

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

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**DATE:** MARCH 9, 2020

**TO:** DANA POINT PLANNING COMMISSION

**FROM:** COMMUNITY DEVELOPMENT DEPARTMENT  
BRENDA WISNESKI, DIRECTOR OF COMMUNITY DEVELOPMENT  
BELINDA DEINES, INTERIM PRINCIPAL PLANNER

**SUBJECT:** 2019 ANNUAL HOUSING ELEMENT PROGRESS REPORT

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**RECOMMENDATION:** That the Planning Commission review the 2019 Annual Housing Element Progress Report, and receive and file the report.

**LOCATION:** Citywide

**REQUEST:** To review the 2019 Annual Housing Element Progress Report 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 2019 Annual Housing Element Progress Report (APR) is the sixth report of the 5<sup>th</sup> Cycle 2014-2021 Housing Element.

State law requires the City to submit an APR to show progress on the General Plan Housing Element by April 1 of every year. This report provides an update on housing unit production and housing program implementation from January 1 through December 31, 2019. The 2019 Annual Housing Element Progress Report is attached as Supporting Document 1.

After review by the Planning Commission and City Council, the attached report will be submitted to the California Department of Housing and Community Development (HCD) as required by Title 25 of the California Code of Regulations.

**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.

**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. The existing Housing Element addresses an allocation of 327 RHNA units.

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 2019, the official area median income for Orange County is \$97,900 (based on a 4-person household), as determined by the U.S. Department of Housing and Urban Development (HUD) and 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.

**New Reporting Requirements**

In 2017, the Legislature enacted new housing-related bills that resulted in additional modifications to the APR submittal requirements. Assembly Bill 897 requires that the APR include the number of housing development application received in the reporting year. Senate Bill 35 requires that the APR include housing unit data including completed entitlements, issued building permits, and certificates of occupancy. Supporting Document 1 has been expanded to include new tables as required by HCD:

- Table A – New housing unit applications submitted and “deemed complete” during the reporting year.
- Table A2 – New housing unit data including affordability criteria, entitlement approval, issuance of building permit, and issuance of a certificate of occupancy.
- Table B – Summary of prior permit activity (permits issued) in the current cycle including activity for the current reporting year.
- Table C (not applicable) – Sites identified or rezoned to accommodate shortfall housing need. The City’s 2014-2021 Housing Element does not require that the City identify an unaccommodated need of sites from the previous planning period, has a shortfall of sites as identified in the Housing Element, or is identifying additional sites required by no net loss law. Therefore, this table is not applicable.
- Table D – Status and progress of housing program and policy implementation as specified in the Housing Element
- Table E (not applicable) – This table only applies if the City approved any commercial development bonuses during the reporting year. To qualify, an applicant for a commercial development enters into an agreement for partnered housing to contribute affordable housing through a joint project or two separate projects and the commercial developer receives a development bonus.
- Table F (not applicable) – Identifies units rehabilitated, preserved, and acquired for alternative adequate sites
- Summary Table – The summary table auto-populates data entered on other tables related to project entitlements completed during the reporting year and if those projects received streamlined review pursuant to SB 35 streamlining provisions.

### 2019 Housing Project Activity

Table A of Supporting Document 1 provides data for projects submitted and “deemed complete” by the City’s Planning Division within the 2019 reporting year. Residential projects are assigned unit categories: Single-Family Attached Units (SFA), Single-Family Detached Units (SFD), Two to Four Dwelling Units (2 to 4), Multiple-Family Dwelling Units (5+), Accessory Dwelling Units (ADU), and Mobile Homes (MH). Each of these units are quantified based on proposed affordability. A total of 40 housing units received planning approval during the 2019 reporting year.

### 2019 Housing Unit Production

HCD requires that the City report on new residential building permits issued during each year within the Housing Element cycle by income level, as noted on Table A2 in Supporting Document 1. In 2019, the City issued building permits for 94 single-family dwelling units (SFD), 2 duplex dwelling units, and 9 accessory dwelling units. Of the 94 SFD units, 80 units are located at the new South Cove condominium complex.

A total of 96 housing units have been issued permits for units in excess of the maximum amount established for an affordable housing unit by HCD. Therefore, these 96 units have been identified with building permits issued in the above-moderate income level households (greater than 120% of median income).

Within the South Cove condominium project, 17 for-sale units will be restricted for affordable households. For purposes of the annual report, 9 for-sale units have been issued permits in which the monthly housing cost is calculated under the maximum monthly payment for moderate income level households (80-120% of median income). A total of 17 units will be restricted for affordable households and will be counted in the year when building permits are issued.

In addition, nine (9) accessory dwelling units are identified as low and moderate income in that the units are affordable by design as small-scale and ancillary to the main residence.

### Implementation of Housing Element Programs

The City's 2014-2021 Housing Element identifies key housing goals, policies, quantified objectives and scheduled implementation of programs. Table D of Supporting Document A summarizes the City's actions taken during the 2019 reporting year. This summary includes monitoring of programs on an ongoing basis as well as implementation schedule within the eight-year cycle of the Housing Element.

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

- The City issued permits for 9 ADUs, exceeding the goal of 1-2 ADUs annually.

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

- Housing Initiatives Program provided rental assistance to 47 Dana Point hotel employees, exceeding the goal of 20 employees annually. The program is operated by Mary Erickson Community Housing in collaboration with the Monarch Beach Resort.
- Staff facilitated meetings with affordable housing developers to explore interest for building affordable, senior, and developmentally disabled housing units.

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

- City Council adopted a revised fee resolution with provisions to waive all City imposed fees to cover cost of processing development permits and building permit fees for development of deed-restricted housing affordable to extremely-low, very-low, and low-income households. For mixed-income developments, fees are discounted proportionally.

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

- Staff 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

- City Council expanded the City's contract with Mercy house for full-time homeless

outreach staff. Through homeless outreach staff and the City’s housing resources assistance program, 16 individuals were placed into permanent supportive housing.

- Staff continues to monitor affordable housing currently under construction; for-sale moderate-income units: 9 units sold, 8 units pending construction.

**Program Category #6: Preserve Existing Assisted Housing Developments**

- The units at Monarch Coast Apartments have converted to market-rate rents, and the property is under construction to replace market-rate units lost due to a landslide.

Preparation of 6<sup>th</sup> Cycle RHNA

In December 2018, SCAG initiated the development of the 6<sup>th</sup> Cycle RHNA. The 6<sup>th</sup> Cycle RHNA is the next Housing Element cycle from June 30, 2021 to October 15, 2029. City staff has been monitoring and providing input on the development of the RHNA determination and methodology through participation in monthly meetings and workshops, including:

- RHNA Subcommittee monthly meetings via teleconference (December 2018 to present)
- Orange County Council of Governments Technical Advisory Committee monthly meetings with local jurisdictions (ongoing)
- RHNA 101 Webinar on July 29, 2019
- Proposed RHNA Methodology Public Hearing on August 22, 2019 at Irvine City Hall

HCD provided SCAG with the minimum regional housing need of 1,341,827 units for the 6<sup>th</sup> Cycle to distribute among local jurisdictions. At the November 7, 2019 SCAG Regional Council meeting, an alternative methodology option was proposed and approved for recommendation to HCD. The Regional Council-approved methodology was found to be consistent with state housing law by HCD. The overall framework for the final RHNA methodology is described in the following Table:

<b>Projected need</b>	<b>Existing need</b>	<b>Income categories</b>
Household growth 2020-2030	Transit accessibility (HQTA population 2045)	150% social equity adjustment minimum
Future vacancy need	Job accessibility	0-30% additional adjustment for areas with lowest or highest resource concentration
Replacement need	Residual distribution within the county	

On February 14, 2020, SCAG released the staff-recommended final methodology calculator. For the 6<sup>th</sup> Cycle planning period, the draft RHNA allocation for the City of Dana Point is calculated as:

- Number of Very-Low Income Households (0-50% median): 146
- Number of Low Income Households (51-80% median): 84

- Number of moderate income households (81-120% median): 101
- Number of above moderate-income households (121%+ median): 199

City of Dana Point Total RHNA Allocation for 6<sup>th</sup> Cycle 2021-2029: 529

The final methodology was reviewed and approved by the RHNA Subcommittee on February 24, 2020, and an appeals process will take place through July 2020. City staff will initiate a Request for Proposals in late March 2020 for consultant services to update the City's General Plan Housing Element. The Housing Element Update for the 6<sup>th</sup> Cycle RHNA is due to HCD for completed certification by no later than October 15, 2021.

**CONCLUSION:**

The recommended actions are that the Planning Commission: 1) review the Annual Housing Element Progress report for 2019; and 2) Receive and file the Housing Element Progress Report (Supporting Document 1).

**SUPPORTING DOCUMENT:**

1. 2019 Annual Housing Element Progress Report



Belinda Deines, Interim Principal Planner



Brenda Wisneski, Director  
Community Development Department

**Supporting Document 1:** 2019 Annual Housing Element Progress Report

ATTACHMENT







Jurisdiction	Dana Point	
Reporting Year	2019	(Jan. 1 - Dec. 31)

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

This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs.  
 Please contact HCD if your data is different than the material supplied here

Table B													
Regional Housing Needs Allocation Progress													
Permitted Units Issued by Affordability													
		1	2								3	4	
Income Level		RHNA Allocation by Income Level	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Very Low	Deed Restricted	76											76
	Non-Deed Restricted												
Low	Deed Restricted	53						1	8			9	44
	Non-Deed Restricted							9					
Moderate	Deed Restricted	61											
Above Moderate	Non-Deed Restricted		3	2	4	8	4	1				31	30
		137	12	36	34	60	168	96				406	
Total RHNA		327											
Total Units			15	38	38	68	182	105				446	150

Note: units serving extremely low-income households are included in the very low-income permitted units totals  
 Cells in grey contain auto-calculation formulas

# ANNUAL ELEMENT PROGRESS REPORT

## Housing Element Implementation

(CCR Title 25 §6202)

<b>Jurisdiction</b>	Dana Point	
<b>Reporting Year</b>	2019	(Jan. 1 - Dec. 31)

**Table D**

### Program Implementation Status pursuant to GC Section 65583

#### Housing Programs Progress Report

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.

1	2	3	4
Name of Program	Objective	Timeframe in H.E	Status of Program Implementation
1.1 Housing Element Sites Monitoring	Maintain capacity to meet the RHNA	2012-2021	Compliance achieved through December 2019. City staff continues to monitor vacant and underutilized parcels on an annual basis. There are adequate sites identified to maintain capacity to meet the remaining RHNA allocation.
1.2 Density Bonus Housing	10 lower income units (through either market rate or SRO projects).	2014-2021	City staff proposes to update the City's existing density bonus ordinance in compliance with State regulations. Staff continues to assist with developer inquiries and encourages incentives for affordable housing.
1.3 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.	2014-2021	In 2019, the City issued permits for nine (9) accessory dwelling units under the revised regulations. The City has exceeded its goal of ten (10) second units within the planning period and has approved a total of 31 ADUs to date. City staff continues to promote ADUs with updated handouts and resources on the City's website.
2.1 Mortgage Credit Certificates	Continue to apply with the County of Orange to maintain eligibility for Dana Point residents.	2014-2021, Annually	Compliance achieved through December 2019.
2.2 Mortgage Assistance Program	Continue to apply with the County of Orange to maintain eligibility for Dana Point residents.	2014-2021, Annually	Compliance achieved through December 2019.
2.3 CallHome First-Time Homebuyer Assistance	Continue to apply with the County of Orange to maintain eligibility for Dana Point residents.	2014-2021	Compliance achieved through December 2019.

2.4 Housing Initiatives Program	Provide assistance to 20 hotel employees residing in Dana Point annually.	2014-2021	Compliance achieved through December 2019. In 2019, the program provided rental assistance to 47 Dana Point hotel employees. The program is operated by Mary Erickson Community Housing in collaboration with Monarch Beach Resort.
3.1 Parking Standards Study	Conduct parking study.	Conduct study in FY 2013/2014; at City Council discretion, adopt findings by December 31, 2015. by December 2010; adopt findings (if appropriate) in 2011	In 2019, the City Council adopted the Citywide Parking Implementation Plan to evaluate citywide parking issues, including residential parking. City staff conducted a parking count and occupancy study including residential neighborhoods adjacent to Lantern District/Town Center.
3.2 Development Fee Study	Conduct fee study.	Conduct study by December 2010 in FY 2013/2014; at City Council discretion, revise fees by December 31, 2015.	Fee study completed in 2018. In June 2018, the City Council adopted a revised fee schedule that waives all City imposed fees to cover the cost of processing development permits and building permit fees for the development of deed-restricted housing affordable to extremely-low, very-low, and low-income households. For mixed-income developments, the fees for processing will be discounted proportionally with the amount of deed restricted affordable dwelling units.
3.3 Priority Water and Sewer Service	Continue to provide adopted Housing Element to SCWD. Assist SCWD in adopting written procedures to provide priority service to lower income residential projects.	Send Housing Element to SCWD within one month of certification.	Housing Element sent to South Coast Water District.
3.4 Energy Conservation Study	Study measures for energy-savings in home construction, improvement, and utilities and provide findings to the public. Form a partnership with SDG&E to promote existing programs.	Conduct study during the next General Plan Update; at City Council discretion adopt incentive program by June 30, 2021. Promote SDG&E programs by June, 30 2014.	The City's Building Division staff established an expedited plan review process for residential solar building permits.
3.5 Extremely Low Income Housing	Adopt fee waivers and deferrals for deed-restricted, extremely low income (<30% AMI) affordable housing from development fees.	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 adopt incentive program by December 31, 2015.	Fee waivers adopted in 2018. In June 2018, the City Council adopted a revised fee schedule that waives all City imposed fees to cover the cost of processing development permits and building permit fees for the development of deed-restricted housing affordable to extremely-low, very-low, and low-income households. For mixed-income developments, the fees for processing will be discounted proportionally with the amount of deed restricted affordable dwelling units.

4.1 Owner Rehabilitation	Provide assistance to 4 lower or moderate income households annually, for a total of 20 ownership households.	2014-2021	The City has collected Housing In-Lieu fees to fund and begin implementation of this program in the next housing cycle.
4.2 Rental Rehabilitation	Provide assistance to 4 lower income households annually, for a total of 20 renter households.	2014-2021	The City may consider utilizing housing funds for repair and rehabilitation of the 24 low-income family units at Coffield Apartments, located at 25942 Domingo Avenue.
4.3 Neighborhood Conservation	Fund neighborhood improvements and monitor neighborhood conditions.	2014-2021	The City's Code Enforcement Division employs four full-time code enforcement officers who conduct inspections on a complaint basis. Staff monitors neighborhood conditions, encourages voluntary compliance, and issues citations as needed.
4.4 Condominium Conversions	Inform residents, property owners, and real estate agents of condominium conversion guidelines through the City's website.	2014-2021	Compliance achieved through December 2019. Staff proposes modifications to the existing condominium conversion ordinance as part of the annual zoning code clean-up.
5.1 Fair Housing Services	Continue to refer persons in need of housing assistance to the Fair Housing Council of Orange County and other non-profit housing groups. Make housing information available on the City's website and in the Housing Resources Directory.	2014-2021	Compliance achieved through December 2019.
5.2 Senior Home Assessments	Continue to refer seniors in need of free home assessments to South Coast Senior Services.	2014-2021	Compliance achieved through December 2019.
5.3 Housing Resources Assistance	Continually update the Dana Point Housing Resources Directory and assist individuals and organizations on an as-needed basis. Include a section highlighting housing options such as second dwelling units that are suitable for persons with special needs.	2014-2021	Compliance achieved through December 2019. Staff has updated information with access to new resources available both in print and online, especially with regard to homelessness. The City has expanded the contract with Mercy House for homeless outreach on a full-time basis. As of December 2019, outreach workers have assisted ten (10) individuals into permanent supportive housing.

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 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.	Fee waivers and deferrals to be considered by City Council on a case-by-case basis. Regulatory incentives to be studied with City fee study in FY 2013/2014; at City Council discretion adopt incentive program by December 31, 2015.	Fee waivers and deferrals are to be considered by City Council on a case-by-case basis.
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.	As affordable housing projects are approved from 2014–2021	South Cove - The condominium development at South Cove requires 17 moderate-income for-sale units as a condition of approval to meet Coastal/Mello Act requirements. The project is under construction and has sold ten (10) units which are currently occupied. Strand at Headlands - Staff continues to monitor construction and development of 12 employees' quarters units. Fountains at Sea Bluffs - Staff continues to enforce reporting requirements for the five low-income senior housing units.
6.2 Conservation of Existing Assisted Housing	Monitor the affordability of existing and new assisted units. Identify opportunities to preserve at-risk units and negotiate with owners or develop public/ private partnership with a qualified nonprofit organization to acquire and rehabilitate at-risk housing units. Notify qualified entities when affordable housing projects may convert to market rents. Assist OC Housing Authority with information distribution when application periods are open.	Negotiate with owners of Monarch Coast Apartments to preserve 44 units during the planning period.	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.
6.3 Section 8 Rental Assistance	Continue to refer extremely low and very low income households to the OC Housing Authority and encourage property owners to participate in the Section 8 program. Assist OC Housing Authority with information distribution when application periods are open.	2014–2021	Compliance achieved through December 2019.

<b>Jurisdiction</b>	Dana Point	
<b>Reporting Year</b>	2019	(Jan. 1 - Dec. 31)

<b>Building Permits Issued by Affordability Summary</b>		
<b>Income Level</b>		<b>Current Year</b>
Very Low	Deed Restricted	0
	Non-Deed Restricted	0
Low	Deed Restricted	0
	Non-Deed Restricted	8
Moderate	Deed Restricted	0
	Non-Deed Restricted	1
Above Moderate		96
<b>Total Units</b>		<b>105</b>

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

<b>Housing Applications Summary</b>	
Total Housing Applications Submitted:	11
Number of Proposed Units in All Applications Received:	40
Total Housing Units Approved:	40
Total Housing Units Disapproved:	0

<b>Use of SB 35 Streamlining Provisions</b>	
Number of Applications for Streamlining	0
Number of Streamlining Applications Approved	0
Total Developments Approved with Streamlining	0
Total Units Constructed with Streamlining	0

<b>Units Constructed - SB 35 Streamlining Permits</b>			
<b>Income</b>	<b>Rental</b>	<b>Ownership</b>	<b>Total</b>
Very Low	0	0	0
Low	0	0	0
Moderate	0	0	0
Above Moderate	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

Cells in grey contain auto-calculation formulas