



REQUEST FOR PLANNING COMMISSION ACTION

MEETING DATE: JULY 15, 2021

TITLE: GENERAL PLAN – DRAFT 2021-2029 HOUSING ELEMENT
UPDATE

A handwritten signature in cursive script, reading "Peter Carillo".

Director of Community Development

RECOMMENDED ACTION

1. Review and provide input on the key features of the Draft Housing Element Update.
2. Recommend transmittal of the Draft 2021-2029 Housing Element Update to the California Department of Housing and Community Development (HCD).

EXECUTIVE SUMMARY

State law requires all cities to update the Housing Element of its General Plan every eight years. It further requires the current update to be completed by October 2021 and the City is undertaking this process. The City's Housing Element was adopted by the City Council in 2013 for the 2013-2021 planning period. This next update, referred to as the 6th Cycle, will address the 2021-2029 planning period. Staff is preparing the draft 2021-2029 Housing Element that will be submitted to the California Department of Housing and Community Development (HCD) for its required review prior to Planning Commission and City Council final approval, which is tentatively scheduled for fall/winter 2021.

The most significant update included in the draft 2021-2029 Housing Element is the identification of sites to accommodate the Regional Housing Needs Assessment (RHNA) and enhanced housing policies to support housing and affordability consistent with new state statute. The RHNA has been significantly increased from the current 5th Cycle RHNA allocation issued by the Southern California Association of Governments (SCAG). It is important to note that housing element law does not require a city to build housing units, but rather to demonstrate that the city has the land capacity to address RHNA through a required sites inventory analysis.

The content of the draft 2021-2029 Housing Element is structured for consistency with the requirements set forth in state law. In addition to responding to the requirements of state law, the Housing Element demonstrates how the strategies to meet the City's locally determined housing needs are addressed through plans, programs, and projects. This report includes an update on the status of the Housing Element Draft and how it complies with state housing element law. The Planning Commission reviewed the preliminary site

inventory and plan, programs, and policies at the July 1, 2021, meeting. Once the Planning Commission provides initial feedback, the draft will be submitted to HCD for its preliminary review and, ultimately brought back for final Commission input and City Council adoption in fall/winter 2021.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

Not applicable.

ANALYSIS

Background

Under California law (Government Code Section 65580 et seq.), cities must update their housing element every eight years. As prescribed by law, the current update must be completed by October 2021, although HCD is permitting a 120-day grace period. The City must transmit the draft 2021-2029 Housing Element to HCD for a 60 day preliminary review prior to final review and adoption by the Planning Commission and City Council. Once the draft 2021-2029 Housing Element is adopted by the Planning Commission in fall 2021 and the City Council in winter 2021, the final 2021-2029 Housing Element will be transmitted to HCD for certification. The purpose of a housing element is to assess a community's housing needs, identify obstacles to meeting those needs, and demonstrate capacity to accommodate the City's "fair share" of the region's need for new housing to accommodate projected population growth. The statewide housing mandate for all cities to accommodate their share of housing needs is known as the RHNA. A housing element must also include policies and goals that work towards implementation of the element over the planning period.

Irvine's current Housing Element for the planning period 2013-2021 was adopted by the City Council in September 2013 and it was found by HCD to be in full compliance with state housing element law. The Housing Element update will cover the state-required eight-year planning period beginning October 15, 2021, and ending October 15, 2029. The update will address various state mandates including the RHNA, which has been significantly increased from the current 12,149 units to 23,610 units. In addition to this increase, a significant change to state housing element statute is the requirement to demonstrate adequate sites to accommodate the RHNA at all affordability levels.

Irvine supports the production of housing and has a proven track record of providing housing for all people at all income levels. Irvine has provided more affordable housing units than any other city in Orange County through the City's existing inclusionary housing program.

Housing Element Requirements

State law requires each city to prepare and adopt a housing element as part of its General Plan. According to State law, the Housing Element must: provide goals, policies, quantified objectives and scheduled programs to preserve, improve and develop housing. The Housing Element must identify and analyze existing and projected housing needs for all economic segments of the community.

Housing Needs Assessment

The state develops housing demand projections and apportions these projections to each of the state's regions. In Orange County, SCAG allocates the state's regional projected demand to individual jurisdictions. This allocation is referred to as the 6th Cycle RHNA, and is intended to reflect the projected housing demand of each jurisdiction. State law requires that jurisdictions incorporate this allocation into their Housing Element update. In order to assess projected housing needs, a complete description of the City's most recent population estimate, and general characteristics of the employment market is provided. This information offers insight into the types of jobs in the community and the incomes associated with such jobs. It also identifies proposed development activities and future housing needs generated by new employment opportunities.

The "Housing Needs" section of the Housing Element identifies and analyzes the existing and projected housing need of the community pursuant to the RHNA. This is different from previous cycles where the RHNA only included the projected need. An assessment must be undertaken of the community's existing and projected housing needs based on household characteristics, housing stock conditions, special housing needs, and demographic and employment trends. The City's total final RHNA allocation is 23,610. The RHNA is inclusive of the projected need for the City, which is based on planned development and the City's official growth forecast, at 7,690 units as well as the existing need for the City, at 15,864, which is solely based on a jurisdiction's access to jobs and transit. The existing need also included additional units that were reallocated from disadvantaged communities (DACs) in Orange County. An additional 56 units were allocated to the City as a result of a successful RHNA appeal by another jurisdiction. The assessment of existing housing needs includes current demographic information, such as the total population, the number of households over-burdened by housing costs, the number of households living in overcrowded conditions, and special housing needs. It also includes the number of housing units that need rehabilitation, as well as assisted affordable units at risk of converting to market rate. The majority of the data included in this section has been pre-certified by HCD for the SCAG region.

Projected need is the household growth for jurisdictions between July 1, 2021, and October 1, 2029. Existing need is considered the remainder of the regional determination after projected need is subtracted. The allocation establishes the number of new units anticipated to be needed, by income category, to accommodate the expected population growth over the planning period of the Housing Element. The housing needs findings are

used to inform and develop the Housing Element policies and programs to ensure that the City focuses its efforts on the community's identified needs.

In October 2020, the City filed an appeal of the draft RHNA with SCAG. The City requested a reduction of 8,259 total units from the draft RHNA allocation to address the following outstanding issues:

- Appeal #1: Methodology
 - High Quality Transit Area (HQTA) Errors
 - Residual Allocation Redistribution due to Disadvantaged Community component of the RHNA Methodology, specifically outdated growth forecast information
- Appeal #2: Local Planning Factors and Information Furthering Fair Housing (AFFH)
- Appeal #3: Changed Circumstances
- Appeal #4: Regional Determination of 1.34 Million Housing Units Violates State Law
- Appeal #5: Inconsistency Between Regional Housing Needs Assessment and Sustainable Communities Strategy

The City's RHNA Appeal was denied by SCAG's RHNA Appeal Board in January 2021.

Sites Inventory, Analysis, and Goals and Policies

State law requires jurisdictions to provide an inventory of land suitable for residential development that will allow for, and facilitate production of, the City's regional share of housing as determined by the RHNA.

To determine whether the City has sufficient land to accommodate its share of regional housing needs for all income groups, the City must identify "adequate sites" in the Housing Element site inventory. The purpose of the housing element's site inventory is to identify and analyze specific land (sites) that is available and suitable for residential development in order to determine the jurisdiction's capacity to accommodate residential development and reconcile that capacity with the jurisdiction's RHNA. The site inventory enables the jurisdiction to determine whether there are sufficient adequate sites to accommodate the RHNA by income category. A site inventory and analysis will determine whether program actions must be adopted to "make sites available" with appropriate zoning, development standards, and infrastructure capacity to accommodate the new housing need.

Other characteristics to consider when evaluating the appropriateness of sites include physical features (e.g., size and shape of the site, improvements currently on the site, slope instability or erosion, or environmental and pollution considerations), location (e.g., proximity and access to infrastructure, transit, job centers, and public or community services), competitiveness for affordable housing funding (e.g., Low Income Housing Tax

Credit score criteria), and likelihood or interest in development due to access to opportunities such as jobs and high performing schools. When determining sites to include in the inventory to meet the lower income housing need, HCD recommends that a local government first identify development potential in high opportunity neighborhoods. High opportunity areas are places that currently have strong economic, environmental, and educational outcomes. Locating affordable housing in high opportunity areas would result in more integration of neighborhoods, and offer new economic opportunities to lower income segments of the population. This will assist the local government in meeting its requirements to affirmatively further fair housing and ensure developments are more competitive for development financing.

Sites are considered suitable for residential development if zoned appropriately and available for residential use during the planning period. Housing Element law does not require a jurisdiction to build housing units, but rather to demonstrate that the jurisdiction has the land capacity to address its RHNA. If a jurisdiction cannot demonstrate that the existing zoning and General Plan designations can accommodate its RHNA allocation, the jurisdiction is required to re-zone land in order to have sufficient capacity, among other programs that may also be required. Even if a city re-zones the land to accommodate residential, market and development trends will ultimately dictate the construction of residential units. The City’s draft 2021-2029 Housing Element demonstrates that Irvine does not have sufficient capacity under the current General Plan to meet the new RHNA through vacant land capacity and will need to re-zone land and update the General Plan and Zoning Ordinance to accommodate the RHNA. With the proposed re-zoning and inclusion of new policies and programs, the City is able to identify sufficient capacity to accommodate the 6th Cycle RHNA.

The City’s 6th Cycle RHNA has been significantly increased from the 5th Cycle RHNA of 12,149 units to 23,610 total units. The 6th Cycle RHNA will replace the current allocation when the Housing Element is updated, adopted by the City Council, and certified by the state before the statutory deadline. Table 1 below shows Irvine’s RHNA allocation of housing units broken down by income category for the 2021-2029 planning period.

Table 1
 2021-2029 Irvine Regional Housing Needs Allocation

Income Category	RHNA
Category 1 (0% - 50% AMI ¹) (Extremely Very Low/Very Low)	6,396
Category 2 (51% - 80% AMI) (Low)	4,235
Category 3 (81% - 120% AMI) (Moderate)	4,308
Category 4 (over 120% AMI) (Above Moderate)	8,671
Total Units	23,610

Note: ¹ AMI refers to Area Median Income for Orange County.

Housing Element statute has been modified the past several years, adding new requirements that must be included in a jurisdiction's Housing Element update. This includes the addition of the Affirmatively Further Fair Housing (AFFH) section and the "no net loss" requirement in the site inventory. "No net loss" requires a jurisdiction to maintain adequate sites to accommodate its remaining unmet RHNA by each income category at all times throughout the entire planning period. Specifically, if a jurisdiction approves the development of a parcel identified in its Housing Element sites inventory with fewer units than shown in the Housing Element, it must either make findings that the Housing Element's remaining sites have sufficient capacity to accommodate the remaining unmet RHNA by each income level or identify and make available sufficient sites to accommodate the remaining unmet RHNA for each income category. In addition to the "no net loss" requirement, the City must identify an adequate supply of above moderate or "market rate" units to ensure the affordable units can be constructed. As a result of this requirement, the City must identify more sites and units than identified in the RHNA.

Constraints

A number of factors can constrain the development and improvement of housing. These include both governmental and non-governmental constraints, which are reviewed in the Housing Constraints section of the draft 2021-2029 Housing Element. State law requires the City to analyze land use controls, fees and exactions, on- and off-site improvement requirements, building codes and enforcement thereof, permit and processing procedures, and potential constraints on the development or improvement of housing for persons with disabilities. The draft 2021-2029 Housing Element generally finds that the City land use controls do not create unnecessary constraints to housing development.

Non-governmental constraints must also be analyzed, including the availability and cost of land, as well as construction. These constraints are often out of the City's control but can result in housing that is not affordable to low- and moderate-income households.

Goals, Policies, and Programs

Based on the results of the public participation, housing needs assessment, sites inventory and analysis, and constraints, the draft 2021-2029 Housing Element establishes goals, policies, and programs to facilitate the provision of housing that fulfills the diverse needs of the community.

The draft 2021-2029 Housing Element establishes six goals, which are statements of community desires that are broad in both purpose and aim, but are designed specifically to establish direction. Policies provide specific standards for achieving each goal, and are further articulated in the programs, which identify actions the City will implement to achieve each goal and policy.

Many of the goals, policies, and programs have not changed from the 2013-2021 Housing Element. Some have been modified to simplify, avoid redundancy, or reflect current practice, and are outlined in the Goals, Policies and Programs section. New goals, policies, and programs have been added to build upon Irvine's success in building affordable housing throughout the community and address the City's significant RHNA allocation. Some of the key proposed policies being considered include:

- An increase to the inclusionary zoning ordinance to mandate 20 percent of new housing projects are at affordable price points, rather than the current 15 percent mandate.
- Target city, county, state, and certain privately owned sites for 100 percent affordable residential projects.
- Coordinate efforts and enhance partnership with the Irvine Community Land Trust (ICLT).
- Amend the affordable in-lieu fee to reflect current costs.
- Extend the term of affordability on affordable units set to expire in the next Housing Element Cycle (2021-2029)
- Introduce residential uses in targeted retail centers in the city to create mixed use environments.
- Maximize density near the Irvine Station with a residential overlay, for transit-oriented development.
- Expand the residential overlay and unit cap in the Irvine Business Complex.
- Introduce residential overlay at religious and school sites.
- Allow conversion of hotel and motel to residential units.

Site Inventory

State law mandates that cities develop a sites inventory analysis to identify vacant land or land that can be redeveloped during the planning period. The inventory must include a map identifying parcels, general plan and zoning designation, acreage and unit capacity across affordability levels. The sites inventory analysis included in the draft 2021-2029 Housing Element demonstrates that the RHNA of 23,610 total housing units can be accommodated through a combination of the remaining vacant residential sites in Irvine and non-vacant sites that can be redeveloped with a residential component. This will require the City to complete a comprehensive update to the General Plan and Zoning Ordinance following the adoption of the Housing Element.

Per Housing Element statute and HCD's "Housing Element Site Inventory Guidebook," the City must identify adequate sites at the parcel level. Additionally, according to the guidebook, "the analysis of 'appropriate zoning' should not include residential buildout projections resulting from the implementation of a jurisdiction's inclusionary program or potential increase in density bonus, because these tools are not a substitute for addressing whether the underlying (base) zoning densities are appropriate to accommodate the RHNA for lower income households." This means, the City, despite having a successful inclusionary housing program, is unable to utilize the existing or proposed inclusionary housing program to meet the affordable RHNA allocation. Additional constraints to developing the site inventory include, but are not limited to:

- Inclusionary Housing: HCD will not permit an existing inclusionary program to be used on any future projects to meet the RHNA requirements.
- Density Realism: The City must show precedent for high density residential assumptions by providing documentation that nearby developments are at similar densities.
- Parcel Size: HCD will scrutinize affordable units on sites that are less than 0.5 acres or more than 10 acres.
- Affirmatively Furthering Fair Housing (AFFH): The City is required to spread affordable units throughout the City to ensure there isn't a concentration of affordable units in one area.

A detailed breakdown of the residential development capacity by income category will be provided in the Projected Housing Needs section of the draft 2021-2029 Housing Element. Additionally, the draft 2021-2029 Housing Element continues the community's commitment to a full spectrum of housing opportunities for all income groups at all stages of life.

The City, in cooperation with the University of California, Irvine (UCI) has petitioned HCD to allow a one-time credit for housing units previously constructed that have not been counted in prior Housing Elements. This would include all for sale and rental units at University Hills and all housing dedicated for students, graduate students/families. In addition to these units, the City has included future units planned for University of California owned property on Irvine Boulevard in the draft Housing Element site inventory.

Quantified Objectives

A component of the Housing Element includes quantified objectives for achieving the maximum number of units, by income level, to be constructed, rehabilitated, and conserved over the planning period. Staff has identified the City's housing needs, surveyed developable parcels, identified financial resources, analyzed constraints, and assessed appropriate programs and policies. As a result of this

analysis an estimate was made of the maximum number of units that can reasonably be expected to be developed by the private sector. It is important to note that quantified objectives need not equal the RHNA allocation.

Review of Past Programs in the Previous Housing Element

The City must evaluate the results from housing programs implemented during the previous Housing Element. The review of past programs discusses the progress, effectiveness, and appropriateness of the previous Housing Element goals, objectives, policies, and programs.

Public Participation

Pursuant to California Government Code Section 65583(c)(9), local governments are required to “make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element.” To meet these requirements, the City of Irvine has organized multiple activities over the last 10 months to engage with all economic segments of the community through a community outreach survey, two focus groups, three community workshops, a Planning Commission study session, a City Council scoping session, and stakeholder meetings with the development community, property owners, non-profit organizations, public agencies, such as the Irvine Unified School District, affordable housing providers including the Irvine Community Land Trust, and special interest groups.

To promote the community engagement activities and events, the City used its website, social media accounts, press releases, mailers, interest list notifications, fliers, and public email system. The City also provided outreach materials in English and seven additional languages: Chinese (Traditional and Simplified), Korean, Vietnamese, Japanese, Farsi, Arabic, and Spanish to ensure the outreach materials reached many diverse segments of the community.

The City Council conducted a scoping session on February 9, 2021, and the Planning Commission conducted a study session on February 18, 2021, on the Housing Element update process. Input from the workshops and meetings with the public, City Council, and Planning Commission, as well as staff review of the current Housing Element and changes in state housing law were used to develop the draft document presented to the Planning Commission.

In preparing for the Sites Inventory Analysis, staff identified potential opportunity sites and mailed outreach letters to those property owners. The purpose of these mailers was to gauge interest of property owners in either converting their site for residential purposes or developing residential homes in combination with their existing use within the next eight years. In addition, staff met with major property owners, Irvine Company and FivePoint, to discuss potential opportunity sites for the Housing Element.

City staff held meetings with a variety of stakeholders including affordable housing developers and several meetings with the Irvine Community Land Trust (ICLT) on opportunities to coordinate and collaborate. The City hosted three community workshops throughout the month of April. On April 5, 2021, the City held a virtual community workshop with stakeholders in the Irvine Business Complex (IBC) and Spectrum areas, specifically property owners, commercial real estate brokers, the Building Industry Association (BIA), Irvine Chamber of Commerce, and the general public with an interest in these neighborhoods. On April 22, 2021, and April 29, 2021, the City held virtual community-wide workshop to present the 6th Cycle Housing Element Update. On April 22, 2021, 105 participants attended the workshop and on April 29, 2021, 92 participants attended the workshop.

In addition, staff utilized community survey and focus group results from City residents that are part of the City's, separate and ongoing, General Plan Update. The survey included questions focused on housing issues to support the Housing Element public engagement effort. The focus groups allowed for dedicated discussions that highlighted residents' perspectives on housing topics, including state-mandated housing and where such housing will be compatible in the City.

The City gathered feedback from all outreach activities and evaluated the findings to identify the issues and topics that were most pressing to the Irvine community. The City then used this information to help develop goals, policies, and proposed activities for the planning period.

Review Process

The Housing Element will be forwarded to HCD for a mandatory 60-day review for consistency with state law and provisional certification. The review by HCD must occur at least 90 days prior to the City Council taking final action on the Housing Element. Upon incorporation of state feedback, staff will present the final draft 2021-2029 Housing Element to the Planning Commission in the fall/winter followed by final review and the City Council consideration of formal adoption. The City will be taking advantage of the 120 day grace period following the October 15, 2021 deadline to adopt the final Housing Element. The entire 6th Cycle Housing Element cycle has been delayed at several levels, including the six-month delay at SCAG for the adoption of the final RHNA (March 2021), the delayed release of the Affirmatively Furthering Fair Housing (AFFH) guidelines by HCD (April 2021), and COVID. Upon submittal of the final Housing Element to HCD for certification, the state will have 90 days to confirm whether the Housing Element is consistent with HCD's provisional certification and thereby complies with state law.

ENVIRONMENTAL REVIEW

An environmental evaluation for the project will be prepared after review and incorporation of any amendments requested by HCD. Staff will bring the environmental certification when the Planning Commission considers adoption of the Housing Element in the fall.

ALTERNATIVES CONSIDERED

The Planning Commission can provide feedback to be incorporated into the draft document, prior to the transmittal to HCD for the required 60 days review.

FINANCIAL IMPACT

The Community Development Department budget includes a work program to update the Housing Element. The program includes staff time and consultant services to research and prepare the updated Housing Element. The City will also rely on reimbursement from Senate Bill 2 and Local Early Action Plan (LEAP) grants to fund the Housing Element.

REPORT PREPARED BY: Marika Poynter, Principal Planner

PC ATTACHMENTS:

1. Site Inventory Table and Map
2. Planning Area Map