

Regional Housing Needs Assessment (RHNA) and General Plan Housing Element Update

Laguna Woods City Council Meeting
May 19, 2021
Item 8.1



Introduction

- ▶ **PREVIOUS MEETING:** May 5, 2021 - City Council

- ▶ Process Overview
- ▶ Draft Housing Needs Assessment
- ▶ Public Comments


- ▶ **CURRENT MEETING:** May 19, 2021 - City Council

- ▶ Housing Sites Inventory
- ▶ Public Comments

- ▶ **NEXT MEETING:** June TBD, 2021 - City Council

- ▶ Housing Sites Inventory (including HCD form)
- ▶ Public Comments

Introduction



CITY OF LAGUNA WOODS

Regional Housing Needs Assessment (RHNA)

Frequently Asked Questions

What is the Regional Housing Needs Assessment (RHNA)?

The Regional Housing Needs Assessment (RHNA) is a process mandated by the State of California's housing laws to determine existing and future housing needs for each city and unincorporated area. Once housing needs are quantified through the RHNA process, cities and counties are required to take certain land use planning actions to allow for the construction of new housing units to meet those needs.

Is the RHNA process new?

No. The RHNA process began in 1969 and has occurred on regular "cycles" since then. From 1969 until the City's incorporation in 1999, the County of Orange was responsible for RHNA compliance and land use planning in Laguna Woods. Beginning in 1999, those responsibilities transferred locally to the City.

How does the RHNA process determine housing needs?

The California Department of Housing and Community Development (HCD) is responsible for determining housing needs for each region's "council of governments," which for Laguna Woods is the Southern California Association of Governments (SCAG). The SCAG region encompasses six counties (Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura) and 191 cities.

HCD starts with demographic population information from the California Department of Finance and then applies a formula intended to increase housing supply and further other housing-related objectives established by the California State Legislature (see California Government Code Section 65584).

After receiving HCD's housing needs determination, SCAG uses a methodology to allocate HCD's determination between individual cities and unincorporated areas. For the current 6th Cycle RHNA process (10/2021 - 10/2029), SCAG's methodology considered factors including, but not limited to, anticipated household growth, job and transit accessibility, and social equity (the distribution of housing by income categories).

Current RHNA Process	Housing Needs Determination for the SCAG Region	Housing Needs Allocation for Laguna Woods
For the period 10/2021 - 10/2029 (AKA "6th Cycle")	1,341,827 units	997 units

What does the RHNA process require of the City?

Once SCAG has identified the City's housing needs allocation, the City is required to zone sufficient land to allow for the construction of new housing units to meet that allocation. Such land must be "suitable for residential development," which state law generally defines as including vacant land, residential land upon which additional housing units could be constructed, and nonresidential land that could be redeveloped to include new housing units (California Government Code Section 65583.2(a)). Such zoning must be "by right," which means that the City is required to allow new housing construction without requiring conditional use permits or other discretionary approvals that would constitute a "project" under the California Environmental Quality Act (CEQA).

How does the City's General Plan Housing Element relate to the RHNA process?

State law requires that all cities update their general plan housing elements on either a five- or eight-year cycle (California Government Code Section 65588). The City is on an eight-year cycle with its next update due on October 15, 2021. Prior to adopting its updated General Plan Housing Element, the City will be required to demonstrate to HCD that the update adequately plans for the City's housing needs allocation and otherwise complies with state law (California Government Code sections 65583 and 65585).

Does the City have the ability to zone private property?

Yes. State law requires the City to designate "the proposed general distribution and general location and extent of the uses of the land" within city limits, including both "public and private uses of land" (California Government Code Section 65502(a)). All public and private property in Laguna Woods, with the exception of public streets, is presently zoned and has been since the community was first constructed.

Does the RHNA process require the City to construct housing?

No. State law is explicit that the City is not required to "expend local revenues for the construction of housing, housing subsidies, or land acquisition" (California Government Code Section 65589(a)(1)).

Does the RHNA process require property owners to construct housing?

No. While state law requires zoning sufficient to accommodate the City's housing needs allocation, it does not require the use of that property to be limited to the construction of new housing units nor does it require property owners to construct housing or discontinue any existing non-housing uses. If a property owner does not wish to construct housing, zoning that allows such construction only presents an option for the future.

Who makes the decision to construct housing?

Housing construction requires interested property owners and interested developers. No party is obligated to construct housing or discontinue any existing non-housing uses, regardless of how property is zoned.

Does the RHNA process allow the City to permit only senior housing?

No. State law specifies that the RHNA process is intended to address the "housing need of persons at all income levels" with goals including "increasing the housing supply and the mix of housing types, tenure, and affordability" (California Government Code Section 65584). While property owners may choose to construct age-restricted housing, state law does not allow the City to place such a restriction on properties for the purpose of accommodating the City's housing needs allocation.

Does the City receive credit for existing affordable housing units?

No. The RHNA process is focused on future housing needs. For the 6th Cycle RHNA process, credit is only provided for housing units approved, permitted, or built on or after June 30, 2021.

www.cityoflagunawoods.org/projects

Introduction

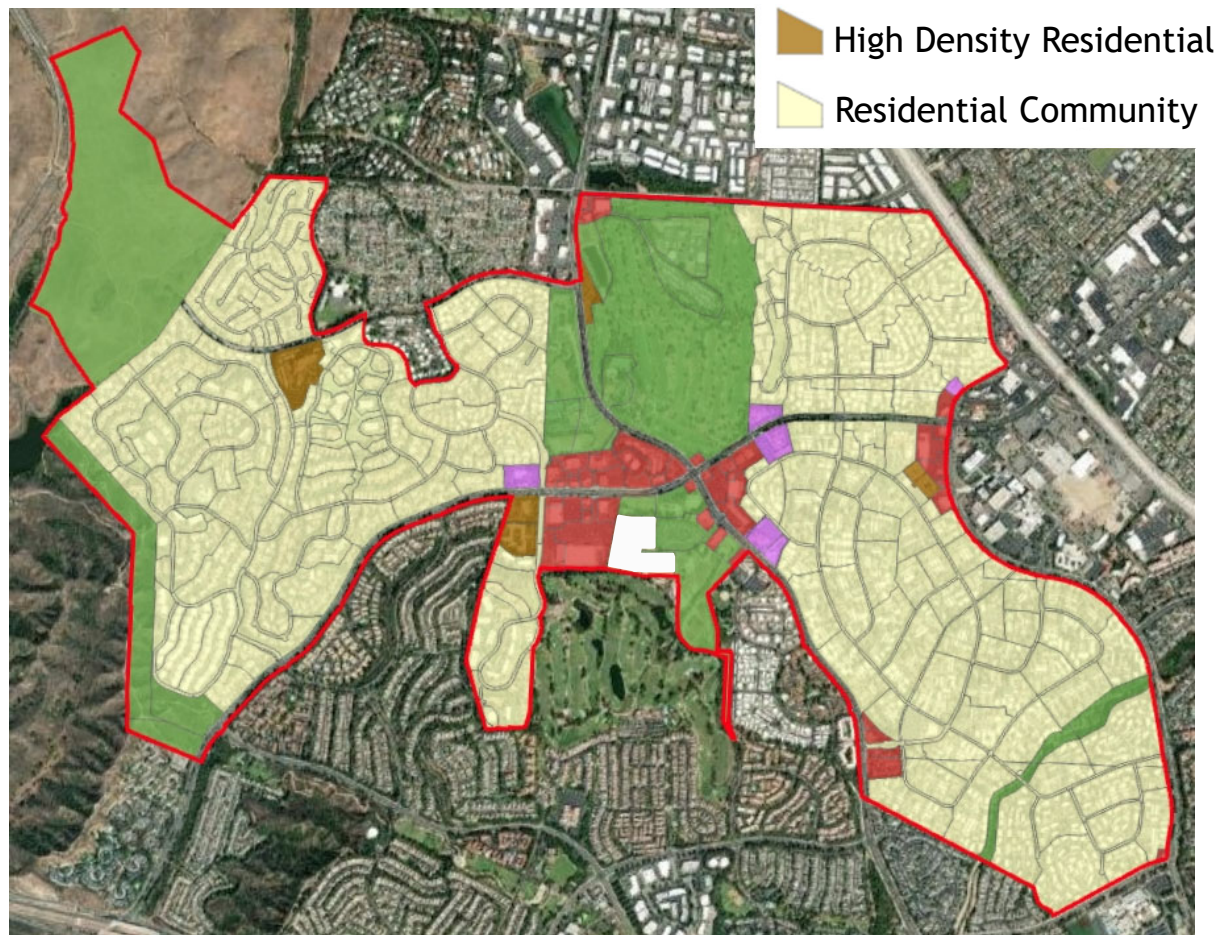
- ▶ The Regional Housing Needs Assessment (“RHNA”) and General Plan Housing Element Update are mandated by state law
- ▶ RHNA determines existing and future housing needs for every city and unincorporated area in California (“housing needs allocation”)
 - ▶ Once complete, cities and counties are required to:
 1. Update the General Plan Housing Element to “adequately” plan for the housing needs allocation
 2. Zone sufficient land to allow for the construction of new housing units to meet the housing needs allocation
- ▶ Property owners remain responsible for determining whether to construct housing; existing uses are not required to end

Housing Needs Allocation

Income Level	Income Limits for One-Person Households*	Number of Units
Very-low income	\$47,100	127 units
Low income	\$75,300	136 units
Moderate income	\$89,650	192 units
Above-moderate income	-	542 units
TOTAL		997 units

* California Department of Housing and Community Development, State Income Limits for 2021. April 26, 2021.

EXISTING ZONING



Housing Sites Inventory

- ▶ State law requires that the updated General Plan Housing Element include an inventory and analysis of land suitable and available for residential development to meet the housing needs allocation
- ▶ State law allows the following types of sites to be used to meet the housing needs allocation:
 - ▶ Vacant sites that allow residential development
 - ▶ Residentially zoned sites that are capable of being developed at a higher density (non-vacant sites, including underutilized sites)
 - ▶ Non-residentially zoned sites that can be redeveloped for residential use and a program is included to rezone the site accordingly
 - ▶ Sites owned or leased by a city, county, or city and county

Vacant Sites

- ▶ As defined by the California Department of Housing and Community Development (“HCD”), *“a vacant site is a site without any houses, offices, buildings, or other significant improvements on it.”*
 - ▶ *“No improvement on the site (other than being a finished lot)*
 - ▶ *No existing uses, including parking lots [...]*
 - ▶ *Underutilized sites are not vacant sites”*
- ▶ Only two sites qualify as vacant:
 1. **Vacant lot near Town Centre**
(included as Site #1 in the Housing Sites Inventory Scenario)
 2. **Laguna Laurel Property at the western end of Santa Maria Avenue**
(excluded from consideration due to a conservation easement that expressly prohibits the construction of housing)

Perceived Vacant Sites

- ▶ Sites that community members might consider vacant based on appearance were identified and preliminarily screened for constraints that could affect housing construction
 - ▶ Gate 16 properties near Laguna Woods Village Clubhouse 7
 - ▶ “23 Acre Site” off Via Campo Verde
 - ▶ Basin near Laguna Woods Village Equestrian Center
 - ▶ Woods End Wilderness Preserve
 - ▶ Closed street at western end of Santa Maria Avenue



Gate 16 properties near Laguna Woods Village Clubhouse 7

Perceived Vacant Sites

Site & Owner	Constraints to Housing Construction
Gate 16 properties near Laguna Woods Village Clubhouse 7 (Golden Rain Foundation)	<ul style="list-style-type: none">• Part of Laguna Woods Village <i>City consulted with HCD on this constraint</i><ul style="list-style-type: none">• Age and income requirements• Despite having a 115-unit RHNA site since 2003 and excess zoning capacity, no housing has been constructed in the Village since 1980• Golden Rain Foundation<ul style="list-style-type: none">• Ability to build housing or unilaterally sell/lease property is restricted• Owns the existing 115-unit RHNA site• Redesignated/Rezoned in 2015 as Open Space<ul style="list-style-type: none">• Requested by the property owner• Prior use was to be residential and commercial



“23 Acre Site” off Via Campo Verde

Perceived Vacant Sites

Site & Owner	Constraints to Housing Construction
<p>“23 Acre Site” off Via Campo Verde</p> <p>(Golden Rain Foundation)</p>	<ul style="list-style-type: none">• Part of Laguna Woods Village <i>City consulted with HCD on this constraint</i><ul style="list-style-type: none">• Age and income requirements• Despite having a 115-unit RHNA site since 2003 and excess zoning capacity, no housing has been constructed in the Village since 1980• Golden Rain Foundation<ul style="list-style-type: none">• Ability to build housing or unilaterally sell/lease property is restricted• Owns the existing 115-unit RHNA site• Redesignated/Rezoned in 2015 as Open Space<ul style="list-style-type: none">• Requested by the property owner• Prior use was to be residential and commercial• Property contains a natural creek bed regulated by the State and sensitive wildlife communities• Portion is used as a drainage facility



Basin near Laguna Woods Village Equestrian Center

Perceived Vacant Sites

Site & Owner	Constraints to Housing Construction
Basin near Laguna Woods Village Equestrian Center (Golden Rain Foundation)	<ul style="list-style-type: none">• Part of Laguna Woods Village <i>City consulted with HCD on this constraint</i><ul style="list-style-type: none">• Age and income requirements• Despite having a 115-unit RHNA site since 2003 and excess zoning capacity, no housing has been constructed in the Village since 1980• Golden Rain Foundation<ul style="list-style-type: none">• Ability to build housing or unilaterally sell/lease property is restricted• Owns the existing 115-unit RHNA site• Redesignated/Rezoned in 2015 as Open Space<ul style="list-style-type: none">• Requested by the property owner• Prior use was to be residential and commercial• Property is used as a drainage facility that collects both on-site and off-site stormwater runoff



Woods End Wilderness Preserve

Perceived Vacant Sites

Site & Owner	Constraints to Housing Construction
<p>Woods End Wilderness Preserve</p> <p>(City-owned)</p>	<ul style="list-style-type: none">• California Coastal Conservancy Restriction<ul style="list-style-type: none">• Prohibits use inconsistent with “<i>non-vehicular public access into the Laguna Coast Wilderness Park and natural resource protection and restoration</i>”• County of Orange Lease<ul style="list-style-type: none">• Leased for inclusion in the Laguna Coast Wilderness Park through February 28, 2047



Closed street at western end of Santa Maria Avenue

Perceived Vacant Sites

Site & Owner	Constraints to Housing Construction
Closed street at western end of Santa Maria Avenue (Third Laguna Hills Mutual)	<p>The City's use is limited to street purposes.</p> <p>If the City were to vacate its rights, the underlying property is part of Laguna Woods Village.</p> <ul style="list-style-type: none">• Part of Laguna Woods Village <i>City consulted with HCD on this constraint</i><ul style="list-style-type: none">• Age and income requirements• Despite having a 115-unit RHNA site since 2003 and excess zoning capacity, no housing has been constructed in the Village since 1980

Non-Vacant Sites

- ▶ Sites where interest in housing construction has been previously expressed are included in the housing sites inventory scenario:
 1. In 2014, the property owner's agent expressed interest in the **Willow Tree Center East** property (Site #16)
 2. In 2017, the property owner and a housing developer expressed interest in the **Laguna Country United Methodist Church** property (Site #14)
- ▶ Based, in part, on previous interest in the Methodist Church site, parcel sizes, proximity to public transit, mission compatibility, and membership-related trends, other sites presently used as places of worship are included in the housing sites inventory scenario

“Churches and other religious and charitable institutions often have land to spare, and they should be able to use that land to build affordable housing and thus further their mission.”

Senator Scott Wiener,
2020 (CA D-11)

Non-Vacant Sites

- ▶ Based, in part, on previous interest in the Willow Tree Center East site, parcel sizes, and proximity to public transit, other commercial sites are included in the housing sites inventory scenario
 - ▶ An emphasis was placed on identifying commercial sites with:
 - ▶ **Frequent or long-term vacancies**
 - ▶ As evidence by marketing
 - ▶ **Less established tenants**
 - ▶ U.S. Bureau of Labor Statistics: approximately 20% of small businesses fail in the first year, 50% by the end of the fifth year, and 66% by the end of the tenth year
 - ▶ **Single tenants**
 - ▶ Fewer lease implications
 - ▶ **Viable adjacent sites**
 - ▶ Potential for lot consolidation

City Sites

- ▶ The City owns the following sites:
 - ▶ **City Hall/Public Library**
 - ▶ Only public building; library expansion by 2022
 - ▶ **City Centre Park**
 - ▶ Public park; state grant-related deed restriction
 - ▶ **Woods End Wilderness Preserve**
 - ▶ Public park; constraints previously discussed
 - ▶ **Property at Santa Vittoria Drive/San Remo Drive**
 - ▶ 0.32 acre; absent evidence, HCD considers properties less than 0.5 acre inadequate to accommodate lower income housing
- ▶ The City does not own the property on which its dog park is located. The underlying property is part of Laguna Woods Village (Golden Rain Foundation); previously discussed constraints would apply
 - ▶ Only dog park

Housing Sites Inventory Scenario

PROPERTIES PERMITTED TO BE DEVELOPED AS HOUSING (UP TO 100% HOUSING)			
Site Number	Existing Use	Maximum Density	Capacity (New Housing Units)
1	Vacant lot near Town Centre	40 units per acre	65
2	Parking lot for Pacific Hills Calvary Chapel	40 units per acre	25
3	Rossmoor Electric	40 units per acre	44
4	Saddleback Golf Cars	40 units per acre	44
5	Laguna Woods Self Storage	40 units per acre	189
6	Animal Hospital	40 units per acre	27
7	PS Business Park (excludes Jack in the Box)	40 units per acre	103
8	Smart Parke	40 units per acre	85
9	McCormick & Son Mortuary	20 units per acre	25
10	Lutheran Church of the Cross	20 units per acre	54
11	Geneva Presbyterian Church	20 units per acre	71
12	Saint Nicholas Catholic Church	20 units per acre	83
13	Temple Judea	20 units per acre	31
14	Laguna Country United Methodist Church	20 units per acre	70
PROPERTIES PERMITTED TO BE DEVELOPED AS MIXED USE (USES SIMILAR TO EXISTING AND UP TO 55% HOUSING)			
Site Number	Existing Use	Maximum Density	Capacity (New Housing Units)
15	Medical building in Town Centre	40 units per acre	56
16	Willow Tree Center East (Olive Garden and South County Adult Day Services)	16 units per acre	25

Consideration has been given to compatibility in scale and massing

Will be refined and discussed again

Helm Center property is also being considered

Housing Sites Inventory Scenario

LOWER INCOME CAPACITY

- ▶ Nine sites include maximum densities in excess of HCD's minimum threshold for accommodating lower income units (30 units per acre) on properties 0.5 to 10 acres in size
 - ▶ **Cumulative capacity is 638 lower income units -- 142% greater than the 263 lower income units the City is required to accommodate**
 - ▶ **309 of those units** fall within a generally accepted range of financial feasibility for federal- or state-funded projects
 - ▶ The lone viable vacant site (Site #1) is included
- ▶ Staff intends to recommend modifying the existing inclusionary housing ordinance to increase the minimum percentage of new units that must be deed-restricted for lower income households
 - ▶ Preceded by consultation with developers per HCD guidance

Other Future Considerations

- ▶ Staff intends to recommend the following, consistent with state law and HCD guidance:
 - ▶ Regulatory incentives, including incentives to encourage the construction of affordable housing on non-vacant sites
 - ▶ Over-zoning to create a surplus of land for housing construction
 - ▶ “Affirmatively furthering fair housing”
- ▶ Prior to adopting an updated General Plan Housing Element:
 - ▶ Additional public meetings will be held to receive public comments
 - ▶ A draft will be circulated for public review and comment
 - ▶ Including to advocacy groups and interested developers

Public Comments

Councilmember Discussion

Recommendation

Provide direction to staff.

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For more information:

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