

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


Laguna Woods City Council Meeting
June 2, 2021
Item 8.1



Introduction

- ▶ **PREVIOUS MEETING: May 5, 2021 - City Council**
 - ▶ Process Overview
 - ▶ Draft Housing Needs Assessment
 - ▶ Public Comments
- ▶ **PREVIOUS MEETING: May 19, 2021 - City Council**
 - ▶ Housing Sites Inventory
 - ▶ Public Comments
- ▶ **CURRENT MEETING: June 2, 2021 - City Council**
 - ▶ Housing Sites Inventory [including draft California Department of Housing and Community Development (“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.

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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.

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

Housing Sites Inventory Scenario

- ▶ Revised following the May 19, 2021 City Council meeting
- ▶ Clean and redline versions were included in the agenda packet
- ▶ Revisions include:
 - ▶ Addition of the Helm Medical Center site
 - ▶ “Over-zoning” to help ensure that sufficient adequate sites are available at all times to meet the remaining unmet housing needs for each income category (“No Net Loss Law”)
 - ▶ **1,175 units** (178 units, or 17.85%, more than required)
 - ▶ Close to HCD’s recommendation of at least 20%
- ▶ Draft HCD form information was included in the agenda packet; the electronic spreadsheet version is available on the City’s website and from the City Clerk’s Office

Housing Sites Inventory Scenario

PROPERTIES PERMITTED TO BE DEVELOPED AS HOUSING (UP TO 100% HOUSING)			
Site Number	Existing Use	Maximum Density	<u>Realistic</u> Capacity (New Housing Units)
1	Vacant lot near Town Centre	40 <u>50</u> units per acre	65 <u>81</u>
2	Parking lot for Pacific Hills Calvary Chapel	40 <u>50</u> units per acre	25 <u>31</u>
3	Rossmoor Electric	40 <u>50</u> units per acre	44 <u>55</u>
4	Saddleback Golf Cars	40 <u>50</u> units per acre	44 <u>55</u>
5	Laguna Woods Self Storage	40 <u>50</u> units per acre	189 <u>236</u>
6	Animal Hospital	40 <u>50</u> units per acre	27 <u>34</u>
7	PS Business Park (excludes Jack in the Box)	40 <u>50</u> units per acre	103 <u>129</u>
8	Smart Parke	40 <u>50</u> units per acre	85 <u>63</u>
9	McCormick & Son Mortuary	20 <u>30</u> units per acre	25 <u>38</u>
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 <u>30</u> units per acre	70 <u>105</u>
<u>17</u>	<u>Helm Medical Center</u>	<u>30 units per acre</u>	<u>17</u>
PROPERTIES PERMITTED TO BE DEVELOPED AS MIXED USE (USES SIMILAR TO EXISTING AND UP TO 55% HOUSING)			
Site Number	Existing Use	Maximum Density	<u>Realistic</u> Capacity (New Housing Units)
15	Medical building in Town Centre	40 <u>50</u> units per acre	56 <u>63</u>
16	Willow Tree Center East (Olive Garden, <u>Cart Mart</u> , and South County Adult Day Services)	16 <u>20</u> units per acre	25 <u>29</u>

Consideration has been given to compatibility in scale and massing

Additional analysis will be conducted as required by state law

Housing Sites Inventory Scenario

LOWER INCOME CAPACITY

- ▶ ~~Nine~~12 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~~907 lower income units -- ~~142~~244% greater than the 263 lower income units the City is required to accommodate
 - ▶ ~~309~~551 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
- ▶ The non-vacant site with the most recent expression of development interest from both the owner and a developer (Site #14) is included

Other Future Considerations

- ▶ 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
- ▶ 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
 - ▶ “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 regarding the sites to be included in the Housing Sites Inventory required as part of the General Plan Housing Element Update to comply with the 6th Cycle Regional Housing Needs Assessment, pursuant to California Government Code sections 65583, 65583.2, and 65583.3 et seq.

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For more information:

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