housing goals, policies, and programs (Section 5).

The American Dream for every family has at its core a comfortable home in a safe neighborhood, a home available to buy or rent at a cost within the family budget, and a home reasonably close to work. Over the last 20 years the cost of housing in California has been driven up by an increasingly expensive and time consuming permit-approval process, by exclusionary zoning, by well-intentioned laws aimed at protecting the environment, by a decrease in the available supply of land, by higher financing costs, and by other features of modern-day life. The results of these trends for the State and to some extent Fortuna are shown below:

- Fewer young families can afford to buy or rent the home they need
- Middle-income workers, such as police officers, firefighters, teachers, and other vital workers, often live many miles from the communities they serve because they cannot find affordable housing.
- Low-income and minority persons have a very difficult time finding suitable housing.
- Elderly people cannot find small apartments to live in near their children.
- Young married couples cannot find housing in the community where they grew up.
- Businesses are leaving California because their workers cannot find reasonably priced housing.

Because of these trends, the State law dealing with housing issues has been becoming more rigorous over the last 10 years. The State law has also become much more rigorous in encouraging communities to find housing for people with low and moderate incomes. This group of people are referred to in the law as the Targeted Income Group (TIG) and their income is defined as less than 80% of the Countywide median income.

The most critical housing issues facing the City over the next five years are shown below:

- Fortuna is expected to be one of the chief growth areas for housing in the County over the next 10 years and the City needs to continue to improve the public infrastructure to accommodate the new development.
- The cost of owner occupied housing in Fortuna is growing at a much greater rate than family income and the City needs to assist developers in making financed housing available for starter homes for young families.
- Approximately 23% of the dwellings in Fortuna are substandard and such housing stock is primarily occupied by people with lower incomes and the City needs to continue to assist these families by expanding the efforts of the housing rehabilitation program.

1.1 Evaluation of Existing Housing Policies and Programs

Generally, the City made some progress in meeting its housing goals and implementing the policies of the previous Housing Element. The following are some of the more important highlights of the City's performance since adoption of the previous Housing Element in 1993.

- There were a total of 643 building permits issued for new single-family residences since 1993.
- 10 secondary dwelling units were issued building permits. This is a relatively low number and the City should consider relaxing the second unit standards to encourage this type of affordable housing.
- A 43-unit assisted living facility was constructed in 2000 which provides housing for seniors who need some assistance with daily living.
- A 21-unit independent living facility is currently under construction adjacent to the assisted living facility which will provide senior apartments which will receive optional care services from the assisted living facility.
- A 40-unit senior apartment project is currently under construction, which will provide HOME-assisted affordable units to very low and low-income seniors. The project is being assisted by $3.5 million in Federal HOME grant money. This is the City's first HOME grant, and this award is significant because it will increase the City's scoring on future HOME grant applications.
- In 1993, the City adopted a narrower local street frontage (Subdivision Level Land Minimum Road) for use within new subdivisions which leaves more land available to be developed, and reduces construction-related costs.
- Housing rehabilitation loans were made for 32 single-family dwelling units, and 2 housing rehabilitation loans were made for multi-family developments.

In addition to the above-quantified objectives that were met, the City was also successful in continuing to carry out the existing policies. In particular, the following housing element policies have continued to be successfully implemented:

- In-fill development is being successfully carried out. As the demand for land has increased, more parcels in the City interior are being developed. Because infrastructure is already in place, these lots are easier to develop (1993 Housing Element, page 54).
- The City has continued to "enforce housing, electrical, fire prevention, and health and safety codes to assure that the quality, safety, and livability of the housing stock will be maintained" (1993 Housing Element, page 53).
- The City has continued to promote "equal housing opportunities regardless of sex, religion, race, marital status, ancestry, national origin, or color" by providing information at City Hall (1993 Housing Element, page 55).
- The City is continuing to implement the capital improvement program (1993 Housing Element, page 54) to upgrade facilities to existing residences as well as to facilitate development of vacant land.
- The City has utilized the flexibility allowed in the planned development provisions (1993 Housing Element, page 56).
- The City continues to implement the Fortuna Redevelopment Plan that can make $300,000 available to low and moderate income housing assistance projects (1993 Housing Element, page 55).

1.2 Public Participation

Public input on housing needs and strategies is critical to developing appropriate and effective City housing programs. The City elicits public participation by posting notices of meetings at City Hall, publishing notices in the local newspaper, and by contacting local realtors, developers, and other stakeholders. Public scoping meetings were held prior to initiation of the Housing Element as well as during the formal hearing process with the Planning Commission and the City Council.

1.3 General Plan Conformance

This housing element update is consistent with the General Plan because it relies on and updates the earlier housing element of the General Plan. It largely utilizes the same data, programs, and policies of the previous housing element, updating them and modifying them as necessary to bring them into line with today's setting, and modifying the earlier policies and programs as necessary for effectiveness. This housing element relies on the same General Plan land use and zoning. No land use amendments are proposed.

Chapter 2. Community Profile—Housing, Population and Special Needs

2.1a Existing Housing Characteristics

The amount and type of housing needed in Fortuna is largely determined by population growth, various demographic characteristics, and the quality of the existing housing stock. The demographic variables--including age, race/ethnicity, occupation, and income level--combine to influence the type of housing needed.

The Community Profile section of the Housing Element evaluates the population and household characteristics of Fortuna residents, summarizes available housing, and outlines the City's housing needs. Later chapters of the Housing Element discuss the various constraints, resources, and programs to address housing needs.

The following table describes the housing characteristics in Fortuna.

Table 1
Housing Characteristics

Characteristics	1990	2000	Difference	% change
Total housing units	3,641	4,414	773	21%
Type of Units				
Single Family Detached	2,354	2,915	561	2.3%
Single Family Attached	114	229	115	100%
Duplex to Fourplex	574	520	-54	-9%
5 or more units	270	311	41	15%
Mobilehomes	399	434	35	9%
Occupancy				
Occupied	3,467	4,185	718	
Vacant	174	229	55	
% vacant	5%	5%	--	0
Tenure				
Renter-occupied units	1,318	1,579	261	
Owner-occupied units	2,149	2,606	457	
Median Monthly Mortgage	$604	$960	356	58%
Median Gross Rent	$354	$526	172	46%
Persons/Household	2.4	2.4	0	0
Median Number of Rooms	5.0	5.0	0	0
1.01 or more persons per room	152	270	118	77%
Rental Vacancy	5.4%	5.7%	0.3%	
Single Family Vacancy	N.A.	1.7%		

Source: 1990 and 2000 Census

The above Census data shows that there have been an additional 773 housing units constructed between 1990 and 2000. This number corresponds well to the City's building permit records, which show 747 units (single family plus multi-family) between 1993 and 2003.

As shown in the above table, the vacancy rate is 5.7% for rental units and only 1.7% for single-family units. The Housing Element handbook considers a vacancy rate of 6% necessary to allow for adequate choice and provide

for a competitive rental market. Therefore, Fortuna's vacancy rate is below a desirable level and creates a hardship for renters and drives up rents.

2.1b Housing Costs

In 1990, the median housing value in Fortuna was $94,304. The median house value in 2000 was $130,700, according to the U.S. Census, and in 2003 Fortuna's median has increased to $218,036, according to the Humboldt County Board of Realtors. This is a 131% increase from the 1990 figure, an alarming increase.

2.1c Housing Conditions Survey Results

A housing conditions survey was conducted by the Redwood Community Action Agency for the purpose of evaluating the condition of the existing housing stock in Fortuna. The results are shown in the following table.

Table 2
Housing Conditions

Level of Need	No. of Units	Percent of Total
Sound	1,578	47.31%
Minor	948	28.40%
Moderate	590	17.70%
Substantial	183	5.50%
Dilapidated	31	0.09%
Total:	3,330	100%

2.2 Population Characteristics

Population projections and trends for Fortuna are as follows:

Table 3
Population

Year:	1990	2000	Avg. Annual Change
Population:	8,788	10,497	1.6%

The increase in population from 8,788 in 1990 to 10,497 in 2000 is fairly consistent with the historical annual average population growth trends for Fortuna, which has averaged at an annual rate of approximately one to two percent.

In terms of regional population trends, Fortuna has been one of the chief growth areas of the County over the last 10 years. For example, Fortuna's share of the total County population growth increased from 7.4% to 8.2% between 1990 and 2000. This is because there has been an adequate supply of land and public facilities for urban land use. The supply of vacant land is diminishing within the existing City limits, so this growth rate should level off somewhat unless in-fill policies are highly effective or unless additional vacant land is annexed.

Income Characteristics. According to the U.S. Census, the median family income in Fortuna is $38,867 per year.

Age Characteristics. A community's housing needs are determined in part by the age characteristics of residents. Each age group has distinct lifestyles, family type and size, income levels, and housing preferences. As people move through each stage of life, their housing needs and preferences change. As a result, evaluating the age characteristics of a community is important in addressing the housing needs of its residents.

Table 4
Age Characteristics

Age	1990	2000	% Change
Preschool Age (<5)	630	723	15%
School Age (5-17)	1,480	2,355	59%
College Age (18-24)	724	561	-22%
Young Adults (25-44)	2,505	1,750	-30%
Middle Adults (45-64)	1,659	2,344	41%
Seniors (65+)	1,652	1,814	9%
Median	36.2	37.9	5%

Sources: 1990 and 2000 Census

Fortuna's population has grown in both the pre-adult age groups (comprised of pre-school and school aged minors) and the senior age group. The increase in the pre-adult groups indicates a need for single-family homes and larger apartments, while the growth in the senior group indicates a need for smaller homes and affordable apartments. The loss of young and middle adults is a concern. The reason for this loss appears to be twofold. While one reason is the loss of well-paying timber-related employment opportunities, the other is the increase in housing costs and the necessity to move out of the area in order to be able to purchase a starter home.

2.3 Special Needs Groups

Certain groups encounter greater difficulty finding decent, affordable housing due to their special needs and/or circumstances. Special circumstances may be related to one's employment and income, family characteristics, medical condition or disability, and/or household characteristics. State Housing Element law identifies the following "special needs" groups: the disabled, large households, seniors, farm workers, female heads of households, and the homeless. An important role of the Housing Element is to ensure that persons from all walks of life have the opportunity to find suitable housing in Fortuna.

2.3a Disabled

The City of Fortuna has a disabled population of 1,478 persons, according to the 2000 Census. The City continues to encourage and support the upgrade of existing buildings to conform to the American Disabilities Act (ADA) requirements. Some local buildings are also providing units that are accessible to handicapped people. The City has an implementation plan to upgrade City facilities and infrastructures to meet ADA standards.

2.3b Large Households

Large households are defined as having five or more members residing in the home. These households constitute a special need group because of an often limited supply of adequately sized, affordable housing units. Because of high housing costs, families and/or extended families are forced to live together under one roof. Overcrowded housing units are defined as those having more than 1.01 people/room. Fortuna has 160 units with 1.01 to 1.50 occupants per room, and 110 units with 1.51 or more occupants per room, which comprises 6.4 percent of the total housing units. Eliminating overcrowding conditions has been identified as one of the goals of the Housing Rehabilitation Program. Other ways to alleviate overcrowding is to develop and participate in a first time homebuyers program to promote homeownership, which would help some families move out of apartments which are typically smaller in size.

2.3c Seniors

Over the last 15 years, Fortuna has experienced a trend of senior citizens from other areas moving here to retire. Many of the children of the local residents have moved away because they cannot find work. The Lutheran

Home for the Aging and Mt. View Estates provide federally subsidized housing for these individuals. The Meadows is a new 40-unit apartment complex currently under construction that will provide HOME-assisted units to very-low and low-income seniors.

The housing rehabilitation program established by the Fortuna Redevelopment Agency has targeted the senior citizen group. The efforts were somewhat successful in that 11 of the dwellings rehabilitated between 1993 and 2003 were occupied by seniors. Future efforts of the Housing Rehabilitation Program will continue to target this group.

2.3d Farm Workers

There are no special housing needs for farm workers in Fortuna based on the characteristics of the agricultural operations in the Eel River Valley. These operations are family-owned and run dairies and do not have a need for seasonal workers.

2.3e Female Heads of Households

Female heads of households have a problem due to income levels and reluctance of some people rent to them. In 2000, there were 515 families with a female households and no husband present. Thirty-one percent of these (147 total) are below the poverty level. In comparison, 12% of the households of married couples were below poverty level.

The Housing Rehabilitation Program has been provided to female heads of households and this should continue, although the number of rehabilitated dwellings owned by females as the head of households decreased in this planning period from 16% previously to 3% currently.

2.3f Homeless

There are a number of existing programs assisting homeless persons, such as shelters run by Redwood Community Action Agency and others, and government programs including Social Security Income (SSI) and Aid to Families with Dependent Children (AFDC). Fortuna has no apparent homeless population except for occasional transients en route to other destinations. The homeless population in the County primarily is located in Eureka because County social services are located there as well as the Salvation Army emergency shelter. There are several transitional houses located in Fortuna that provide residential detoxification programs to those in need.

3. Housing Constraints

The City recognizes that adequate and affordable housing for all income groups strengthens the community. Many factors can work to encourage or constrain the development, maintenance, and improvement of Fortuna's housing stock. These include market mechanisms, government codes, and physical and environmental constraints. This section addresses these potential constraints.

3.1 Non-governmental Factors

The price of housing has been rising at a much greater rate than family income, thereby decreasing the opportunities for home ownership to a growing percentage of the public. Contributing market factors include increasing costs of land, material, labor, and financing, as well as fees charged for services by the private and public sector. Land and construction account for approximately 90% of the total cost for new housing construction.

Construction Costs. Construction costs vary according to the market cost of materials and supplies, the type of development, the presence of environmental conditions, and the availability of utilities and other facilities at the site. Since 1990, housing construction costs have climbed from $60/square foot in 1992 to $85 to $100/square foot in 2002. Prefabricated factory-built or manufactured housing is permitted in Fortuna and may provide for lower priced housing by reducing construction and labor costs.

Land Costs. As availability has decreased and demand has increased, land costs have increased from $40,000 for a typical 6,000 square foot lot in 1992 to $65,000 to $75,000 in 2002. In-fill lots are less costly to develop because streets and other facilities exist at the site; Fortuna has policies that support in-fill development. As easily developable land becomes scarce, developers begin to pursue land that is outlying where facilities are less available and where hillsides create more costly development techniques and special studies.

Mortgage Financing. The availability of financing affects a person's ability to purchase or improve a home. The higher the interest rate, the fewer households can afford to purchase at the same home sales price. To address the gap in federally backed loans for housing rehabilitation, the City offers the Housing Rehabilitation loans. A total of 32 single-family rehabilitation loans were made since 1993. For home purchases, the City should develop a first-time homebuyer assistance program.

3.2 Governmental Constraints

Governmental regulation, while purposefully assuring the quality of development in the community, also increases the cost of development and thus the cost of housing. Governmental constraints include land use controls, fees, and other exactions required of developers, and time-consuming permit processing and complicated procedures. Since governmental controls are intended to ensure the health and safety of the general public, there is a fine balance between this goal and the easing of governmental controls in order to reduce development costs. Additionally, the cost of development and its associated infrastructure needs to be borne by the development and its future users rather than by the general fund and the public at large.

Local Land Use Controls. General Plan density standards, subdivision regulations, and zoning standards, by their nature, limit the amount of development on a given site and therefore directly affect the cost of development. The regulations also identify minimum development standards for improvements such as roads, utilities, parking areas, and drainage facilities among other things. These standards are important since they are intended to protect public health, safety and welfare, and reduce future cost to the taxpayers for services and avoid problems such as drainage impacts on existing development, flood damage, and land stability among others. Also, it should be noted that development controls are used to insure that large tracts of land are not restricted for future development. Many land divisions that occurred in Fortuna before there were subdivision rules left large parcels with inadequate access rights-of-way for high-density developments. Other developments created drainage problems. As a general rule, the City's development standards are similar to or less restrictive than other jurisdictions in California. For example, the City's parking standards are less restrictive than most other areas and there are not any excessive open space or agricultural zoning criteria.

The City offers various mechanisms to provide relief from development standards typically required of all residential projects, including allowing residential uses in commercial districts (subject to a conditional use permit), a 20% density bonus for affordable multi-family housing projects, and planned development districts which allow waiver of development standards to accommodate unique topographical conditions that would otherwise increase development costs.

State and Federal Constraints. Beyond the control of the City are the numerous state and federal regulations, including land use, environmental, and special fee regulations, that local agencies must implement and which contribute to the cost of housing.

Building Code and Energy Conservation Requirements. While minimum building standards are essential to ensure safe housing, additional standards controlling design or excessive safety standards may increase the cost of housing unnecessarily. The City currently enforces the minimum energy conservation and building standards required by State law. The City adopted the Uniform Code of Building Conservation (UCBC) to lower the cost of improving older buildings.

Fees and Exactions. Fees for processing applications, while important in offsetting the costs of City time in planning and regulating development, can be limited to minimize the effect of the cost per unit of housing developed. The fees established by the City are reasonable since the fee schedule for plan checks and building permits is 85% of the recommended fee schedule in the Uniform Building Code. The City's zoning and subdivision permit fees are generally the lowest in the County.

The City collects development fees for drainage, traffic, water, and sewer capital improvements. These fees are important because new development has been severely restricted in the past due to inadequate public facilities. If new development occurs without improving the situation, the long-term costs would be much greater. If the City did not plan for future growth and expand the water and wastewater systems, very little growth would occur since the City would not be able to provide service due to the lack of adequate capacity and pressure. The traffic fees are also based on the improvements needed in the transportation system to accommodate future development. The existing residents should not have to pay the cost associated with new development. The approach the City has taken is to have new development pay its fair share of the cost of the public infrastructure needed to accommodate it.

Permit Processing and Permit Procedures. Permit processing can be a lengthy process that delays the development of housing and therefore increases the cost. One valid complaint often received from people applying for permits is that they should know all the rules and relative costs up front. The City continually evaluates how to streamline permit processing procedures and updates handouts that clearly explain the process and requirements. For example, staff has recently initiated a "Pre-Application Meeting" program so that the public can be better informed up front from all City departments before an application is turned in. The City also schedules periodical "builders forums" to improve communication with the development community as a means of facilitating application processing.

The City also maintains a tracking system of permits and development applications based on a timeline system that shows where projects are within the review process from submittal date, application completion date, to approval date. The City's processing time for applications is relatively quick compared to most other local jurisdictions. For example, it takes a minimum of six weeks to process a minor subdivision in Fortuna, upon submittal of an application that meets the content requirements of Fortuna's Subdivision Ordinance. A major subdivision takes approximately three months to bring to public hearing (though it may get continued due to public input). Upon submittal of complete building plans, building permits are reviewed and approved within ten to fifteen working days.

Subdivision Regulation Constraints. Local, state, and federal regulations and requirements add to the cost of residential development through the subdivision process. These constraints can include: mitigation of State Fish and Game concerns, State Fire Safe Standards, Regional Water Quality requirements, Flood Insurance restrictions, and CEQA review. Fortuna has fewer environmental restrictions than adjoining jurisdictions by

virtue of local environmental conditions; for example, Fortuna has no Alquist Priolo Special Studies Zone, no Coastal Zone, no Timberland Protection Zone, and only two very small agriculturally zoned parcels.

On and Off Site Improvements. There needs to be adequate roads, drainage facilities, water supply, and sewage disposal capacity to accommodate new residential development.

Currently the City has a critical problem in several areas in the community due to inadequately sized drainage, water, and sewer facilities. Many of the streets are also substandard and many areas lack curbs, gutters, and sidewalks. The City is slowly dealing with the problems on a priority basis through the Capital Improvement Program and Redevelopment Project. Where the City has no programs in place, the developers are expected to make the improvements and this can add to the land development costs.

4. Housing Resources

This section estimates the projected housing needs that are required to adequately house the City's population over the next five years in units that are affordable, in standard condition, and not overcrowded. Factors that influence the need for housing include the following: Population Growth; Employment; and Special housing needs

Information on population and employment growth is used to develop a "housing needs plan" that is required by State law. This plan is discussed below along with special housing needs in the City.

4.1 Regional Housing Needs

California law requires that each city and county, when preparing its State-mandated Housing Element, develop local housing programs to meet its "fair share" of existing and future housing needs for all income groups. This "fair share" concept seeks to ensure that each jurisdiction, to the extent feasible and appropriate, provides housing for its resident population, and those households who might reasonably be expected to reside within the jurisdiction, with a variety of housing appropriate to their needs. The fair share is allocated to each City and the County by the Department of Housing and Community Development (HCD). One of the major goals of the Housing Element is to develop policies and programs to meet the goals established through the fair share allocation.

This plan allocates the development of new housing among different cities and the county by income level. The table below shows the allocation for the City. The "Very Low" category is defined as those households that make less than 50% of the County median income and the "Low" category income is between 50% and 80% of the County median income. The "Moderate" income level is 80% to 120% of the county median income and the "Above Moderate" household has an income greater than 120% of the County median income level.

The housing allocation for Fortuna is as follows:

Table 5
Projected Housing Needs, 2001-2008

Income Category	Number of Housing Units	Percent of Total
Very Low (<50% of median)	111	28%
Low (50 to 80% of median)	17	17%
Moderate (80 to 120% of median)	73	18.5%
Above Moderate (>120% of median)	144	36.5%
Total	395	100%

Source: Humboldt County Association of Governments; Regional Housing Needs Plan for Humboldt County; November 2002.

Following the City's existing average of 50 building permits per year, the City would construct about 400 units in the 8-year period. Affordable units could be provided with several grant-funded projects similar to the 40-unit Danco project under construction now.

The City has several programs that are designed to help meet the housing needs of the very low and low households; these programs consist of:

1) Multifamily housing sites;
2) HOME construction loans or other first time homebuyer program;
3) Second units; and
4) Redevelopment Agency 20% affordable housing set-aside funds.

4.2 Residential Land Use Inventory

As discussed in Community Profile section, the City had a population of 10,497 in 2003 and it is anticipated that it will continue to grow at an annual rate of 1.5% over the next 20 years. The ultimate development of the City as estimated in the 1988 General Plan is based on four factors. These factors include (1) zoning, (2) the physical characteristics of the City including topography, slope stability, flooding potential, and aesthetics, (3) the availability of water and sewer service, and (4) the condition of the streets and access to vacant land. The ultimate development of the City was estimated based on these four factors. The City is anticipated to have approximately 6,500 total dwellings at buildout. The location of the future new dwellings in the City are shown in Figure 1 The ultimate population would range from 16,000 to 18,000 depending upon the number of people per dwelling.

In addition, State law requires that the Housing Element include a land inventory so that the potential developable land can be compared to the new construction estimates in the housing needs plan. The land that is vacant and readily available for development is shown in the following table. This is based on the existing zoning of land and typical development densities, less 30% for infrastructure development and undevelopable areas (wetlands and steep hillsides).

According to the Regional Housing Allocation for Fortuna, a total of 395 need to be constructed by 2008 to meet the housing needs projected to occur between 2001 and 2008. The Remaining Vacant Land table shows that there is land available to construct 1,718 potential dwelling units, comprised of 371 low density single family units (RE-43 and RE-20), 950 standard single family units (R-1-10 and R-1-6), and 397 multi-family units (R-M).

Exhibit 1 Remaining Vacant Land Aerial Photo

Table 6 Remaining Vacant Land, 2003

A question that needs to be evaluated is whether the potential lots will be made available to people in the low and moderate-income categories. Because of the cost of land and construction, the only way homes can be made available to the low and very low-income groups is through federal and/or state sponsored programs that provide subsidized financing. Without these efforts, people in this income category cannot afford to purchase a home since none of the developers can target this market because projects would not be financially feasible. In addition, people that rent tend to reside in older substandard dwellings. This occurs because property owners generally do not improve properties that are not earning income or providing returns on invested equity. This problem can be dealt with through a housing rehabilitation program that provides subsidized financing so that owners can upgrade their property, and through a commitment by the City to develop an effective first time homebuyers program.

4.3 Conversion of Assisted Housing

State law requires that the Housing Element include an analysis of the existing assisted housing developments that are eligible to change from low to moderate income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. There are several subsidized housing projects in the community. These include Mountain View Village Apartments, the Braun Subdivision, and scattered single-family dwellings financed by the Farmers Home Administration. To date none of the multifamily developments have been converted to non-subsidized housing and this trend is expected to continue over the next 10 years. Most of the single-family homes financed by the Farmers Home Administration have been converted due to sales and refinances. CDBG grants were obtained to help pay the cost of off-site infrastructure for the Redwood Housing Corporation apartments. If any of these units are converted, the subsidy has to be repaid with interest, and the repayment is used to provide other housing for the targeted income group.

5. Housing Goals, Policies, and Programs

This section describes the goals and policies of the City concerning housing. It also identifies the specific programs the City will implement to provide affordable housing.

5.1 Goals and Policies

The major purpose of the goals and policies described below are to continue to make progress in housing issues in the City.

Provide decent housing for all persons regardless of age, sex, race, marital status, ethnic background, income, or other arbitrary factors.

- Continue to encourage the development and provision of a variety in housing choices for all economic groups including variety residential type, tenancy, size, location, and price.
- Provide and post information at City Hall on Federal and State programs dealing with fair employment and fair housing opportunities and refer complaints to the State Department of Fair Employment and Housing.
- Continue to assist and encourage the private sector to construct and finance new housing including both owner and rental units.

Provide adequate housing by location, type, price, and tenure, including for those of low and moderate income.

- Promote the provision of an adequate number of rental units affordable to low and moderate income households.
- Continue to encourage sound growth in the City by designating suitable sites for residential development.
- Approach widespread housing problems through the coordinated action of government, private sector, and the community at large.

Provide for the development of a balanced residential environment including access to jobs, community facilities, and services.

- Continue to review the zoning and subdivision ordinance and revise as necessary to correct conflicts and to streamline the permit process.
- Continue to conduct studies and make recommendations on improving the permit processing procedures and update handouts that explain the various development standards to the public.
- Assist the private sector to the extent feasible to construct new housing within the City. In addition, assist the private sector in trying to obtain State or Federal financing to construct new housing.
- Continue to make a maximum effort to promote affordable housing for retired Fortuna residents, particularly those with limited fixed incomes.

Encourage sound growth by designating suitable sites for residential development.

- Promote adaptive reuse of vacant buildings within the City as housing.

Improve and conserve existing residential neighborhoods.

- Continue to insure a high level of design quality for higher density housing.
- Protect architecturally significant residences and neighborhoods.
- Continue to monitor housing condition and where possible steps should be taken to upgrade those that need repairs.
- Actively enforce new state construction standards for energy efficiency.
- Continue to enforce housing, electrical, fire prevention, and health and safety codes to assure that the quality, safety, and livability of the housing stock will be maintained.
- Continue to assure that codes and specifications reflect changes in construction technology.
- Current minimum housing standards and building codes should not be lowered in order to allow construction of low cost housing.

Strive to reduce the cost of housing and to provide starter homes for residents, particularly young families.

- Be of assistance to the private sector and public agencies capable of producing or assisting in producing housing, particularly including low and moderate-income housing.
- Promote home ownership within the City.
- Encourage the use of solar energy within the City.
- To the fullest extent feasible, utilize state and federal funding to develop a program to rehabilitate housing in the City in need of repair by providing low interest loans to those people who do not qualify for normal financing.
- To the fullest extent feasible, attempt to obtain state and federal funding to install public infrastructure that would encourage in-fill and lower overall development costs for housing.
- Encourage in-fill in the mid-Fortuna area to reduce the cost of new residential construction and minimize the cost of providing public services.
- Strive to keep the City's Improvement Standards and Specifications up to date.
- Continue to encourage the development of starter homes for first time homebuyers by providing funding to upgrade streets, drainage, water, and sewer facilities using the 20% Housing Set Aside funds from the Fortuna Redevelopment Project.

5.2 Programs

The programs described below will be implemented in the planning period.

Housing Rehabilitation

Statement: Attempt to obtain State and Federal assistance to expand the Housing Rehabilitation Program to upgrade those units needing rehabilitation consistent with state and federal guidelines. The purpose of the program would be to provide low interest loans to low and moderate income families to make necessary repairs.
Agency: Fortuna Redevelopment Agency
Financing: Community Development Bloc Grant and 20% Housing Set Aside Funds
Objective: 30 units by 2008

HOME-Financed First Time Homebuyer Program

Statement: Work with developers to provide single-family starter homes for young families by assisting with public improvements for those projects financed by the Home Investment Partnership Program (HOME).
Financing: 20% Housing Set Aside Funds from the Fortuna Redevelopment Project
Time Frame: Through 2008
Objective: Assist with the development of 25 single-family starter homes for young families.

Promote Fair Housing Opportunities

Statement: Continue to encourage equal housing opportunities for all persons regardless of sex, religion, race, marital status, ancestry, national origin, or color. This program will be encouraged by posting information from the State Department of Fair Employment and Housing at City Hall and in the Library. People asking questions at City Hall will be referred to the appropriate state agency.
Financing: N/A
Time Frame: Continuous
Objective: Promote fair housing opportunities.

CDBG Housing Revolving Loan Fund

Statement: The City received CDBG grants in 1988, 1989, and 1992 to create and carry out a housing rehabilitation program for low and moderate income residents. The Fortuna Redevelopment Agency is responsible for implementing the program. The funds from the grant were used to make loans to qualified property owners. The loan repayments have been placed in a revolving fund. The moneys in the revolving loan fund are being used to make loans to rehabilitate dwellings of low and moderate-income residents.
Financing: Revolving Loan Fund and future CDBG grants
Time Frame: Through 2008
Objective: Increase and improve the supply of low and moderate income housing by rehabilitating 30 units.

Fortuna Redevelopment Agency 20% Housing Set Aside Allocation

Statement: The Fortuna Redevelopment Agency is expected to have approximately $300,000 available from the 20% housing set aside allocation between 2001 and 2008. These

funds can be used to support the construction of new dwellings, the rehabilitation of existing dwellings, and the conservation of existing dwellings of low and moderate-income residents. The funds can also be used to pay the cost of public improvements that benefit low and moderate-income families.

Financing: Fortuna Redevelopment Agency's 20% Housing Set Aside Allocation.

Time Frame: Through 2008

Objective: Provide off-site public improvements that will make 30 new single-family starter homes available.

Density Bonus Program

Statement: Existing State law requires that the City allow more dwellings to be built than the existing development standards allow if a developer agrees to make a certain number of dwellings available to the Target Income Group. This provision in State law is commonly referred to as a density bonus provision. The City should actively encourage developers to utilize the density bonus provision and provide affordable housing.

Financing: City of Fortuna

Time Frame: Through 2008

Objective: Provide affordable housing through use of the density bonus provision.

Non-Profit Agency Homeless Program

Statement: Homelessness is currently not a significant problem in Fortuna. However, if a non-profit agency determines that a shelter should be built, the City should work with such agency to determine an appropriate location based on existing land use and zoning. The City's Zoning Ordinance currently allows a homeless shelter to be built in several zone classifications with a use permit. Any final decision will be based on the City's review and approval.

Financing: Non-profit agency

Time Frame: N/A

Objective: Assist with the development of a homeless shelter, if necessary.

State and Federal Housing Assistance

Statement: The Department of Housing and Urban Development (HUD) and the Farmers Home Administration (FmHA) have placed an emphasis on the development of housing for low and moderate income families. Lutheran Home for the Aging, Mt. View Estates, St. Luke's Manor, the Braun subdivision, Wood Creek Apartments, Redwood Housing Corporation, and some local developers have used federal moneys to construct new single family homes and apartments for low and moderate income residents. The City of Fortuna Redevelopment Agency has worked with these parties in the past to obtain financial assistance. The City and Agency should continue to pursue the use of these programs.

Financing: HUD, FmHA, and CDBG grants

Time Frame: Through 2008

Objective: Assist with the development of apartments and single-family homes when appropriate.

Improvement Standards

Statement: Because the City's Improvement Standards and Specifications are a critical component of subdivision design, it is imperative that they reflect realistic standards that protect public health and safety, while at the same time not impose unnecessary,

excessive development costs. The City shall review and update the Improvement Standards and Specifications to ensure that balanced improvements are required of new developments.

Financing: City of Fortuna

Time Frame: 2004

Objective: Evaluate the City's Improvement Standards and Specifications and update and modify if necessary.

Annual Progress Report

Statement: The City recognizes the need for streamlined permit processing as a means of facilitating development and supporting affordable housing. As a means of evaluating internal review and processing, an annual report shall be prepared for review by the City Council that indicates average processing times, any potential constraints to facilitating processing, and areas of improvement.

Financing: City of Fortuna

Time Frame: Annual basis

Objective: Evaluate and improve permit processing.