

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

DATE: FEBRUARY 26, 2018

TO: DANA POINT PLANNING COMMISSION

FROM: COMMUNITY DEVELOPMENT DEPARTMENT
URSULA LUNA-REYNOSA, DIRECTOR
BELINDA DEINES, SENIOR PLANNER

SUBJECT: ANNUAL HOUSING ELEMENT PROGRESS REPORT

RECOMMENDATION: That the Planning Commission review the 2017 Annual Housing Element Progress Report, and receive and file the report.

LOCATION: Citywide

REQUEST: To review the Annual Housing Element Progress Report for 2017 as required by State law to show progress on the General Plan Housing Element

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.

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 2017 Annual Housing Element Progress report is the fourth 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 2017 calendar year. The 2017 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.

State Housing Element law requires that cities provide Annual Housing Element Progress Reports as regular updates on Housing Element implementation. After review by the Planning Commission and 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

In 2017, the official area median income for Orange County was \$88,000 (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 likely require innovative application and partnerships of City, County, State, and non-profit groups to meet these housing allocations.

Summary of 2017 Progress and Housing Units Constructed

In 2017, the City issued building permit finals for 66 new single-family residences (SFR) and 2 second unit or accessory dwelling units (ADUs). Of the 66 new SFR permits, 28 units are located at the new South Cove condominium complex, 12 units are located in The Strands at Headlands, and 10 units are located at the Grand Monarch. A total of 60 units are 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 60 units have been identified with building permits issued 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 six (6) SFR permits issued for the South Cove condominium units are estimated to be under the maximum monthly payment for moderate income level households (80-120% of median income). The two (2) accessory dwelling units are identified as moderate income in that the units are affordable by design as small-scale and ancillary to the main residence.

A total of 168 new dwelling units are proposed for the new South Cove community at the corner of Del Obispo and Pacific Coast Highway, 17 of these units will be restricted for affordable households. In 2017, six (6) moderate-income units were issued permits for Phases 1 and 2, and an additional 11 moderate-income units are proposed. A total of 17 units will be restricted for affordable households and will be counted in the year when building permits are issued.

Implementation of Housing Element Programs

Of the programs and initiatives identified in the Housing Element, there were several 2017 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. City staff continues 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.
- 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 meetings with affordable housing developers to explore interest for building affordable and senior housing units.
- City staff has created a standardized monitoring program for all affordable housing units.

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

- City Council formed a parking and circulation oversight task force to evaluate issues including parking standards based on a parking study. The Task Force will review parking incentives for affordable housing. The Task Force will convene over a two-year period and will make parking policy recommendations to the City Council for their consideration.
- As the City Council considers the draft City of Dana Point fee study later this year, potential opportunities for fee reductions and waivers for affordable and special needs housing projects will be included for consideration.

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

- Staff has researched and contacted the property owner of Coffield Apartments located at 25942 Domingo Ave. 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 2017, the City continued work with Mercy House to provide and expand homeless outreach services. Outreach staff has been working in conjunction with Police Services, Dana Point's Homeless Liaison Officer, and Family Assistance Ministries through 2017.
- Staff has developed new online and print resources and information specific to homelessness.

Program Category #6: Preserve Existing Assisted Housing Developments

- The units at Monarch Coast Apartments have converted to market-rate rents. Due to the landslide and geological constraints that affected the subject property, the Monarch Coast Apartments developer has had difficulty securing financing for construction of additional market-rate rental units.

CONCLUSION:

The recommended actions are that the Planning Commission: 1) review the Annual Housing Element Progress report for 2017; and 2) Receive and File the Housing Element Progress Report (Supporting Document 1).

SUPPORTING DOCUMENT:

1. 2017 Annual Housing Element Progress Report


Belinda Deines, Senior Planner


Ursula Luna-Reynosa, Director
Community Development Department

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction

DANA POINT

Reporting Period

01/01/2017 - 12/31/2017

Pursuant to GC 65400 local governments must provide by April 1 of each year the annual report for the previous calendar year to the legislative body, the Office of Planning and Research (OPR), and the Department of Housing and Community Development (HCD). By checking the "Final" button and clicking the "Submit" button, you have submitted the housing portion of your annual report to HCD only. Once finalized, the report will no longer be available for editing.

The report must be printed and submitted along with your general plan report directly to OPR at the address listed below:

**Governor's Office of Planning and Research
P.O. Box 3044
Sacramento, CA 95812-3044**

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
(CCR Title 25 §6202)

Jurisdiction DANA POINT

Reporting Period 01/01/2017 - 12/31/2017

Table A

Annual Building Activity Report Summary - New Construction
Very Low-, Low-, and Mixed-Income Multifamily Projects

Housing Development Information								Housing with Financial Assistance and/or Deed Restrictions		Housing without Financial Assistance or Deed Restrictions	
1	2	3	4				5	5a	6	7	8
Project Identifier (may be APN No., project name or address)	Unit Category	Tenure R=Renter O=Owner	Affordability by Household Incomes				Total Units per Project	Est. # Infill Units*	Assistance Programs for Each Development	Deed Restricted Units	Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable. Refer to instructions.
			Very Low- Income	Low- Income	Moderate- Income	Above Moderate- Income			See Instructions	See Instructions	
(9) Total of Moderate and Above Moderate from Table A3						8	60				
(10) Total by Income Table A/A3			0	0	8	60					
(11) Total Extremely Low-Income Units*			0								

* Note: These fields are voluntary

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction DANA POINT

Reporting Period 01/01/2017 - 12/31/2017

Table A2
Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65583.1(c)(1)

Please note: Units may only be credited to the table below when a jurisdiction has included a program in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.1(c)(1)

Activity Type	Affordability by Household Incomes				(4) The Description should adequately document how each unit complies with subsection (c)(7) of Government Code Section 65583.1
	Extremely Low-Income*	Very Low-Income	Low-Income	TOTAL UNITS	
(1) Rehabilitation Activity	0	0	0	0	
(2) Preservation of Units At-Risk	0	0	0	0	
(3) Acquisition of Units	0	0	0	0	
(5) Total Units by Income	0	0	0	0	

* Note: This field is voluntary

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

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DANA POINT

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Table A3

**Annual building Activity Report Summary for Above Moderate-Income Units
(not including those units reported on Table A)**

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Unit	5. Mobile Homes	6. Total	7. Number of infill units*
No. of Units Permitted for Moderate	6	0	0	2	0	8	0
No. of Units Permitted for Above Moderate	60	0	0	0	0	60	5

* Note: This field is voluntary

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction DANA POINT

Reporting Period 01/01/2017 - 12/31/2017

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.												Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income Level		RHNA Allocation by Income Level	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9		
Very Low	Deed Restricted	76	0	0	0	0	0	0	0	0	0	0	76
	Non-Restricted		0	0	0	0	0	0	0	0	0		
Low	Deed Restricted	53	0	0	0	0	0	0	0	0	0	0	53
	Non-Restricted		0	0	0	0	0	0	0	0	0		
Moderate		61	0	3	2	4	8	0	0	0	0	17	44
Above Moderate		137	0	12	36	34	60	0	0	0	-	142	0
Total RHNA by COG. Enter allocation number:		327											
Total Units ▶ ▶ ▶			0	15	38	38	68	0	0	0	0	159	173
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 01/01/2017 - 12/31/2017

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 the compliance with State regulations. Continue to assist developers and encourage incentives for affordable housing. Update density bonus information in the 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 2017, two (2) new second units were issued building permits. The City has adopted state regulations for Accessory Dwelling Units (ADUs) and promotes development when feasible. Staff developed user-friendly handouts and held a workshop with the Architectural Guild of South Orange County to promote new regulations. City to 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 2017. This program continues to provide rental assistance to 41 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, the City Council formed the Parking and Circulation oversight task force to evaluate issues including parking standards, which may involve discussion on incentives for affordable housing.
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 discretion; evaluate potential incentive program as part 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 Coffield Apartments, located at 25942 Domingo Ave.
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 2017. Staff proposes modifications to the existing condominium conversion ordinance as part of the zoning code clean-up.
Program 5.3: Housing Resource Assistance	Continually update the Dana Point Housing Resource Directory and assist individuals on an as-needed basis.	Annual	Compliance achieved through December 2017. Staff to update information with expanded access to new resources available both in print and online specific to homelessness.
Program 5.4: Housing for Persons with Disabilities, including persons with Developmental Disabilities	Assist in the development of rehabilitation of up to 10 housing units; establish 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	<p>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 seeking eligible buyers through a lottery process. The project requires a deed restriction prior to Building Permit final.</p> <p>Strand at Headlands - City staff has created a monitoring program for construction and development of 12 employees' quarters units at the Strand at Headlands.</p> <p>Fountains at Sea Bluffs - Staff has established a monitoring program with</p>

				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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General Comments:

The City's Homeless Task Force continues to meet monthly to discuss implementation of resources and services to address issues related to homelessness in Dana Point. The City continues to contract with Mercy House to provide a community outreach worker that works in partnership with local nonprofit organizations to interact with the City's active clients and provide individuals with linkages to services and housing. In 2017, 16 Dana Point homeless residents were placed into permanent housing. Furthermore, the City helps facilitate a network of faith-based and nonprofit organizations to centralize resources and services with the intent of connecting individuals to housing with supportive services as needed.

In 2017, an interior remodel of an existing 17-unit apartment complex was completed to renovate and establish permanent supportive housing for extremely low-income residents operated by local nonprofit organization, Friendship Shelter. No city funds were contributed and therefore the units are not applicable to Table A2, pursuant to California Government Code Section 65583.1(c)(1).