

MISSION VIEJO AGENDA

Adjourned Meeting/Joint Housing Element Kick-Off Workshop
City Council and Planning and Transportation Commission

March 31, 2021, at 6:00 P.M.

VIRTUAL WORKSHOP VIA ZOOM

City Hall, 200 Civic Center, Mission Viejo, California, 92691

Zoom

Attendance and Public Comment Changes Due to COVID-19

Given the current “Stay at Home” Order for the State of California and the Social Distance Guidelines issued by Federal, State, and Local Authorities, the City is implementing the following changes for attendance and public comment.

This Workshop is to be held on March 31, 2021 at 6:00 p.m. and will be accessible via livestream at:

<https://cityofmissionviejo.org/stream>

Unfortunately, physical attendance by the public cannot be accommodated given the current circumstances and the need to ensure the health and safety of the City Council, Planning and Transportation Commission, City staff, and the public as a whole.

If you wish to make a general public comment or public comment on a particular item on the agenda, **you must submit your public comments by e-mail to:** cityclerk@cityofmissionviejo.org. In the subject line of the e-mail, please state your name and the item you are commenting on. Please be aware that written public comments, including your name, may become public information. Additional requirements for submitting public comments by e-mail are provided below.

General Public Comments & Comments on Business Items

All public comments must be received by **e-mail no later than 5:30 p.m. on March 31, 2021.** Comments received by this time will be read aloud by a staff member during the applicable agenda item, provided that such comments may be read within the normal three (3) minutes allotted to each speaker. Any portion of your comment extending past three (3) minutes may not be read aloud due to time restrictions. If a general public comment or comment on a business item is received after 5:30 p.m., efforts will be made to read your comment into the record. However, staff cannot guarantee that written comments received after 5:30 p.m. will be read. All written comments that are not read into the record will be made part of the meeting minutes, provided that such comments are received prior to the end of the City Council meeting.

PLEASE BE AWARE THAT ANY PUBLIC COMMENTS RECEIVED THAT DO NOT SPECIFY A PARTICULAR AGENDA ITEM WILL BE READ ALOUD DURING THE GENERAL PUBLIC COMMENT PORTION OF THE AGENDA.

The City thanks you for your cooperation in advance. Our community’s health and safety is our highest priority.

CALL TO ORDER—CITY COUNCIL AND PLANNING AND TRANSPORTATION COMMISSION

Roll Call: Council Member Goodell
Council Member Rath
Council Member Sachs
Mayor Pro Tempore Bucknum
Mayor Kelley

Commissioner Breton
Commissioner Molinari
Commissioner Quinio
Vice Chairman Blum
Chairman Ruesch

INVOCATION: Mayor Kelley

PLEDGE OF ALLEGIANCE: Chairman Ruesch

PUBLIC COMMENTS

NEW BUSINESS

1. General Plan Housing Element Update (6th cycle) for the period 2021-2029

Recommended Action: Receive report, comment, and receive public testimony.

ADJOURNMENT

City Council Adjourns to Tuesday April 13, 2021 at 5:00 P.M.

Planning and Transportation Commission Adjourns to Monday April 12, 2021 at 6:30 P.M.

At the hour of 9:30 p.m., the City Council will review the remaining agenda items and make a decision regarding the items to be considered before the 11:00 p.m. adjournment and the items to be continued to the next meeting.

NOTICE TO THE PUBLIC

Supplemental material received after the posting of the Agenda

Any supplemental writings or documents distributed to a majority of the City Council regarding any item on this Agenda, after the posting of the Agenda, will be available for public review in the City Clerk's Office located at 200 Civic Center, Mission Viejo, California, during normal business hours. In addition, such writings or documents will be made available on the City's web site at <http://cityofmissionviejo.org/> and will be available for public review at the respective meeting.

If you have any questions regarding any item of business on the Agenda for this meeting, please contact City Clerk's Office staff at (949) 470-3052 or by email – cityclerk@cityofmissionviejo.org.

Americans with Disabilities Act (ADA) Accommodations

In accordance with the Americans with Disabilities Act of 1990, if you require a disability related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the City Clerk's office at (949) 470-3052 (voice) or the California Relay Service at least 48 hours prior to the meeting. If you have special accessibility needs, please notify the City Clerk's office as soon as possible before the meeting so that reasonable arrangements for accessibility can be made.



City of Mission Viejo

Agenda Report to City Council and Planning and Transportation Commission

DATE: March 31, 2021

TO: City Council; Planning and Transportation Commission

FROM: John Douglas, Housing Element Consultant through
Elaine Lister, Director of Community Development

SUBJECT: **Joint Study Session: 2021 Housing Element Update, March 31, 2021**

RECOMMENDED ACTION

Receive report, comment, and receive public testimony.

BACKGROUND AND ANALYSIS

The purpose of this study session is to provide the City Council and Planning and Transportation Commission and community stakeholders with an overview of the State-mandated update to the Housing Element of the City's General Plan for the 2021-2029 planning period.

State Housing Element Requirements

State law requires each city to adopt a General Plan to guide land use and development. Among the various "elements" of the General Plan is the Housing Element, which establishes City policies and programs for maintaining and improving existing housing, as well as accommodating development of new housing to meet the City's assigned share of housing needs under the Regional Housing Needs Assessment ("RHNA").

In addition to the Housing Element, the Mission Viejo General Plan includes the following elements:

- Land Use
- Housing
- Circulation
- Conservation/Open Space
- Public Safety
- Noise
- Economic Development
- Growth Management

While most elements of the General Plan have a time horizon of approximately 20 years into the future, State law requires that the Housing Element be updated every 8 years. Housing Element planning periods are sometimes referred to as "cycles." The City's current Housing Element covers the planning period extending from 2013 to 2021, which is referred to as the "5th Housing

Element cycle” in reference to the five required updates that have occurred since the comprehensive revision to State Housing Element law in 1980. Every city within the Southern California Association of Governments (“SCAG”) region is required to prepare a Housing Element update for the 6th planning cycle, which spans the 2021-2029 period, regardless of when the other elements of the General Plan were adopted.

HCD Review and Certification

An important difference between the Housing Element and other elements of the General Plan is the extent of State oversight. Under California law, land use and development is generally within the authority of cities through the adoption of policies and regulations in General Plans and municipal codes. However, State law establishes many specific limitations on city land use authority with regard to housing.

The State legislature has also declared an adequate supply of housing to be a matter of statewide importance and has delegated authority to the California Department of Housing and Community Development (“HCD”) to review local government Housing Elements and issue opinions regarding their compliance with State law. A finding of Housing Element compliance by HCD is referred to as “certification” of the Housing Element. Certification is important to enhance cities’ eligibility for grant funds and also to support local land use authority. HCD review of Housing Elements is required both prior to and after final adoption by the City Council. Typically, the most critical issue in HCD’s review is whether the Housing Element demonstrates compliance with State law regarding the Regional Housing Needs Assessment (“RHNA”).

RHNA Requirements

One of the most important requirements of State Housing Element law is that each city must adopt land use plans and regulations that create opportunities for sufficient residential development to accommodate its assigned share of statewide housing need. The RHNA is the process by which each city’s need for additional housing is determined. Prior to each Housing Element planning cycle the region’s total housing need is established by HCD based primarily on population growth trends and existing housing problems such as overcrowding and overpayment. The total housing need for the Southern California region is then distributed to cities and counties by the Southern California Association of Governments (“SCAG”) based upon criteria established in State law. The SCAG region includes Los Angeles, Orange, Riverside, San Bernardino, Imperial and Ventura counties.

In late 2019 HCD issued a RHNA determination of 1,341,827 additional housing units for the SCAG region during the 2021-2029 period. Following HCD’s RHNA determination, SCAG prepared a methodology for distributing the total RHNA to jurisdictions in the SCAG region consistent with criteria established in State law. In early 2020 SCAG’s Regional Council adopted the RHNA methodology and draft RHNA allocations were published last September. SCAG adopted the final RHNA Plan on March 4, 2021.

Housing needs allocated through the RHNA process are distributed among the income categories as shown in the following table.

Table 1. RHNA Income Categories

Income Category	% of county median income
Extremely low*	Up to 30%
Very low*	31-50%
Low	51-80%
Moderate	81-120%
Above moderate	Over 120%

Source: California Government Code Sec. 65584(f)

*RHNA allocations for the extremely-low and very-low categories are combined into a single number

Affordable housing rents and purchase prices are determined based on State policy that households should not have to pay more than 30% of their gross income for suitable housing. Affordable housing costs for all jurisdictions in Orange County that correspond to the various income categories are shown in Table 2. Affordability numbers are adjusted each year based on the countywide median income and family size. Table 2 provides the current figures for a 4-person family in Orange County. Income limits and affordable cost are adjusted up or down based on family size.

Table 2. Income Categories and Affordable Housing Costs – Orange County

Income Category	Maximum Income	Affordable Rent	Affordable Price (est.)
Extremely low	\$38,450	\$961	*
Very low	\$64,050	\$1,601	*
Low	\$102,450	\$2,561	*
Moderate	\$123,600	\$3,090	\$500,000
Above moderate	Over \$123,600	Over \$3,090	Over \$500,000

Assumptions:

-Based on a family of 4 and current State income limits

-30% of gross income for rent or principal, interest, taxes & insurance plus utility allowance

-10% down payment, 3.75% interest, 1.25% taxes & insurance, \$300 HOA dues

* For-sale affordable housing is typically at the moderate-income level

Source: Cal. HCD; JHD Planning LLC

Table 3 shows the RHNA allocations for Mission Viejo, Orange County, and the SCAG region.

Table 3. 6th Cycle RHNA – Mission Viejo, Orange County and SCAG Region

	Mission Viejo	Orange County	SCAG Region
Additional housing need 2021-2029 (units)	2,217	183,861	1,341,827

Source: SCAG, 3/4/2021

The RHNA also allocates total housing need to the income categories described in Table 2 (the extremely-low and very-low categories are combined for RHNA purposes). The 6th cycle RHNA allocation by income category for Mission Viejo is shown in Table 4.

Table 4. 6th Cycle RHNA by Income Category – Mission Viejo

Very Low	Low	Moderate	Above Moderate	Total
674	401	397	745	2,217

Source: SCAG, 3/4/2021

The RHNA identifies the amount of additional housing at different price levels a jurisdiction would need to fully accommodate its existing population plus its assigned share projected growth over the next 8 years while avoiding problems like overcrowding and overpayment. The RHNA is a planning requirement based upon housing need, *not a construction quota or mandate*. The primary significance of the RHNA is that jurisdictions are required to adopt land use plans and development regulations that create sufficient opportunities for additional housing development commensurate with the RHNA allocation. Under current law, cities are not penalized if actual housing production does not achieve the RHNA allocation, but cities may be required to streamline the approval process for qualifying housing developments that meet specific standards (such as affordability and prevailing wage labor requirements) if housing production falls short of the RHNA allocation.

The Housing Element must demonstrate compliance with the RHNA by analyzing the city's capacity for additional housing based on an evaluation of land use patterns, development regulations, potential constraints (such as infrastructure availability and environmental conditions) and real estate market trends. The analysis must be prepared at a parcel-specific level of detail and identify properties (or "sites") where additional housing could be built under current regulations. State law requires that the sites analysis demonstrate that city land use plans and regulations provide adequate capacity to fully accommodate its RHNA allocation in each income category. If the current development capacity is not sufficient to fully accommodate the RHNA, the Housing Element must describe proactive steps the City will take to increase housing capacity commensurate with the RHNA – typically through amendments to land use plans and development regulations that could facilitate production of additional housing. Such amendments generally include increasing allowable residential densities, modifying other development standards, or allowing housing to be built in areas where residential development is not currently allowed, such as areas zoned for commercial use. *It is important to note that neither cities nor property owners are required to develop additional housing on the sites identified in the Housing Element, or to provide funding for housing development.* Future accessory dwelling units (ADUs) can also satisfy a portion of the RHNA allocation based on permit trends and city ADU regulations. As part of the Housing Element update, the current capacity for additional housing will be analyzed and if capacity is insufficient to accommodate the RHNA allocation, staff will identify options for consideration by the Planning Commission and City Council.

NEXT STEPS:

Over the next few months staff will prepare a draft Housing Element for review by the Planning and Transportation Commission, City Council, community stakeholders and HCD, and additional public meetings will be held to solicit comments and discuss policy options. The focus of this process will be identifying how the City will provide adequate capacity for additional housing to accommodate the RHNA allocation.

Additional materials regarding the Housing Element update process, including a Housing Element FAQ, meeting notices and draft documents, will be posted on the City website at:

<https://cityofmissionviejo.org/departments/community-development/planning/housing> as they become available. Interested parties may also submit questions or comments throughout the Housing Element update process by email at cd@cityofmissionviejo.org or by calling: 949-470-3024.



City of Mission Viejo

2021 Housing Element Update

Study Session
March 31, 2021



Mission Viejo General Plan

- Land Use
- Circulation and Infrastructure
- Open Space and Conservation
- Community Building
- Public Health and Safety
- Noise
- **Housing**
- Growth Management
- Technology



Overview

- Housing Element has been a required part of the General Plan since 1969
- Extensive legal requirements
- Housing Element updates required every 8 years
 - ✓ 2021-2029 update required by State law ("6th cycle")
- State oversight & Housing Element "certification"



Housing Element Certification

- Limitations on local land use control
- Housing is a “matter of statewide importance”
- State Legislature has delegated HCD authority to review Housing Elements for compliance (“certification”)
- Potential legal consequences for non-compliance
- Certification supports the legal validity of the Housing Element and General Plan



Housing Element Guiding Principles

- Maintain & improve existing housing
- Plan for new housing to accommodate growth and a variety of housing for all economic segments
- Minimize constraints to housing
- Fair housing



What is Affordable Housing?

Income Category	Income Limits	Affordable Rent	Affordable Price (est.)
Extremely Low (<30%)	\$38,450	\$961	---
Very Low (31-50%)	\$64,050	\$1,601	---
Low (51-80%)	\$102,450	\$2,561	---
Moderate (81-120%)	\$123,600	\$3,090	\$500,000
Above Mod (>120%)	>\$123,600	>\$3,090	>\$500,000

Assumptions:

Based on a family of 4

30% of gross income for rent or PITI

10% down payment, 3.75% interest, 1.25% taxes & insurance, \$300 HOA dues



Key Requirements

Housing regulations consistent with State law

✓ *Persons with special needs*

Regional Housing Needs Assessment (RHNA)

✓ *Adequate sites to accommodate assigned need*



Special Needs

Housing for persons with special needs

- ✓ Affordable workforce housing
- ✓ Transitional housing
- ✓ Supportive housing
- ✓ Emergency shelters
- ✓ Residential care facilities
- ✓ Accessory dwelling units (ADUs)



- Mandated by State law since 1980
- Total housing need assigned to each region by HCD
- RHNA Plan prepared by SCAG
- Each city & county assigned a share of total need based on projected growth, existing need & access to jobs & transit
- RHNA allocation distributed among 4 income categories based on income characteristics to avoid overconcentration



RHNA requirements in State law

- Planning
 - ✓ City must ensure that plans and development regulations can accommodate the RHNA allocation in all income categories
 - ✓ Housing Element certification requires “adequate sites”
- Production
 - ✓ Housing Element certification not contingent on achieving the RHNA allocation
 - ✓ If housing production falls short of the RHNA allocation, streamlined permit processing required for some projects



6th Planning Cycle (2021-2029)

SCAG region:	1,341,827 units
Orange County:	183,861 units
Mission Viejo:	2,217 units



Mission Viejo (2021-2029)

<u>Income Category</u>	<u>Units</u>
Very low	674
Low	401
Moderate	397
<u>Above mod</u>	<u>745</u>
Total	2,217



RHNA Summary

- Planning target, not a construction quota
- Sites inventory must accommodate the RHNA
- Lower-income need can be accommodated through:
 - ✓ Multi-family residential zoning (30+ units/acre)
 - ✓ Mixed-use or “overlay” zoning (30+ units/acre)
 - ✓ Accessory dwelling units (ADUs)
- If sites inventory does not accommodate the RHNA, rezoning is required



Next Steps

Date	Milestone
Spring 2021	Research & analysis Public outreach Study Session
Spring/Summer 2021	Prepare Draft Housing Element Public review Planning & Transportation Commission review City Council review State review & consultation
Summer 2021	Prepare Revised Draft Housing Element Public review
Fall 2021	Planning & Transportation Commission review City Council hearing & adoption



For more information:

<https://cityofmissionviejo.org/departments/community-development/planning/housing>

Questions & comments?

cd@cityofmissionviejo.org or 949-470-3024