



CITY COUNCIL AGENDA REPORT

MEETING DATE: JANUARY 21, 2014

ITEM NUMBER:

SUBJECT: GENERAL PLAN AMENDMENT GP-13-03 FOR THE PROPOSED 2013-2021 HOUSING ELEMENT UPDATE TO THE 2000 GENERAL PLAN

DATE: JANUARY 10, 2014

FROM DEVELOPMENT SERVICES DEPARTMENT

PRESENTATION BY: MINOO ASHABI, PRINCIPAL PLANNER

**FOR FURTHER INFORMATION CONTACT: MINOO ASHABI, PRINCIPAL PLANNER
(714) 754-5610, minoo.ashabi@costamesaca.gov**

DESCRIPTION

General Plan Amendment GP-13-03 is a City-initiated amendment to the 2000 General Plan consisting of:

- (a) Addendum to Final Program Environmental Impact Report (EIR): To satisfy the requirements of the California Environmental Quality Act (CEQA), the City prepared a supplemental document to the original General Plan Final Program EIR (certified in January 2002).
- (b) Proposed 2008-2014 Housing Element: A technical update of the Housing Element of the 2000 General Plan as required by California Law Government Code Section 65588.

RECOMMENDATION

That City Council adopt Addendum to Final Program EIR and approve General Plan Amendment GP-13-03 for the proposed 2013-2021 Housing Element, by adoption of attached resolution (Attachment 1).

BACKGROUND

On November 22, 2013, the City received a letter from State Department of Housing and Community Development (HCD) that the submitted draft meets the statutory requirements of the Housing Element law and if the City adopts its Housing Element within 120 days from October 15, 2013 due date, the City will remain on an eight year planning cycle per Senate Bill 375.

On December 9, 2013, the Planning Commission held a public hearing and adopted resolutions recommending approval of the Addendum to Final Program EIR and General Plan Amendment GP-13-03 for the proposed 2013-2021 Housing Element.

State Law Requirements for Housing Element Update

The Housing Element is one of the seven State-mandated elements of the City's General Plan and must be updated pursuant to California Government Code Section 65588 for the 2013-2021 planning period. The updated Housing Element must be adopted by City Council and certified by HCD to be in compliance with State Law.

The Housing Element identifies and assesses projected housing needs and provides an inventory of constraints and resources relevant to meeting these needs. Components of the housing element include: a housing needs assessment with population and household characteristics; identification of constraints to providing housing; an inventory of available sites for the provision of housing for all economic segments of the community; and a statement of goals, policies and programs for meeting the City's housing needs.

Community Workshops/Public Meetings

The following workshops/meetings relative to the draft Housing Element have been held:

1. Wednesday, May 15, 2013 – City of Costa Mesa Emergency Operations Center (EOC) - Introduction to General Plan and Housing Element Workshop
2. Tuesday, May 28, 2013 – City of Costa Mesa Planning Commission Meeting, Council Chambers - Proposed 2013-2021 Housing Element Update to the 2000 General Plan (Public testimony received.)
3. Thursday, June 13, 2013 - City of Costa Mesa Emergency Operations Center (EOC) – Housing Element Workshop
4. Tuesday, June 18, 2013 – Meeting held at the request of various affordable housing groups who were unable to attend the Housing Element Workshop - City of Costa Mesa City Hall Conference Room 2A (Housing Element)
5. Wednesday, June 19, 2013 - City of Costa Mesa Emergency Operations Center (EOC) – Visioning Workshop (General Plan/Housing Element)
6. Tuesday, June 24, 2013 – City of Costa Mesa Planning Commission Meeting, Council Chambers – (Continued Item) Proposed 2013-2021 Housing Element Update to the 2000 General Plan (Public testimony received.)
7. Saturday, June 29, 2013 & Sunday, June 30, 2013 – City of Costa Mesa's 60th Anniversary Celebration - Development Services Booth (General Plan/Housing Element)
8. Tuesday, September 17, 2013 – City of Costa Mesa Council Meeting, Council Chambers – Proposed 2013-2021 Housing Element Update to the 2000 General Plan (Public testimony received.)
9. Monday, December 9, 2013 – City of Costa Mesa Planning Commission Meeting, Council Chambers – State HCD provides comment letter stating City of Costa Mesa meets compliance with State regulations related to the 2013-2021 Housing Element. Planning Commission recommends City Council approve the aforementioned Housing Element and related environmental and planning documents.

ANALYSIS

REGIONAL HOUSING NEEDS ALLOCATION (RHNA)

State Law requires that a local jurisdiction accommodate a share of the region’s projected housing needs for the planning period. This share is called the Regional Housing Needs Allocation (RHNA). It is important because State law mandates that jurisdictions provide sufficient land to accommodate a variety of housing opportunities for all economic segments of the community.

The Southern California Association of Governments (SCAG), as the regional planning agency, is responsible for allocating the RHNA to individual jurisdictions within the six-county region, including the County of Orange. The City must ensure the availability of residential sites at adequate densities and appropriate development standards to accommodate these units.

RHNA for 2018-2014 HOUSING ELEMENT

The RHNA is distributed by income category. For the **2008-2014 Housing Element Update**, the City of Costa Mesa’s **RHNA allocation was 1,682 units** as designated below:

Costa Mesa – Regional Housing Needs Assessment (RHNA) 2008-2014 Housing Element AMI-Average Median Income			
Income Category	Income Level for 4-person Household	RHNA Allocation	Percentage
<i>Extremely Low (0-30%)/Very Low (0-50% AMI)</i>	\$26,000-\$43,300	353 Units	21%
<i>Low (51-80% AMI)</i>	\$69,300	289 Units	17.2%
<i>Moderate (81-120% AMI)</i>	\$78,700	330 Units	19.6%
<i>Above Moderate (>120% of AMI)</i>	\$94,400	710 Units	42.2%
TOTAL		1,682 Units	100%

Progress toward RHNA (2006-2014)

Income Group	Remaining RHNA	Units Constructed
Very Low Income	224	0
Low Income	201	1
Moderate Income		617
Above Moderate Income		430
TOTAL	445	1,048

RHNA for 2014-2021 PLANNING PERIOD

For the 2013-2021 Housing Element, the RHNA covers a planning period from January 1, 2014 through October 31, 2021. The RHNA is distributed by income category. For the 2014-2021 RHNA period, **the City of Costa Mesa has been allocated a RHNA of two units as follows:**

- Extremely Low/Very Low-Income (up to 50 percent of AMI): **one unit** (50 percent)
- Low-Income (51 to 80 percent of AMI): **one unit** (50 percent)

Income Category	Income Level for 4-person Household	RHNA Allocation	Percentage
<i>Extremely Low (0-30%)/Very Low (0-50% AMI)</i>	\$28,900-\$48,150	1 Unit	50%
<i>Low (51-80% AMI)</i>	\$77,050	1 Unit	50%

Moderate (81-120% AMI)	\$87,200	0	0
Above Moderate (>120% of AMI)	\$104,630	0	0
TOTAL		2 Units	100%

The City must ensure the availability of residential sites at adequate densities and appropriate development standards to accommodate these two units.

The Housing Element also indicates that the City has adequate capacity in the 19 West Urban Plan area to accommodate more than 170 units.

The City is proposing to meet its RHNA obligations for affordable housing by implementing projects/programs such as:

- Future Housing Live/Work, and Mixed-Use Development Opportunities in the Urban Plan Areas - Overlay zones in the Urban Plan Areas allow for future housing and mixed-use development opportunities.
- Density Bonus Incentives for Affordable Housing - City will continue to provide density bonus incentives to developers that agree to reserve a portion of the residential units for very low, low or moderate income households (common-interest developments only), or for senior housing. The City will also defer City development impact fee payments upon certificate of occupancy.
- Motel Conversion to Multi-family Residential Housing - City may allow, subject to a Zoning Code Amendment authorized by City Council, the adaptive reuse of an existing motel use to a residential use for multi-family housing.

HOUSING PLAN

The Housing Element is a citywide plan for housing, including provisions of affordable housing in the city of Costa Mesa. The central objective of the updated Housing Element is to set forth General Plan goals, policies, objectives and respective implementing programs. The Housing Element is intended to further the State’s housing goals and to comply with State Housing Element law.

GOAL HOU-1: PRESERVATION AND ENHANCEMENT

The goal is to preserve the availability of existing housing opportunities and to conserve as well as enhance the quality of existing dwelling units and residential neighborhoods. The Housing Element includes the following programs:

1. Owner-Occupied Housing Rehabilitation

This program is designed to assist qualified property owners to improve single-family properties. The program provides rehabilitation loans (up to \$50,000) and grants (up to \$7,000) to assist homeowners improve their primary residences to correct code violations, address deferred maintenance, and improve neighborhood aesthetics.

2. Mobile Home Rehabilitation

The City encourages the preservation of mobile homes as an affordable housing resource. Specifically, the City provides financial assistance (up to \$10,000) as a grant to eligible owner-occupants to rehabilitate existing dwelling units.

3. Go Green

Under the Go Green program, the City offered incentives for green development.

GOAL HOU-2: PRESERVING AND EXPANDING AFFORDABLE HOUSING OPPORTUNITIES

4. Incentives for Affordable Housing

The City will continue to pursue funding, partner with nonprofits and provide incentives (such as density bonus and deferred impact fees) to developers that agree to reserve a portion of the project units for lower income households (including extremely low income), moderate income households (common interest developments only), or for seniors and the disabled. The City will also defer payment of fees for affordable housing projects upon certificate of occupancy.

5. Second Units

Due to the small lot sizes and built out character of the City, opportunities for second units are limited. Nevertheless, second units are allowed and offer affordable housing opportunities for lower and moderate income households.

6. Federal/State Housing Programs

The City will provide technical assistance to developers, nonprofit organizations, or other qualified private sector interests in the application and development of projects using Federal and State housing programs/grants.

7. Rental Housing Assistance

The City will continue to participate in the Orange County Housing Authority's Housing Choice Vouchers program to provide rent subsidies to very low income households.

8. Preservation of At-Risk Housing

The City will monitor at-risk status of affordable units. Overall, 267 housing units in the City of Costa Mesa are considered at risk of converting to market-rate housing. Specifically 25 projects with 156 affordable units are at risk due to the expiring density bonus agreements executed during the 1990s. Two projects – 75-unit Casa Bella and 36-unit St. John's Manor – are at risk due to the potential expiration of the Section 8 contracts.

9. Condominium Conversion

The City will revisit its condominium conversion ordinance to remove potential constraints to conversion. Specifically, many apartment developments would not be able to meet the City's current parking and open space requirements. The City will adopt an ordinance to promote development streamlining and condominium conversion.

10. Adaptive Reuse for Multi-Family Housing

To expand housing options in the community, the City may allow, subject to a Zoning Code Amendment authorized by the City Council, the adaptive reuse of an existing motel use to a residential use for multi-family housing.

11. Supportive Services for Persons with Special Needs

Special needs groups in Costa Mesa include: seniors, persons with disabilities (including developmental disabilities), homeless and at-risk homeless, and low income families (including large households, female-headed households). Through the annual action plan process for the CDBG program, the City evaluates the needs of various special needs groups and allocation CDBG Public Service dollars accordingly.

GOAL HOU-3: PROVISION OF ADEQUATE SITES

12. Adequate Sites

The City will maintain an inventory of vacant and underutilized sites and provide this inventory to interested developers. The City will monitor its status of meeting the Regional Housing Needs Allocation (RHNA) annually and ensure that the City has adequate sites available to accommodate its RHNA of two units. The City will promote incentives available for housing, live/work development, and mixed-use development in its Urban Plan areas.

The City will also pursue opportunities for transit-oriented development as part of the City's General Plan update, and annually monitor the status of the Fairview Developmental Center's intent for the future use of this site.

13. Mixed-Use Developments

The City will continue to promote mixed-use development in the Urban Plans and the North Costa Mesa Specific Plan, and the former Downtown Redevelopment Plan areas. Specifically the City will maintain a list of opportunity sites and market these sites to interested developers. The City will respond to market conditions and offer appropriate incentives through the Mixed Use Overlay zone. Incentives include:

- Reduced parking standards
- Reduced open space
- Increased height limit
- Increased lot coverage
- Reduced setbacks

14. Annual General Plan Review

The City will continue to monitor the extent of residential, commercial, and industrial development on an annual basis. Sufficient detail should be provided to monitor employment growth and housing production to enhance jobs/housing balance in the City

GOAL HOU-4: PROVIDE EQUAL HOUSING OPPORTUNITIES

This goal is to ensure all housing is open and available to all social and economic segments of the community without discrimination. The implementing programs include:

15. Fair Housing Assistance

The City contracts with the Fair Housing Foundation to provide fair housing and tenant/landlord mediation services. The City will promote awareness of fair housing via the City's website and distribute fair housing brochures at public counters and community locations.

16. Promotion of Child Care Facilities

The City understands that finding adequate and convenient child care is critical to maintaining the quality of life for Costa Mesa families. The City currently allows large family day care facilities of up to 14 children in many residential zones (R1, R2-MD, R2-HD, R3) as permitted uses. The City will continue to apply development incentives pursuant to the State density bonus law and Costa Mesa Zoning Code to incorporate child care centers as part of an affordable housing development. The City will allow all incentives related to child care centers as afforded by the State density bonus provisions.

SUMMARY OF QUANTIFIED OBJECTIVES

Quantified Objectives Summary (2013-2021)

	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
New Construction						
RHNA	---	1	1	---	---	2
Rehabilitation						
Owner-Occupied Housing Rehabilitation (Program 1)	8	8	8	---	---	24
Affordability						
Rental Assistance (Program 7)	442		---	---	---	442
Preservation of At-Risk Housing (Program 8)	196		71	---	---	267

State of California HCD Review and Public Comments

The proposed 2013-2021 Housing Element (Attachment 2) was available for the State mandated 60-day public review period from September 22, 2013 – November 22, 2013. The State of California Housing and Community Development Department issued a comment letter dated November 22, 2013 (Attachment 3), and the City also received public correspondence during the review period (See Appendix “A” of the proposed Housing Element). The proposed 2013-2021 Housing Element was revised during the State HCD review period to include new analysis based on HCD’s and the general public’s comments.

ENVIRONMENTAL DETERMINATION

Final Program Environmental Impact Report for the 2000 General Plan

The Program EIR No. 1049 for the 2000 General Plan (State Clearinghouse No. 200031120) addresses a full range of environmental issues associated with the 20-year planning horizon of the 2000 General Plan (2020). All impacts resulting from implementation of the 2000 General Plan were reduced to a level of insignificance with the exception of impacts related to transportation/circulation, air quality, and noise. The Program EIR was originally certified by the Costa Mesa City Council in January, 2002.

Final Supplemental Environmental Impact Report to the Program EIR for the 2008 Housing Element

A supplemental Program EIR was prepared for the 2008 update, which was certified by City Council Resolution 08-62 on August 19, 2008. The Supplemental EIR contained updated technical information and other supplemental information to make the previously certified Program EIR adequate for the updated 2008-2014 Housing Element.

Addendum to the Program EIR for the 2013-2021 Housing Element Update

An Addendum has been prepared that provides updated population data, employment information, and housing statistics to the previously-certified Program EIR. The purpose of the Addendum is to analyze any potential impacts associated with the updated Housing Element. The Addendum considers the City's proposed programs to meet the Regional Housing Needs Assessment goals. No substantial housing, land use, or transportation changes are proposed in the 2013-2021 Housing Element. The potential impacts associated with the Housing Element update would either be the same or less than the anticipated levels described in the certified Program EIR; therefore, the previously identified mitigation measures are still applicable to the updated 2013-2021 Housing Element.

The Addendum was prepared in accordance with the provisions of the California Environmental Quality Act (CEQA) statutes (Public Resources Code 21000 et seq.); the State CEQA Guidelines (14 California Code of Regulations, 15000 et seq.); and the rules, regulations, and procedures for implementing CEQA as adopted by the City of Costa Mesa.

Denial of the Housing Element is not listed as a viable alternative because this action would be inconsistent with State Housing Element Law.

CONCLUSION

The Housing Element is one of the seven State-mandated elements of the City's General Plan and must be updated pursuant to California Government Code Section 65588 for the 2008-2014 planning period. The updated Housing Element must be adopted by City Council and certified by HCD to be in compliance with State Law. The proposed Housing Element addresses comments pursuant to a detailed review by State of California Housing and Community Development staff. The Planning Commission recommended approval of the proposed Housing Element and found it consistent with State Law.

MINOO ASHABI, AIA
Principal Planner

GARY ARMSTRONG, AICP
Economic and Development Services
Director

Attachments: [1. City Council Resolutions](#)
[2. Planning Commission Resolution No. 13-39](#)
[3. Proposed 2013-2021 Housing Element, Revised November 2013](#)
[4. California HCD Comment Letter – Review of CM Draft 2013-2021 Housing Element](#)
[5. Addendum to Final General Plan Program EIR](#)

Distribution: Econ. & Dev. Svc. Director/Deputy CEO
Assistant Development Services Director
Sr. Deputy City Attorney
Public Services Director
City Engineer
Willa Bouwens-Killeen, Neighborhood Improvement Manager
Staff (6)
File (2)

Mr. Paul McDougall
Department of Housing and Community Development
Division of Housing Policy Development

1800 Third Street, Room 430
P.O. Box 952063
Sacramento, CA 94252-2053

Veronica Tam, AICP
Veronica Tam and Associates LLC
107 S. Fair Oaks Avenue, Suite 212
Pasadena, CA 91105

Cesar Covarrubias
The Kennedy Commission
17701 Cowan Avenue, Suite 200
Irvine, CA 92614

Kathy Esfahani
Costa Mesa Affordable Housing Coalition
2843 Club House Road
Costa Mesa, CA 92626