

**CITY OF DANA POINT
PLANNING COMMISSION
AGENDA REPORT**

DATE: MARCH 27, 2017

TO: DANA POINT PLANNING COMMISSION

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

SUBJECT: ANNUAL HOUSING ELEMENT PROGRESS REPORT

RECOMMENDATION: That the Planning Commission review the 2016 Annual Housing Element Progress Report and receive and file the report.

LOCATION: Citywide

REQUEST: To review the Annual Housing Element Progress Report for 2016 as required by State law to show progress on the General Plan Housing Element.

NOTICE: Notices were posted March 22, 2017 at the Dana Point City Hall, the Dana Point Post office, the Capistrano Beach Post Office, the Dana Point Library, and on the City's website.

ENVIRONMENTAL: In accordance with CEQA, a Negative Declaration was prepared as required for adoption of the Housing Element. The Annual Housing Element Progress Report does not require further CEQA action.

DISCUSSION:

In order to address housing needs in California, State law requires that each jurisdiction adopt a Housing Element as a chapter of its General Plan. The Housing Element is required to include the City's housing strategy to plan for existing and projected housing demand, identify adequate sites to accommodate the City's allocated share of regional housing needs, and analyze local policies, regulations and requirements that have the potential to constrain development of housing for all income levels.

The State requires that cities provide Annual Housing Element Progress Reports as regular updates on Housing Element implementation. On December 3, 2013, the City Council adopted an updated Housing Element for the 2014-2021 planning period. The 2016 Annual Housing Element Progress Report is the third submission for the 2014-2021 Housing Element cycle. The report was received and filed by the City Council on March 21, 2017.

SUMMARY OF 2016 PROGRESS:

Housing Units Constructed

In 2016, the City issued building finals for 9 mobile home replacement and 34 single-family dwellings. The 34 single-family dwelling units permitted were assumed that all will be occupied by above-moderate income level households (greater than 120% of median income). The official 2016 median income for Orange County was \$87,200 (based on 4-person household), as determined by the U.S. Department of Housing and Urban Development (HUD) and California Department of Housing and Community Development (HCD).

Implementation of Housing Element Programs

The Housing Element outlines various housing programs and timelines for completion. Many 2016 program activities listed in the report were continuous in nature, such as promotion of Accessory Dwelling Units as affordable housing on single-family residential lots, the Monarch Beach Resort employee housing assistance program and communications with property owners and developers about potential housing development.

CONCLUSION:

The recommended actions are that the Planning Commission: 1) review the Annual Housing Element Progress Report for 2016; and 2) Receive and File the Housing Element Progress Report (Supporting Document 2).



Belinda Deines, Senior Planner



Ursula Luna-Reynosa, Director
Community Development Department

SUPPORTING DOCUMENT:

1. Agenda Report to City Council – 3/21/17
2. Annual Housing Element Progress Report for 2016

CITY OF DANA POINT
AGENDA REPORT

Reviewed By:	
DH	<u>X</u>
CM	<u>X</u>
CA	<u> </u>

DATE: MARCH 21, 2017

TO: CITY MANAGER/CITY COUNCIL

FROM: URSULA LUNA-REYNOSA, COMMUNITY DEVELOPMENT DIRECTOR

SUBJECT: ANNUAL HOUSING ELEMENT PROGRESS REPORT

RECOMMENDED ACTION:

That the City Council receive and file the Annual Housing Element Progress Report for 2016.

BACKGROUND:

On December 3, 2013, the City Council adopted an update to the City's General Plan Housing Element for the 2014-2021 planning period. The 2016 Annual Housing Element Progress report is the third report of the 2014-2021 Housing Element.

State law requires an Annual Housing Element Progress Report to show progress on the General Plan Housing Element. This report provides an update on program implementation and unit production in the 2016 calendar year. The 2016 Annual Housing Element Progress Report is attached as Supporting Document A.

DISCUSSION:

In order to address the housing needs in California, State law requires that each jurisdiction adopt a Housing Element as a chapter of its General Plan. The Housing Element includes the City's housing strategy to plan for existing and projected housing demand, identify adequate sites to accommodate the City's allocated share of regional housing needs, and analyze local policies, regulations and requirements that have the potential to constrain development of housing for all income levels.

Housing Element law requires that cities provide Annual Housing Element Progress Reports as regular updates on Housing Element implementation. After review by the City Council, the attached report will be submitted to the California Housing and Community Development Department as required by Title 25 of the California Code of Regulations.

Regional Housing Needs Assessment (RHNA)

RHNA allocation is a "fair share" number of units in four income categories as determined by the Southern California Association of Governments (SCAG). The State assigned the total number of units needed for the region, and SCAG used future planned housing and jobs to determine the number for each city. Dana Point has an allocation of 327 RHNA units to be addressed in the Housing Element.

Dana Point RHNA Allocations for the planning period of January 1, 2014 to October 31, 2021 are as follows:

Number of very-low income households (0-50% median)	76
Number of low income households (51-80% median)	53
Number of moderate income households (81-120% median)	61
Number of above-moderate income households (121%+ median)	<u>137</u>
 Total RHNA Allocation for 2014-2021	 327

The official area median income for Orange County is currently \$87,200 (based on a 4-person household), as determined by the U.S. Department of Housing and Urban Development (HUD) and California Department of Housing and Community Development (HCD).

In Dana Point and other Orange County cities, the marketplace tends to naturally meet the demands for housing in the above-moderate income levels. Construction of any substantive number of units in the very-low and low income household categories would require innovative application and partnerships of City, County, State, and non-profit groups to meet these housing allocations.

Summary of 2016 Progress and Housing Units Constructed

In 2016, the City issued building permit finals for 34 new single-family residences (SFR) and 4 mobile home unit permits. Of the 34 new SFR permits, 17 were homes constructed in the new Grand Monarch community and 7 were new custom homes at the Strand at Headlands. It should be noted that the 34 new SFR permits did not reflect demolitions. During 2016, there were 6 demolitions with new SFR permits issued or pending. The 34 units permitted were a combination of attached and detached single-family dwellings, with a sales price in excess of the maximum amount established for an affordable housing unit by HCD. Therefore the 34 units are included in the above-moderate income level households (greater than 120% of median income). For purposes of the annual report, the monthly housing cost for the four mobile home unit permits are estimated to be under the maximum monthly payment for moderate income level households (80-120% of median income). The Annual progress report includes these 38 units on Table B for 2016, Year 4 of the 2014-2021 Housing Element, in relation to the RHNA Allocation of 327 units during this period.

A total of 168 new dwelling units have been issued permits in the new South Cove community at the corner of Del Obispo and Pacific Coast Highway, 17 of which will be restricted for affordable households. These units will be counted in the year when the building permits to construct these units are final.

Implementation of Housing Element Programs

Of the programs and initiatives identified in the Housing Element, there were several 2016 activities to report, including:

Program Category #1: Identify Adequate Sites for a Variety of Housing Types

- Two (2) second units (now referred as “accessory dwelling units”) were approved with deed restrictions. The City will continue to promote development of accessory dwelling units when feasible.

Program Category #2: Assist in the Development of Affordable Housing

- Staff continues to work with the developer for the provision of 17 affordable for-sale housing units at the condominium development at South Cove.
- City staff has created a monitoring program for construction and development of 12 employees’ quarters units at the Strand at Headlands.
- The Housing Initiative Program continues to provide rental assistance to hotel employees. The program is operated by Mary Erickson Community Housing in collaboration with the Monarch Beach Resort.
- Staff has facilitated meeting with Capo Beach Church and affordable housing developers to explore interest in utilizing land owned by Capo Beach Church to build affordable senior housing with possible senior community services and programs.

Program Category #3: Remove Governmental Constraints to the Maintenance, Improvement, and Development of Housing

- The draft City of Dana Point fee study evaluates potential opportunities for fee reductions and waivers for affordable and special needs housing projects.

Program Category #4: Conserve/Improve Condition of Existing Stock of Affordable Housing

- Staff has researched and contacted the property owner of Domingo/Doheny Apartments to consider utilizing housing funds for repair and rehabilitation of the existing units that provide affordable housing.

Program Category #5: Promote Housing Opportunities for All Persons

- The Homeless Task Force meets regularly to develop strategies for the City’s local homeless population. In 2016, the City contracted with Mercy House to provide homeless outreach services and prepare a Housing Placement Strategy. Mercy House recruited a homeless liaison and outreach staff person to Dana Point. The outreach staff has been working in conjunction with Police Services, Dana Point’s Homeless Liaison Officer, and Family Assistance Ministries as of April 2016.

Program Category #6: Preserve Existing Assisted Housing Developments

- The units at Monarch Coast Apartments have converted to market-rate rents. Staff will continue ongoing monitoring.

NOTIFICATION AND FOLLOW-UP:

California Department of Housing and Community Development
Governor's Office of Planning and Research

STRATEGIC PLAN IMPLEMENTATION:

The Annual Housing Element Update supports Strategic Planning Initiative III: evaluate land use issues to ensure that the goals, policies and programs of the General Plan reflect the community's vision and mission; and to evaluate the General Plan on a regular basis and amend as needed.

FISCAL IMPACT:

There are no fiscal impacts resulting from the recommended action.

SUPPORTING DOCUMENTS:

A. <u>2016 Annual Housing Element Progress Report</u>	5
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ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction DANA POINT
 Reporting Period 01/01/2016 - 12/31/2016

Table B
Regional Housing Needs Allocation Progress
 Permitted Units Issued by Affordability

Enter Calendar Year starting with the first year of the RHNA allocation period. See Example.		RHNA Allocation by Income Level	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Very Low	Deed	76	0	0	0	0	0	0	0	0	0	0	76
	Restricted Non-		0	0	0	0	0	0	0	0	0	0	
	Restricted												
Low	Deed	53	0	0	0	0	0	0	0	0	0	0	53
	Restricted Non-		0	0	0	0	0	0	0	0	0	0	
	Restricted												
Moderate		61	0	3	2	4	0	0	0	0	0	9	52
Above Moderate		137	0	12	36	34	0	0	0	0	-	82	55
Total RHNA by COG. Enter allocation number:		327											
Total Units		▲	0	15	38	38	0	0	0	0	0	91	236
Remaining Need for RHNA Period		▲	▲	▲	▲	▲	▲	▲	▲	▲	▲		

Note: units serving extremely low-income households are included in the very low-income permitted units totals.

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction DANA POINT
 Reporting Period 01/01/2016 - 12/31/2016

Table C

Program Implementation Status

Program Description (By Housing Element Program Names)	Housing Programs Progress Report - Government Code Section 65583. Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.		
Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
Program 1.2: Density Bonus Housing	Utilize density bonus provisions in the Town Center and citywide. 10 lower income units (through either market rate or SRO projects)	2021	Staff proposes to update City's existing density bonus ordinance in compliance with State regulations. Continue to assist developers and encourage incentives for affordable housing. Update density bonus information in City's Housing Resource Directory.
Program 1.3: Second Units	Promote the development of second units. Approve 1-2 lower income second units annually, for a total of 10 units. Continue to promote second units as an affordable housing option in the City's Housing Resource Directory, with brochures, and on the City's website.	2021	In 2016, no new second units received building permit final. However, two (2) second units were approved with deed restrictions. Utilize revised state regulations for Accessory Dwelling Units (ADUs) and promote development when feasible. Consider ordinance amendment to incentivize lower income and/or senior housing deed restrictions.
Program 2.4: Housing Initiatives Program	Provide rental subsidy assistance to 20 hotel employees residing in Dana Point annually.	Annual	Compliance achieved through December 2016. This program continues to provide rental assistance to Dana Point hotel employees. The program is operated by Mary Erickson Community Housing in collaboration with Monarch Beach Resort.
Program 3.1 Parking Standards Study	Conduct parking study to identify the most appropriate reductions in parking	December 2015	City's Housing Element schedule recommends conducting the parking study in FY 2013/2014 at City Council discretion and adopt findings by December 31,

	standards for affordable and special needs housing projects.			2015. In 2017, there is an opportunity to evaluate parking incentives for housing projects in conjunction with the Doheny Village/Town Center Parking Joint Workshop with City Council and Planning Commission.
Program 3.2: Development Fee Study	Conduct a study for possible development fee reductions for affordable and special needs housing projects.	December 2015		Include fee reductions as part of draft City of Dana Point fee study.
Program 3.5: Extremely Low Income Housing Development Fee Assistance	Adopt fee waivers and deferrals for deed-restricted, extremely low income (<30% AMI) affordable housing from development fees.	December 2015		Fee waivers and deferrals to be considered by City Council on a case-by-case basis. Conduct fee study in FY 2013/2014 at City Council direction; evaluate potential incentive program as part of City of Dana Point fee study.
Program 4.2: Rental Rehabilitation	Provide assistance to 4 lower income households annually, for a total of 20 renter households	2021		The City may consider utilizing housing funds for repair and rehabilitation of Domingo/Doheny Apartments.
Program 4.4: Condominium Conversions	Inform residents, property owners, and real estate agents of condominium conversion guidelines through the City's website.	2015		Compliance achieved through December 2016. Staff proposes modifications to the existing condominium conversion ordinance as part of the zoning code clean-up.
Program 5.3: Housing Resources Assistance	Continually update the Dana Point Housing Resource Directory and assist individuals on an as-needed basis.	Annual		Compliance achieved through December 2016. Staff to update information with additional resources.
Program 5.4: Housing for Persons with Disabilities, including persons with Developmental Disabilities	Assist in the development or rehabilitation of up to 10 housing units; establish a regulatory incentives, establish a relationship with developers of supportive housing; and work cooperatively with the Regional Center of Orange County in support of persons with disabilities, including persons with developmental disabilities	December 2015		Fee waivers and deferrals to be considered by City Council on a case-by-case basis. Conduct fee study at City Council direction and consider incentive program for housing persons with disabilities as part of the City of Dana Point fee study.
Program 6.1: Affordable Housing Monitoring	Adopt affordability monitoring as a condition of approval for affordable housing projects. Notice tenants and make educational materials available at City Hall.	Ongoing		South Cove - The condominium development at South Cove requires 17 affordable for-sale units as a condition of approval. The project is under construction and requires a deed restriction prior to Building permit final. Strand at Headlands - City staff has created a monitoring program for construction and development of 12 employees' quarters units at the Strand at Headlands. Fountains at Sea Bluffs - Staff has established a monitoring program with reporting requirements for the five senior housing units

Program 6.2: Conservation of Existing Assisted Housing	Negotiate with owners of Monarch Coast Apartments to preserve 44 units during the planning period.	Ongoing	The units at Monarch Coast Apartments have converted to market-rate rents. Consider replacement rent subsidy or build new units to replace those lost to conversion.
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ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	DANA POINT
Reporting Period	01/01/2016 - 12/31/2016

General Comments:

The City's Homeless Task Force continues to meet regularly to develop strategies for the City's local homeless population. In 2016, the City contracted with Mercy House to provide homeless outreach services and prepare a Housing Placement Strategy. Mercy House recruited a homeless liaison and outreach staff person to Dana Point. The staff person works in conjunction with Police Services, Dana Point's Homeless Liaison Officer, and Family Assistance Ministries as of April 2016.