



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**July 19, 2022**

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**Topic:** General Plan Amendment No. 2021-01 - 6th Cycle Housing Element Update

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**AGENDA TITLE**

Public Hearing – General Plan Amendment No. 2021-01 to Update the General Plan Housing Element for the 6<sup>th</sup> Cycle (2021-2029) Planning Period. The Proposed Amendment Includes Analysis of Barriers to Fair Housing and Proposed Programs and services to Comply with State Mandates

**RECOMMENDED ACTION**

1. Adopt a resolution approving an addendum to the Program Environmental Impact Report for the General Plan Update (State Clearinghouse No. 2020029087); and
2. Adopt a resolution approving General Plan Amendment (GPA) No. 2021-01 for the 6<sup>th</sup> Cycle Housing Element Update subject to conforming edits by the Executive Director of the Planning and Building Agency and the City Attorney to comply with State housing law and mandates.

**PLANNING COMMISSION ACTION**

At a special meeting on December 20, 2021, and after receiving public testimony on the item, the Planning Commission voted 5-0 to recommend that the City Council adopt an addendum to the Negative Declaration for the 5<sup>th</sup> Cycle Housing Element (SCH #2013111008); and adopt a resolution approving General Plan Amendment No. 2021-01 for the 6<sup>th</sup> Cycle Housing Element Update with the following edits to be included in the revised Housing Element: 1) Seek inclusion of a skilled labor provision as part of the update of the Affordable Housing Opportunity and Creation Ordinance (AHOCO); 2) Explore adoption of a right of first refusal ordinance; 3) Explore creation of worker led cooperatives related to childcare providers; and 4) Facilitate coordination between organizations and service providers that receive ESG funding with local businesses and organizations. The recommended edits proposed by the Planning Commission have been addressed in their entirety within the latest draft of the 6<sup>th</sup> Cycle Housing Element. Additionally, environmental documents required by the California Environmental Quality Act (CEQA) have been updated since the adoption of the General Plan Update in April of 2022.

**DISCUSSION**

The State of California Government Code Section 65302(c) mandates that each city include a housing element in their general plan. The Housing Element is required to identify and analyze existing and projected housing needs, and include statements of the

City's goals, policies, quantified objectives, and programs for the preservation, improvement, and development of housing for all income levels over an eight (8) year planning period. This update of the Housing Element will cover the 6<sup>th</sup> planning cycle, which spans the 2021-2029 period (October 15, 2021 - October 15, 2029). Furthermore, the Housing Element differs from other General Plan elements in two aspects: the Housing Element must be updated every eight years and must be reviewed and certified by the California Department of Housing and Community Development (HCD) to ensure compliance with State requirements. Additionally, a non-compliant housing element could result in the loss of eligibility for grant funds and State funding sources, penalties, and reduced local zoning control.

The Housing Element plays a unique role in charting the course for fair and equitable housing and quality of life in Santa Ana for existing and future generations. This Housing Element Update sets priorities for advancing housing stability and anti-displacement policies, including the City's recently adopted Rent Stabilization Ordinance and Just Cause Eviction Ordinance, and revisions to the Affordable Housing Opportunity and Creation Ordinance (AHOCO), formally known as the Housing Opportunity Ordinance, to better align the production of affordable housing and private investment to foster greater livability, sustainability, and resilience in housing policies.

At its core, the purpose of a housing element is to provide an analysis of a community's housing needs for all income levels and household types, and identify strategies to respond to and provide for those housing needs. Since 1969, housing elements have been considered mandatory components of local general plans in California because providing housing for all Californians is considered by the State legislature to be a matter of vital statewide importance. In addition, the Housing Element is a key part of the City's General Plan and provides critical guidance to all housing-related decisions undertaken by the City. The Housing Element Update embodies the existing goals and policies of other General Plan elements and identifies the more detailed strategies the City will implement to achieve them with regards to housing. The update also ensures that housing goals, objectives, and policies are integrated and consistent with all the other elements of the General Plan.

Pursuant to State law, the housing element must include the following key components:

- An analysis of existing and projected housing needs
- An analysis of potential constraints on housing
- An analysis of assisted housing developments that are "at-risk" and eligible to change from low-income housing uses
- An inventory of sites suitable for housing development
- An analysis of the plan's conformance with affirmatively furthering fair housing (AFFH) requirements
- An analysis of any special housing needs
- An evaluation of the previous housing element

- Goals, objectives, policies, and implementation programs

The proposed Housing Element updates the prior 2013-2021 element to better reflect the City's demographics, housing conditions, local needs, and community priorities. The updated Housing Element covers all of the State mandated components and includes an introduction, policy framework, housing plan, and six appendices. The appendices provide detailed information to address housing needs, housing constraints, housing resources, program evaluation, assessment of fair housing, and public outreach.

#### Relationship of the Housing Element to the General Plan

The Housing Element is one of twelve elements of the City's General Plan, a document that provides the long-range vision and guidance for future development in Santa Ana. City Council adopted a comprehensive General Plan update, *Golden City Beyond*, in April 2022. For the General Plan to provide effective guidance on land use issues, the goals, policies, and programs of each element must be internally consistent with other elements. The Housing Element builds upon the adopted General Plan and is consistent with its goals and policies. Additionally, the 6<sup>th</sup> Cycle Housing Element will not require a rezone program or any other amendments to the General Plan to ensure consistency across planning documents.

#### Regional Housing Needs Assessment (RHNA)

The Southern California Association of Governments (SCAG), in consultation with HCD, is required to determine the existing and projected housing needs for the SCAG region pursuant to Government Code Section 65584, et seq. by way of preparing a RHNA. For the 6<sup>th</sup> planning cycle, HCD allocated 1,344,740 units to the Southern California region. SCAG then developed methodology to distribute the regional determination to each member jurisdiction in Southern California. The City of Santa Ana has a total RHNA of 3,137 housing units for the 2021–2029 planning period, as detailed in the following table.

**Table 1: City of Santa Ana Regional Housing Needs Assessment (RHNA)**

<b>Income Group</b>	<b>SCAG RHNA Units</b>	<b>Transfer RHNA Units **</b>	<b>Total RHNA Units</b>
Very Low (0-50% AMI*)	586	20	606
Low (51-80% AMI)	362	0	362
Moderate (81-120% AMI)	523	22	545
Above Moderate (120%+ AMI)	1,624	0	1,624
<b>TOTAL</b>	<b>3,095</b>	<b>42</b>	<b>3,137</b>

\*AMI means: Area Median Income;

\*\*Transfer of RHNA from County of Orange as a result of joint development of Crossroads at Washington project.

The Housing Element is required to include an analysis of potential housing sites in the City to accommodate the development of new housing units to meet the RHNA target. However, housing projects that have been approved, permitted, or received a certificate of occupancy after June 30, 2021 (pipeline) may be counted towards the 6<sup>th</sup> planning cycle. In total, there are presently 6,914 pipeline housing units. Of those, 443 housing

units are planned for very low-income households, 701 for low-income households, and 6 for moderate-income households as shown in the table below.

**Table 2: Pipeline Housing Projects and ADU Projections**

<b>Projects</b>	<b>Very Low</b>	<b>Low</b>	<b>Mod.</b>	<b>Above Mod.</b>	<b>Total</b>
Pipeline Housing Projects*	443	701	6	5,764	6,914
Accessory Dwelling Unit Projections**	181	311	217	14	723
<b>TOTAL</b>	<b>624</b>	<b>1,012</b>	<b>223</b>	<b>5,778</b>	<b>7,637</b>

\*A full list of projects and a breakdown of affordability can be found on Table C-2 in Appendix C of the draft Housing Element;

\*\*Accessory dwelling unit (ADU) affordability based on SCAG study of rental rates for ADUs in the region.

In addition, accessory dwelling units (ADUs) will play a more substantial role during this planning cycle in producing affordable housing units due to increased public awareness and recent changes in State law that have provided a mechanism to achieve a greater supply of these types of housing units. Santa Ana's five-year average for building permits issued for ADUs is over 90 units (2018-2022—when extrapolating for full year totals for 2022). When the average is carried over an eight-year period for the planning cycle, there is potential for 723 ADUs to be permitted, with most categorized as affordable units (see Table 2). The ADU affordability estimate is based on the SCAG study that found that of ADUs constructed in Orange County, 25 percent were affordable to very low-income households, 43 percent to low-income households, and 30 percent to moderate-income households. Taken together, the RHNA credit for ADUs during the planning period will result in affordability levels as follows: 181 very low-income units, 311 low-income units, 217 moderate-income units, and 14 above moderate-income units. Given the legislation encouraging ADU development, and increased efforts by the City (pre-approved ADU plan program slated to commence in 2022 and exploration of an ADU amnesty program included in the proposed Housing Plan), interest and applications for ADUs are expected to only increase throughout the 2021-2029 planning cycle.

Furthermore, a survey of rental rates of approximately 1,500 recently built multi-family units in Santa Ana reveal that units in the moderate-income affordability category are being produced without the need of a subsidy or restrictive covenant. Rather, market factors alone are creating housing units in the moderate-income category. Based on the survey results, approximately four percent of the units surveyed fall into this category. By applying that four percent ratio to the total above moderate-income pipeline units, as shown on Table 2 (5,764), it can be expected that approximately 231 of those units will be rented in the moderate-income affordability category.

Collectively, the projected ADUs and the pipeline housing units will produce the City's fair share of the regional housing needs in all categories except the moderate-income level, which 91 units would need to be accommodated within the 6<sup>th</sup> cycle planning period. However, due to a surplus of 650 low-income units, which provide housing at a deeper affordability level than that required by the RHNA, a percentage of the total surplus low-

income housing units will be credited toward the remaining 91 units in the moderate-income classification.

**Table 3: Achieving the City of Santa Ana RHNA Target (2021-2029)**

Income Group	Total RHNA	Housing Development Credits*	Remaining RHNA Units
Very Low (0-50% AMI)	606	624	-18
Low (51-80% AMI)	362	1,012	-650
Moderate (81-120% AMI)	545	454	91
Above-Moderate (120%+ AMI)	1,624	5,547	-3,923
<b>TOTAL</b>	<b>3,137</b>	<b>7,637</b>	<b>-4,500</b>

\*Housing development credits include Pipeline and ADU projections, and the reclassification of 231 Above-Moderate to Moderate units based on the survey results.

#### Affirmatively Furthering Fair Housing (AFFH)

Pursuant to Assembly Bill 686 (2018), the Housing Element must include an analysis and determination of consistency with Affirmatively Furthering Fair Housing (AFFH) requirements. AFFH is defined as “taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.” To assess current disparities, the Housing Element includes a detailed Assessment of Fair Housing. A key part of the Housing Element Update is to expand housing opportunities in higher resource (referred to as “Higher Opportunity”) areas of the city or in close proximity to these areas, which offer the best critical life outcomes with a high concentration of good schools, jobs, health and life expectancy. These assessment areas are mapped in Appendix E of the draft element. Actions to affect meaningful and positive changes in this regard are included in the proposed Housing Plan and are expected to achieve a positive change that affirmatively further fair housing.

#### Community Engagement

The California Government Code Section 65583(c)(6) requires that a diligent effort be made to achieve public participation from all groups in the development of the housing element. In addition, SB 1000 requires that local governments provide environmental justice (EJ) communities with a meaningful opportunity to engage in government decisions that affect them.

As part of the Housing Element Update, the City developed a public outreach program that was designed with several overarching goals in mind, including facilitating equal opportunity and access, and allowing a broad range of discussion. To that end, the City held four virtual Housing Element Roundtable meetings with a variety of stakeholder groups, three citywide workshops (two in-person and one virtual), and 11 environmental justice focused workshops (10 virtual and one in-person). During the environmental justice focused workshops, community members provided feedback and spoke of their lived experiences, including issues such as housing burden, poverty, linguistic isolation, and lead risk from housing; which directly correlate to the goals and policies in the

Housing Element. In addition, two Planning Commission Workshops were held on September 27, 2021 and October 11, 2021, where members of the public were encouraged to attend and participate. Further, a multilingual online housing survey was promoted to provide opportunities and access for residents, businesses, stakeholders, advocates, civic leaders, and other parties that were not able to attend a workshop to participate in the process. Multilingual advertising was used to promote all of the events, and translation services were provided at all of the virtual and in-person community workshops. Meetings were held at different times of the day and week, and the facilities were accessible to people of all abilities to maximize participation. Based on the comments and dialogue gathered through the community engagement and new legislative requirements, the existing Housing Element analysis, policies and programs were refined.

#### Airport Land Use Commission Review

The proposed amendment to the General Plan Housing Element was required to be submitted to the Airport Land Use Commission (ALUC) for a determination of consistency with their Airport Environs Land Use Plan (AELUP). City staff submitted the draft Housing Element to ALUC on October 25, 2021. Subsequently, on October 28, 2021, ALUC staff determined that no new housing sites were identified within the Notification Area for John Wayne Airport, so referral of the Housing Element Update to ALUC for formal review was not required.

#### HCD Review

An important difference between the Housing Element and other elements of the General Plan is the extent of State oversight. The State legislature has declared an adequate supply of housing to be a matter of statewide importance and has delegated authority to HCD to review city 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 to support local land use authority.

The City of Santa Ana submitted its administrative Housing Element draft to HCD on October 21, 2021 for a required 60-day review period, and subsequently submitted a revised draft on February 24, 2022 for another 60-day review period. HCD provided the City comments on April 25, 2022. City staff has been working closely with HCD’s staff assigned to review Santa Ana’s draft Housing Element to ensure changes incorporated into the latest draft addressed their comments to achieve compliance with all statutory requirements.

Upon adoption of the Housing Element, the document will be formally submitted to HCD for review and certification. Such review may result in the need for technical changes and other non-substantive edits to the 2021-2029 Housing Element that do not impact the goals, policies, implementation measures and draft element being recommended for adoption by the City Council.

### **ENVIRONMENTAL IMPACT**

In accordance with the California Environmental Quality Act (CEQA), an addendum to the Program Environmental Impact Report (PEIR) for the General Plan Update certified April 2022 has been prepared for the General Plan Amendment for the 6<sup>th</sup> Cycle Housing Element Update.

Under CEQA Guidelines Section 15164, an addendum to a previously certified EIR shall be prepared when a lead agency is asked to approve modifications to an existing project for which an EIR has already been certified. An addendum evaluates the requested modifications and determines whether subsequent review is required. Moreover, pursuant to CEQA Guidelines Section 15162, a subsequent or supplemental EIR is not required unless the lead agency determines that one or more of the following conditions are met:

- 1) Substantial project changes are proposed that will require major revisions of the previous EIR or negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- 2) Substantial changes would occur with respect to the circumstances under which the project is undertaken that require major revisions to the previous EIR or negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or
- 3) New information of substantial importance that was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified or the negative declaration was adopted shows any of the following:
  - A. The project will have one or more significant effects not discussed in the previous EIR or negative declaration.
  - B. Significant effects previously examined will be substantially more severe than identified in the previous EIR.
  - C. Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative.
  - D. Mitigation measures or alternatives that are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but the project proponent declines to adopt the mitigation measures or alternatives.

City staff evaluated the proposed changes and concluded that they would not result in new significant environmental effects or a substantial increase in the severity of previously identified effects that were previously disclosed in the PEIR for the General Plan Update. In addition, the City concluded there is no new information of substantial importance showing that the General Plan Amendment for the 6<sup>th</sup> Cycle Housing Element will have

significant effects not previously identified; that previously examined significant effects will be more severe; or that mitigation measures previously found infeasible are now feasible. As such, no subsequent EIR or mitigated negative declaration is required.

In accordance with State CEQA Guidelines, an addendum to the previously certified PEIR (State Clearinghouse [SCH] No. 2020029087) for the General Plan Update will be filed upon adoption of this General Plan Amendment (Environmental Review No. 2021-117).

### **CONCLUSION**

The proposed General Plan Housing Element will guide housing programs and services for the next eight years. The new goals, policies and implementation programs within the Housing Element build on the strength of the existing element, with refinements based on the collective input from the community and new State housing law requirements. Further, it is recommended the City Council authorize the Director of the Planning and Building Agency to make all necessary non-substantive and technical revisions and edits to the 2021-2029 Housing Element after adoption to comply with HCD's review for final certification of the Housing Element, without further Planning Commission or City Council consideration or re-adoption of the 2021-2029 Housing Element. Based on the analysis above, it is recommended that the City Council adopt a resolution approving an addendum to the PEIR for the GPU (SCH No. 2020029087); and a resolution approving General Plan Amendment No. 2021-01 for the 6th Cycle Housing Element Update subject to non-substantive and technical revisions and edits by the Executive Director of the Planning and Building Agency and the City Attorney to comply with State housing law and mandates.

### **FISCAL IMPACT**

The Housing Element Update was funded through the Local Early Action Planning Grant Program (LEAP). The City was awarded \$750,000, of which \$250,000 was allocated toward the Housing Element Update. Funds allocated to the Housing Element Update not exhausted will be allocated toward the Zoning Code Update. There is no fiscal impact associated with approval of this action.

### **EXHIBITS**

1. General Plan Amendment No. 2021-01 Resolution
2. General Plan Housing Element Link
3. General Plan Housing Element CEQA Addendum Link

Submitted By: Minh Thai, Executive Director of the Planning and Building Agency

Approved By: Kristine Ridge, City Manager