

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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December 27, 2021

Amanda Carr
Interim Deputy Director
Public Works Department
County of Orange
601 N. Ross St.
Santa Ana, CA 92701

Dear Amanda Carr:

RE: County of Orange's 6th Cycle (2021-2029) Draft Housing Element

Thank you for submitting the County of Orange's (County) draft housing element received for review on October 28, 2021. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. Our review was facilitated by a telephone conversation on December 23, 2021, with Ruby Maldonado; Brian Kurnow; Laree Alonso; Cindy Salazar; Nicole Walsh of County staff; as well as the County's consultants Nick Chen; and Molly Mendoza. In addition, HCD considered comments from California Consortium of Addicted Programs and Professionals and Kennedy Commission pursuant to Government Code section 65585, subdivision (c).

The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code). The enclosed Appendix describes the revisions needed to comply with State Housing Element Law.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), if a local government fails to adopt a compliant housing element within 120 days of the statutory deadline (October 15, 2021), then any rezoning to accommodate the regional housing needs allocation, including for lower-income households, shall be completed no later than one year from the statutory deadline. Otherwise, the local government's housing element will no longer comply with State Housing Element Law, and HCD may revoke its finding of substantial compliance pursuant to Government Code section 65585, subdivision (i).

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the County should continue to engage the community, including organizations that represent

lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant; the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs; and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the County meets housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the County to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at: http://opr.ca.gov/docs/OPR_Appendix_C_final.pdf and http://opr.ca.gov/docs/Final_6.26.15.pdf.

HCD appreciates the hard work and dedication the County's planning staff and consultants provided during the course of our review. We are committed to assisting the County in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Gianna Marasovich, of our staff, at Gianna.Marasovich@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Melinda Coy', with a long horizontal stroke extending to the right.

Melinda Coy
Senior Housing Accountability Manager

Enclosure

APPENDIX COUNTY OF ORANGE

The following changes are necessary to bring the County's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on HCD's website at <http://www.hcd.ca.gov/community-development/housing-element/housing-element-memos.shtml>. Among other resources, the housing element section contains HCD's latest technical assistance tool, *Building Blocks for Effective Housing Elements (Building Blocks)*, available at <http://www.hcd.ca.gov/community-development/building-blocks/index.shtml> and includes the Government Code addressing State Housing Element Law and other resources.

A. Review and Revision

Review the previous element to evaluate the appropriateness, effectiveness, and progress in implementation, and reflect the results of this review in the revised element. (Gov. Code, § 65588 (a) and (b).)

While the element generally describes progress in meeting previous programs, it lacks quantification of results of programs (e.g., how many households served, how many units produced) and does not indicate whether programs will be continued, revised, or deleted in the updated housing element. A thorough program-by-program review is necessary to evaluate County's performance in addressing housing goals. As part of this analysis, the element should describe the actual results of the prior element's programs, compare those results to the objectives projected or planned, and based on an evaluation of any differences between what was planned versus achieved, and provide a description of how the objectives and programs of the updated element incorporate changes resulting from the evaluation including whether. This information and analysis provide the basis for developing a more effective housing program.

The element must also provide an explanation of the effectiveness of goals, policies, and related actions in meeting the housing needs of special needs populations (e.g., elderly, persons with disabilities, large households, female-headed households, farmworkers, and persons experiencing homelessness). Programs should be revised as appropriate to reflect the results of this evaluation.

B. Housing Needs, Resources, and Constraints

1. *Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction (Gov. Code, § 65583, subd. (c)(10)(A))*

Regional Analysis: The element generally describes local patterns and trends but must also analyze relative to the rest of the region. The County can also compare its region to similar counties or to regions within the county with dissimilar populations.

Enforcement and Outreach: The element must describe capacity to provide enforcement and outreach which can consist of actions such as the ability to investigate complaints, obtain remedies, or engage in fair housing testing. The element currently describes services provided by the Fair Housing Council of Orange County (FHCRC) but should also describe the number and characteristics of housing discrimination complaints. The analysis could also evaluate data and the results from any fair housing testing. In addition, the analysis must address compliance with existing fair housing laws as well as any past or current fair housing lawsuits, findings, settlements, judgements, or complaints.

Integration and Segregation: The element includes limited local data on segregation and integration of race, familial status, disability, and income. The analysis includes some information on the number of persons in the county by income, disability, and familiar status, it does not provide a geographical analysis and analysis for integration and segregation as it relates to these factors. The element needs to include complete local and regional data on integration and segregation for the unincorporated County and analyze it for both local and regional trends and patterns.

Access to Opportunity: The element needs to further analysis for the economy education categories. Additionally, this section needs to be compared to different areas of the county or compared to a similar county.

Disproportionate Housing Needs: The element does include data on overcrowded households, and cost-burdened households, but it must also analyze the data including looking at trends, patterns, and other local knowledge, and conclude with a summary of issues. Also, there is no analysis for substandard housing, homelessness, and displacement risk.

Local Data and Knowledge, and Other Relevant Factors: The element does not address this requirement. The element must include local data, knowledge, and other relevant factors to discuss and analyze any unique attributes about the County related to fair housing issues. The element should complement federal, state, and regional data with local data and knowledge where appropriate to capture emerging trends and issues, including utilizing knowledge from local and regional advocates and service providers. Also, the element must include other relevant factors that contribute to fair housing issues in the jurisdiction. For instance, the element can analyze historical land use and investment practices or other information and demographic trends.

Identified Sites and Affirmatively Furthering Fair Housing (AFFH): The element includes some broad discussion and conclusions such as sites being identified throughout the community. However, the analysis must identify whether sites improve or exacerbate conditions and whether sites are isolated by income group. A full analysis should address the income categories of identified sites with respect to location, the number of sites and units by all income groups and how that affects

the existing patterns for all components of the assessment of fair housing (e.g., segregation and integration, access to opportunity). The element should also discuss whether the distribution of sites improves or exacerbates conditions. If sites exacerbate conditions, the element should identify further program actions that will be taken to promote equitable quality of life throughout the community (e.g., anti-displacement and place-based community revitalization strategies).

Goals, Actions, Metrics, and Milestones: The element must be revised to add or modify goals and actions based on the outcomes of a complete analysis. Goals and actions must specifically respond to the analysis and to the identified and prioritized contributing factors to fair housing issues and must be significant and meaningful enough to overcome identified patterns and trends. Actions must have specific commitment, metrics, and milestones as appropriate and must address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection.

2. *Include an analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected needs for all income levels, including extremely low-income households. (Gov. Code, § 65583, subd. (a)(1).)*

Extremely Low-Income (ELI) Households: While the element generally describes the housing needs of ELI households, it should also examine the availability of resources to determine gaps in housing needs to better formulate policies and programs. In addition, while it includes a projected need for the entirety of the County, it should specifically include the projected need for the unincorporated county.

Overpayment: While the element identifies the total number of households overpaying for housing, it must quantify and analyze the number of lower-income households overpaying for housing by tenure (i.e., renter and owner) and add or modify policies and programs as appropriate.

3. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

The County has a regional housing need allocation (RHNA) of 10,406 housing units, of which 5,005 are for lower-income households. To demonstrate the adequacy of sites and strategies to accommodate the County's RHNA, the element must include complete analyses as follows:

Realistic Capacity: While the element provides assumptions of buildout for sites included in the inventory, it must also provide support for these assumptions. For example, the element should demonstrate what specific trends, factors, and other evidence led to the assumptions.

Suitability of Nonvacant Sites: The element must include an analysis demonstrating the potential for redevelopment of nonvacant sites. To address this requirement, the element describes in general the existing use of each nonvacant site like “commercial” or “Residential”. This alone is not adequate to demonstrate the potential for redevelopment in the planning period. The description of existing uses should be sufficiently detailed to facilitate an analysis demonstrating the potential for additional development in the planning period. In addition, the element needs to also analyze the extent that existing uses may impede additional residential development. For example, the element includes sites identified as residential, religious institutions, a medical center, a meeting hall, but no analysis was provided to demonstrate whether these existing uses would impede development of these sites within the planning period. The element can summarize past experiences converting existing uses to higher density residential development, include current market demand for the existing use, provide analysis of existing leases or contracts that would perpetuate the existing use or prevent additional residential development and include current information on development trends and market conditions in the County and relate those trends to the sites identified. For example, the element could relate the types of sites that will developed under the housing opportunity overlay to the sites selected in the inventory. While the element states it considered indicators such as condition and land value, the element should include expand the discussion of trends to support these assumptions and list the actual values of these factors for identified sites. The element should also indicate other factors such as expressed developer interest.

In addition, if the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households, the housing element must demonstrate that the existing use is not an impediment to additional residential development in the planning period (Gov. Code, § 65583.2, subd. (g)(2).). This can be demonstrated by providing substantial evidence that the existing use is likely to be discontinued during the planning period (Gov. Code, § 65583.2, subd. (g)(2).).

Costa Mesa Island Golf Course: The element relies on the potential redevelopment of the Costa Mesa Island Golf Course to accommodate the lower-income housing for 435 units. The two parcels identified include a 10.15-acre parcel and a 110.43-acre parcel. The element must demonstrate the potential for this site to accommodate residential development within the planning period. For example, the element should describe if the use as a golf course discontinuing within the planning period, interest in development of this site, any required rezones or specific plans required prior to development, and any programs to facilitate the development of the Golf Course. In addition, as you are aware, Sites larger than ten acres in size are deemed inadequate to accommodate housing for lower-income housing unless it is demonstrated that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower-income housing units as projected for the site or unless the housing element describes other evidence to HCD that the site is adequate to accommodate lower income housing (Gov. Code, § 65583.2, subd. (c)(2)(A).). In particular, the element could describe plans to subdivide the 110-acre site to support residential development.

Small Sites: Sites smaller than a half-acre in size are deemed inadequate to accommodate housing for lower-income households unless it is demonstrated, with

sufficient evidence, that sites are suitable to accommodate housing for lower-income households. The element should provide specific examples with the densities and affordability. For sites expected to be aggregated, the element must describe circumstances leading to consolidation, such as common ownership, the County's role or track record in facilitating small-lot consolidation, policies or incentives offered or proposed to encourage and facilitate lot consolidation, specific examples of projects that were built for lower-income households on similarly sized sites, densities and affordability and relate those examples back to the sites inventory. Based on a complete analysis, the County should consider adding or revising programs to include incentives for facilitating development on small sites.

Accessory Dwelling Units (ADU): element assumes an ADU build out of 100 ADU and/or junior accessory dwelling unit (JADU) per year. Given that the County has only produced an average of 35 units per year since 2018 (including consideration of 2021 permitted units), it is not clear if this production level will be achievable in the planning period. As a result, the element should be updated to include a realistic estimate of the potential for ADUs and include policies and programs that incentivize the production of ADUs. Depending on the analysis, the element must commit to monitor ADU production throughout the course of the planning period and implement additional actions if not meeting target numbers anticipated in the housing element. In addition to monitoring production, this program should also monitor affordability. Additional actions, if necessary, should be taken in a timely manner (e.g., within 6 months). Finally, if necessary, the degree of additional actions should be in stride with the degree of the gap in production and affordability. For example, if actual production and affordability of ADUs is far from anticipated trends, then rezoning or something similar would be an appropriate action. If actual production and affordability is near anticipated trends, then measures like outreach and marketing might be more appropriate.

Sites with Zoning for a Variety of Housing Types:

- **Emergency Shelters:** The element mentions emergency shelters are permitted in the commercial and industrial portions of the housing opportunities overlay zone. However, the element should also discuss available acreage in the overlay zone, including typical parcel sizes and the presence of reuse opportunities and any specific development standards.
- **Transitional Housing and Supportive Housing:** The element must describe and analyze the County's transitional and supportive housing standards and codes and demonstrate consistency with Government Code section 65583, subdivision (a)(5) or add or revise programs which comply with the statutory requirements.

Electronic Sites Inventory: For your information, pursuant to Government Code section 65583.3, the County must submit an electronic sites inventory with its adopted housing element. The County must utilize standards, forms, and definitions adopted by HCD. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml#element> for a copy of the form and instructions. The County can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance.

4. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures.*

Housing Opportunities Overlay: The element must evaluate the standards for the housing opportunities overlay to ensure that they continue to facilitate housing production on the opportunity sites identified in the sites inventory. In particular, the element must evaluate whether the requirement that the project be 100 percent affordable to utilize the overlay acts a constraint to residential development on these sites. For example, a 100 percent affordability requirement may act as a constraint to using the overlay depending on the level of subsidy required per unit and the availability of funding to support the level of affordability or available incentives. While the element states that eight projects have utilized the overlay since 2008, it does not indicate if this is indicative of success or if standards and incentives to utilize the overlay should be modified to increase the utilization rate. This analysis is critical as the element heavily relies on overlay sites to accommodate the RHNA and residential development is not allowed on many of these sites, except through the overlay.

Local Processing and Permit Procedures: The analysis must evaluate the processing and permit procedures' impacts as potential constraints on housing supply and affordability. For example, the analysis should consider processing and approval procedures and time for typical single- and multi-family developments, including type of permit, level of review, approval findings and any discretionary approval procedures. In particular, the element should evaluate the requirements for a use permit for multifamily in zones designated for multifamily uses (R3, and R4) and include programs to remove or mitigate constraints as necessary.

On/Off-Site Improvements: The element must identify subdivision level improvement requirements, such as minimum street widths (e.g., 40-foot minimum street width), and analyze their impact as potential constraints on housing supply and affordability.

Constraints on Housing for Persons with Disabilities: The County's zoning code appears to isolate and regulate various types of housing for persons with disabilities based on the number of people and other factors. Examples include residential care facilities, group homes and congregate living for six or fewer persons or seven or more persons. Zoning should simply implement a barrier-free definition of family instead of subjecting, potentially persons with disabilities, to special regulations such as the number of persons and population types. In addition, these housing types in many cases are subject to a special use or conditional use permit, potentially subjecting housing for persons with disabilities to higher discretionary standards where an applicant must demonstrate compatibility with the neighborhood, unlike other residential uses. The element should include specific analysis of these and any other constraints, including their enforcement, for impacts on housing for persons with disabilities and add or modify programs as appropriate.

5. *An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, the cost of construction, the requests to develop housing at densities below those anticipated in the analysis required by subdivision (c) of Government Code section 65583.2, and the length of time between receiving approval for a housing development and submittal of an application for building permits for that housing development that hinder the construction of a locality's share of the regional housing need in accordance with Government Code section 65584. The analysis shall also demonstrate local efforts to remove nongovernmental constraints that create a gap between the locality's planning for the development of housing for all income levels and the construction of that housing. (Gov. Code, § 65583, subd. (a)(6).)*

The element must include analysis of requests to develop housing at densities below those identified, the length of time between receiving approval for a housing development and submittal of an application for building permits that potentially. The element must address any hinderance on the development of housing and include programs as appropriate.

6. *Analyze any special housing needs such as elderly; persons with disabilities, including a developmental disability; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter. (Gov. Code, § 65583, subd. (a)(7).)*

While the element quantifies the County's special needs populations, it must also analyze their special housing needs. For a complete analysis of each population group, the element should discuss challenges faced by the population, the existing resources to meet those needs (availability senior housing units, # of large units, # of deed restricted units, etc.), an assessment of any gaps in resources, and proposed policies, programs, and funding to help address those gaps.

7. *Analyze existing assisted housing developments that are eligible to change to non-low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions. (Gov. Code, § 65583, subd. (a)(9) through 65583(a)(9)(D).)*

At-Risk: The element states there are no at-risk units in the incorporated county. However, according to HCD's records, the Pacific Terrace Apartments have 97 at-risk units. As a result, the element must complete a full at-risk analysis. As a part of this analysis, the element should consider programs such as density bonus, RDA, other locally financed or deed restricted multifamily projects. If units are identified at-risk within a ten-year period, the analysis of "at-risk" units must include the following (Gov. Code, § 65583, subd. (a)(9).):

- Listing of each development by project name and address
- Type of governmental assistance received
- Earliest date of change from low-income use; and
- Total number of elderly and non-elderly units.

- Estimated total cost for producing, replacing, and preserving the units at-risk.
- Identification of public and private non-profit corporations known to the County to have the legal and managerial capacity to acquire and manage at-risk units.
- Identification and consideration of use of federal, state, and local financing and subsidy programs.

C. Housing Programs

1. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element through the administration of land use and development controls, the provision of regulatory concessions and incentives, and the utilization of appropriate federal and state financing and subsidy programs when available. The program shall include an identification of the agencies and officials responsible for the implementation of the various actions. (Gov. Code, § 65583, subd. (c).)*

To address the program requirements of Gov. Code section 65583, subd. (c)(1-6), and to facilitate implementation, programs should include: (1) a description of the County's specific role in implementation; (2) definitive implementation timelines; (3) objectives, quantified where appropriate; and (4) identification of responsible agencies and officials. Programs to be revised include the following:

The element must provide discrete timing for all programs (e.g., month, year) to account for how often the action will occur as well as to ensure a beneficial impact throughout the planning period and quantify objectives where feasible. Additionally, all programs should be evaluated to ensure meaningful and specific actions and objectives. Programs containing unclear language (e.g., "Evaluate"; "Consider"; "Encourage"; etc.) should be amended to include more specific and measurable actions and include quantifiable objectives where possible.

2. *Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's or county's share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory completed pursuant to paragraph (3) of subdivision (a) without rezoning, and to comply with the requirements of Government Code section 65584.09. Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding B3, the element does not include a complete site analysis, therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the County may need to add or revise

programs to address a shortfall of sites or zoning available to encourage a variety of housing types. In addition, the element should be revised as follows:

Sites Identified in Prior Planning Periods: The element must include a program for vacant sites identified in two of more consecutive planning periods' housing elements or non-vacant sites identified in a prior housing element, that are currently identified to accommodate housing for lower-income households. The program must be implemented within the first three years of the planning period and commit to zoning that will meet the density requirements for housing for lower-income households and allow by-right approval for housing developments that include 20 percent or more of its units affordable to lower-income households (Gov. Code, § 65583.2, subd. (c).).

2. *Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. (Gov. Code, § 65583, subd. (c)(3).)*

As noted in Finding(s) B4 and B5, the element requires a complete analysis of potential governmental and nongovernmental constraints. Depending upon the results of that analysis, the County may need to revise or add programs and address and remove or mitigate any identified constraints.

3. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics protected by the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2), Section 65008, and any other state and federal fair housing and planning law. (Gov. Code, § 65583, subd. (c)(5).)*

As noted in Finding B1, the element must include a complete analysis of AFFH. The element must be revised to add goals and actions based on the outcomes of a complete analysis.

4. *Develop a plan that incentivizes and promotes the creation of accessory dwelling units that can be offered at affordable rent, as defined in Section 50053 of the Health and Safety Code, for very low, low-, or moderate-income households. For purposes of this paragraph, "accessory dwelling units" has the same meaning as "accessory dwelling unit" as defined in paragraph (4) of subdivision (i) of Section 65852.2. (Gov. Code, § 65583, subd. (c)(7).)*

The element is required to include a program that incentivizes or promotes ADU development for very low-, low-, and moderate-income households. This can take the form of flexible zoning requirements, development standards, or processing and fee incentives that facilitate the creation of ADUs, such as reduced parking requirements, fee waivers and more. Other strategies could include developing information packets to market ADU

construction, targeted advertising of ADU development opportunities or establishing an ADU specialist within the planning department.

D. Public Participation

Local governments shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the Housing Element, and the element shall describe this effort. (Gov. Code, § 65583, subd.(c)(8).)

Making the draft available early in the housing element drafting process is prior to submittal to HCD is essential to the public process and HCD's review. While the element includes a summary of public participation efforts, it must also include information on when the draft was made available to the public. The County must proactively make future revisions available to the public, including any commenters, prior to submitting any revisions to HCD and diligently consider and address comments, including making revisions to the document where appropriate. HCD's future review will consider the extent to which the revised element documents how the County solicited, considered, and addressed public comments in the element. The County's consideration of public comments must not be limited by HCD's findings in this review letter.