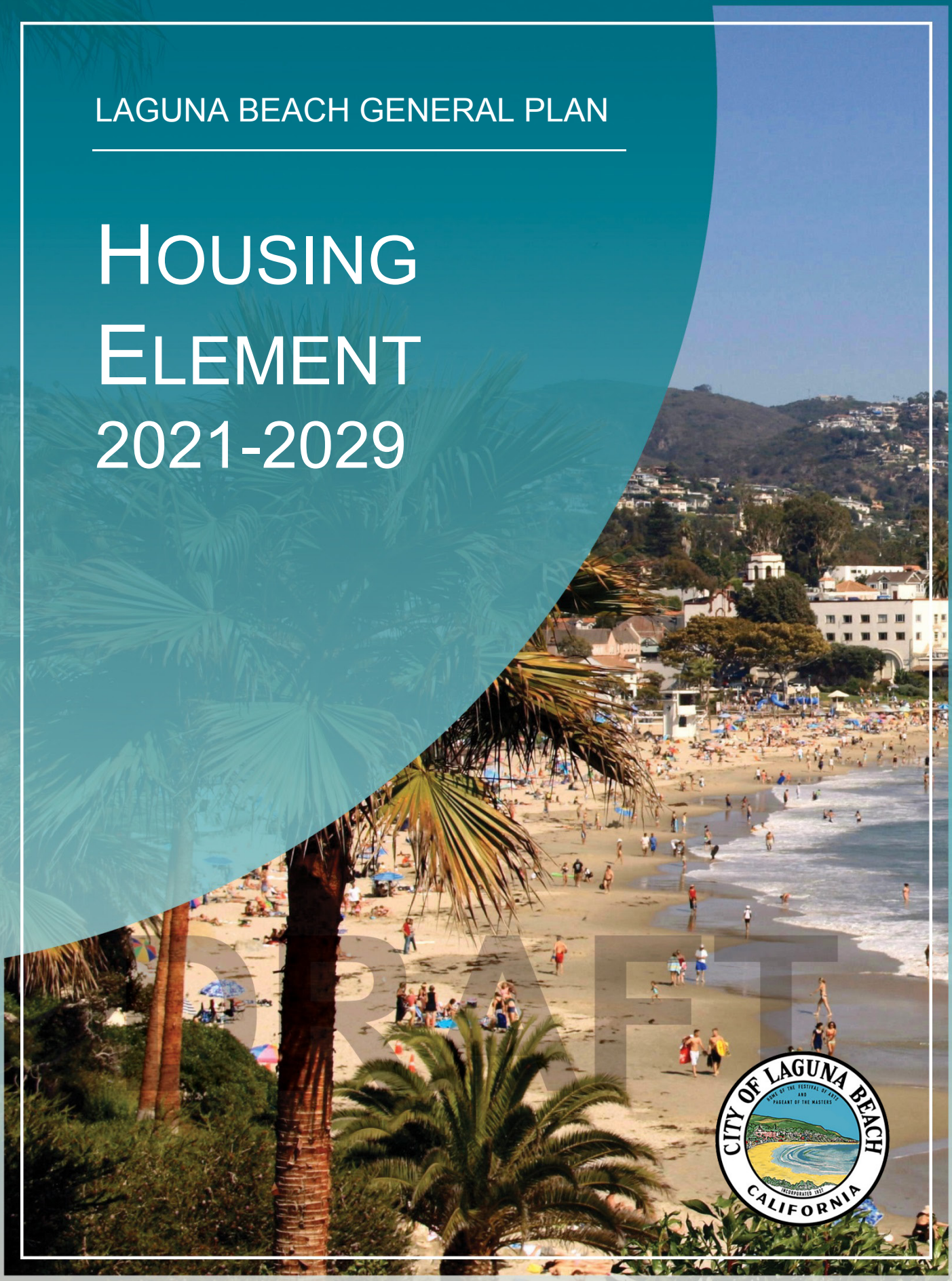
LAGUNA BEACH GENERAL PLAN

HOUSING ELEMENT 2021-2029



CITY OF LAGUNA BEACH

HOUSING ELEMENT 2021-2029

ADOPTED BY CITY COUNCIL ON

JANUARY 24, 2023

CITY OF LAGUNA BEACH

HOUSING ELEMENT 2021-2029

CITY COUNCIL MEMBERS

Mayor Bob Whalen
Mayor Pro Tem Sue Kempf
Alex Rounaghi
Mark Orgill
George Weiss

PLANNING COMMISSION MEMBERS

Chair Susan McLintock Whitin
Jorg Dubin
Steven Goldman
Steven Kellenberg
Ken Sadler

HOUSING AND HUMAN SERVICES COMMITTEE MEMBERS

Chair Alex Rounaghi
Vice-Chair Laura Sauers
Ketta Brown
Gail Duncan
Cody Engle
Sam Goldstein
Barbara McMurray
Jacquie Schaefgen

COMMUNITY DEVELOPMENT

Marc Wiener – Community Development Director
So Kim – Assistant Director
Anthony Viera – Senior Planner

Contents

1. Introduction 1
1.1 Purpose of the Housing Element 1
1.2 Community Profile 2
1.3 Public Participation 2
1.4 Consistency with General Plan 6
2. Community Characteristics and Needs Assessment 9
2.1 Population Trends and Characteristics 10
2.2 Employment Trends 12
2.3 Household Characteristics 14
2.4 Housing Inventory and Market Conditions 19
2.5 Housing Needs 21
2.6 Housing Special Needs and Fair Housing 24
3. Housing Constraints 37
3.1 Governmental Constraints 37
3.2 Environmental and Infrastructure Constraints 63
3.3 Market Factors 64
3.4 Sustainable Development/Energy Conservation 67
4. RHNA and Housing Resources 69
4.1 Potential for Future Housing 69
4.2 Provision for a Variety of Housing Types 85
4.3 Financial Resources 86
4.4 Organizational and Partnership Resources 93
5. Housing Plan 95
5.1 Goals and Policies 95
5.2 Housing Programs 99
5.3 Quantified Objectives 116
6. Acronyms 117

Appendices

Appendix A – Review of Previous Housing Element
Appendix B – Summary of Community Outreach
Appendix C – Affirmatively Furthering Fair Housing

Tables

Table 2-1 Population Trends, Laguna Beach vs. Orange County 10
Table 2-2 Age Distribution, 2010 and 2018 12
Table 2-3 Population by Race and Ethnicity, Laguna Beach vs. Orange County 12
Table 2-4 Household Composition, Laguna Beach vs. Orange County 15
Table 2-5 Persons per Household, Laguna Beach Historical Trend 15
Table 2-6 Households by Income, Laguna Beach 16
Table 2-7 Household Income Limits, Orange County 17
Table 2-8 Household Income Distribution by Classification, Laguna Beach 17
Table 2-9 Income by Housing Problem (Owners and Renters), Laguna Beach 18
Table 2-10 Income by Cost Burden (Owners and Renters), Laguna Beach 18
Table 2-11 Housing Stock Based on Units in a Structure, Laguna Beach vs. Orange County 19
Table 2-12 2018 Housing Market, Laguna Beach vs. Orange County 21
Table 2-13 Housing Cost Burden Overview (Owners and Renters), Laguna Beach 22
Table 2-14 Overcrowding, Laguna Beach vs. Orange County 24
Table 2-15 Disabilities by Type 25
Table 2-16 Disability Type – Seniors (65+) 27
Table 2-17 Poverty Status – Seniors 28
Table 2-18 Female-Headed Households by Poverty Status 29
Table 2-19 Affordable Units in Laguna Beach 35
Table 3-1 General Plan Land Use Designations 38
Table 3-2 Development Standards by Zone 41
Table 3-3 Typical Project Processing Time Frames by Project Type 55
Table 3-4 Development Fee Summary 58
Table 3-5 Prototype Development Fee Estimate – 58 Unit Project 59
Table 3-6 Recent Land Sales 66
Table 3-7 For Sale Multi-Family Properties 67
Table 4-1 RHNA 2021-2029 70
Table 4-2 Completed Projects and Achieved Densities in Regional Market 72
Table 4-3 Pipeline Residential Projects 75
Table 4-4 New Sites For RHNA 78
Table 4-5 Summary of Sites Inventory for 2021-2029 84
Table 4-6 Residential and Special Needs Housing Use Regulations 86
Table 4-7 Financial Resources Available for Housing Activities 89
Table 4-8 Recent State and Federal Funding Activity 91

Figures

Figure 1-1 – Regional Map 3
Figure 2-1 – Population Trend, 2000-2020, Laguna Beach vs. SCAG Region 11
Figure 2-2 – Employment by Industry, Laguna Beach 13
Figure 2-3 – Employment by Occupation, Laguna Beach vs. SCAG Region 13
Figure 2-4 – Housing Tenure (Owners/Renters), Laguna Beach vs. SCAG Region 16
Figure 2-5 – Substandard Housing, Laguna Beach vs. SCAG Region 21
Figure 2-6 – Households by Household Size 32
Figure 4-1 – Sites Inventory Map 79

1. INTRODUCTION

1.1 PURPOSE OF THE HOUSING ELEMENT

The California Legislature has declared that "the availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farmworkers, is a priority of the highest order." To accomplish this housing goal, *California Government Code*, Article 10.6 Housing Elements (§65580) mandates that each local government adopt a Housing Element as part of its General Plan. §65581 contains the following declarations, which describe the legislature's intent in enacting Housing Element law:

(a) To assure that counties and cities recognize their responsibilities in contributing to the attainment of the state housing goal.

(b) To assure that counties and cities will prepare and implement housing elements which, along with federal and state programs, will move toward the attainment of the state housing goal.

(c) To recognize that each locality is best capable of determining what efforts are required by it to contribute to the attainment of the state housing goal, provided such a determination is compatible with the state housing goal and regional housing needs.

(d) To ensure that each local government cooperates with other local governments in order to address regional housing needs.

The Housing Element provides residents and public officials with an understanding of the housing needs of their community, sets forth the City's strategy to preserve and enhance the community's residential character, and expands and preserves housing opportunities. The City of Laguna Beach adopted its first Housing Element on October 2, 1974. Revisions to the Housing Element were subsequently made in 1981, 1985, 1990, 2001, 2012, and 2014. This update is for the 6th planning cycle[1] that covers the period October 15, 2021 to October 15, 2029.

1 The 2020-2029 period is the 6th Cycle Housing Element since the comprehensive overhaul of California housing element law in 1980.

1.2 COMMUNITY PROFILE

The City of Laguna Beach is a small coastal community in an exceptional physical setting defined by its beaches, coastal hills, and pedestrian-friendly environment. The City, incorporated in 1927, provides a full range of services including police, fire, marine safety, and transit. The school district is outstanding and consists of two elementary schools, a middle school, and a high school. Located in southwest Orange County, Laguna Beach occupies 8.84 square miles, has a 2020 estimated population of 22,343, and welcomes 6 million visitors each year (see Figure 1-1, which shows the City's and the County's boundaries). Surrounding cities include Newport Beach, Laguna Woods, Aliso Viejo, Laguna Niguel, and Dana Point.

The City of Laguna Beach has unique environmental constraints and limited potential for redevelopment; developable areas are generally influenced by steep hillside terrain and open space, which poses a topographical and geographical constraint for development. Many of the City's neighborhoods have streets that are narrow, steep, and often dead end, which also poses challenges for infill development. In many instances, the City's existing residential neighborhoods exceed the allowable density, or are built-out on substandard lots. As identified in the City's Hazard Mitigation Plan, the topography of Laguna Beach is extremely conducive to wildfires, which should be considered when assessing housing opportunity sites. The Housing Element has been prepared to meet state law while respecting the local environment and character and recognizing the City's constraints and challenges.

1.3 PUBLIC PARTICIPATION

Formal citizen involvement in City housing matters has occurred on a continuous basis since 1972, when a citizens' committee was appointed to assist in preparing the City's first Housing Element. Following adoption of the Housing Element in 1974, a Housing Committee was appointed by the City Council to act as an advisory body on housing issues. The committee has since been expanded in scope and is now the Housing and Human Services Committee.

Figure 1-1 – Regional Map

In recent years, the City Council sought out additional citizen involvement to help find pathways to increasing affordable housing. An 11-member Affordable Housing Task Force was appointed in February 2018 to identify dedicated funding sources for affordable housing. The mission of the Task Force also included consideration of other associated programs within the Housing Element, tied to funding for the development of affordable housing opportunities for: long-term extremely-low- to moderate-income housing for seniors (62+), family housing for younger adults (25-44), and other special needs groups. In September 2019, the Task Force presented its report to the City Council, which included recommendations related to creating incentives, securing funding sources, and encouraging community awareness to support affordable housing. These recommendations formed the foundation for securing grant funds under the SB 2 Planning Grant Program and a Local Early Action Planning (LEAP) grant (discussed in Section 4.3, Financial Resources), and helped shape programs described in Section 5, Housing Plan of this 6th Cycle Housing Element.

The City Council also sought citizen participation through the creation of a Senior Housing Task Force, made up of representatives from the Planning Commission, the real estate community, Laguna Beach Seniors, the Housing and Human Services Committee, and other members of the senior community. This task force started in June 2014 and completed its final report in December 2016. Recommendations from the final report also helped inform programs in the 6th Cycle Housing Element.

Due to the COVID-19 pandemic during the 2021-2029 Housing Element update process, the public outreach was conducted online through duly noticed workshops, emails, and notifications. Virtual meetings with opportunities for public input were also conducted by the City's Housing and Human Services Committee on December 9, 2020, and the Planning Commission on January 13, 2021 and February 24, 2021. In addition, a joint Planning Commission and City Council meeting was conducted on April 6, 2021. See Appendix B for a summary of the outreach and how it influenced the preparation of the Housing Element.

The City created a dedicated webpage for the Housing Element process that describes the State mandate, its purpose, past and upcoming events, and next steps. The recorded meetings, associated staff reports, and the draft Housing Element document were made available online. Additionally, City staff emailed copies of the draft Housing Element to interested individuals, adjacent cities, religious institutions, non-profit organizations, utility companies, the school district, and various shelters. The City also published the availability of the Housing Element for review in the local newspaper.

Additional outreach was also conducted for the new housing element sites identified in Appendix B. The City met with the church (Site 1), and church

leadership indicated it intends to remain as a church; however, requested the City include the site and the associated parking lot in the Housing Element to potentially accommodate affordable housing with the church remaining on site. This site along with Site 2 (21632 Wesley Drive) were discussed at several public hearings and workshops prior to its inclusion in the Housing Element. Both sites are religious institutions that allows housing for seniors, disabled, female headed households, large families, farmworkers, homeless person or families including transitional and supportive housing, and affordable housing.

During public hearings, there was mention of Providence Hospital (formerly known as the Mission Hospital) having interest in the past to develop affordable housing on their property. In January 2021, the City met with the Real Estate Strategy & Operations Division of Providence Hospital and they expressed their continued interest and requested that a portion of the vacant parcel owned by the hospital (Site 3) be included in the Housing Element for affordable housing.

Site 4 (305-397 North Coast Highway) consists of seven contiguous, developed properties under common ownership. The property owner originally submitted conceptual plans for mixed use hotel development but inquired about residential development in January 2021. Further discussion ensued related to senior and affordable housing. In April 2021, the property owner agreed to include his properties identified in the Housing Element for affordable housing development.

A second round of community outreach was conducted to encourage and increase additional public participation to further inform the final Housing Element Draft. A two-week public input period was provided from September 10, 2021 through September 24, 2021. The City provided an electronic copy of the draft Housing Element to the following: all parties who submitted public comments to HCD, individuals who attended public workshops and hearings, the Orange County Health Care Agency, the Regional Center of Orange County, Laguna Beach Seniors, Glenwood Housing Foundation, adjacent cities, utility purveyors, the school district, churches, property owners of the new housing element sites, Planning Commissioners, Housing and Human Services Committee members, and members of the City's interested party list. The City also utilized social media and the City's community newsletter to advertise and request public comments on the draft Housing Element. The Housing and Human Services Committee members put the notification of availability of the document on the Housing and Human Services Committee Facebook page and other social media sites. In addition, the City posted the draft Housing Element on the dedicated Housing Element update webpage, published the availability of the Housing Element for review in the local newspaper and sent a hard copy notification to all property owners within 300 feet of the sites included in the sites inventory.

1.4 CONSISTENCY WITH GENERAL PLAN

According to state planning law, the Housing Element must be consistent with the other General Plan elements. While each element addresses a specific range of issues, there is flexibility in how general plans are presented, and certain goals and policies of one element may also address issues that are primary subjects of other elements. This integration of issues throughout the general plan creates a strong basis for the implementation of plans and programs and achievement of community goals.

The Laguna Beach General Plan was reviewed and found to be consistent with the Housing Element. The Housing Element is most closely tied to the Land Use Element, as residential development capacities established in the Land Use Element are used to identify the sites inventory presented in Housing Element Section 4 (RHNA and Housing Resources) However, a wide range of additional General Plan policies support Housing Element goals, policies, and programs. Specific key goals and policies of the Land Use Element that directly complement the Housing Element include:

GOAL 6: Provide a diversity of land uses that enhance the community.

Policy 6.4 Promote the provision of housing to serve the City's low- and moderate-income households, including City employees.

Policy 6.6 Preserve and promote an increase in the stock of residential rental units in the City.

Policy 6.12 Promote mixed-use development in commercial zones, where appropriate, to encourage the provision of lower-cost housing and to reduce traffic trips. Encourage ground floor uses to be commercial and where appropriate, visitor serving.

GOAL 9: Provide comprehensive public services and infrastructure.

Policy 9.1 Ensure well-maintained and sufficient public infrastructure to serve the community.

Policy 9.2 Expand community programs and services to benefit all segments of the community.

Policy 9.3 Ensure that the City is adequately prepared for potential hazards and natural disasters.

Policy 9.4 Encourage public awareness of and education about land use planning and encourage civic participation in the decision-making processes.

At the time of the 6th Cycle Housing Element update, the City was also updating its General Plan Safety Element in accordance with state law. Key issues addressed by the Safety Element that could influence housing development include fire safety and sea level rise, among others. To address fire safety, the Safety Element discusses reducing risk in very high fire hazard severity zones. Safety Element preparation includes compliance with California Government Code §65302(g)(1)-(9) and consideration of the state's "Fire Hazard Planning" document, and integrates the City's 2018 Local Hazard Mitigation Plan (LHMP), among other associated reports. To address coastal hazards, the City commissioned a "Shoreline Geology and Erosion Assessment," which found that in recent decades, storms have contributed to the loss of beaches and localized failures of the coastal bluffs. The study provides guidance for planners, homeowners, and developers that live or build atop the coastal bluffs. The City also uses the "Sea Level Rise Policy Guidance" issued by the California Coastal Commission, which addresses issues related to climate change and coastal management, and helps guide Local Coastal Program (LCP) planning and development decisions. Implementation of the Housing Element will occur in a manner consistent with Safety Element and LCP policies.

As individual General Plan elements are amended over time, the City will continue to review the Housing Element to ensure internal consistency and effective implementation.

this page intentionally blank

2. COMMUNITY CHARACTERISTICS AND NEEDS ASSESSMENT

This section examines general population and housing characteristics and trends, such as age, race and ethnicity, employment, household composition, household size, and household income. Characteristics of the existing housing stock, including number of units and type, age, conditions, and costs, have also been evaluated to better understand the nature and extent of unmet housing needs in the community.

Providing affordable housing to Laguna Beach households is one of the City's most critical housing issues. With high land values, some households are forced to: 1) pay more than they can reasonably afford for housing; 2) accept inadequate accommodations; or 3) relocate outside the community. This section assesses the City's need for more affordable housing by evaluating the number of households that are housing cost burdened.

Housing assistance need is generated when housing costs exceed household ability to pay. The inventory and assessment of housing needs for Laguna Beach is based on the following requirements established by the state for local housing elements.

- An analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected housing needs for all income levels. [§65583(A)(1)]
- Analysis and documentation of household characteristics, including level of payment compared to ability to pay [§65583 (a)(2)]

The primary source for local housing data used in preparing the Housing Element update was the "Pre-Certified Local Housing Data" prepared for the City of Laguna Beach by the Southern California Association of Governments (SCAG), 2020. Major data sources cited by the SCAG report include the American Community Survey 2014-2018 five-year estimates prepared by the U.S. Census Bureau, the California Department of Finance (DOF) Population and Housing Unit Estimates, the U.S. Department of Housing and Urban Development (HUD) CHAS (Comprehensive Housing Affordability Strategy), 2012-2016, the California Department of Developmental Services, and SCAG Local Profiles including Construction Industry Research Board (CIRB) and Core

Logic/DataQuick. Labor market data was drawn from the State of California Employment Development Department.[2]

All data related to existing housing and residential building sites in Laguna Beach was obtained from the General Plan, the Municipal Code, property files, building permit data, recent windshield surveys, code enforcement and City staff knowledge and the City's Geographic Information Systems (GIS). The comparison of development fees was provided by the City's Community Development Department.

2.1 POPULATION TRENDS AND CHARACTERISTICS

2.1-1 Historical, Existing, and Forecast Growth

Since 1990, the Laguna Beach population has been relatively stable. According to the 2010 U.S. Census, the Laguna Beach population was 22,723, and the California Department of Finance population estimates the 2020 population has decreased slightly to 22,343, including 89 living in group quarters. The population of Laguna Beach is 50% male and 50% female. The City has still not regained the population lost during the decade 2000-2010, as depicted in Table 2-1.

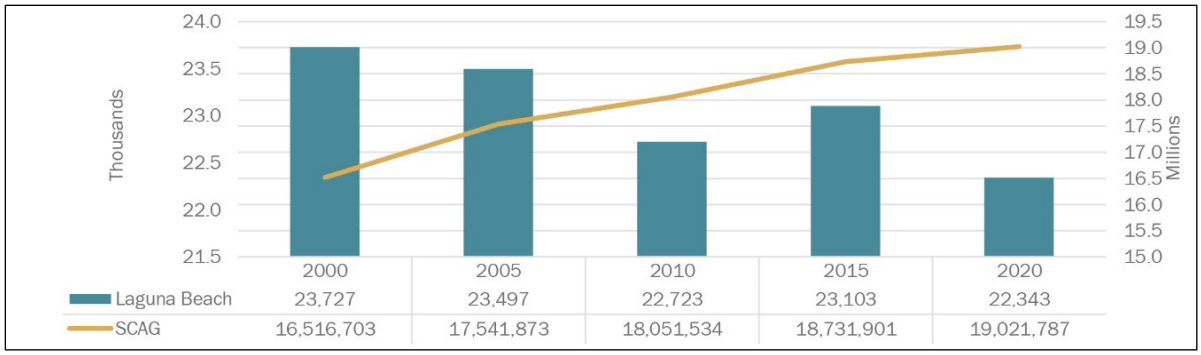
Table 2-1 Population Trends, Laguna Beach vs. Orange County

	Laguna Beach			Orange County		
Year	Population	Increase	Avg. Annual Growth Rate	Population	Increase	Avg. Annual Growth Rate
1930	1,981	–	–	118,674	–	–
1940	4,460	2,479	8.45%	130,760	12,086	0.97%
1950	6,661	2,201	4.09%	216,224	85,464	5.16%
1960	9,288	2,627	3.38%	703,925	487,701	12.53%
1970	14,550	5,262	4.59%	1,420,386	716,461	7.27%
1980	17,901	3,351	2.09%	1,932,709	512,323	3.13%
1990	23,170	5,269*	2.61%	2,410,668	477,959	2.23%
2000	23,727	557	0.24%	2,846,289	435,621	1.67%
2010	22,723	-1,004	-0.42%	3,010,232	163,943	0.58%
2013	23,105	382	0.56%	3,081,804	71,572	0.79%
2015	23,103	-2	0.06%	3,145,029	63,225	0.71%
2020	22,343	-760	-0.50%	3,194,332	49,303	0.04%

Source: U.S. Census, California Department of Finance, 2013; DOF E-5 Population and Housing Estimates, 2015; DOF E-1 Population Estimates, 2020; SCAG Local Housing Data, 2020
*Majority of population increase due to the annexation of unincorporated areas to the City

2 See California Employment Development Department, Labor Market Information, https://www.labormarketinfo.edd.ca.gov/data/labor-force-and-unemployment-for-cities-and-census-areas.html

As shown in Table 2-1, between 2000 and 2020, Laguna Beach had an annual growth rate of -0.3% compared to 0.7% for the SCAG region.[3] As illustrated in Figure 2-1, future growth in Laguna Beach is expected to remain low as opportunities for housing development continue to diminish due to the limited availability of developable land.



CA DOF E-5 Population and Housing Unit Estimates

Figure 2-1 – Population Trend, 2000-2020, Laguna Beach vs. SCAG Region

2.1-2 Age Composition

Table 2-2 compares the age distribution between 2010 and 2018. Age distribution shifted slightly older, with a 5.3% increase in the 65+ age group population during the decade. Laguna Beach's seniors (65 and above) make up 23.3% of the population, which is higher than the regional share of 13%. Combined, the 55-64 and 65+ age groups, a portion of the "Baby Boom" generation, represent 43.9% of the population. Due to the significant number of Baby Boomers in Laguna Beach, a variety of housing types and affordability, and the provision of senior services and resources are imperative.

While the 18-24 age group posted a small increase, the 25-44 age group represented the biggest shift in population with a 6.6% decrease. High land and housing costs make it difficult for young and middle-age adults to establish households in Laguna Beach. The share of the population of Laguna Beach which is under 18 years of age is 16%, which is lower than the regional share of 23.4%.

3 SCAG, Local Housing Data, August 2020; https://scag.ca.gov/sites/main/files/file-attachments/lagunabeach_he_0920.pdf?1603254140

Table 2-2 Age Distribution, 2010 and 2018

Age Group	2010		2018		% Difference
	Total	% of Total	Total	% of Total	
Under 5	747	3%	790	3.4%	0.4%
5-17	2,901	13%	2,924	12.6%	-0.4%
18-24	1,101	5%	1,372	5.9%	0.9%
25-44	5,321	23%	3,790	16.4%	-6.6%
45-54	4,200	18%	4,120	17.8%	-0.2%
55-64	4,290	19%	4,753	20.6%	1.6%
65 and over	4,163	18%	5,398	23.3%	5.3%
Total	22,723	100%	23,147	100%	1.87%

Source: 2010 U. S. Census; ACS 2014-2018, Table S0101 (5-year estimates)

2.1-3 Race and Ethnicity

The racial and ethnic composition of Laguna Beach, as depicted in Table 2-3, is significantly different than the county as a whole. White persons comprised 84.7% of the population in 2018 compared to just 41% for the county. The second largest racial/ethnic group in Laguna Beach was Hispanic or Latino, with 7.4% of the population, followed by Asians who represented 3.6% of the City's population. Comparatively, Orange County had a more diverse population in 2018 with an overall minority population of 59%, versus 15.3% in Laguna Beach.

Table 2-3 Population by Race and Ethnicity, Laguna Beach vs. Orange County

Race	Laguna Beach		Orange County	
	Persons	% of Total	Persons	% of Total
White alone	19,613	84.7%	1,296,036	41.0%
Black or African American alone	186	0.8%	50,412	1.6%
Hispanic or Latino (of any race)	1,709	7.4%	1,080,195	34.1%
Asian alone	840	3.6%	629,637	19.9%
American Indian or Native Alaskan alone	12	0.1%	6,348	0.2%
Native Hawaiian alone	73	0.3%	8,541	0.3%
Some other race or two or more races	714	3.1%	93,013	2.9%
Total	**23,147**	**100%**	**3,164,182**	**100%**

Source: 2014-2018 ACS, Table DP05 (5-year estimates)

2.2 EMPLOYMENT TRENDS

Housing needs are influenced by employment trends. Significant employment opportunities within the City can lead to growth in demand for housing in proximity to jobs. The quality and/or pay of available employment can determine the need for various housing types and prices. Laguna Beach has 11,778 workers living within its borders who work across 13 major industrial sectors. As shown in Figure 2-2, the most prevalent industry is Professional Services. with 2,633 employees (22.4% of total) and the second most prevalent industry is Education & Social Services with 2,263 employees (19.2% of total).

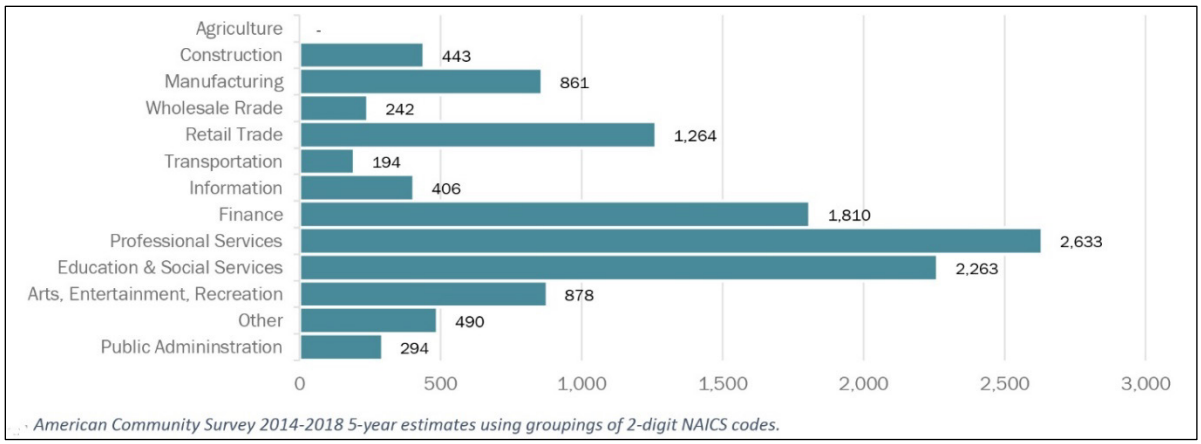


Figure 2-2 – Employment by Industry, Laguna Beach

In addition to understanding the industries in which the residents of Laguna Beach work, it is also possible to analyze the types of jobs they hold. As shown in Figure 2-3, the most prevalent occupational category in Laguna Beach is Management, in which 6,986 (59.3% of total) employees work. The second most prevalent type of work is in Sales, which employs 2,947 (25% of total) in Laguna Beach.

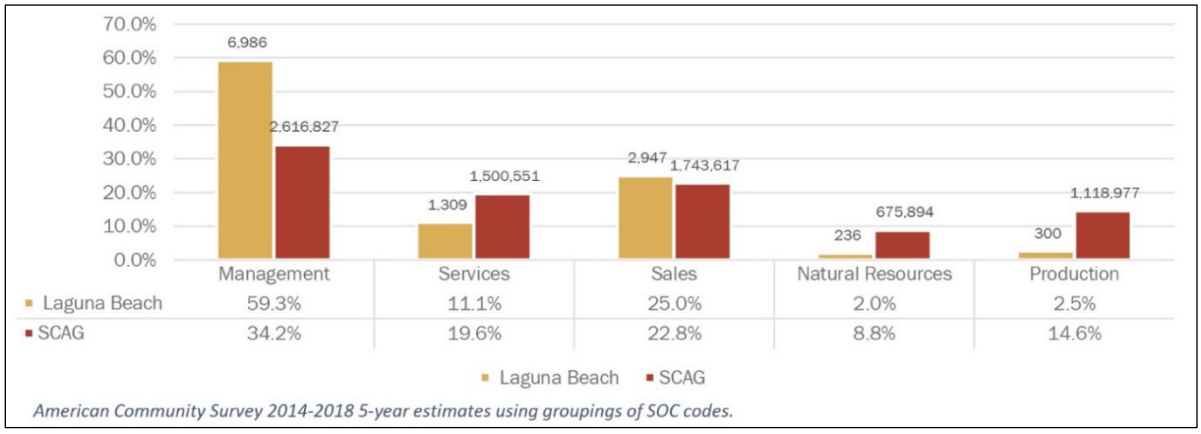


Figure 2-3 – Employment by Occupation, Laguna Beach vs. SCAG Region

With the outbreak of the COVID-19 pandemic, over 26 million unemployment insurance claims were filed between March 15 and April 18 at the start of stay-at-home orders as reported by the U.S. Department of Labor. In response, major relief bills were passed including the $2 trillion CARES Act, which includes benefits and expanded eligibility for unemployment insurance, forgivable small-business loans, economic relief payments sent directly to most U.S. households, aid to state and local governments, and increased funding for housing assistance and other safety net programs.

According to the 2021 Economic Forecast[4] (Forecast) prepared by the California State University, Fullerton, Woods Center for Economic Analysis and Forecasting, the pandemic had severe impacts on Orange County's labor market. From January to August, payroll employment in Orange County fell by 140,625 (on an annual basis) at a rate of -8.4%. The unemployment rate rose from 2.8% in 2019 to 14.7% in Orange County. Currently, according to data from the State of California Employment Development Department (10/16/2020), Orange County has an unemployment rate of 9% and the City of Laguna Beach is at 6.8%. The "pre-COVID" unemployment rate in Laguna Beach was reported at 3.3% as of March 2020.

The Forecast reported that while unemployment has improved since the start of the shutdowns, the Leisure and Hospitality sectors continue to suffer from pandemic impacts. Especially hard hit in Orange County is employment in Accommodations at 57% of its pre-pandemic level and Food Service and Drinking Establishments at 77%. A third of the job cuts are expected to be related to part-time workers at the Disneyland Resort in Anaheim, which negatively impacts the Orange County regional economy. The Forecast anticipates that it will take up to the end of 2022 for employment levels to return to pre-pandemic levels.

The Forecast also reported that Orange County housing prices continue to rise, despite COVID-19, due to historic supply shortage and low mortgage rates. From January through August 2020, Orange County median home price rose by 6.9%. The Forecast housing market outlook is for median single-family home prices to increase at average annual rates of 6% in 2020 and 3.2% in 2021.

2.3 HOUSEHOLD CHARACTERISTICS

The Census Bureau defines a household as all persons living in a single housing unit, whether or not they are related. One person living alone is considered a household, as is a group of unrelated people living in a single housing unit. The Census defines a family household as "two or more people (one of whom is the householder) related by birth, marriage, or adoption residing in the same housing unit." Persons who are institutionalized or living in a group setting such as a nursing home are classified as "persons in group quarters."

Existing household characteristics such as size and type indicate the future housing requirements of a community. A community with a large proportion of family households would typically have a corresponding

4 Information regarding economic forecasts are available from California State University, Fullerton, Woods Center for Economic Analysis and Forecasting at https://business.fullerton.edu/engagement/economic-analysis-and-forecasting/economic-forecast

demand for larger housing units. Communities having a large proportion of single-person households, particularly senior citizens living alone, may require smaller dwelling units, such as accessory dwelling units also known as “granny units” or second residential units, mobile homes, and affordable apartments.

2.3-1 Household Formation and Composition

According to the 2014-2018 American Communities Survey (ACS) and as shown in Table 2-4, 57% of the households in Laguna Beach were family households, compared to 43% non-family households. Persons living alone represented more than one-third (33.5%) of all households in the City, and 35.3 % of all households contained a member age 65 or over. When compared to the county as a whole, Laguna Beach has a smaller proportion of family households, fewer households with children under 18, more senior citizens, and a smaller average household size.

Table 2-4 Household Composition, Laguna Beach vs. Orange County

	Laguna Beach		Orange County	
Household Type	Households	% of Total	Households	% of Total
Family households:	6,005	57.0%	741,721	71.8%
Married-couple family	5,116	48.5%	564,685	54.7%
With own children under 18 years	1,424	13.5%	248,807	24.1%
Male householder, no wife present	350	3.3%	55,283	5.4%
With own children under 18 years	248	2.4%	22,456	2.2%
Female householder, no husband present	539	5.1%	121,753	11.8%
With own children under 18 years	330	3.1%	53,659	5.2%
Nonfamily households:	4,537	43.0%	290,652	28.2%
Householder living alone	3,528	33.5%	217,407	21.1%
Households with individuals under 18 years	2,141	20.3%	362,611	35.1%
Households with individuals 65 years and over	3,723	35.3%	301,076	29.2%
Total households	**10,542**	**100%**	**1,032,373**	**100%**
Average household size	2.19		3.02	

Source: ACS 2014-2018, Table DP02 (5-year estimates)

As shown in Table 2-5, Citywide, the average household size has remained relatively constant over the past 40 years, with an average of 2.08 persons per household in 1980, and an average of 2.09 persons per household in 2010 and 2020.

Table 2-5 Persons per Household, Laguna Beach Historical Trend

Year	Persons per Household
1950	2.23
1960	2.10
1970	2.21
1980	2.08
1990	2.08
2000	2.05
2010	2.09
2020	2.09

Source: U.S. Census; SCAG Local Housing Data, 2020

2.3-2 Tenure

Housing security can depend heavily on housing tenure – i.e., whether homes are owned or rented. Tenure preferences are primarily related to household income, composition, and age of the householder. Communities need an adequate supply of units available for rent and for sale to accommodate a range of households with varying incomes, family sizes, composition, and lifestyles. Laguna Beach has 10,542 households, 63% (6,658 units) of which are owner-occupied and 37% (3,884) of which are renter-occupied. The share of renters in Laguna Beach is lower than in the SCAG region overall. As shown in Figure 2-4, the percentage of owner-occupied households in Laguna Beach was higher than in the SCAG region.

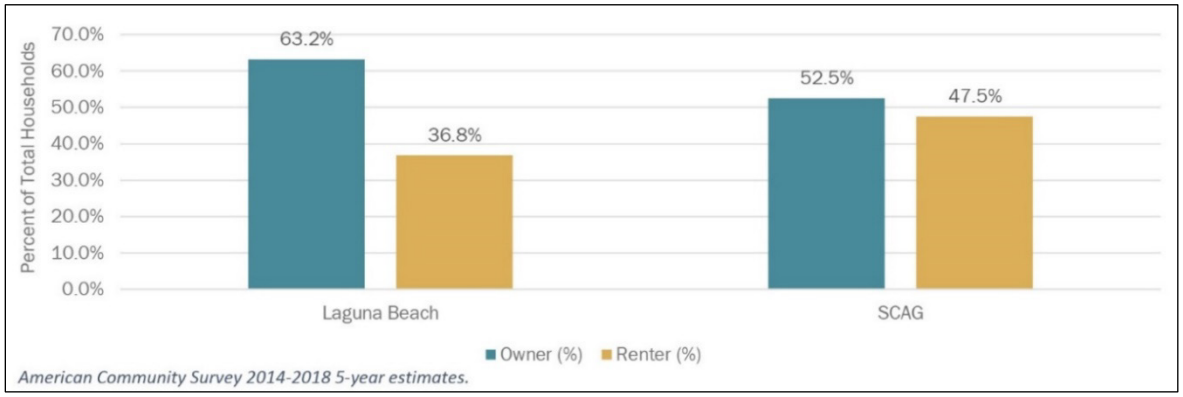


Figure 2-4– Housing Tenure (Owners/Renters), Laguna Beach vs. SCAG Region

Household Income

Household income data assists the City in determining its affordable housing needs, based on the income of the existing population. Table 2-6 depicts recent Census Bureau estimates for households by income category. About 10% of households had annual incomes below $25,000, while 58% had incomes of $100,000 or more.

Table 2-6 Households by Income, Laguna Beach

Income	Number of Laguna Beach Households	Percent of Total
Less than $10,000	430	4.1%
$10,000 to $14,999	166	1.6%
$15,000 to $24,999	456	4.3%
$25,000 to $34,999	441	4.2%
$35,000 to $49,999	738	7.0%
$50,000 to $74,999	861	8.2%
$75,000 to $99,999	1366	13.0%
$100,000 to $149,999	1,558	14.8%
$150,000 to $199,999	1072	10.2%
$200,000 or more	3,454	32.8%
Total	**10,542**	**100%**

Source: ACS 2014-2018, Table DP03 (5-year estimates).

The ACS estimated a median income of $121,474 for Laguna Beach compared to approximately $85,393 for Orange County as a whole. Orange County income classifications, based on income limits adjusted for household size, are reported by HCD in Table 2-7; the area median income (AMI) for a 4-person household is $103,000.

Table 2-7 Household Income Limits, Orange County

Income Classification	Household Size (Persons)							
	1	2	3	4	5	6	7	8
Extremely Low Income	$26,950	$30,800	$34,650	$38,450	$41,550	$44,650	$47,700	$50,800
Very Low Income	$44,850	$51,250	$57,650	$64,050	$69,200	$74,300	$79,450	$84,550
Low Income	$71,750	$82,000	$92,250	$10,2450	$11,0650	$11,8850	$12,7050	$13,5250
Median Income	$72,100	$82,400	$92,700	**$103,000**	$111,250	$119,500	$127,700	$135,950
Moderate Income	$86,500	$98,900	$111,250	$123,600	$133,500	$143,400	$153,250	$163,150

Source: State of California Housing and Community Development Department (HCD), State Income Limits for 2020

The distribution of Laguna Beach households relative to the Orange County area median income is presented in Table 2-8, which shows that 10.1% of the City's households are extremely-low income, 18.5% are very-low or low income, 6.4% are moderate income, and 65.1% are higher income.

Table 2-8 Household Income Distribution by Classification, Laguna Beach

Income Category Classification	Percent of Median Income	Households	Percent of Total Households
Extremely Low Income	<=30% HAMFI	1,060	10.1%
Very-Low Income	>30% to <=50% HAMFI	870	8.3%
Low Income	>50% to <=80% HAMFI	1,065	10.2%
Moderate Income	>80% to <=100% HAMFI	670	6.4%
Higher Income	>100% HAMFI	6,830	65.1%

Source: HUD CHAS, 2013-2017
HAMFI = HUD Area Median Family Income

The extremely-low-income (ELI) households are the most vulnerable group. As shown in Table 2-9, 72.6% (770 households) households in this income group experienced one or more housing problems, compared to 37.8% (3,965 households) of all households citywide. More importantly, as shown in Table 2-10, severe housing cost burden (spending half of the household income on housing) impacted 65.7% (700 households) of the extremely-low-income households, compared to 19.3% (2,020 households) of all households citywide. Households with severe cost burdens are most at risk of becoming homeless. Most ELI households are likely to be seniors and disabled. Less than 30 percent of the City's housing stock is multi-family housing, and even those are not affordable to ELI households (see Section 2.4-1). Affordable housing options for ELI households in Laguna Beach are limited (see Section 2.4-3) and there is a need for additional housing units affordable to this income group. Of primary importance is working toward meeting the City's RHNA goals as described in Section 4.1, Potential for Future Housing.

Table 2-9 Income by Housing Problem (Owners and Renters), Laguna Beach

Household Income	Household Has at Least 1 of 4 Housing Problems	Household Has 0 of 4 Housing Problems	Cost Burden Not Available/ No Other Housing Problems	Total
<=30% HAMFI	770	215	70	1,060
>30% to <=50% HAMFI	700	170	0	870
>50% to <=80% HAMFI	720	340	0	1,065
>80% to <=100% HAMFI	380	295	0	670
>100% HAMFI	1,400	5,425	0	6,830
Total	3,965	6,445	70	10,485

Source: CHAS 2013-2017 U.S. Dept. of Housing and Urban Development (HUD) "CHAS" data (Comprehensive Housing Affordability Strategy)
HAMFI = HUD Area Median Family Income

Table 2-10 Income by Cost Burden (Owners and Renters), Laguna Beach

Household Income	Cost Burden > 30%	Cost Burden > 50%	Total
<=30% HAMFI	770	700	1,060
>30% to <=50% HAMFI	700	640	870
>50% to <=80% HAMFI	720	310	1,065
>80% to <=100% HAMFI	370	110	670
>100% HAMFI	1,285	365	6,830
Total	3,845	2,020	10,485

Source: CHAS 2013-2017 U.S. Dept. of Housing and Urban Development (HUD) "CHAS" data (Comprehensive Housing Affordability Strategy)
HAMFI = HUD Area Median Family Income

The City is committed to meeting its projected needs for extremely-low and lower income housing through the policies and additional actions set forth in the Housing Plan in Section 5 of this Element. The Housing Plan encourages the production of affordable housing including, but not limited to, providing a comprehensive package of ADU assistance and incentives, implementing the City's inclusionary housing policy and related in-lieu housing fee, reducing or waiving planning and development fees for affordable housing projects, reducing or waiving zoning standards, assisting affordable housing developers in the attainment of federal and state funding, fostering opportunities for small scale infill and mixed-use development, and expediting affordable housing applications.

ELI and lower income households may also benefit from programs including the Orange County Housing Authority (OCHA) Housing Choice Voucher program, the City's Affordable Housing Loan and Grant Program, Senior Services and other community and social services provided by non-profit organizations in the region, as discussed in Section 4.4, Organizational and Partnership Resources. In addition, the City is a member of the Orange County Housing Finance Trust (OCHFT) which was formed in 2019 as a joint powers authority between the County of Orange and the cities throughout the county. OCHFT was created for the

purpose of funding housing specifically assisting the homeless population and persons and families of extremely low, very low, and low income within the County of Orange. The City will actively advocate the use of OCHFT to provide affordable housing for lower income households, including ELI households, in Laguna Beach.

2.4 HOUSING INVENTORY AND MARKET CONDITIONS

2.4-1 Housing Stock

As depicted in Table 2-11, the 2020 state Population and Housing estimate shows a total of 13,027 Laguna Beach housing units. The estimated housing stock comprises primarily low-density, single-family detached housing. Detached single-family units represented 71.3% of the housing stock, and 2+ unit structures represented 26.5% of units. Mobile homes represented approximately 2.2% of the City's total estimated housing units in 2020.

This table illustrates the decline in multi-family units over the past two decades from 29.9% to 26.5% of all housing units, reflecting the need to preserve rental housing. The number of mobile homes in Laguna Beach increased from 183 in 2000 to 289 in 2013 and has remained stable since then.

Table 2-11 Housing Stock Based on Units in a Structure, Laguna Beach vs. Orange County

	Laguna Beach				Orange County	
	2013	% of Total	2020	% of Total	2020	% of Total
1 unit	9,219	71.2%	9,288	71.3%	689,469	62.0%
2 to 4 units	1,523	11.8%	1,523	11.7%	94,718	8.5%
5+ units	1,927	14.9%	1,927	14.8%	293,712	26.4%
Mobile homes	289	2.2%	289	2.2%	33,522	3.0%
Total	**12,958**	**100%**	**13,027**	**100%**	**1,111,421**	**100%**

Sources: U.S. Census and 2013 Estimate (California Department of Finance); DOF E-5 Population and Housing Estimates, 2020
*Represents the loss of 268 mobile homes from the Treasure Island reuse.

A certain number of vacant units are needed to moderate the cost of housing, allow sufficient choice for residents, and provide an incentive for unit upkeep and repair. Vacancy rates are generally higher among rental properties, as rental units have greater attrition than owner-occupied units. A healthy vacancy rate – one that permits sufficient choice and mobility among a variety of housing units – is considered to be 2% to 3% for ownership units and 5% to 6% for rental units. According to the California Department of Finance, the housing vacancy rate in Laguna Beach was 18.2% in 2020. As with many beach and resort communities, a substantial number of units are second homes that are not occupied on

a permanent basis. To address the loss of housing units due to vacation rentals, in December 2020 the City Council adopted an ordinance that revised short-term lodging (STL) regulations, as further discussed in Appendix A. The revisions prohibited STL in residential zones.

2.4-2 Housing Conditions

The condition of existing housing stock is determined by its age, quality of original construction, and continued level of maintenance. Favorable housing conditions enhance neighborhood quality, which in turn promotes housing maintenance and improvement. Quality housing stock also correlates with the income and social stability of a neighborhood. According to the *California Building Code*, which has been adopted by the City of Laguna Beach, a "substandard building" is defined as "any building or portion thereof that is determined to be an unsafe building in accordance with Section 102 of the Building Code, or any building or portion thereof, including any dwelling unit, guest room or suite of rooms, or the premises on which the same is located, in which there exists any of the conditions referenced in this section to an extent that endangers the life, limb, health, property, safety or welfare of the public or the occupants thereof, shall be deemed and hereby are declared to be substandard buildings."

The ACS includes surveys about three factors of what may be considered substandard housing. As illustrated in Figure 2-5, in Laguna Beach, 116 units lack telephone service, 13 units lack plumbing facilities, and 63 units lack complete kitchen facilities. As of July 6, 2021 code enforcement officials report that there are 29 active unpermitted structures and 22 active substandard conditions code cases in the City. However, the City's code enforcement program operates on a reactive basis, which may result in underreporting of code compliance issues, particularly on the rental housing stock. While substandard housing is not widespread, due to the nature of the City's aging housing stock, it is estimated that there are non-conforming units that functionally contribute to the City's affordable rental housing.

Based on code enforcement records, and planning staff's knowledge of existing housing stock, the City has projected there are approximately 25 substandard units that are anticipated to require replacement.

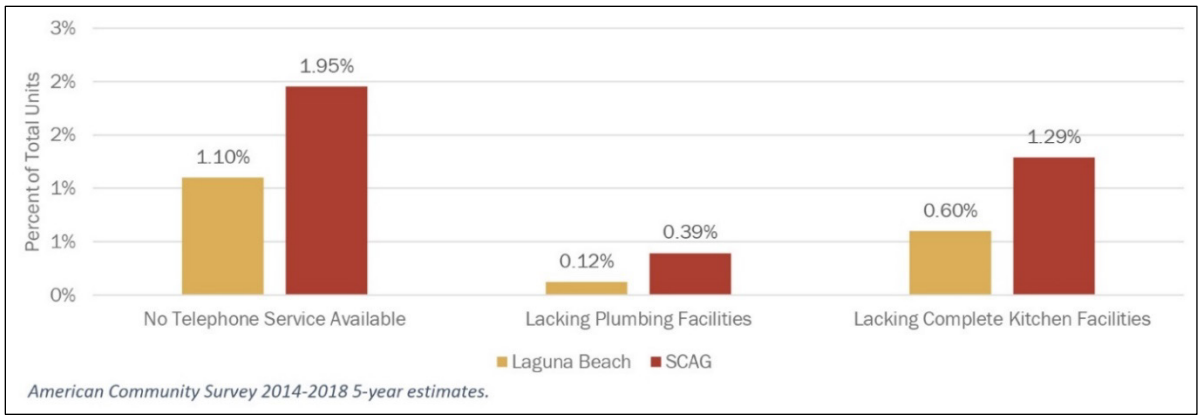


Figure 2-5 – Substandard Housing, Laguna Beach vs. SCAG Region

2.4-3 Housing Costs

According to Census QuickFacts (2019) and summarized in Table 2-12, the median owner-occupied home value in Laguna Beach was $1,771,600. These housing prices were considerably higher than the Orange County median home price of $679,300. Census QuickFacts also report that the median monthly rent in Laguna Beach was $2,299, or 24% higher than the Orange County median monthly rent of $1,854. Due to the high cost of property in Laguna Beach, mortgage payments are typically much higher than rental rates, in part because the rental housing stock comprises relatively smaller and older housing in the City.

Table 2-12 2018 Housing Market, Laguna Beach vs. Orange County

	Laguna Beach	Orange County
Median value of owner-occupied units	$1,771,600	$679,300
Median monthly rent	$2,299	$1,854

Source: Census QuickFacts, 2019

2.5 HOUSING NEEDS

This section provides an overview of existing housing needs in Laguna Beach, focusing on three categories:

1. Housing need resulting from **housing cost burden**;
2. Housing need resulting from **overcrowding**;
3. Housing needs of **special needs groups** such as elderly persons, large households, persons with disabilities, female-headed households, homeless persons, and farmworkers.

2.5-1 Housing Cost Burden

According to the Department of Housing and Community Development, housing is generally the largest single expense item for most households. Housing is considered "affordable" whenever a household spends 30% or less of its household income for shelter. Gross rent or gross monthly owner costs determine a household's monthly payment for shelter. Gross rent includes the contract rent, plus utilities. In most cases, the contract rent includes payment for water, sewer, and trash collection. Gross monthly owner costs include mortgage payments, taxes, insurance, utilities, condominium fees, and site rent for mobile homes.

Table 2-13 estimates the share of income households spent on housing cost. Of 10,485 total households, 3,835 households, or 36.6%, are paying more than 30% of their income for housing. This table further distinguishes estimates of the percentage of income that the City's households spend on housing, by owner and renter households. Approximately 29.3% of owners and 48.6% of renters were found to be cost-burdened. The number of cost-burdened renters is indicative of a shortage of low-income rental housing.

Table 2-13 Housing Cost Burden Overview (Owners and Renters), Laguna Beach

Cost Burden	Owner	Renter	Total
Cost Burden <=30%	4,590	1,975	6,565
Cost Burden >30% to <=50%	855	960	1,815
Cost Burden >50%	1,070	950	2,020
Not available	25	45	70
Total	6,555	3,930	10,485

Source: CHAS 2013-2017 U.S. Dept. of Housing and Urban Development (HUD) "CHAS" data (Comprehensive Housing Affordability Strategy)

Section 2.3-2 (Tenure) provides additional information on household income characteristics in the City, including income by cost-burden, and resources provided to assist lower income residents. The number of cost-burdened Laguna Beach homeowners indicates a shortage of more affordable ownership housing. Although the degree of households who are cost-burdened for housing is an important statistic, some households may be paying more for housing by choice because they desire accommodations with amenities that are not available at an affordable cost. Due to the scarcity of developable land, combined with the desirability of Laguna Beach, some households are willing to pay more for housing.

The Housing Programs in Section 5.2 set forth policies and programs to encourage and facilitate the development of affordable housing for lower-income households, including extremely-low income households, households with special needs, persons experiencing homelessness, farmworkers, persons with disabilities, including developmental, and

elderly. These Programs include proactive actions and time frames that will help advance affordable housing including: a comprehensive package of ADU assistance and incentives, affordable housing partnerships and outreach to affordable housing developers and religious institutions; numerous amendments to the Zoning Code to allow flexible development standards, facilitate developments at or above 30 units per acre, target density of 45 du/acre for affordable projects, streamline affordable housing projects, lot consolidation; and more. Furthermore, the City is a member of the Orange County Housing Finance Trust (OCHFT), which was formed in 2019 as a joint powers authority between the County of Orange and the cities throughout the county. OCHFT was created for the purpose of funding housing – specifically assisting the homeless population and persons and families of extremely low, very low, and low income within the County of Orange. See Section 5.2, Housing Programs for a detailed list of action times with specific time frames for implementation.

2.5-2 Overcrowding

The definition of overcrowding used in the Housing Element is more than one person per room. Some households may not be able to accommodate high cost burdens for housing, but may instead accept smaller housing or reside with other individuals or families in the same home. Household overcrowding is reflective of various living situations: 1) a family lives in a home that is too small; 2) a family chooses to house extended family members; or 3) unrelated individuals or families are doubling up to afford housing. However, cultural differences also contribute to the overcrowded conditions. Some cultures tend to have larger household size than others due to the preference of sharing living quarters with extended family members as a way of preventing homelessness among family members. Overcrowding can strain physical facilities and the delivery of public services, reduce the quality of the physical environment, contribute to a shortage of parking, and accelerate the deterioration of homes.

Table 2-14 summarizes recent overcrowding data for the City of Laguna Beach compared to the County as a whole. The table shows that overcrowding is much less prevalent in Laguna Beach than throughout the County, especially for renter-occupied units.

Table 2-14 Overcrowding, Laguna Beach vs. Orange County

Occupants per Room	Laguna Beach		Orange County	
	Units	% of Total	Units	% of Total
Owner-occupied units	6,658	100%	592,269	100%
1.01 to 1.50	62	0.93%	15,731	2.66%
1.51 to 2.00	0	-	4,614	0.78%
2.01 or more	0	-	1,455	0.25%
Renter-occupied units	3,884	100%	440,104	100%
1.01 to 1.50	65	1.67%	43,900	9.97%
1.51 to 2.00	62	1.60%	18,825	4.28%
2.01 or more	0	-	6,988	1.59%

Source: ACS 2014-2018, Table B25014 (5-year estimates)

2.6 HOUSING SPECIAL NEEDS AND FAIR HOUSING

2.6-1 Special Needs Groups

There are segments of the community that need special consideration in their attainment of housing. Special housing needs refer to persons and households that live in a housing situation or have a housing need that is not typical of the average Laguna Beach household. As identified in California Housing Element law, six household types are included within the meaning of special housing needs. The special needs populations include:

1. Persons with Disabilities
2. Seniors
3. Female Headed Households
4. Families and Persons in Need of Emergency Shelter (Homeless)
5. Large Households
6. Farmworkers

Resources

Some organizational and financial resources benefit multiple special needs groups, while others are designed to provide specific needs. For example, the Orange County Housing Authority (OCHA) administers the Housing Choice Voucher (HCV) Program to provide rental payment assistance for qualified Laguna Beach residents within all of the special needs groups as well as the general population. Section 4.3 provides an overview of financial resources the City has access to, and Section 4.4 describes organizational and partnership resources. Additional references to resources specific to each special needs group is included below.

1. Persons with Disabilities

Disabilities may include cognitive, developmental, or physical limitations. The two most prevalent housing needs for persons with disabilities are accessibility and affordability. Most individuals who are mobility impaired need housing that can provide ease of access and accommodate or be adaptable to wheelchairs.

Recent ACS data reported by SCAG, shown in Table 2-15 estimated the number of people with disabilities, by disability type. Some individuals may experience more than one disability, and some disability types are not recorded for children below a certain age, so citywide totals are not provided. Ambulatory disabilities were the most commonly occurring disability in Laguna Beach experienced by 806 people, followed by cognitive disabilities experienced by 709 people.

Table 2-15 Disabilities by Type

Disability by Type	Persons
With a hearing difficulty	641
With a vision difficulty	430
With a cognitive difficulty	709
With an ambulatory difficulty	806
With an independent living difficulty	548
With a self-care difficulty	399

Source: SCAG Local Housing Data, 2020

As defined by state law, “developmental disability” means a severe, chronic disability of an individual that:

- Is attributable to a mental or physical impairment or combination of mental and physical impairments;
- Is manifested before the individual attains age 18;
- Is likely to continue indefinitely;
- Results in substantial functional limitations in three or more of the following areas of major life activity: a) self-care; b) receptive and expressive language; c) learning; d) mobility; e) self-direction; f) capacity for independent living; or g) economic self-sufficiency;
- Reflects the individual’s need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.

The Census does not record developmental disabilities. However, the State of California Department of Developmental Services provides a count of its consumers by ZIP Code and age group. Within ZIP Code 92651, which covers most of the City of Laguna Beach, there were 32 persons aged 0-17 years and 69 persons 18+ years, for a total of approximately 101 developmentally disabled persons served from the City.

Resources

Four factors – affordability, design, location, and discrimination – significantly limit the supply of housing available to households of persons with disabilities. The most obvious housing need for persons with disabilities is housing that is adapted to their needs. Most single-family homes are inaccessible to people with mobility and sensory limitations. Housing may not be adaptable to widened doorways and hallways, access ramps, larger bathrooms, lowered countertops, and other features necessary for accessibility. Location of housing is also an important factor for many persons with disabilities, as they often rely upon public transportation to travel to necessary services and shops. "Barrier free" housing, accessibility modifications, proximity to services and transit, and group living opportunities are important in serving this group. Incorporating barrier free design in all new multi-family housing is especially important to provide the widest range of choices for the disabled. Housing that applies universal design principles is considered barrier free and accessible to persons of a wide range of abilities/ disabilities.

State and federal legislation mandate that a specified portion of units in new or rehabilitated multifamily apartment complexes be accessible to individuals with limited physical mobility. The City also allows residential retrofitting to increase the suitability of homes for persons with disabilities in compliance with accessibility requirements. The City works with applicants who need special accommodations in their homes to ensure that application of building code requirements does not create a constraint. The City adopted a formal procedure for review and approval of reasonable accommodation in accordance with Municipal Code Section 25.05.080.

The **Glennwood Housing Foundation** is a Regional Center of Orange County Supportive Living service provider that provides housing and supported living services to adults with developmental and/or intellectual disabilities. The Glennwood House of Laguna Beach provides individual apartment-style living, transportation to activities, medical appointments, shopping, and daily meals. The foundation emphasizes community and provides opportunities for residents to engage in the community, participate in physical activities, and achieve fulfillment and well-being.

The Dayle McIntosh Center for the Disabled, also referred to as DMC, is a nonprofit organization that provides services to people with disabilities and facilitates equal access and inclusion within the community. Founded in 1977, DMC is a non-residential, cross-disability agency and meets the standards and indicators established for the operation of independent living centers in the federal Rehabilitation Act of 1973, as amended. Currently, 28 such centers exist in California, and approximately 500 are in operation nationally. DMC is a peer-based organization. This means

that most of the staff is composed of individuals who have disabilities themselves and have met the challenge of becoming self-sufficient. DMC provides housing assistance resources such as affordable housing and emergency shelter lists, including information on tenants' rights and responsibilities. DMC can sometimes aid with accessibility modifications in the home. Its two offices serve people in Orange County and surrounding areas with disabilities. The Center's South County branch is located in Laguna Hills, a few miles from Laguna Beach.

CDBG funding may also be used to support housing needs. The most recent allocations of CDBG funding in Laguna Beach were for the City's shelter program and Hagan Place, a very-low-income project for disabled persons.

2. Seniors

The senior population has been identified as the fastest-growing age group in Orange County, and has been designated by the City as a high priority with regard to housing opportunities. According to the 2018 ACS, 5,398 Laguna Beach residents were age 65 years and older. This figure represents 24% of the total population, and is a substantial increase from the 18% share in 2010 and 13% share in 2000.

Federal housing data define a household type as "elderly family" if it consists of two persons with either or both age 62 or over. Of Laguna Beach's 4,070 such households, 13.5% earn less than 30% of the surrounding area income (compared to 24.2% in the SCAG region), 25.9% earn less than 50% of the surrounding area income (compared to 30.9% in the SCAG region).

Recent ACS data provides estimates of types of disabilities experienced by seniors in Laguna Beach, as shown on Table 2-16. The most commonly occurring disability among seniors 65 and older was an ambulatory disability, experienced by 10.4% of Laguna Beach's seniors (and 22.9% of seniors in the SCAG region).

Table 2-16 Disability Type – Seniors (65+)

Senior Disability Type	Percent of Total Seniors
Hearing	9.7%
Vision	6.1%
Cognitive	4.9%
Ambulatory	10.4%
Self-Care	5.5%
Independent Living	7.1%

Source: SCAG Local Housing Data, 2020

Table 2-17 reveals that less than 1% of senior households in Laguna Beach had incomes below the poverty level.

Table 2-17 Poverty Status – Seniors

Seniors	Seniors	% of Total Population
Age 65 and above at or above poverty level	5,418	23.8%
Age 65 and above below poverty level	157	0.7%

Source: U.S. Census 2014-2018 ACS

The housing needs of seniors include affordability, proximity to services and transportation, and design features to accommodate physical needs. There is a wide variety of housing suitable to meet the needs of the diverse senior population. The different types of housing for seniors include private residences, shared housing, senior and retirement housing developments, and assisted and congregate care facilities. Shared housing is an option for senior homeowners living alone. Some senior and retirement developments, as well as assisted living and congregate care facilities, require appropriate support services that include recreation, transportation, property management, and other staff services.

Resources

Senior housing developments in Laguna Beach include Vista Aliso (70 units) and the Mermaid Terrace condominiums (25 units). No new senior or retirement housing developments have been constructed in recent years, and Harbor Cove, a 15-unit complex, converted to market rate housing in 2019. The City of Laguna Beach Community Services Department operates the Laguna Beach Community & Susi Q Senior Center. The City's Senior Center provides assistance to seniors seeking housing opportunities in Laguna Beach. The Senior Services Coordinator disseminates information regarding the locations and types of senior housing opportunities in the City, Housing Choice Vouchers, shared housing opportunities, and other related assistance. Working with Laguna Beach Seniors, a nonprofit serving older adults that was founded in 1975, "The Susi Q" center also provides services and coordinates with other partners to provide care management, counseling, caregiver support, meals-on-wheels, transportation, and a library of resources. They also partner with "Lifelong Laguna" to provide free home assessments, home repair assistance, ADU building information and other resources to support aging in place.

In recognition of the need to further address the housing needs of seniors, the City Council appointed a Senior Housing Task Force in 2014 whose work was completed in December 2016. The Task Force recommendations were to: finalize and implement the Senior Specialist Program at City Hall front desk; create an amortization/abatement agreement process that would promote the legalization of nonconforming units, with accompanying deed restrictions; implement the California

Housing Ordinance, which includes the Density Bonus Law; explore the feasibility of allowing second units on lots smaller than 6,000 square feet when units are deed restricted to low-income seniors; continue to monitor the status of existing Section 8 (now Housing Choice Voucher Program) and equivalent senior housing; develop a Senior Housing Repair Program; develop incentives for development of congregate senior housing projects; and hold an annual aging-in-place workshop to educate homeowners about aging-in-place strategies. The City Council supported these recommendations, with implementation to be phased in based on budget and staffing levels. Some of the recommendations have subsequently been addressed by state law or incorporated into Section 5 (Housing Plan) of this 6th Cycle Housing Element Update.

Recommendations that have already been implemented include the LBS Home Repair Assistance Program, a partnership with the City of Laguna Beach and Habitat for Humanity Orange County (OC). The City funds up to $5,000 per project while Habitat for Humanity OC makes the repairs. Laguna Beach Seniors serves as the Program Administrator and manages the confidential intake and referral into the program. Additional accomplishments are discussed in Appendix A.

3. Female-Headed Households

SCAG Local Housing Data from 2020 report that there were 539 female-headed households in Laguna Beach, of which 77 (14.3%) were below the poverty line (Table 2-18). Of the 330 female-headed households with children under 18, 68 (20.6%) were below poverty level. Housing needs of female-headed households include affordability, proximity to schools, childcare, public transportation, services, and employment.

Table 2-18 Female-Headed Households by Poverty Status

Type of Household	Total Households	Households Below Poverty Level	Percent Below Poverty Level
Total female-headed households (FHH)	539	77	14.3% (of total FHH)
FHH with related children under age 18	330	68	20.6% (of FHH with children)

Source: SCAG Local Housing Data, 2020

Resources

Lower-income female-headed households can benefit from programs including the Orange County Housing Authority (OCHA) Housing Choice Voucher program, the City's Affordable Housing Loan and Grant Program, and other community and social services provided by non-profit organizations in the region, such as the Boys & Girls Club of Laguna Beach, and Western Youth Services with locations in Laguna Hills and Mission Viejo.

4. Families and Individuals in Need of Emergency Shelter

State legislation has mandated that the special needs assessment of the Housing Element include an analysis of the City's homeless population and need for emergency shelter. For purposes of this document, "homeless" are described as "Local persons and families who lack a fixed, regular and adequate nighttime residence and includes those staying in temporary or emergency shelters." The state defines "emergency shelter" as "housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay." Based on 2019 point-in-time counts conducted by the Orange County Homeless Management Information System and reported by SCAG, there were 76 sheltered and 71 unsheltered people experiencing homelessness in Laguna Beach, for a total of 147. This is more than three times the reported homeless population from 2009.

Resources

Year-round Emergency and Transitional Shelter - The Friendship Shelter, a nonprofit, privately owned and operated facility, provides a year-round emergency and transitional shelter program for homeless adults who are able to regain self-sufficiency and rebuild productive lives in the community. Friendship Shelter was established in 1987 by City policy and state law related to residential care facilities and provides an important resource to the Laguna Beach and south Orange County community. The shelter is located in an apartment building on South Coast Highway in the C-1 Local Business District. Thirty people stay at this shelter daily.

The Friendship Shelter also operates the City of Laguna Beach's Alternative Sleeping Location (ASL) Emergency Shelter, under contract with the City, and is located on Laguna Canyon Road. This is the only municipal emergency shelter in south Orange County, which has been in operation since 2009, that provides services to homeless from Laguna Beach and utilizes excess capacity to assist others. The site is owned by the City and located in the Institutional Zone. The shelter operates year-round and provides meals, showers, laundry, and helps clients find housing and health care services. The program operates a drop-in day program from 10:00 a.m. to 1:00 p.m. and overnight shelter for enrolled clients for a renewable 30-day period.

The ASL shelter provides sleeping accommodations for 45 persons per night. Preference is given to homeless persons with local ties to the Laguna Beach community.

Supportive Housing – Friendship Shelter's Bridge housing program, launched in 2014, is its newest and fastest growing program. It is intended for clients who are chronically homeless with a physical or mental health condition. This program follows the "housing first" approach with clients housed in scattered-site apartments. All clients have access to ongoing supportive services from Friendship Shelter staff to ensure they remain safely and stably housed. Additionally, the program assists homeless men and women who have obtained a housing voucher from the County of Orange. There are currently 91 homeless men and women in this housing program throughout south Orange County.

The City has been very supportive of the Friendship Shelter, including a $206,000 grant from the City's in-lieu housing fund, which assisted in the purchase of its building on South Coast Highway. The City also allocates community assistance funds to the Friendship Shelter from the annual budget. On August 28, 2018, the City Council adopted a resolution required by the State of California to be eligible to receive funding from the Homeless Emergency Aid Program (HEAP) and any future state and federal aid programs established to provide funding to local jurisdictions to address homelessness. The Friendship Shelter was awarded the Emergency Solutions Grant (ESG) for fiscal year 2019/20 to reimburse expenses related to the existing Alternative Sleeping Location (ASL) program, which provides shelter to 45 individuals nightly. The City has secured additional grant funding to offset City costs to operate the ASL. The City will receive a $140,326 Community Development Block Grant, and a $191,609 Homeless Emergency Aid Program Grant, for a total of $331,935 in grant funding for FY 2021-22. The City is also currently working with the County to secure an additional Community Development Block Grant, which, if awarded, would further offset City costs in FY 2021-22 and FY 2022-23. The City's current contract with the Friendship Shelter was extended to operate the ASL in FY 2021-22 and FY 2022-23, with the option to extend the agreement for two additional 1-year terms.

Youth Shelter – The Laguna Beach Youth Shelter, also an emergency shelter, is located in a residence in the R-2 Medium Density Residential Zone. The shelter has been operating since 1979. The Youth Shelter serves homeless youth and focuses on reuniting adolescents with their families. Temporary housing is provided at the Youth Shelter for young people, ages 11 through 17. The crisis intervention program is voluntary and requires parental involvement. The Youth Shelter can accommodate 16 individuals with a maximum stay of 3 weeks. Adolescents in the program are provided food, tutoring, and individual, group, and family therapy. The City allocates community assistance funds to the Youth Shelter from its annual budget.

Total Shelter Capacity and Need – With 30 beds at the Friendship Shelter, 45 beds at the Alternative Sleeping Location shelter, and accommodation for 16 individuals at the Youth Shelter, the City has taken

a leadership role in addressing homelessness. The most recent allocations of CDBG funding in Laguna Beach were for the City's shelter program and Hagan Place, a very-low-income project for disabled persons. The ASL is the only municipal emergency shelter in south Orange County that provides services to individuals. However, until recently, the City did not have a zone where an emergency shelter is permitted by right. A Program was been added to the Housing Plan (see Section 5.2, Program 6, Special Needs Housing) to address this need, which was satisfied with the adoption of an ordinance by the City Council on December 13, 2022. Additional information on zoning standards affecting special needs housing is provided in Section 3.1-8.

5. Large Households

Large households are defined as those with five or more persons. Large households require sufficient space to meet functional housing needs such as adequate areas for sleeping, studying, and food preparation. Overcrowding reflects the financial inability of households to buy or rent sufficient size housing for the number of persons within the household.

Figure 2-6 illustrates the range of household sizes in Laguna Beach for owners, renters, and overall. The most commonly occurring household size is of two people (40.4%), and the second most commonly occurring household is of one person (33.5%). Laguna Beach has a higher share of single-person households than the SCAG region overall (33.5% vs. 23.4%) and a lower share of 7+ person households than the SCAG region overall (0.3% vs. 3.1%).

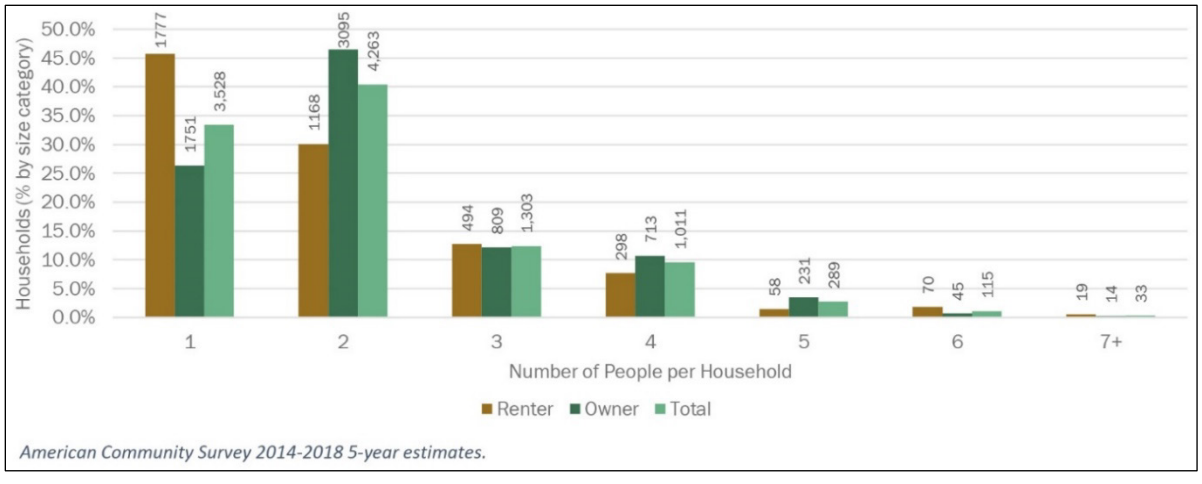


Figure 2-6 – Households by Household Size

The most detailed information for computing overcrowding is the U.S. Census data that relates to number of persons per room. The U.S. Census defines an overcrowded unit as one occupied by 1.01 or more persons per room. As noted previously in Section 2.5-2, Overcrowding, the incidence of overcrowding in Laguna Beach is very low compared to other areas of the county.

Resources

Lower and moderate-income large households can benefit from many of the same programs that benefit other qualified households, including the Orange County Housing Authority (OCHA) Housing Choice Voucher program and the City's Affordable Housing Loan and Grant Program. Large households may also utilize additional programs offered by organizations listed in Section 4.4, Organizational and Partnership Resources.

6. Farmworkers

Laguna Beach has two areas of land that are zoned for agricultural use, both of which are located within established residential neighborhoods in residential zones. However, there are currently no commercial agricultural activities conducted on these properties. SCAG, referencing ACS data, reports that no (0% of total) Laguna Beach workers are employed in farming, fishing and forestry occupations and that in the entire SCAG region 57,741 individuals have jobs in this sector, of which 31,521 are full-time year-round jobs. In Orange County, there are 9,488 individuals in the farming, fishing and forestry industry sector, which represents 0.6% of the County population according to ACS estimates for 2019.

Further insights on the agricultural labor force are provided by the 2017 Census of Agriculture published by the United States Department of Agriculture (USDA), which reports that there were 193 farms in Orange County, 99 of which hired labor and 94 of which had contract labor. Hired farm labor included 1,772 workers; 1,106 of these workers worked 150 days or more and 666 worked less than 150 days. Of the total workers, 340 were migrants.

The California Employee Housing Act requires that housing for six or fewer employees be treated as a regular residential use. The City's Zoning Ordinance does not meet this requirement, so a program has been added to Section 5.2-6 (Special Needs Housing). AB 1783 (2019) further requires housing for agricultural workers to be treated as an agricultural use and permitted through a ministerial process where agricultural uses are permitted. The City's Agriculture-Recreation zone allows all types of agricultural and horticulture uses, including grazing and small animal farms. However, this zone does not specifically allow for farmworker

housing. A program has been added to Section 5.2-6 to address this issue.

Resources

While the City does not currently have any resident farmworkers, a portion of the housing needs that may be needed for farmworkers in Orange County and the SCAG region can be accommodated under programs designed to assist very-low or extremely low-income households, including the Orange County Housing Authority (OCHA) Housing Choice Voucher program. Farmworkers, along with other lower income households may also benefit from other community and social services provided by organizations in the region such as the Orange County Health Care Agency, as further discussed in Section 4.

In addition, the City's Housing Plan encourages the production of housing affordable to lower-income households through encouraging ADUs, implementing the City's inclusionary housing policy and related in-lieu housing fee, reducing or waiving planning and development fees for affordable housing projects, reducing or waiving zoning standards, assisting affordable housing developers in the attainment of federal and state funding, fostering opportunities for small scale infill and mixed-use development, and expediting affordable housing applications. Furthermore, the City is a member of the Orange County Housing Finance Trust (OCHFT) which was formed in 2019 as a joint powers authority between the County of Orange and the cities throughout the county. OCHFT was created for the purpose of funding housing specifically assisting the homeless population and persons and families of extremely low, very low, and low income within the County of Orange.

2.6-2 Affirmatively Furthering Fair Housing

Please see Appendix C for a complete analysis on Fair Housing including segregation patterns, access to opportunities, and disproportionate housing needs. A program addressing Fair Housing is included in Section 5.2-11.

2.6-3 Publicly Assisted Housing

1. Orange County Housing Authority

The Orange County Housing Authority (OCHA) administers the Housing Choice Voucher Program (HCV) for Laguna Beach residents. OCHA has established an HCV homeownership option. Under this option, qualified HCV participants may be able to use their housing assistance subsidies for mortgage payments rather than monthly rent. The homeownership option allows first-time homeowners who meet certain qualifications to receive assistance with their monthly homeownership expenses. The high

cost of homes in Orange County limits the number of homeownership opportunities. However, if homes and condominiums are priced at affordable levels, it may be possible for a participant in the HCV program to purchase a home.

2. Affordable Housing Projects

Housing developments utilizing federal, state, and/or local programs, including state and local bond programs, Low-Income Housing Tax Credits (LIHTC), density bonus, or direct assistance programs, are often restricted for use as low-income housing and provide another source of affordable housing for a jurisdiction. A number of developments in Laguna Beach have been identified where some or all of the units are affordable for low- to moderate-income households. Together these projects provide 159 units of affordable housing.

Table 2-19 Affordable Units in Laguna Beach

Project Name/Address	Number of Units	Program Parameters	Affordability Expiration
Alice Court, 450 Glenneyre	26	Very-low-income rental studio units	2059
Hagan Place, 480 Mermaid	24	Very-low-income rental units for persons with HIV/AIDS	No expiration
Hidden Valley, Hidden Valley Canyon	4	Low- to moderate-income ownership units	Oct. 31, 2026
Mermaid Terrace, 485 Mermaid	25	Senior median income ownership condo units	Mar. 13, 2046
Vista Aliso, 21544 Wesley	70	Section-8 Senior very-low-income rental units; HUD Section 202 mortgage	2041
20000 Laguna Canyon Drive	1	Low-income rental work/live unit	2071
20412 Laguna Canyon Drive	9	8 Low-income and one moderate rental work/live units	2075
Total	**159**		
Total Rental Unit Potential Expiration by 2029	**0**		

2.6-4 Units at Risk of Converting to Market-Rate Housing

Housing units are often made affordable when covenants restricting their affordability are recorded on the property as the result of a public subsidy, such as local, state, or federal funds. Affordability restrictions on housing units typically have expiration dates. Housing units that receive government assistance under any local, state, or federal programs and are eligible to convert to market rate units due to expiring affordability restrictions within 10 years are considered to be “at risk.” Jurisdictions must evaluate the potential for “at risk” low-income rental housing units to convert to non-low-income housing and propose programs to preserve or replace these units. This Housing Element covers a 10-year analysis period from 2021 through 2031. Table 2-19 above provides an inventory of the City’s low- and moderate-income housing projects and potential affordability expiration dates. Laguna Beach has 159 total affordable units. Since Vista Aliso’s affordability covenant was extended to 2041, and Hidden Valley Canyon’s 4 units are ownership units, the City has no rental units at risk for converting to market rate within the next 10 years.

Programs for continued housing preservation and rehabilitation are provided in Section 5.2-8 (Housing Preservation and Rehabilitation).

2.6-5 Cost Analysis

The primary factors used to analyze the cost of preserving low-income housing include:

1. Acquisition costs – depends on size, location, and current sales figures.
2. New construction costs – depends on size, construction materials, financing costs, and off- and on-site improvements.
3. Rental assistance – depends on the income of the household and Fair Market rents. For Fiscal Year 2021, HUD calculates Fair Market rents for Orange County as follows:

Efficiency	$1,678
1-bedroom	$1,888
2-bedroom	$2,331
3-bedroom	$3,227
4-bedroom	$3,716

Based on state income limits, a very-low-income household of four persons can afford to pay $1,601 per month (including a utility allowance) for housing. This would require a monthly rental subsidy of $730, or $8,757 per year for a 2-bedroom unit. Therefore, if affordability covenants were to expire on the units of an at-risk project, a total cost of approximately $8,800 per year would be required to provide rental subsidies for each existing apartment unit. Replacement through new construction would be very difficult due to the scarcity and high cost of buildable land. The City has no rental units at risk for converting to market rate within the next 10 years.

3. HOUSING CONSTRAINTS

3.1 GOVERNMENTAL CONSTRAINTS

Governmental constraints are potential and actual policies, standards, requirements, fees, or actions imposed by the various levels of government on development, which serve to ensure public safety and welfare with respect to housing construction and land use issues. Federal and state programs and agencies play a role in the imposition of non-local governmental constraints and are beyond the influence of local government, and therefore cannot be effectively addressed in this document. Governmental regulations may also result in constraints on the maintenance, improvement, and development of housing.

Actions and policies of governmental agencies can impact the ability of the private sector to provide adequate housing to meet consumer demands. Federal budgeting and funding policies can either stimulate or depress various aspects of the housing industry. Local or state government compliance or the enactment of sanctions (e.g., sewer connection or growth moratoriums) for noncompliance with the federal Clean Air Act and the Water Pollution Control Act can impact all types of development.

State agencies and local government compliance with state statutes can complicate the development of housing. The Coastal Act and actions of the Coastal Commission have lengthened the permit approval process for housing in areas under its jurisdiction. Other statutes such as the California Environmental Quality Act (CEQA) and sections of the *California Government Code* relating to rezoning and General Plan amendment procedures can also act to prolong the review and approval of development proposals by local governments. In many instances, compliance with these mandates establishes time constraints that cannot be altered by local governments.

Local governments exercise regulatory and approval powers that directly impact residential development within their respective jurisdictional boundaries. These powers establish the location, intensity, and types of units that may or may not be developed. The City's General Plan, zoning regulations, project review and approval procedures, development and processing fees, utility infrastructure, public service capabilities, and development attitudes all play important roles in determining the cost and availability of housing opportunities in Laguna Beach. In compliance with transparency requirements, the City has posted all zoning, development standards, a fee schedule, and informational handouts on its website.

3.1-1 General Plan

The General Plan establishes patterns of land use in Laguna Beach. The General Plan not only specifies the location and amount of land that will be allocated to residential development, it also establishes the intensity of development in terms of unit densities and total number of units. Although most elements of the General Plan contain goals and policies that influence residential development, the Land Use Element has the most direct influence on the overall development of housing in the City through its land use designations. The Land Use Element designates the general location and distribution of land planned for Open Space and Permanent Open Space, Residential/Hillside Protection, Village (at four density levels), Local Business/Professional, Commercial/Tourist Corridor, Central Business District, Industrial, Public/Institutional, and Public Recreation and Parks uses. Table 3-1 summarizes the land use designations that allow residential uses, the intended uses of each land use designation, and the implementing zoning classification and permitted densities, expressed in dwelling units per acre (du/acre). Some of the implementing zones are within the Downtown Specific Plan as identified in Table 3-1 below.

Table 3-1 General Plan Land Use Designations

Land Use Designation	Corresponding Zoning District	Intent	Permitted Density (du/acre)
Residential/Hillside Protection (RHP)	R-1	Open Space Conservation with limited Low Density Residential	1-3 based on percentage of slope
Village Low Density[1]	R-1	Single-family detached homes	3-7
Village Medium Low Density	Village Community, Mobile home, and R-2	Single-family detached homes and mobile homes	8-10
Village Medium Density	R-2 and Commercial Business District-Office[2]	Single-family detached homes, 2-unit condominiums and duplexes	8-14
Village High Density	R-3; Commercial Business District-Office[3]	Mix of housing types: multi-family, condominiums, rest homes and lodges	15-22
Local Business/ Professional	Local Business-Professional Zone, South Laguna Village Commercial Zone, Commercial-Neighborhood Zone, and Downtown Specific Plan: Central Business District-Office	Limited commercial, professional office uses and mixed-uses	N/A
Commercial/Tourist Corridor	Commercial Hotel-Motel Zone; C-1 (Local Business Zone), and Central Business District-Central Bluffs	Visitor serving uses such as hotels, motels, restaurants, shops and retail uses	N/A
Central Business District	Downtown Specific Plan: Central Business District-Central Bluffs, Central Business District -Visitor Commercial and Civic Art	Commercial, financial, tourist related uses and government uses	N/A

1 Height in the Downtown Specific Plan is limited to 12 feet, with exceptions for affordable and senior housing and artist work/live.
2 Downtown Specific Plan Central Business District-Office allows limited market rate residential of no more than one unit for each 2,000 SF; except projects with a minimum of 50% of the units as affordable, senior, or disabled housing are allowed at 1,000 SF/unit or 43 du/ac.
3 Residential must be part of a commercial development, and shall not exceed 50% of the gross floor area used for commercial activities.

3.1-2 Zoning Ordinance

The Zoning Ordinance is the primary tool for implementing the General Plan Land Use Element. It is designed to protect and promote public health, safety, and welfare, as well as to promote quality design and quality of life. The types and quantity of housing units permitted in the City's various zones are dependent upon zoning standards and land use density designations. Density limitations and development standards impact the cost of housing, because land and construction costs are lower for high-density housing. Low and moderate-income housing, in particular, are constrained by density limitations. While building site coverage guidelines are applied to single-family residential zones, open space standards are applied whenever two or more residences are constructed, excepting units constructed under the California Accessory Dwelling Unit regulation.

The City has established four residential zoning districts (R-1, R-2, R-3, R/HP) and five commercial districts (Local Business-Professional [LB-P], Local Business District [C-1], Commercial-Neighborhood [C-N], Commercial Hotel-Motel [CH-M], and South Laguna Village Commercial [SLV]).

The Downtown Specific Plan Section 3.33 allows for residential in the following Central Business Districts with some limitations: CBD-1, CBD-2, CDB-VC, CBD-O, and CBD-MFR. In addition, the R-1, R-2 and R/HP zones allow "residential housing, special needs" development by-right, which, as defined in Municipal Code 25.08.032, includes housing for families (including transitional and supportive housing), and extremely-low-, very-low-, low-, and moderate-income persons. This use is permitted with approval of a conditional use permit in the R-3, Institutional, SLV, C-N, C-1 and LB-P zones.

In addition to the R-1 Residential Low Density, R-2 Residential Medium Density, and R-3 Residential High Density Zoning Districts, Laguna Beach has several residential specific plan areas and comparable residential zoning districts. Like the R-1 Zone, those areas and districts are intended to provide single-family residential development. However, most of the residential land within the Specific Plans is built out. In addition, other residential-zoned land within the City is built out or is not viable for development due to environmental or topographic constraints and therefore offer very limited new housing opportunities.

Table 3-2 below specifies the zoning standards applicable to the various residential zones in Laguna Beach. An exception to the development standards includes potential relief from such standards for the provision of low-income housing utilizing density bonus criteria, as described below, and/or incentives for the long-term provision of affordable housing.

Land Use Controls

Based on an economic analysis performed for the City, overall, the scarcity of available developable properties, especially at other than low densities (based on both zoning and General Plan designations), high land costs, and existing relatively low densities in residential zones were determined to be among the biggest constraints to residential development in the City. The economic analysis concluded that having higher densities was important to increasing the feasibility of small sites, and apartment projects with densities of 45 units per acre or more are found in cities surrounding Laguna Beach, including Laguna Niguel, San Clemente, and Huntington Beach as shown in Table 4-2, Completed Projects and Achieved Densities in Regional Market.

City staff confirms the primary constraints to development are high land costs, lack of available residential land, lack of residential land designated for high density residential and small lots. Additional land use controls include the development standards in the Downtown Specific Plan which have cumulative impacts on projects achieving maximum densities due to the existing restrictive height limit, lot coverage/FAR limitations, open space and parking requirements. Table 3-2, Development Standards by Zone provides the development standards for the Downtown Specific Plan and other zones in the City. However, the City allows unlimited density for special needs residential in certain non-residential zones (i.e., M1-A, Institutional and Local Business Professional) which includes affordable housing.

To overcome these constraints, the City has added Programs to amend the Zoning Code to provide more flexible zoning regulations that could better support residential development, to encourage lot consolidation, to have a target density of 45 du/ac for affordable projects, and to consider land use changes in certain districts. The City is also adding Programs to provide additional opportunities for housing to occur through infill, adaptive reuse, and redevelopment in the Downtown area as well as in other commercial corridors. These Programs with specific actions and time frames are found in Section 5.2-2 (Zoning Toolbox), Section 5.2-4 (Downtown Specific Plan Phase 2), and Section 5.2-5 (Accessory Dwelling Units).

Table 3-2 Development Standards by Zone

Zone	Minimum Lot Size	Maximum Density	Floor Area Ratio	Maximum Height	Front Setback	Rear Setback	Side Setbacks	Building Site Coverage
R-1	6,000 SF	1 DU/6,000 SF 3-7 DU/acre	NA	Based on % of slope of lot; 14-30 feet	Based on % of slope (10-20 feet)	20 feet	Per side: 10% average lot width, no less than 4 feet	35%-44%
R-2	6,000 SF	1 DU/2,000 SF maximum 2 DU/acre	NA	Based on % of slope of lot; 15-30 feet	Based on % of slope (10-20 feet)	10 feet	Per side: 10% average lot width, no less than 4 feet	40% open space required
R-3	4,000 SF	1 DU/2,000 SF 3-7 DU/acre	NA	Based on % of slope of lot; 20-35 feet	Based on % of slope (10-20 feet)	10 feet	Per side: 10% average lot width, no less than 4 feet	40% open space required
Residential Hillside Protection	14,500 SF	based on % slope: 1-3 DU/acre	NA	25 feet	Based on % slope (10-20 feet)	25 feet	Per side: 10% average lot width; no less than 4 feet	Based on % slope: 10%-35%
Arch Beach Heights*	5,000 SF	1 DU/5,000 SF 3-7 DU/acre	NA	Based on % of slope of lot; 15-30 feet	Based on % of slope (10-20 feet)	20 feet	Per side: 10% average lot width, no less than 4 feet	35%-44%
Diamond Crestview*	6,000 SF	1 DU/6,500 SF 3-7 DU/acre	50% building site coverage; up to 5,500 SF	Based on % slope of lot; 19-29 feet	Combined front and rear equals 40% average lot depth; no less than 8 feet	Combined front and rear equals 40% average lot depth; no less than 8 feet	Per side: 10% average lot width, no less than 4 feet	35%-44%
Village Community	4,375 SF	1 DU/4,375 SF 8-10 DU/acre	1.5 × building site coverage allowed or for lots, 1,106 SF; 1.7 × building site coverage	Based on % of slope of lot; 15-30 feet	5-20 feet	5-25 feet	5 feet per side	35%-53%
Three Arch Bay	6,000 SF	1 DU/6,000 SF 3-7 DU/acre	1.5 × building site coverage allowed	Based on % of slope of lot; 12-29 feet	20 feet	25 feet	5 feet per side	35%-44%
Lagunita	6,000 SF	1 DU/6,000 SF 3-7 DU/acre	NA	Based on location; 12-30 feet	7-20 feet	20 feet	Per side: 10% average lot width; no less than 7 feet	35%-44%
Sarah Thurston Park (STP)*	Delineated by Specific Plan	Delineated by Specific Plan	50%	20-25 feet	Minimum 10 feet	Minimum 4 feet		35%-40%
STP Mobile Homes*	NA	28 mobile homes	NA	Determined by design review	Determined by design review	Determined by design review	Determined by design review	Determined by design review
Mobile Home	4,000 SF	Determined by HCD	NA	Determined by HCD	Determined by HCD	Determined by HCD	Determined by HCD	Determined by HCD
Resort Development* (Treasure Island)	Delineated by Specific Plan	14 single-family homes; 14 condos	Lot specific	Lot specific	Lot specific	Lot specific	Lot specific	Lot specific
Local Business Professional	< 10,000 SF	N/A	N/A	Based on % of slope of lot; 12-22.5 feet	5 feet beyond sidewalk	0 unless adjacent to residential	2.5 feet	Lot specific
C-1 Local Business District	N/A	N/A	N/A	Based on % of slope of lot; 12-30 feet	Based on lot frontage	0 unless adjacent to residential	0’ unless adjacent to residential	40% maximum
Institutional	2.5 acres	N/A	N/A	36 feet	25 feet	30 feet	10% of average lot width	35%

Zone	Minimum Lot Size	Maximum Density	Floor Area Ratio	Maximum Height	Front Setback	Rear Setback	Side Setbacks	Building Site Coverage
CBD Office*	No parcels may be merged > 5,000 SF (except City owned); development allowed on existing parcels > 5,000 SF	1 DU/2,000 SF of lot area (1,000 SF for historic structures and if >50% units for low-income, senior, and /or disabled individuals) reduced by one unit per 1,000 SF commercial	N/A	General development standards in SP with 2nd story exemption for low-income, senior and/or disabled, or business and professional offices exclusive of medical or dental; 24' max	Based on % of slope (10-20 feet) (except for City projects to provide housing for seniors, low-income and/or disabled individuals)	10 feet (except for City projects for seniors, low-income and/or disabled individuals)	Per side: 10% average lot width, no less than 4 feet (except for City projects to provide housing for seniors, low-income and/or disabled individuals)	40% open space required
CBD Multiple-Family Residential*	4,000 SF	1000 SF of lot area per unit for low-income, senior and/or disabled housing	NA	Based on % of slope of lot; 20-35 feet	Based on % of slope (10-20 feet)	10 feet	Per side: 10% average lot width, no less than 4 feet	40% open space required
CBD-1 Resident-Serving*	No parcels may be merged > 5,000 SF (except City owned); development allowed on existing parcels > 5,000 SF	1 DU/2,000 SF of lot area (one unit per 1,000 SF for historic structures)	NA	12' and 1 floor (6' extra for equipment and exceptions for nonconforming structures subject to Design Review	10' corner setback required for corner lots or as approved by Planning Commission; subject to LBMC 25.50 except as modified by SP	10' corner setback required for corner lots or as approved by Planning Commission subject to LBMC 25.50 except as modified by SP	10' corner setback required for corner lots or as approved by Planning Commission; subject to LBMC 25.50 except as modified by SP	Lots < 2,500 SF: 10% open space for new development and expansions; lots >2,500 SF: 25% gross floor area with 40% landscaped
CBD-2 Downtown-Commercial*	No parcels may be merged > 5,000 SF (except City owned); development allowed on existing parcels > 5,000 SF	1 DU/2,000 SF of lot area (one unit per 1,000 SF for historic structures)	NA	12' and 1 floor (6' extra for equipment and exceptions for nonconforming structures subject to Design Review	10' corner setback required for corner lots or as approved by Planning Commission; subject to LBMC 25.50 except as modified by SP	10' corner setback required for corner lots or as approved by Planning Commission; subject to LBMC 25.50 except as modified by SP	10' corner setback required for corner lots or as approved by Planning Commission; subject to LBMC 25.50 except as modified by SP	Lots < 2,500 SF: 10% open space for new development and expansions; lots >2,500 SF: 25% gross floor area with 40% landscaped
CBD Visitor Commercial*	No parcels may be merged > 5,000 SF (except City owned); development allowed on existing parcels > 5,000 SF	Residential uses limited to 2nd floor of a commercial complex, not to exceed 50% gross floor area and one unit per 1,000 SF of lot area	NA	12' and 1 floor (6' extra for equipment and exceptions for nonconforming structures subject to Design Review	10' corner setback required for corner lots or as approved by Planning Commission; subject to LBMC 25.50 except as modified by SP	10' corner setback required for corner lots or as approved by Planning Commission; subject to LBMC 25.50 except as modified by SP	10' corner setback required for corner lots or as approved by Planning Commission; subject to LBMC 25.50 except as modified by SP	Lots < 2,500 SF: 10% open space for new development and expansions; lots >2,500 SF: 25% gross floor area with 40% landscaped
Arts District*	No parcels may be merged > 5,000 SF (except City owned); development allowed on existing parcels > 5,000 SF	Subject to Arts District performance criteria	Subject to Arts District performance criteria	12' and 1 floor (6' extra for equipment and exceptions for nonconforming structures subject to Design Review (exception for public benefit uses; requires CUP and Planning Commission findings)	5' landscaped buffer adjacent to flood control channel or frontage road, except for driveways, pedestrian access	5' landscaped buffer adjacent to flood control channel or frontage road, except for driveways, pedestrian access	5' landscaped buffer adjacent to flood control channel or frontage road, except for driveways, pedestrian access	Subject to Arts District performance criteria; No development of natural slopes >45%

Zone	Minimum Lot Size	Maximum Density	Floor Area Ratio	Maximum Height	Front Setback	Rear Setback	Side Setbacks	Building Site Coverage
CBD Central Bluffs	No parcels may be merged > 5,000 SF (exception for: 1. City owned; 2. existing parcels > 5,000 SF; and 3. Planned Integrated Developments (requires Concept Review process)	Subject to Special Planning and Design Criteria and Concept Review process	Determined by Special Planning and Design Criteria and Concept Review process	12' and 1 floor (6' extra for equipment and exceptions for nonconforming structures subject to Design Review Subject Special Planning and Design Criteria and Concept Review process	Land dedication requirements along Pacific Coast Highway; Flexibility for historic structures; Subject to Special Planning and Design Criteria and Concept Review process	Land dedication requirements for pedestrian access; Flexibility for historic structures; Subject to Special Planning and Design Criteria and Concept Review process	Determined on case-by-case; Flexibility for historic structures; Subject Special Planning and Design Criteria and Concept Review process	Subject Special Planning and Design Criteria and Concept Review process

Source: Laguna Beach Zoning Ordinance
* Downtown Specific Plan Area

3.1-3 Density Bonus

State law requires jurisdictions to provide density bonuses and development incentives to all developers who propose to construct affordable housing on a sliding scale, where the amount of density bonus and number of incentives vary according to the amount of affordable housing units provided. Specifically, state law requires the provision of total units to be affordable to lower- and moderate-income households. Under state law, a development of more than five units is eligible to receive density bonuses if it meets at least one of the following:

- Very Low-Income Units: Five percent of the total units of the housing development as target units affordable to very low-income households; or
- Low-Income Units: Ten percent of the total units of the housing development as target units affordable to low-income households; or
- Moderate-Income Units: Ten percent of the total units of a newly constructed condominium project or planned development as target units affordable to moderate-income households, provided all the units are offered for purchase; or
- Senior Units: A senior citizen housing development of 35 units or more.

In addition to the density bonus, cities are required to provide incentives or concessions, and additional development standards reductions or waivers to affordable housing developers. These components address parking, setbacks, lot coverage, open space, and other requirements. The City has implemented state density bonus law provisions on a case-by-case basis, but does not have an adopted density bonus ordinance. A program to update the City's density bonus code sections to meet state law and help reduce constraints to affordable housing is provided in Section 5.2-2 (Zoning Toolbox).

3.1-4 Accessory Dwelling Units

The City is in the process of amending its Second Residential Unit Ordinance to reflect changes in state law related to Accessory Dwelling Units (ADU) and Junior Accessory Dwelling Units (JADU) regulations and is actively advancing ADU implementation. The draft ordinance provides new incentives to encourage the use of ADUs to provide affordable housing, including making available refunds of all city building, planning, zoning, and impact fees to property owners who limit by deed restriction the occupancy of the ADU and rental rates to provide affordable units to those in need.

To advance ADU implementation, the City secured a SCAG Sustainable Community Program and Housing and Sustainable Development program grant. The grant work program includes development of:

- Needs assessment report
- Survey to prior ADU applicants
- Public workshops
- Regulatory Checklist and Process
- ADU opportunities and constraints report
- ADU monitoring report
- Set of ADU prototype plans
- Comprehensive ADU handbook in hard copy and digital formats
- FAQ and fact sheets, summarizing the ADU program
- ADU permit application
- Report on financing tools and resources to assist in the construction and permanent financing of affordable ADUs
- ADU cost estimator tool
- Report assessing nonconforming ADUs and recommendations for legalization
- Public involvement plan
- Dedicated webpage on the City's website for ADUs

The draft ordinance is anticipated to be considered by the City Council in late 2021. After City Council adoption, it will be brought forward to the Coastal Commission for certification. Information on how ADUs contribute to the City's housing inventory is found in Section 4.1-2, Land and Sites Availability. A program to update the ADU ordinance and promote implementation is provided in Section 5.2-5.

3.1-5 Parking

Parking standards have an impact on housing supply and affordability. The City's residential parking standards require the following:

- Single-family or two-family residential: 2 covered parking spaces, plus an extra space for 3,600 square feet or more
- Multi-family residential: 1.5 spaces for every studio or 1 bedroom; 2 spaces for 2 or more bedrooms and 1 additional guest space for every 4 units
- Mobile homes: 2 covered parking spaces (only one must be covered)
- Second units: state ADU law applies that parking requirements for ADUs shall not exceed 1 parking space per unit or bedroom, whichever is less, and no parking is required if the unit is located within one-half mile walking distance of public transit or within a historic district.

Although the City's parking standards could impede affordable housing development, Zoning Ordinance §25.52.006(G) allows the City Council to reduce the parking standards for very-low- or low-income housing and/or housing for persons with disabilities. This incentive was adopted to encourage the production of special needs housing. Parking reductions and waivers are also required as a result of state legislation related to density bonus, ADUs, and supportive housing, which help affordable projects comply with required development standards. In Section 5.2-6, Program 6 includes actions to amend the City's Zoning Code to support special needs housing, including addressing parking requirements.

3.1-6 Commercial Zones

The City's commercial zoning districts provide housing opportunities. For example, residential use within mixed-use developments is allowed in several commercial zoning districts as discussed above, within the Downtown Specific Plan (DSP) area, and artists' work/live units are promoted in residential, commercial, and light-industrial zoning districts. The Affordable Housing Task Force Report (2019) recommended consideration of municipal code amendments applying to the DSP and the Coast Highway Corridors to provide more housing opportunities. The Task Force also recommended that code amendments to commercial zones be considered to support second story residential development over ground floor commercial uses. In 2020, the City Council approved Phase 1 of the DSP to allow work/live units to be located in additional downtown districts, among other changes. However, the DSP and associated code amendments are awaiting Coastal Commission certification before they become effective. Additional DSP amendments to support housing are the focus of Phase 2 of the update, as described in Section 5.2-4, Program 4. In addition, new Policy HE-2.18 supports residential development in commercial zones and calls for incentives for affordable housing, and Program 1 in Section 5.2 (Housing Programs) includes actions designed to address constraints and provide incentives to development in commercial zones.

Mobile homes and manufactured housing provide opportunities for lower-cost housing and are accommodated in the City's regulations. Mobile homes are permitted within the Mobile Home Zone, while manufactured housing that meets the Uniform Building Code standards is permitted in any residential zone, subject to the Design Review process. Manufactured homes are required to comply with zoning standards such as setbacks, structure height, and site coverage; however, *California Government Code* §65852.3 allows only limited design review such as roof overhang, roofing material, and siding material.

3.1-7 Short-Term Lodging

As of November 2017, the City estimated that 383 short-term lodging units were operating. “Short-term” means occupancy of a lodging unit for a period of 30 consecutive calendar days or less. To protect the character or residential neighborhoods and address concerns that short-term lodging are diminishing the City’s long-term rental housing stock, the City has a Short-Term Lodging (STL) Ordinance. The STL Ordinance does not permit new STL units in R-1, R-2 and R-3 residential districts, limits the number of mixed-use commercial districts where STL units would be permitted, and caps the number of units permitted citywide at 300. In addition, 165 home-share units are allowed. “Home sharing” is a form of short-term lodging in a residential unit for 30 consecutive days or less during which the host lives on-site for the entirety of the visitor’s stay and the visitor enjoys the non-exclusive shared use of the host’s home in exchange for compensation.

3.1-8 Special Needs Zoning

1. Emergency Shelters

State law requires all local jurisdictions to establish a zone where emergency shelters are allowed as permitted uses, without a Conditional Use Permit or other discretionary review, to adequately serve their homeless populations. The City already has the existing Friendship Shelter, the Alternative Sleeping Location (ASL), and the Laguna Beach Youth Shelter within its boundaries providing services to individuals in need. The ASL was established in 2009 as the first emergency shelter and remains as the only facility that serves the City of Laguna Beach and utilizes available capacity to assist surrounding areas The ASL shelter is located on an approximately 2.2-acre City-owned parcel (see Section 2.6-1, Special Needs Groups) for additional information). However, the City does not currently have a zone where emergency shelters are permitted by right. To conform with state law, a program has been added to create a new zone where emergency shelters are allowed by right and to apply this zone to the existing Friendship Shelter site. This site encompasses approximately 2.21 acres on land located along Laguna Canyon Road in the northwestern portion of the City that provides access to jobs, t and bus service, and contains space that would allow for expansion of the existing shelter. The existing Friendship Shelter occupies only about half of the site. The remaining half of the site is vacant and therefore offers potential for expansion. The Zoning Code revision to allow emergency shelters by right within an overlay area was approved by the Planning Commission in September 2022. Adoption by the City Council occurred on December 13, 2022.

In addition, state law (AB 139, 2019) requires that parking standards for shelters be based on staffing, not the number of beds in the shelter. The

City will also amend its Zoning Ordinance to address this parking requirement, as described in Section 5.2, Program 6, Special Needs Housing.

2. Low Barrier Navigation Centers

State law also includes provisions for low barrier navigation centers (LBNCs) to assist persons experiencing homelessness. A LBNC is defined as a "Housing First, low-barrier, service-enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing."

AB 101 (2019) requires Low Barrier Navigation Center development to "be a use by-right, as defined, in areas zoned for mixed uses and nonresidential zones permitting multifamily uses if it meets specified requirements."

Section 65660(a) of the *California Government Code* defines "Low Barrier" as best practices to reduce barriers to entry, and may include, but is not limited to, the following: 1) the presence of partners if it is not a population-specific site, such as for survivors of domestic violence or sexual assault, women, or youth; 2) pets; 3) the storage of possessions; 4) privacy, such as partitions around beds in a dormitory setting or in larger rooms containing more than two beds, or private rooms. The City will amend its Zoning Ordinance to address this requirement for compliance with state law as described in Section 5.2-6, Program 6, Special Needs Housing.

3. Transitional and Supportive Housing

Transitional housing is a type of supportive housing used to facilitate the movement of individuals and families experiencing homelessness to permanent housing. Transitional housing offers case management and support services with the goal to return people to independent living; usually persons return to independent living between 6 and 24 months. Generally, transitional housing has a tenancy term of up to 2 years, preparing an individual or family for permanent housing. "Supportive housing" means housing that is occupied by the target population, and that is linked to on-site or off-site services that assist supportive housing residents in retaining the housing, improving their health status, and maximizing their ability to live and, when possible, work in the community.

SB 2 and SB 745 transitional and supportive housing meeting the government code definition is to be permitted as similar residential uses in the same zone.

The City of Laguna Beach Zoning Code allows for "special needs" residential housing to be permitted by-right in Residential Low Density Zone (R-1), Residential Medium Density Zone (R-2), and Residential/Hillside Protection Zone (R/HP) or with a CUP in Institutional (I), Residential High Density Zone (R-3), South Laguna Village Commercial Zone (SLV), Commercial-Neighborhood Zone (C-N), Local Business-Professional Zone (LBP), and Local Business District (C-1) (see Table 4-6, Residential and Special Needs Housing Use Regulations in Section 4.2, Provision for a Variety of Housing Types). Residential housing "special needs" means dwelling units that accommodate specific demographic or occupational groups that call for specific housing types. Such groups include the elderly (age 65 and above), the disabled, female-headed households, large families, farmworkers, homeless persons or families (including transitional and supportive housing), and extremely-low-, very-low-, low-, and moderate-income persons. Currently the code is not consistent with state law and will be amended to bring it into compliance as described in Section 5.2-6, Program 6, Special Needs Housing.

Furthermore, AB 2162, signed into law in 2018, requires that supportive housing be a use by-right in zones where multi-family and mixed uses are permitted, including nonresidential zones permitting multi-family uses, if the proposed housing development meets specified criteria. It requires a local government to approve, within specified periods, a supportive housing development that complies with these requirements. The law prohibits local government from imposing any minimum parking requirement for units occupied by supportive housing residents if the development is located within one-half mile of a public transit stop. The City's programs in Section 5.2-6 (Special Needs Housing) to address state law requirements.

4. Housing for Persons with Disabilities

According to the federal Fair Housing Act and the California Fair Employment and Housing Act, it is the responsibility of local governments to provide reasonable accommodation in their zoning and land use regulations whenever necessary to afford disabled persons an equal opportunity to use and enjoy a dwelling. The City strives to accommodate persons with disabilities in their homes and may approve applications for adapting existing housing units or approving new projects in accordance with the Reasonable Accommodation procedures found in Municipal Code Section 25.05.080. The Code allows for "a modification or exception to the rules, standards and practices for the siting, development and use of housing or housing-related facilities that would eliminate regulatory barriers and provide a person with a disability equal opportunity to housing of their choice." The Code also establishes procedures for such requests; requests are submitted in the form of a letter to the director of community

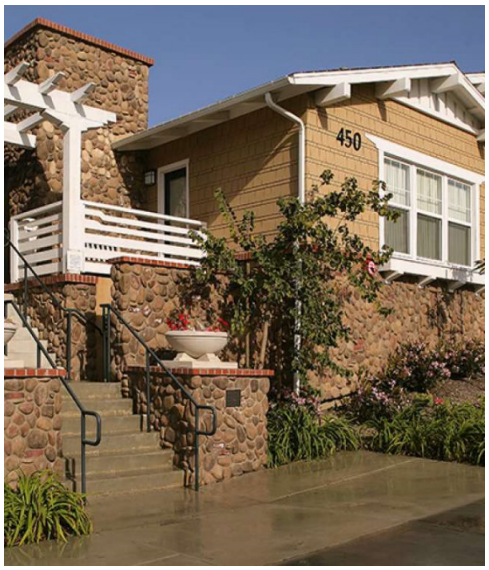
development or reviewed concurrently with other required discretionary approval land use application. The Director, or designee, shall make a written determination within forty-five days of the date the application is determined to be complete per subsection and either grant, grant with conditions, or deny a request for reasonable accommodation based on findings.

Required findings to approve a Reasonable Accommodation request are in Code Section 25.05.080 and include the following: whether the housing will be used by an individual disabled under the Federal Fair Housing Act and the California Fair Employment and Housing Act (the Acts); is necessary to make the specific housing available to an individual with a disability under the Acts; would impose an undue financial or administrative burden on the city; would require a fundamental alteration in the nature of a city program or law, including, but not limited to, land use and zoning; potential impact on surrounding uses; physical attributes of the property and structures; alternative reasonable accommodations which may provide an equivalent level of benefit; have environmental impacts on sensitive habitats, public access and/or views.

The City has added Program 6, (Section 5.2-6, Special Needs Housing) to review and revise the Reasonable Accommodation findings so they are objective and are not a constraint for persons with disabilities and consistent with state law.

The Zoning Ordinance provides for a variety of residential options that would accommodate persons with disabilities. Residential uses approved for persons with disabilities in recent years include Hagan Place, a 24-unit housing development for disabled persons, and residential substance abuse recovery homes. Rest homes and nursing homes are also allowed and encouraged in the Institutional Zone and several residential/ commercial zones. The City also incorporates the 2019 *California Building Code* handicapped access and use requirements into the Laguna Beach Building Code by reference, and a portion of all new affordable housing units are designed to be handicapped accessible or handicapped adaptable. All 26 extremely-low- and very-low-income apartments at Alice Court are either handicapped accessible or handicapped adaptable.

Applications for residential handicapped retrofit are processed at the building and zoning counter in the same manner as residential remodels are processed. Most retrofit applications to accommodate those with physical disabilities, such as widened doorways, grab bars, and access ramps, are processed over the counter. More extensive remodels such as, but not necessarily limited to, those that increase the building envelope may require Design Review.



The Lanterman Developmental Disabilities Services Act (§5115 and §5116) of the *California Welfare and Institutions Code* declares that mentally and physically disabled persons are entitled to live in normal residential surroundings. In compliance with the Lanterman Act, group homes or residential care facilities serving six or fewer disabled persons are considered a residential use and allowed in all residential zones of Laguna Beach (R-1, R-2, R-3 and Residential Hillside Protection). Residential care facilities or rest homes serving seven or more individuals are allowed with the approval of a Conditional Use Permit in the Local Business Professional and the Commercial Neighborhood zone (see Table 4-6, Residential and Special Needs Housing Use Regulations in Section 4.2, Provision for a Variety of Housing Types).

To address the issue of reasonable accommodation requests for the disabled, in 2010 the City adopted a reasonable accommodation ordinance to streamline requests for deviation from development standards that may impede access to individuals with disabilities as previously discussed in Section 2.6-1 (Special Needs Groups). The City has no site planning requirements that may constrain housing for persons with disabilities.

The City's Zoning Ordinance defines "family" as "one or more persons living together as a single housekeeping unit within a dwelling unit." This definition accommodates different household types, including unrelated persons living together, and does not impede the development and rehabilitation of housing for persons with disabilities.

5. Single-Room Occupancy (SRO) Units

SRO units are one-room units intended for occupancy by a single individual. They are distinct from a studio or efficiency unit, in that a studio is a one-room unit that must contain a kitchen and bathroom. Although SRO units are not required to have a kitchen or bathroom, many SROs have one or the other and could be equivalent to an efficiency unit.

The City of Laguna Beach Zoning Ordinance does not contain specific provisions for SRO units. The City will amend the Zoning Code to facilitate the provision of SROs, consistent with AB 2634 (Housing for Extremely Low Income Households) enacted in 2007. The City's programs to address state law requirements and bring the Code into compliance are found in Section 5.2-6, Special Needs Housing.

6. Farmworker Housing

Pursuant to the Employee Housing Act (Section 17000 of the California Health and Safety Code), employee housing for agricultural workers consisting of no more than 36 beds in a group quarters or 12 units or spaces designed for use by a single-family or household is permitted by

right in an agricultural land use designation. Therefore, for properties that permit agricultural uses by right, a local jurisdiction may not treat employee housing that meets the above criteria any differently than an agricultural use. Furthermore, any employee housing providing accommodations for six or fewer employees shall be deemed a single-family structure within a residential land use designation, according to the Employee Housing Act. Employee housing for six or fewer persons is permitted wherever a single-family residence is permitted. To comply with state law no conditional use permit or variance will be required.

The City has an agricultural-recreational zone which permits buildings for the owner or lessee of the land, or bona fide employees and the families, on a building site of a minimum of ten acres. The Zoning Code also allows for "special needs" residential housing to be permitted by-right in Residential Low Density Zone (R-1), Residential Medium Density Zone (R 2), and Residential/Hillside Protection Zone (R/HP) or with a CUP in Institutional (I), Residential High Density Zone (R 3), South Laguna Village Commercial Zone (SLV), Commercial-Neighborhood Zone (C-N), Local Business-Professional Zone (LBP), and Local Business District (C-1) (see Table 4-6, Residential and Special Needs Housing Use Regulations in Section 4.2, Provision for a Variety of Housing Types). Residential housing "special needs" means dwelling units that accommodate specific demographic or occupational groups that call for specific housing types, which include farmworkers. The City's programs to address state law requirements and bring the Code into compliance are found in Section 5.2-6, Special Needs Housing.

3.1-9 Permit Processing

The Department of Community Development is responsible for processing applications for development within the City. Planning and zoning applications typically include land divisions, lot line adjustments, road extensions, conditional use permits, variances, design review and zoning, General Plan, and Local Coastal Plan amendments. Many of these projects require a significant amount of staff time for review and analysis, as well as for public hearings. Building plans are reviewed for compliance with building, electrical, mechanical, and plumbing codes. Related fees are collected by the City to cover the costs of application processing and inspections. Critics contend that lengthy review periods increase financial and carrying costs and that fees and exactions increase expenses. Development of low-income housing may qualify for fee reductions and/or waivers, as determined appropriate by the City Council. In addition, AB 1397 from 2017 (*California Government Code* §65580) allows by-right permit processing for projects that meet state affordability criteria.

Project processing time varies from one project to another and is directly related to the size and complexity of the proposal, as well as the number of applications related to a particular project. Another common delay in processing time results from increased building activity and a limited number of staff to expedite the numerous applications.

Ministerial project approvals require the review of plans for compliance with the City's zoning standards. An example of such projects is a minor addition to a single- or multi-family residence in any residential zone. Most minor additions that comply with the zoning standards do not require discretionary review by the City's Design Review Board, which may reduce the processing time by approximately a month.

Design Review is required for all new residences by the Design Review Board (with the exception of accessory dwelling units), residential building additions of 50% or more, and height increases more than 15 feet above grade in all residential zones. However, projects that qualify for by-right or streamlined processing pursuant to state housing law may bypass some local jurisdiction standards.

The intent of the City's Design Review process is to: 1) ensure that development complies with applicable development standards and design guidelines and criteria; 2) focus on quality designs within neighborhoods; and 3) minimize potential view impacts to neighboring properties. All new non-residential structures and building remodels require approval of the Planning Commission. The Design Review process has been in place since the early 1980s and is supported by the community for preserving community and neighborhood character and minimizing view impacts. The Design Review process adds approximately one month to permit processing time.

The Design Review Ordinance and Residential Design Guidelines, along with all other zoning and development regulations, are available on the City's website and at the public counter. To increase certainty and reduce delay in permit processing, the regulations and design guidelines are discussed with all applicants and architects prior to project submittal and during the zoning plan check process. The Residential Design Guidelines clarify design criteria for property owners, design professionals, and the decision-making bodies. Property owners and their design professionals are informed of the requirements and potential issues associated with their proposed development prior to the Design Review hearing, thereby reducing the project review time and cost in obtaining project approval. The Design Guidelines provide direction regarding the design of new residences and remodels to complement the scale and design of development in the various neighborhoods, and to consider neighboring views across the subject properties. The design review criteria evaluated by the Design Review Board includes building design articulation, massing and materials, historic preservation, landscaping, lighting and

glare, neighborhood compatibility, privacy, and view equity. The City works with applicants early in the process to find solutions to design issues and avoid delays in permit processing. Site specific suggestions are provided for meeting neighborhood compatibility, privacy and view equity requirements that vary based on location and require implementation flexibility. Subjective concerns, such as privacy impacts, are typically addressed by using frosted glass for windows, installing privacy barriers on decks, and landscape design. View equity concerns are addressed by reducing the roof pitch, pulling back certain façades, or lowering the overall building height. Compatibility concerns are addressed by changes to materials and color, reducing the roof pitch, and amending certain design aspects. The City works with the applicant and the neighbors for a balanced design solution prior to a decision being rendered. Design review criteria does not include review of land uses and densities. The Design Guidelines and the Design Review process have been refined over time to reduce development constraints and establish objective criteria. Program 3 (Section 5.2-3, Permit Streamlining) has been added to the Housing Plan to bring the Zoning Code into compliance with state law including the use of objective design standards, streamlining opportunities and reducing development constraints. See Section 5.2-3 for a detailed list of action items and timing commitments.

In addition to the Design Review process, other projects subject to discretionary review by the Planning Commission include Conditional Use Permits, Variances, Coastal Development Permits, and Temporary Use Permits. Discretionary review projects that are reviewed by both the Planning Commission and the City Council include Tract and Parcel Maps, Planned Residential Developments, Road Extensions, Zone Changes, and Local Coastal Program and General Plan Amendments.

New development within the Mobilehome Zone requires a Conditional Use Permit to establish a new mobile home park or to increase the density of an existing park. The development of multi-family housing in appropriate zones and new mobile homes in existing parks are not subject to a Conditional Use Permit, which reduces the overall processing time. Additionally, new mobile homes that do not increase the density do not require Design Review.

The City's primary constraint removal effort is to process development applications and approve projects in a timely manner. As noted above, time delays result in a significant increase in development costs. The processing fees charged by Laguna Beach are necessary to cover staff review time. Therefore, reduced levels of discretionary review will result in the reduction of processing fees, which in turn could reduce housing costs.

On January 10, 2017, the City Council directed staff to move forward with implementation of the Design Review Reform Program as recommended

by the Design Review Task Force. The Reform Program includes 12 key recommendations to improve the Design Review process, including improved staff reporting, streamlined permitting processes, turnaround times, reduced counter wait times, certified staking, a more equitable fee structure, increased roster of landscape plan checkers, utilization of modern technology such as the e-concierge program, and improved customer service. On March 5, 2019 the City Council approved the Community Development Action Plan, which includes a variety of strategies to improve customer service. On November 12, 2019 the City authorized the purchase of a Cloud Based Land Management System (LMS) to improve the current permitting system, including e-reviews, e-submittal, and e-permitting to create, manage, and track Planning/Zoning applications and activities, building permits, building inspections, and code enforcement actions. This effort is currently in progress and will be monitored for effectiveness.

Processing times for development review vary, based on the size of the project and the extent of environmental review required. When an application is submitted, it is reviewed within 30 days to verify that it is complete, or the applicant is notified that it is incomplete. Typical processing times are shown in Table 3-3.

Table 3-3 Typical Project Processing Time Frames by Project Type

Single-Family and Two-Unit	Subdivision	Multi-Family	Second Units
Zoning Plan Check DR/CDP Building Plan Check	Tentative Map Review Planning Commission Review (Map, CDP, DR, Env.) City Council Review Final Map – City Council Building Plan Check	Zoning Plan Check Planning Commission Review CUP/DR/Env. Building Plan Check	Zoning Plan Check CDP Building Plan Check
Est. Total Processing Time: 6 months	Est. Total Processing Time: 6 to 9 months	Est. Total Processing Time: 6 to 8 months	Est. Total Processing Time: 3 to 4 months

Typical processing time is about 6 months for a single-family home, about 6 to 8 months for a multi-family housing project, and about 6 to 9 months for a subdivision, unless delayed by the environmental clearance process due to significant environmental impacts. These times are in line with the requirements of the Permit Streamlining Act of 1992. Programs addressing permit processing are found in Section 5.2-3.

Current market trends in Laguna Beach indicate projects do not typically develop below maximum densities due to the high land cost. The market forces of the high cost of land drive up the demand for higher densities. This is demonstrated by a recently approved M1-A project of 52 du/ac, and a project currently in the entitlement process that is an R-3 zoned parcel proposing 30 du/ac. Current market trends also indicate the timing between when applicants receive City approval for a housing development and the submittal of an application for building permits take less than three months and does not hinder the construction of residential development.

3.1-10 Fees

Fees, land dedications, and/or improvements are required for new subdivisions, as authorized by the Subdivision Map Act and Title 21 of the Laguna Beach Municipal Code. Such fees and improvements assist in the provision of adequate public parkland and necessary public services and infrastructure such as streets, sewers, and storm drains. As an alternative to providing necessary improvements or dedications, a subdivider may pay in-lieu fees for public parkland, drainage improvements and affordable housing, based on the size of the proposed development. The formulas for these fees are outlined within Title 21 of the Municipal Code. While such costs are paid by the developer, they are typically passed on to the ultimate consumer in the form of higher housing prices and rents. However, studies of inclusionary housing programs have shown that developers required to provide affordable housing incorporate the cost of such housing provision into the project and negotiate a lower land price.

- **In-lieu Park Fee** – The Subdivision Map Act and Title 21 of the Municipal Code authorize the City to require either the dedication of land, payment of a fee, or a combination of the two as a condition of approval for a tract or parcel map. The quantity of land required for park dedication is determined by the density and based upon the fair market value of quantity of land that would otherwise be required for dedication. In-lieu park fees are approximately $12,058 per 6,000-square-foot lot with one unit and adjust annually.
- **Drainage Fee** – The Subdivision Map Act and Municipal Code Title 21 authorize the City to collect drainage fees. The City is divided into three drainage areas. Subdivisions within the north and west local drainage areas are not required to pay drainage fees; however, they are required to construct drainage facilities necessary to conduct storm waters within and from the subdivision. Subdividers of property within the central local drainage area are required to pay drainage fees based on the intensity of development. Fees for two-family or multiple family dwellings are the lesser of a) $7,111.00 per dwelling or b) $15,098.00 per gross acre prorated on the total area of the subdivision. The drainage fee also adjusts annually.
- **In-lieu Housing Fee** – Section 65590(d) of the *California Government Code* requires new housing developments within the Coastal Zone to provide, where feasible, housing units for persons or families of low- or moderate-income. Where such housing is not included as part of a proposed development project, the City requires payment of an in-lieu fee. In conjunction with the 2008-2013 Housing Element update, an In-lieu Housing Fee Analysis was prepared by Economic & Planning Systems, Inc. to determine whether the fee should be amended to more

accurately reflect the cost of providing extremely-low- to moderate-income housing and replacement housing. Completion of the analysis included a survey of nonprofit and for-profit developers in the Laguna Beach area. Based on the results of the analysis and public participation, the City Council adopted a revised methodology, which includes both land and construction costs. The City Council concluded that the financing gap methodology provides the most accurate fee based on land and affordable housing development costs. The revised inclusionary in-lieu housing fee represents the subsidy that would be paid by a developer of affordable housing, and is less than the prior fee. Based on the revised data, the in-lieu housing fee is applied only to the required affordable units in the development, rather than all units in the development as previously applied. The current fee is approximately $247,317 for each required affordable rental unit or $348,197 for each affordable for-sale lot or unit. The in-lieu housing fee adjusts annually.

The City has a separate in-lieu housing fee which helps to preserve or replace existing housing units that would be very costly and difficult to replace. The fee is applicable in the following three situations:

1. Whenever one or more residential units within an existing two-family or multi-family development is removed or converted, and the property is located in a zone that allows medium or high-density housing development, such units removed or converted shall be replaced one-for-one in the City at the same time such removal or conversion is taking place, or the property owner may pay a fee based on the square footage of the unit(s) being removed or converted. Such fee shall be equal to the most current building valuation fee as established by the International Congress of Building Officials (ICBO) Building Standards Building Valuation Data.

2. Whenever one or more residential units in a mixed-use development is removed or converted, and the property is in a commercial zone, such units removed or converted shall be replaced one-for-one at the same time such removal or conversion is taking place, or the property owner may pay a fee based on the square footage of the unit(s) being removed or converted. Such fee shall be equal to the most current building valuation fee as established by the ICBO Building Standards Building Valuation Data.

3. Whenever any low- or moderate-income housing is being removed or converted, and it has been determined infeasible to replace each unit one-for-one within the City during the same time such conversion or conversion is taking place, the property owner shall pay a fee based on the square footage of the units being removed or converted. Such fee shall be equal to the most current building valuation fee as established by the International Code Council (ICC) Building Valuation Data.

- **In-lieu Art in Public Places Fee** – Laguna Beach Municipal Code Chapter 1.09 sets forth the requirements established for the City's Art in Public Places Program. Any subdivision or development of more than four residential lots or units requires the provision of public artwork or the payment of an in-lieu fee. Payment into the in-lieu fund is equal to 1.25% of the total project valuation. Low-income housing construction, remodel, repair, or reconstruction projects are exempt from the Art in Public Places Ordinance.

Table 3-4 depicts the fees applicable to development applications in the City of Laguna Beach.

Table 3-4 Development Fee Summary

Fee Category	Single-Family	Multi-Family	Second Residential Units
Zoning submittal	$690	$690	$690
Landscape review	$552	$552	$552
Coastal Development Permit	$3,028	$3,220	$397
Design review	$3,429	$3,472	-
Concept (D/C)	$1,265	-	-
Water quality review	$2,100	$2,100	$1,095
Structural plan check	$3,167	$3,997	$1,685
Building permit	$4,869	$6,147	$1,685
Geotechnical review/grading permit (est.)	$2,200	$1,500	$1,700
Building construction tax	$4,500	$5,250	$1,500
Library fee	$200	$400	$200
School fees	$5,125	$7,175	$1,312
Sewer connection fee	$4,375	$5,175	-
Estimated total fees	$31,320	$37,201	$10,372

Table 3-5 provides further insights by calculating fees for a prototypical development. The fee estimate is expected to be in excess of $200,000 for a 58-unit project, as shown below. Based on a sample pro forma analysis for a Housing Element site, this would constitute approximately 0.6% of the overall development budget. Thus, the municipal fees are a very small percentage of the overall development budget and would not likely have a material effect on project feasibility.

Table 3-5 Prototype Development Fee Estimate – 58 Unit Project

Cost Element	Fee calculation and fee amounts
Total Building Valuation Breakdown	
Gross BSF (58 units)	60,750
ICC Building Valuation Data Table - February 2021 - IIIA / R-2 Residential, multiple family Average SF Construction Costs	$143.25
Laguna Beach Building Official Cost Factor = 1.0611	$152.00
Total Building Valuation (per above)	$9,234,156
Building Fees	
Tier 6 ($1,000,001 and up) = $9,684.00 for the first $1,000,000	$9,684
$5.50 for each additional $1,000 or fraction thereof	$45,287.86
Building Permit Fee	**$54,971.86**
Plan Check Fees	**$35,731.71**
Building Construction Tax	**$40,500.00**
Minimal Mechanical Permit	**$35.00**
Minimal Plumbing Permit	**$35.00**
Minimal Electrical Permit	**$58.00**
Occupancy Fee	**$220.00**
Grading Permit and Plan Check Fees	
Grading Permit Fee	**$248.50**
Grading Plan Check Fee	**$124.25**
Planning and Zoning Fees	
Zoning Fees	
Design Review – Standard = $460 + $3.15 per $500 of Building Permit Value	$460.00
	$346.32
DR	**$806.32**
Landscape Plan Review	**$480.00**
Zoning Plan Check for projects over $100,000	**$600.00**
Staking Removal Deposit	**$1,205.00**
Use and Occupancy (with inspections)	**$360.00**
Planning Division Fees	
Pre-submittal Review	$575.00
Design Review – Planning Commission Staff Assisted = $2,415	$2,415.00
$4.00 per $500 of Building Permit Value	$439.77
DR-PC	**$3,429.77**
Certificate of Compliance	**$575.00**
Development Impact Fees	
Library Impact Fee	**$11,600.00**
Sewer and Solid Waste Fees	
Residential unit including single family homes; individual units in a duplex or triplex, each apartment	$1,500.00
$105 per 100 SF of Floor Area per Unit (Minimum $4,375)	$51,030.00
Sewer Connection Fees	**$52,530.00**
Solid Waste Collection Fees - Residential Per Parcel	**$667.20/Year**
Total (of bolded items above)	**$204,177.62**

3.1-11 California Coastal Act

The entire City of Laguna Beach, with the exception of the Sycamore Hills area, is located in the Coastal Zone. *California Government Code* §65588(d) requires that the Housing Element update consider any low- or moderate-income housing provided or required in the Coastal Zone pursuant to §65590 (the Mello Act). State law requires that jurisdictions monitor the following:

- the number of new housing units approved for construction within the Coastal Zone (after January 1, 1982);
- the number of low- or moderate-income units required to be provided in new developments either within the Coastal Zone or within three miles of the Coastal Zone;
- the number of existing housing units in properties with three or more units occupied by low or moderate-income households that have been authorized for demolition or conversion since January 1, 1982; and
- the number of low or moderate-income replacement units required within the Coastal Zone within three miles of the Coastal Zone.

To receive a demolition or a conversion permit, the request must comply with the Mello Act.

1. Number of new residential units approved for construction after January 1, 1982.

   It is estimated that 1,890 housing units were completed between January 1, 1982 and March 31, 2000. After deducting 681 residential units constructed in the Sycamore Hills area, outside the Coastal Zone, the estimated number of Coastal Zone units constructed within the Laguna Beach City limits between January 1982 and March 2013 is 1,337. Of the 1,337 residential units, 150 are restricted to occupancy by low -or moderate-income households. Between April 2013 and December 2020, 18 housing units were completed, and of those, 9 units were deed-restricted for occupants of low-income households. The City has a total of 159 units restricted to occupancy by low- or moderate-income households.

2. Number of residential units for low- and moderate-income households required to be provided either within the Coastal Zone or within 3 miles of it.

   Since 1982, the City has required the provision of four moderate-income for-sale housing units in Hidden Valley, in compliance with the City's 25% subdivision inclusionary

housing requirement. Additionally, the City has utilized in-lieu housing funds toward the development of 24 very-low-income rental units for the disabled at Hagan Place, and 26 very-low-income studio apartments at Alice Court. Between 2006 and 2012 three second residential units were added to the City's housing stock and qualify toward the City's moderate-income RHNA although they are not deed-restricted. In October 2011 the City approved the development of one deed-restricted low-income artists' work/live unit. In 2013, the City approved the development of a 70-unit, Section 8, deed-restricted very-low-income senior housing project. In December 2015, the City approved the development of a deed-restricted low-income artists' work/live unit, which was not constructed as of December 2020. In 2017 the City approved a market rate project that included one deed-restricted low-income unit.

3. Number of residential units occupied by low- and moderate-income households and authorized to be demolished or converted since January 1, 1982.

   In 1996, 268 mobile homes were removed from the Treasure Island site in South Laguna for the subsequent development of the Montage Resort, including 14 market-rate condominiums and 13 single-family residences. Approximately half of the mobile homes were occupied by low- or moderate-income households, and subsidies were provided as discussed in #4 below.

   In 2007, the City removed six low- or moderate-income residential units from a site at the northeast corner of Third and Mermaid Streets in the downtown for the development of a Community and Senior Center. In compliance with Housing Element Policy HE-2.1, which requires replacement housing or the payment of an in-lieu fee for the removal of each low- or moderate-income housing unit in the Coastal Zone, a total fee of $631,680 would be required based on the six units totaling 3,948 square feet. The City Council determined that the development of Alice Court, which includes 26 very-low-income residences at 450 Glenneyre, equated to replacement housing, because in addition to providing the land for the project, the City had subsidized the low-income project in the amount of $814,000 from the parking fund. The $814,000 subsidy was $182,320 more than the required replacement fee for the removal of the six low-/moderate-income units at Third and Mermaid Streets. No other residential unit occupied by low- or moderate-income housing was converted or demolished during 2013-

2020; therefore, no additional replacement units were required.

4. Number of units for low- and moderate-income households required either within the Coastal Zone or within 3 miles of it to replace those being demolished or converted.

   As a result of the Treasure Island Mobile Home Park closure, rental subsidies and relocation fees were provided to Treasure Island residents. Additionally, the land at 450 Glenneyre (Alice Court) was purchased in part with the in-lieu housing fees paid by the property owner for the subsequent development of 26 very-low-income rental units and one manager's unit. No other low or moderate housing was converted or demolished during 2013-2020; therefore, no additional replacement units were required.

3.1-12 Codes and Enforcement

Building codes establish minimum standards for construction that are essential for ensuring protection of the public health, safety, and welfare. All building construction, alterations, demolitions, or repairs to property in Laguna Beach are subject to the provisions of the 2019 *California Building Code* (CBC) and Title 14 of the Laguna Beach Municipal Code. The City has adopted the CBC by reference, with certain exceptions, as stated in Municipal Code Chapter 14.50. The exceptions cover topics including small structures (e.g., walls and fences less than 30 inches), temporary or movable structures, minor electrical/mechanical/plumbing/gas projects, permit expiration and inactivity, reinspection fees, creation of Board of Appeals, violation penalties, unlawful continuance, additional regulations for new high rises with regard to fire access, automatic sprinkler systems, retaining walls for public projects, protection of adjacent structures during construction, and provisions within fire severity zones (i.e., exterior building materials, building official approval, minor modifications to roofs, exterior wall coverings, vent size and vent protection, vinyl windows, smoke detectors, and fire alarms).

These requirements result in incremental increases in the cost of housing construction, yet are necessary to ensure that buildings in Laguna Beach are structurally sound and safe to occupy. No amendments to the Building Code have been made that would reduce housing development in the City, and the City does not link code enforcement activities to housing rehabilitation programs.

To promote the long-term preservation of Laguna Beach's historic buildings, state and City building codes allow some alterations that do not comply with all requirements, provided that health and safety can be maintained.

3.1-13 On-Site and Off-Site Improvements

Subdividers are required to install streets, curbs, gutters, sidewalks, waterlines, and sewer lines. Because the City is essentially built-out and the majority of new housing development is in-fill, much of the necessary infrastructure, such as water and sewer service, is available with minimal improvements and connection requirements. In fact, the City's wastewater system has excess capacity. Where improvements are needed, the costs vary with the cost and location of the development, such as on flat land or hillside areas.

The Municipal Code establishes the City's street design standards. Local residential streets require a 50-foot right of way, with a minimum pavement width of 20 feet for two travel lanes, excluding parking. Local street turnarounds require 62 feet in diameter with 54-feet diameter minimum paving. Hillside local streets require a 40-foot right of way, and have a minimum pavement width of 20 feet, excluding parking. Hillside local street turnarounds are required to be 54 feet in diameter with 50 feet diameter minimum paving. Five-foot-wide sidewalks are required only in some neighborhoods of the City, based on the specific needs of the area to be served.

3.2 ENVIRONMENTAL AND INFRASTRUCTURE CONSTRAINTS

Environmental hazards affecting housing units include seismic hazards, flooding, toxic and hazardous waste, fire, and noise. Fire hazards are of particular concern. The City's Local Hazard Mitigation Plan (LHMP) reports that the topography of Laguna Beach is "extremely conducive to wildfires" and that 70% of the residents live in the wildfire hazard zone. The LHMP further states that "the community is bordered by natural, undeveloped hillsides, and the developed areas are very narrow, so much of the community is very close to these hillsides. All the canyon and hillside areas in Laguna Beach, as well as some parts of the coastal terraces, are classified Very High Fire Hazard Severity Zones (VHFHSZ). In some places, the VHFHSZ extends south of Pacific Coast Highway and even to the beach." Additionally, the City is constrained by steep hillside terrain and impaired access roads. The City is mostly built out; the limited vacant parcels that are scattered throughout the City are land-locked and safe access cannot be provided. The City has a history of a devastating fire, and emergency evacuation of the City's existing population is encumbered. In the event of a fire or other type of emergency, the community relies on two major roadways: Coast Highway (State Route 1) and Laguna Canyon Road (State Route 133). Infrastructure, including water and wastewater facilities availability, are discussed in Section 4.1-4. The current project (Site No. 5), the expected project (Site

No. 6) and all but one of the new sites are on nonvacant parcels with utilities on site or nearby with minimal improvements and connection requirements.

All of the Housing Element sites except No. 3 (31778 Sunset Avenue [Providence Hospital]) are currently developed and the new residential units would be located on sites that are already disturbed. Therefore, no environmental constraints exist that would impede the development of new residential units on these sites.

Site No. 3 is a vacant parcel located across from the existing Providence Hospital with utility connections on the hospital site and nearby which would service this site. Based on the City's GIS database, the site is not constrained by any environmental factors such as flooding, fire, or faults. The GIS database did indicate that the site contains approximately 0.08 acres of potentially high valuable habitat. However, the site is very large (1.89 acres) and could easily avoid impacting this small area of the site and still easily accommodate the proposed 68 units for this site.

3.3 MARKET FACTORS

The private market influences the selling and rental prices of all types of housing. This includes new and existing residential units. While actions of the public sector influence housing cost, the private sector affects residential markets through such mechanisms as supply costs (e.g., land, construction, financing) and value of consumer preference. See Section 3.1-9 (Permit Processing) regarding timing constraints related to length of time between planning approval and application for building permits.

3.3-1 Availability of Financing

Another constraint affecting housing costs is the cyclical nature of the housing industry. Housing production can vary widely from year to year with periods of above-average production followed by periods of below-average production. Fluctuations are common in most industries but appear to be more dramatic in the homebuilding sector because of susceptibility of the industry to changes in federal fiscal and monetary policies.

A significant contributor to overall housing cost is financing. After decades of slight fluctuations in the prime rate, the 1980s saw a rise in interest rates that peaked at approximately 18.8% in 1982. As the decade closed and the economy weakened, the prevailing interest rate was approximately 10%. In the 1990s, interest rates dropped dramatically, fluctuating between 6% and 8%. Between 2007 and 2013, the rates on a 30-year

fixed rate mortgage varied between approximately 3.5% and 6%. Low interest rates and the widespread use of adjustable-rate mortgages contributed to the rapid upward spiral in home prices until the crash of 2008 and the "Great Recession" that followed.

While home mortgages for borrowers with good credit are now available at historically low rates, high home prices tend to restrict access to mortgages because the percentage of income required to cover mortgage payments exceeds the levels that lenders generally require. Recent federal government fiscal policies, including economic stimulus packages implemented in the 2020 response to the pandemic, are likely to spur inflation and corresponding increases in interest rates in future years, the timing of which is uncertain but possibly in the 2024-2025 timeframe.

3.3-2 Cost of Construction

The costs of labor and materials have a direct impact on the cost of housing. Residential construction costs vary greatly depending upon the quality and size of the residence and the materials being used. Rising construction costs also limit the ability of property owners to provide needed rehabilitation of substandard residential units.

According to the U.S. Census Bureau's Price Index of New Single-Family Houses Under Construction, construction costs declined during 2007-2010 but have been rising again as the economy continues to improve. The November 2020 Census Construction Cost Index stood at 144 compared to the 2005 benchmark index of 100. Annual percent changes in the index's value as of 2005 range from -4.4% (2009) to +6.7% (2014).

The cost to construct an affordable housing project in Laguna Beach would be on the order of $400,000 per (modest-sized) unit. If the developer paid $125 per square foot for the land, that would result in a cost of $110,000 per unit, assuming an FAR of just below 1 and corresponding to a density of 50 units per acre. The total cost of land and building, based on these assumptions, would be $510,000 per unit.

3.3-3 Cost of Land

The cost of residential land has a direct impact on the cost of a new home and is, therefore, a potential non-governmental constraint. The higher the cost of land, the higher the price of a new home. Developable land is continuing to become scarcer in Laguna Beach, with the City rapidly approaching build-out. Even with regular market dips, the overall value of vacant residential land will continue to remain high in Laguna Beach. To counteract limited land availability, the City promotes innovative housing concepts such as mixed-use development, second units, work/live quarters, mobile homes, and the rehabilitation of existing historic homes.

3.3-4 Laguna Beach Land Market Summary

A review of property transaction data by the City's economics consultant indicated three recent land sales and one "land for sale" listing within the City through June of 2021, which are described in Table 3-6 below.

Table 3-6 Recent Land Sales

Property	Land Area (SF)	Date of Sale	Price	Price per SF
1500 Arroyo Drive, Laguna Beach 92651	3,049	10/5/2020	$255,000	$83.63
200 Alta Vista Way, Laguna Beach 92651	3,920	10/7/2020	$850,000	$216.84
31526 and 31532 Coast Hwy, Laguna Beach 92651	11,900	6/24/2021	$2,000,000	$168.07
Land Listing for Sale				
31744 Scenic Drive, Laguna Beach 92651	4,356	Active	$675,000	$154.96

Source: Redfin; Zillow; Trulia; various brokerages; TNDG

Based on the limited data compiled, a developer could expect to pay at least $84 to $168 per square foot for property potentially suitable for multi-family development. These price levels would represent a challenge for making even a market-rate rental project financially feasible.

The property located at 1500 Arroyo Drive is the closest in proximity to the properties with M1-A zoning targeted for affordable housing. The other properties are located farther to the south and are near State Route 1/Coast Highway. While these properties have subtle differences, they also share the following characteristics:

- All properties recently sold and listed for sale are zoned R-1 Residential.
- Most properties are small lots of approximately 3,000 to 4,500 square feet.
- All properties are located within the Laguna Beach County Water District.
- All properties, except for the property located at 1500 Arroyo Drive, are within areas of minimal flood hazard. The property located at 1500 Arroyo Drive is located within a regulatory floodway and has a 1% annual chance of flooding as determined by FEMA.
- All properties, except for the property located at 31744 Scenic Drive (designated Village Medium-Low Density), have the General Plan Land Use designation of Village Low Density.
- All properties, with the exception of 31744 Scenic Drive, are generally level.

The properties assumed to be most developable, from this preliminary review range in price from $155 to $168 per square foot. The "view" lots have prices up to $300 per square foot.

The economics consultant also identified a number of multi-family properties currently for sale in Laguna Beach and surrounding communities (see Table 3-7), all of which are small, and most of which are well located in terms of amenities, including urban services. As a result, the asking prices reflect premium locations and, probably, expectations of either redevelopment potential or strong value appreciation, rather than traditional pricing concepts such as capitalization rates applied to net income (cap rates for these properties are generally much more aggressive than is typical for the current general multi-family market). None of these properties are likely to generate any interest in acquiring for the purpose of converting to affordable units, on the basis of both high prices and small project size.

Table 3-7 For Sale Multi-Family Properties

Project location/ characteristic	Laguna Canyon Road, Laguna Beach	Near Downtown Laguna Beach [618 S Coast Hwy]	Dana Point, near Pacific Coast Highway [Violet Lantern]	Off Selva Road, Dana Point	Dana Point, near Pacific Coast Highway [Amber Lantern]
Number of units	4	5 (1 Commercial and 4 Apartment Units)	6	3	3
Approx. price per unit	$1,030,000	$956,000	$387,500	$965,000	$583,000
Approx. price per SF	$569	$1,194	$548	$439	$559
Class of building	B	C	C	B	C
Unit types	Live-Work Artist Lofts	Garden	Low Rise	Townhomes	Low Rise
Location attribute	Near M1-A sites targeted for potential affordable housing	Near coast, one unit with ocean view	Near coast, downtown area	Near coast, all units have views of the ocean	Near coast, downtown area and harbor
Year Built	2020	1965/Renovated 2018	1947	1975	1971/Renovated 2015

3.4 SUSTAINABLE DEVELOPMENT/ ENERGY CONSERVATION

Planning to maximize energy efficiency and the incorporation of energy conservation and green building features can contribute to reduced housing costs for homeowners and renters, in addition to promoting sustainable community design, reduced dependence on vehicles, and reduced greenhouse gas emissions.

The City continues to achieve incremental improvements in energy conservation through implementation of California's Green Building Standards Code, Title 24 of the *California Code of Regulations*, known as CALGreen. CALGreen applies to the planning, design, operation, construction, use, and occupancy of every newly constructed building or structures and also applies to most additions and alterations to existing buildings, including residential structures. The City Council adopted the 2019 California Green Building Standards Code for local implementation at their meeting of November 12, 2019. Efforts to educate the community about energy conservation include the provision of information regarding energy efficient rehabilitation techniques and referrals to energy

conservation programs, including handouts at the Building Counter. In addition, since 2007 the City Council has waived the permit fees related to solar energy installations for residences and businesses in Laguna Beach.

To more broadly address sustainability and greenhouse gas reductions, the City of Laguna Beach adopted a Climate Protection Action Plan in 2009 and updated it in 2012. The plan provides a number of recommended measures for reducing local carbon emissions by reducing energy use, promoting green building practices, encouraging alternative transportation options, conserving water, reducing energy consumption by government operations, and encouraging energy reductions in the private sector.

4. RHNA AND HOUSING RESOURCES

4.1 POTENTIAL FOR FUTURE HOUSING

State law requires that jurisdictions provide an adequate number of and properly zoned sites to facilitate the production of their regional share of housing. To determine whether a jurisdiction has sufficient land to accommodate its share of regional housing needs for all income groups, that jurisdiction must identify "adequate sites." Under state law (*California Government Code* §65583[c][1]), adequate sites are those with appropriate zoning designations and development regulations – with services and facilities – needed to facilitate and encourage the development of a variety of housing for all income levels. The land resources available for the development of housing in Laguna Beach are addressed here.

4.1-1 Regional Housing Needs Allocation (RHNA) for 2021-2029

California General Plan law requires each city and county to have land zoned to accommodate its fair share of the regional housing need. The State of California Housing and Community Development Department (HCD) allocates a numeric regional housing goal to the Southern California Association of Governments (SCAG). The City of Laguna Beach is within the jurisdiction of two Councils of Government: the larger Southern California Association of Governments (SCAG) and the subregional Orange County Council of Governments (OCCOG). SCAG is mandated to distribute the housing goal among cities and counties in the region. This share for the SCAG region is known as the Regional Housing Needs Allocation, or RHNA. The SCAG region encompasses six counties (Imperial, Los Angeles, Orange, Riverside, San Bernardo, and Ventura) and 191 cities in an area covering more than 38,000 square miles. The major goal of the RHNA is to assure an equitable distribution of housing among cities and counties with the SCAG region so that every community provides for a mix of housing for all economic segments. The housing allocation targets are not building requirements; rather, they are planning goals for each community to accommodate through the appropriate planning policies and land use regulations. Allocation targets are intended to assure that adequate sites and zoning are made available to address anticipated housing demand during the planning period.

The current RHNA for the SCAG region covers the planning period from June 30, 2021 to October 15, 2029 and is divided into four income categories: very low, low, moderate, and above moderate. The income group goal is to ensure that each jurisdiction within a COG attains its share of the state housing goal without any relative disproportionate distribution of household income groups. HCD has determined the regional housing need to be 1,341,827 units, and SCAG has determined the City of Laguna Beach's allocation is 394 new housing units during this planning cycle, with the units divided among the four income categories as shown in Table 4-1.

Table 4-1 RHNA 2021-2029

Income Category	Number of Units
Very-low	118
Low	80
Moderate	79
Above-moderate	117
Total	**394**

The City has a RHNA of 118 very-low-income units (inclusive of extremely-low-income units). Pursuant to state law (AB 2634), the City must project the number of extremely-low-income housing needs based on Census income distribution or assume 50% of the very-low-income units as extremely low. Therefore, the 118 very-low-income units are split evenly into 59 extremely-low-income and 59 very-low-income units. However, the City is not required to separately account for sites capacity for extremely-low-income units.

New Residential Sites Inventory

Methodology

The development of sites inventory is based on analysis of the Zoning Ordinance, the General Plan Land Use Element, the Downtown Specific Plan, aerial photographs, the City's Geographic Information Systems (GIS), and Community Development property files. Site analysis also included staff knowledge of existing conditions and under-utilized land, development interests expressed by property owners, an affordable housing financial feasibility/pro-forma study, community input, market trends, and projects that are in the entitlement process.

In addition, the sites were assessed based on the proximity to services such as transit, employment opportunities, and public and community services such as medical services, community/religious institutions, and recreational amenities such as parks and coastal access due to the beach being a key recreational amenity in the City.

The proposed sites are not publicly owned or leased, and none of the sites were identified in the previous Housing Element planning period.

Residential Uses in Non-Residential Zones

Most of the sites within residential zones in the City are built out or are not viable for development due to environmental or topographic constraints, and therefore offer very limited new housing opportunities. As demonstrated in Table 3-2, Development Standards by Zone, the densities allowed in residential zones are limited to 1-14 du/acre.

The City recognizes that it must provide opportunities for high density residential development outside of traditional residential zones. To achieve this goal, and provide the density needed to meet the RHNA within the planning period, the new Housing Element sites are on non-residential zones that allow affordable housing: Local Business-Professional Zone, Institutional Zone, and C-1 Local Business District.

There is also a regional trend across southern California whereby churches are redeveloping their existing underutilized sites to add affordable housing to serve the needs of the community. Nonprofits such as National CORE and Many Mansions have been proactively outreaching to religious facilities throughout Southern California to assist with affordable housing development. To support this current development trend the following new Programs and policy with clear commitment and timeframes have been to incentivize development on religious institutions and hospital sites and include:

- Program 5.2-1(e.) incentives for religious institutions that provide 100% affordable housing;
- Policy HE-2.14 to encourage housing on religious institutions; and
- Program 5.2-7(a.) which requires outreach to religious institutions

Realistic Density Assumptions

All of the Housing Element sites are on zones that allow affordable housing which is defined by the City's Zoning Ordinance as "residential housing, special needs" and is permitted with no density limit via the approval of a conditional use permit.

A recently approved project and a current pipeline project demonstrates that multi-family housing and work/live projects are being developed at 30 to 52 units per acre (du/ac), and one expected project is projecting 66 du/ac. Beyond the entitled and pending projects, there has been no additional completed or approved residential development in the City in recent years. To estimate the density of future residential development projects in Laguna Beach, Table 4-2 presents completed projects in the nearby cities of Laguna Niguel, San Clemente and Huntington Beach. These cities were selected based on their proximity to the City and because they are projects that have constructed affordable, senior housing and market rate housing which represent current market trends

and realistic densities. Completed market-rate and affordable housing projects in these jurisdictions were built out to densities ranging from 51-101 du/ac. As demonstrated with the projects in Table 4-2, the City's assumed density of 45 units per acre is conservative and reasonable to achieve a range of housing types and designs based on these constructed projects that also provide affordable and senior housing residential units.

Table 4-2 Completed Projects and Achieved Densities in Regional Market

Project	Project Type	Total Units	Site Area (Acres)	Density Permitted (Units/Acre)	Density Achieved (Units/Acre)
San Clemente					
Cotton's Point	Affordable Senior Housing	78	1.50	45	52.40
Venida Serra Workforce Apartment	Affordable Housing	19	0.37	36	51
Laguna Niguel					
Apex Apartment	Multifamily Affordable	284	3.30	40-50/120 with community benefit	86
Skye Apartments	Multifamily Affordable	142	2.12	40-50/120 with community benefit	67
Piceme	Multifamily Affordable	233	2.70	40-50/120 with community benefit	86
Huntington Beach					
Beach & Ocean	Multi-Family	176	3.0	No density, maximum units allowed across SP	59
Elan Huntington Beach Mixed Use	Mixed-use with affordable	274	2.7	No density, maximum units allowed across SP	101

In an effort to help advance and streamline affordable housing in the City, the City applied for and secured funding via an SB2 grant to implement the Affordable Housing Finance and Grant Program as identified in Appendix A, Table A.2 (Program 24). As part of this program, the consultant prepared a draft financial feasibility pro forma which assessed three properties: two City owned parcels and one housing element site (Site 3: 31778 Sunset Avenue). The study assumed 100% affordable projects and assessed the feasibility of projects at densities ranging from 45 du/acre (Housing Element Site 3) to 93 du/ac and included the highest and best use of the sites. The pro forma concluded that Site 3 supports a density of 45 du/ac.

In addition, new programs with clear commitments and time frames have been added to the Housing Element to incentivize and achieve affordable housing at densities of 45 du/ac including:

- Program 5.2-1(f.) to allow projects that provide 100% affordable housing to be developed with increased density on non-residential sites where residential development is permitted, and support a target density of 45 du/ac.

- Program 5.2-2(b.) to amend the Zoning Code to provide more flexible development standards for affordable housing and facilitate development of densities at or above 30 du/ac.

Therefore, based on new Programs to incentivize densities at 45 du/ac, unlimited density allowed on the Housing Element sites for affordable housing upon approval of a conditional use permit, an affordable housing financial feasibility pro forma report assessment of realistic density, and constructed affordable and senior housing projects in the area, a density of 45 units per acre is feasible and supported by recent development trends.

4.1-2 Land and Sites Availability

State law requires that jurisdictions demonstrate in the Housing Element that the land inventory is adequate to accommodate that jurisdiction's share of the region's projected growth. This section identifies pipeline projects (current and expected) which include projects from landowners that have contacted the City with development interest, ADUs, and new housing element sites that are suitable for residential development during the 2021-2029 planning period. The distribution of units by income level for pipeline projects is shown in Table 4-3, Pipeline Residential Projects and the distribution of units by income level for new housing element sites is provided in Table 4-4, New Sites For RHNA.

Laguna Beach is very near build-out based on its General Plan, with limited development opportunities. The majority of vacant land within the City is environmentally sensitive due to the location of high value habitat and/or steep topographic conditions. Some of these environmentally sensitive lands have been purchased by the City, and most of them have been zoned as Open Space to preclude environmentally damaging development, or Residential/Hillside Protection (R/HP), which limits residential development opportunities. However, all of the proposed sites for RHNA are developed (except Site 3); therefore, no environmental constraints exist on these sites. As stated in Section 3.2 (Environmental and Infrastructure Constraints), the City's GIS indicated that Site 3 may contain approximately 0.08 acres of potentially high valuable habitat. However, Site 3 is very large (1.89 acres) and could easily avoid impacting this small area of the site and would not impede the development of this site.

The sites selected for the RHNA can be developed in a similar manner as a recently approved project. This project is located at 20412 Laguna Canyon Road on an M-1B zoned site. This 0.55-acre site was approved at a density of 52 du/acre, and includes 28 units: 8 low-income units, 1 moderate-income unit, and 19 above-moderate-income units, representing 32% affordable units. This project is not included in the project

inventory but represents current development trends and realistic achievable density in Laguna Beach.

1. Pipeline Residential Projects

This section includes a current project in the entitlement process and an expected project that the property owner is in discussion with the City.

Project in Entitlement Process - Site 6

One current housing project under entitlement review by the City is located at 770 Hillcrest Drive. The site is zoned R-3 and is identified as Site 6 on Figure 4-1, and is included in Table 4-3, Pipeline Residential Projects.

Existing Uses

This site contains an existing 12-unit condominium complex with six residential buildings, a pool and other recreational amenities, internal driveways, surface parking lots, and landscaping on a 2.35-acre parcel.

Proposed New Residential Development

The project is part of the larger 2.35 acres parcel; however only 0.43 acres will be utilized for the proposed new residential development based on project plans. This project proposes to construct 13 additional condominiums at a density of 30 du/acre. The project would be required to provide 25% affordable units per the City's Inclusionary Housing Ordinance, which results in this project providing 4 units at the low-income category and 9 at the above moderate category.

Public and Community Services

The site has several community services close by including the Boat Canyon Shopping Center to the south and the Riddle Field Boat Canyon Park located adjacent to the site to the east. Moreover, there are religious institutions and numerous retail, restaurants and commercial businesses providing employment, community services and recreational opportunities. Transit is also within walking distance as an Orange County Transit Authority bus stop is located approximately 0.2 miles to the west along N. Coast Highway.

Expected Project – Site 5

The property owner of 350 Artisan Drive has been in discussions with the City to infill their existing development with additional units. The site is zoned R-3 and is identified as Site 5 on Figure 4-1, and is included in Table 4-3, Pipeline Residential Projects.

Existing Uses on Site and Suitability of Redevelopment

This site contains an existing apartment complex on 2.21 acres with ten large residential buildings, a pool and other recreational amenities, internal driveways, covered parking and surface parking lots, and site landscaping.

This property owner submitted a conceptual plan in Spring 2021 to the City for initial review. The property owner expressed interest in developing the site which can accommodate 147 additional units. The proposed new residential units would be located on land that is currently developed with outdated amenities and associated recreational buildings.

Proposed New Residential Development

A proposed project of 147 units would result in a density of 66 units per acre. The project would be required to provide 25% affordable units per the City's Inclusionary Housing Ordinance, which would result in this project providing 37 units at the lower income category.

Public and Community Services

An Orange County Transit Authority bus stop is located within walking distance as the stop is adjacent to the property frontage along El Toro Road approximately 0.1 miles from the proposed new residential development. Community recreational amenities are also provided at Wingspan Park, located approximately 1.4 miles to the east, and Ridgecrest Park approximately 1.5 miles to the east and Woods End Trail Entrance located approximately 0.6 miles to the northeast.

Table 4-3 Pipeline Residential Projects

Site No.	APN/Address	Acres	GP	Zone/ Density (du/ac)	Existing Use	Very Low	Low	Mod	Above Mod	Total Units/ Site
6	496-071-34 770 Hillcrest Drive	0.43	Village High Density	R-3/30	Multi-family	0	4	0	9	13
5	622-121-05 350 Artisan Drive	2.21	Village High Density	R-3/66	Multi-family	25	12	0	110	147
					Total	25	16	0	119	160

2. Accessory Dwelling Units (ADUs)

Consistent with state law, accessory dwelling units are permitted in all residential and multi-family zones, and the City supports ADUs to increase housing stock and ease unaffordability (as described in Section 3.1-4). Based on building permit records, 6 ADUs were constructed in 2018 and 4 were constructed in 2019. In 2020, the City received 40 ADU applications, 30 of which were granted planning approval, building permits were issued for 11 applications and 9 ADUs were constructed. From

January 2021 to August 22, 2021, 33 ADU applications were received, building permits were issued for 20 ADU and 6 ADU were constructed. Moreover, to advance and promote ADUs, the City secured a SCAG Sustainable Community Program and Housing and Sustainable Development grant (see Section 3.1-4, Accessory Dwelling Units). In addition, the City has added another program to Section 5.2-5 to monitor ADU development and to implement additional incentives to further facilitate ADUs if needed to meet RHNA goals.

The assumption of 15 ADUs annually and 120 ADUs over 8 years towards the RHNA requirements is conservative given the number of ADU permits and units constructed recently, the City's extensive new program to support ADUs through a Zoning Code amendment, to develop a website that serves as a comprehensive resource on ADUs, and adoption of a comprehensive ADU Handbook, as described in Sections 3.1-4 and 5.2-5.

Based on SCAG's Regional Accessory Dwelling Unit Affordability Analysis, these 120 ADUs will yield 120 units including 30 very-low-, 52 low-, 36 moderate-income, and 2 above-moderate-income units) as shown in Table 4-5, Summary of Sites Inventory for 2021-2029.

3. New Sites for RHNA

The City has identified four new sites that comprise a total 4.60 acres with the potential to yield 166 units as discussed below. The income distribution for each site is provided in Table 4-4, New Sites For RHNA.

Site No. 1

Site 1 is located at 340 St. Ann's Drive. The site is approximately 0.85 acres and is identified as Site 1 on Figure 4-1, and is included in Table 4-4 below.

Existing Uses on Site and Suitability of Redevelopment

The site is currently occupied by the Neighborhood Congregational Church (NCC). The existing buildings on site include two church buildings built in the 1960s, a small one-story garage, surface parking lots, an interior courtyard, a small exterior patio area, and landscaping.

The church leadership indicated it intends to remain as an entity on site and indicated after conversations with the City that it was open to exploring potential affordable housing. Any such development of the site, in order to be feasible, would likely include the adjoining R-2 zoned parking lot which is a 0.35-acre parcel. Per a new action in the Housing Element (Action 5.2-1(e)), if this development is pursued, the City would work diligently with the Neighborhood Congregational Church to facilitate

the rezoning of the parking lot parcel from R-2, Residential Medium Density to LBP, Local Business Professional in an expeditious manner.

NCC indicates it is still evaluating the site for potential shared uses, constraints, and for potential partners to assist in the reimagining of the site.

The site for the purposes of this section does not include the parking lot, because it measures 0.35-acre in size and is zoned R-2. Moreover, the parking lot site is not required to meet the City's RHNA allocation.

The expressed owner interest, age of the structures, unlimited density with a conditional use permit, and underutilized nature of the parcel make this site suitable for development during the planning period.

Proposed New Residential Development

Affordable units would be located on a parcel that has a zoning (Local/Business Professional) that allows unlimited density for affordable housing. With a conservative density of 45 units per acre, the site could yield at minimum 31 lower-income units.

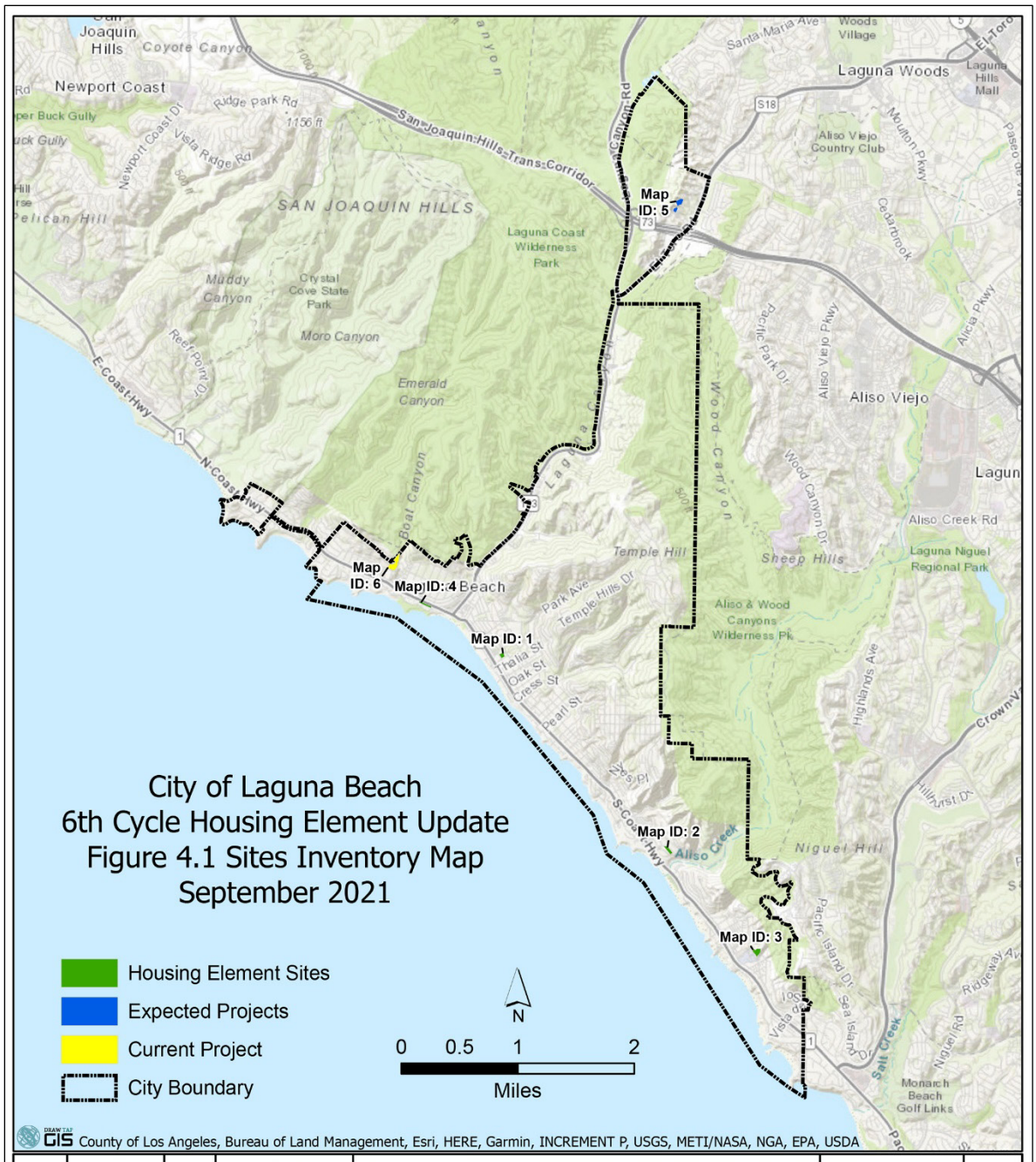
Public and Community Services

This site has several services close by with the Laguna Beach High School approximately 0.4 miles to the northeast, a preschool, and the Woman's Club of Laguna Beach across the street to the west. Nita Carman Park is located 0.3 miles to the northeast. In addition, the site is centrally located and is within walking distance (0.2-0.5 miles) to a community center, a community clinic, hotels, retail, restaurants and commercial businesses providing employment, recreational and community services in close proximity to the site.

The site is also located within walking distance to several Laguna Beach Trolley stops along South Coast Highway. The Coast-Saint Ann's stop is 0.1 miles to the west along South Coast Highway, with two other trolley stops to the north: the Coast-Cleo (0.2 miles) and the Coast-Legion stop (0.3 miles). Trolley service is also provided to the south of the site at the Coast-Anita stop (.2 miles), Coast-Oak stop (0.3 miles) and the Coastal-Brooks (0.4 miles).

Table 4-4 New Sites For RHNA

Site No.	APN/Address	Acres	General Plan	Zone/Density (du/ac)	Existing Use/ Redevelopment Potential	Status	Low	Mod	Above Mod	Total Units/Site
1	644-034-05 340 St. Ann's Drive	0.85	Local/ Business Professional	LBP/45	Church buildings and parking/underutilized site/ demonstrated interest as owner met with City and requested site be identified in sites inventory. New programs to support affordable development on religious institutions.	Nonvacant	31	0	0	31
2	656-214-07 21632 Wesley Drive	0.84	Public/Institutional	Institutional/45	Church buildings and parking/underutilized site. New programs to support affordable development on religious institutions.	Nonvacant	30	0	0	30
3	056-130-47 31778 Sunset Avenue	1.89	Public/Institutional	Institutional/45	Vacant land demonstrated interest as owner met with City and agreed to have site be identified in sites inventory. New programs to support affordable development on hospitals.	Vacant	49	19	0	68
4	496-082-01 397 N Coast Hwy	0.12	Commercial/Tourist Corridor	C-1 (LBP)/45	One common owner; demonstrated interest as applicant met with City and agreed to have site be identified in sites inventory; new programs to support lot consolidation and residential in commercial zones	Nonvacant	4	0	0	4
	496-082-02 385 N Coast Hwy	0.12	Commercial/Tourist Corridor	C-1 (LBP)/45			0	4	0	4
	496-082-03 369 N Coast Hwy	0.08	Commercial/Tourist Corridor	C-1 (LBP)/45			0	3	0	3
	496-082-04 353 N Coast Hwy	0.17	Commercial/Tourist Corridor	C-1 (LBP)/45			6	0	0	6
	496-082-05 345 N Coast Hwy	0.13	Commercial/Tourist Corridor	C-1 (LBP)/45			0	5	0	5
	496-082-06 331 N Coast Hwy	0.13	Commercial/Tourist Corridor	C-1 (LBP)/45			0	5	0	5
	496-082-07 305 N Coast Hwy	0.27	Commercial/Tourist Corridor	C-1 (LBP)/45			0	10	0	10
						Total	**120**	**46**	**0**	**166**



Map ID	Type	Zoning	General Plan Landuse	APN	Address	Acreage
1	New Site	LBP	LBP	644-034-05, 644-034-09	340 St. Anns	0.85
2	New Site	I	PI	656-214-07	21632 Wesley Dr	0.84
3	New Site	I	PI	056-130-47	31778 Sunset Ave	1.89
4	New Site	C-1	CTC	496-082-01, 496-082-02, 496-082-03, 496-082-04, 496-082-05, 496-082-06, 496-082-07	305-397 North Coast Hwy	1.02
5	Expected Project	R-3	VHD	622-121-06, 622-121-05	350 Artisan Dr.	2.21
6	Current Project	R-3	VHD	496-071-34	770 Hillcrest	0.43

Figure 4-1 – Sites Inventory Map

Site 2

Site 2 is located at 21632 Wesley Drive. The site is approximately 0.84 acres and is identified as Site 2 on Figure 4-1, and is included in Table 4-4 above.

Existing Uses on Site and Suitability of Redevelopment

The site is currently occupied by the Laguna Beach Methodist Church. The site contains one large building built in 1953, surface parking lots, internal driveways, and landscaping. The age of the structure, unlimited density, and underutilized nature of the parcel make this site suitable for development during the planning period.

Proposed New Residential Development

The site is zoned Institutional which allows unlimited density for affordable housing with a conditional use permit. The entire site is approximately 1.24 acres as the church building is approximately 0.4 acres and the existing parking lots where the residential units would be developed is approximately 0.84 acres.

The proposed residential units would be located on a portion of the parcel that is underutilized surface parking with a zoning (Institutional) that allows unlimited density for affordable housing with a conditional use permit. This site would be 100% affordable, and at a conservative density of 45 units per acre, would yield 30 low-income units.

To encourage and help facilitate affordable housing on this site, Program 5.2-1(e.) has been added specifically for incentives for religious institutions that provide 100% affordable housing and Program and 5.2-1(f.) has been added to support a target density of 45 du/ac. In addition, Policy HE-2.14 has been added to encourage housing on religious institutions; Program 5.2-7(a.) was added to require proactive outreach to religious institutions; and Program 5.2-2(b.) was added to allow flexibility in development standards for projects that develop at densities at or above 30 units per acre.

Public and Community Services

The site is also centrally within the City and is within walking distance (0.2-0.5 miles) of numerous churches, hotels, retail, restaurants and commercial businesses providing employment and community services in close proximity to the site. Community recreational amenities are also within walking distance as Lang Park is 0.1 miles from the site and Treasure Island Park with coastal access to a local beach and Pacific Ocean is approximately 0.4 miles to the northwest.

The Laguna Beach Trolley provides service via the Coast-Wesley Trolley stop 0.2 miles to the northwest and the Coast-Aliso Creek stop to the southwest.

Site 3

Site 3 is located at 31778 Sunset Avenue. The site is approximately 1.89 acres and is identified as Site 3 on Figure 4-1, and is included in Table 4-4 above.

Existing Uses on Site and Suitability of Redevelopment

The site is a vacant parcel across the street from Providence Hospital (previously known as Mission Hospital). In January 2021, the City met with the Real Estate Strategy & Operations Division of the Providence Hospital and expressed their continued interest and requested that this vacant parcel be included in the Housing Element for affordable housing. The owner interest, unlimited density and existing infrastructure in close proximity make this site suitable for development during the planning period.

Proposed New Residential Development

The zoning of the site (Institutional) allows unlimited density for affordable housing with a conditional use permit. At a conservative density of 45 units per acre, the site would yield 68 units including 49 low-income and 19 moderate units.

To encourage and help facilitate affordable housing on this site, Programs 5.2-1(e.) and 5.2-1(f.) have been added specifically for incentives for hospitals that provide 100% affordable housing and for target densities at 45 du/ac. In addition, Program 5.2-2(b.) was added to allow flexibility in development standards for projects that develop at densities at or above 30 units per acre.

Public and Community Services

The hospital is one of the larger employers in the City so employment opportunities and medical services would be provided on site. The site is also within walking distance (0.3-0.5 miles) of hotels, retail, restaurants, and commercial services. Recreational amenities are also within walking distance as 1000 Steps Beach is located 0.3 miles to the southwest.

The Orange County Transit Authority provides bus service directly to this site via bus route 1 at the 7th Avenue/Providence Mission Hospital bus stop. In addition, the Laguna Beach Trolley provides service via the Coast-Circle Trolley stop directly in front of the hospital along Coast Highway.

Site 4

Site 4 consists of seven contiguous properties located at 305-397 North Coast Highway. The seven parcels range in size from 0.08 to 0.27 acres and the total acreage of all parcels is approximately 1.02 acres. Site 4 is identified on Figure 4-1, and is included in Table 4-4 above.

Existing Uses on Site and Suitability of Redevelopment

The parcels are all developed with existing commercial uses built between 1916-1960 with underutilized surface parking lots, internal driveways, associated surface parking lots, and landscaping. The property owner contacted the City in April 2021 and expressed interest in developing the sites for senior affordable housing. The owner also agreed to have his properties identified in the Housing Element for affordable housing development. The seven parcels would require a lot consolidation; however, these parcels are owned under common ownership and would not result in an impediment to development. The owner interest, age of the structures, unlimited density, and underutilized nature of the parcel make this site suitable for development during the planning period.

Proposed New Residential Development

The zoning of the site (C-1, Local Business District) allows unlimited density for affordable housing with a conditional use permit. At a conservative density of 45 units per acre, the site would yield 37 units including 10 low-income and 27 moderate units.

To demonstrate the City's commitment to incentivize lot consolidation to support, encourage and help facilitate affordable housing on this site and throughout the City, a new Program 5.2-2d was added that creates an incentive for lot consolidation for projects that develop 100% affordable projects. New Policy HE-2.18 was also added that supports residential development in commercial zones and calls for incentives for affordable housing. In addition, new Program 1 in Section 5.2-1(f.) includes actions designed to address constraints and provide incentives to development in commercial zones, including expedited processing, and to evaluate potential for mixed-use and work/live spaces along the Coast Highway Corridor and on vacant or underutilized commercial properties. See Sections 5.1 (Goals and Policies) and 5.2 (Housing Programs) for a complete list of policies, actions and time frames.

Public and Community Services

The site is also centrally located off North Coast Highway and is within walking distance (0.1-0.5 miles) of numerous churches, hotels, retail, restaurants and commercial businesses providing employment and community services in close proximity to the site. In addition, the site is

located within walking distance (0.2-0.5 miles) to numerous public parks (Laguna Beach, Heisler and Main), beach points of access (Main, Picnic Cove, Recreation Point, and Heisler) and the extensive greenbelt and parkway system west of Cliff Drive. The Laguna Art and Museum is located immediately to the east, off of Cliff Drive. The Coast-Jasmine Laguna Beach Trolley stop is located on site and the Coast-Myrtle stop is 0.1 miles to the north.

Programs and Policies to Support Nonvacant Sites

Vacant sites cannot accommodate Laguna Beach's entire share of the regional housing need and the City relies on underutilized properties to demonstrate sufficient capacity during the planning period.

The nonvacant sites were selected based on the expressed interest of the property owners, analysis of zoning that supports high density affordable housing, market trends, age of the structures on site, and underutilized sites analysis. In addition, the nonvacant sites are not constrained by topography, airport safety zones, wildlands, infrastructure, or hydrology. All of the nonvacant sites are developed and therefore have no environmental constraints.

Additional programs and policies were added that demonstrate commitment and have established actions and timeframes that support and encourage the likelihood of residential development of nonvacant sites within the planning period. These added incentives include, target densities of 45 du/ac, flexible development standards, lot consolidation, permit streamlining for projects that include affordable units, and affordable housing partnerships and outreach as identified in Programs 5.2-1 and 5.2-2 and Policy HE-2.18. See Sections 5.1 (Goals and Policies) and 5.2 (Housing Programs) for a detailed list of policy and programs actions and timeframe.

Based on the expressed interest of the property owners, the age of the existing structures, the unlimited density allowed, and the new programs and policies that incentivize lot consolidation and affordable housing, the use of nonvacant lots will support the development of residential housing units to meet the RHNA during the planning period.

In addition, none of the sites require rezoning to accommodate the proposed units and the proposed nonvacant sites do not account for 50% or more of the lower income RHNA units as discussed in Summary of Low-Income Units on Nonvacant Sites below.

The Summary of Sites Inventory for 2021-2029 is provided in Table 4-5, and the location of all the sites is provided on Figure 4-1 – Sites Inventory Map.

4.1-3 Summary of Sites Inventory for 2021-2029 Housing Element

The City's sites inventory of current pipeline projects, expected projects, new housing element sites with no density limitation, and ADUs results in approximately 7.24 acres of land (excluding ADUs) with the ability to adequately accommodate the required RHNA of 394 units, with an additional capacity of 52 units. Table 4-5 below summarizes the RHNA status.

Table 4-5 Summary of Sites Inventory for 2021-2029

Sites	Very Low	Low	Moderate	Above Moderate	Total
Current project (Site 6)	0	4	0	9	13
Expected project (Site 5)	25	12	0	110	147
Housing Element sites	85	35	46	0	166
ADUs	30	52	36	2	120
Estimated RHNA total					446
RHNA requirement	118	80	79	117	394
Potential surplus	22	23	3	4	52

Summary of Low-Income Units on Nonvacant Sites

After deducting the credit of pipeline projects from sites 5 and 6, the total number of very-low and low income RHNA units on nonvacant lots is 75. Site 3 proposes 49 units on a vacant lot which results in 35% of the total RHNA proposed on nonvacant lots during this planning period.

4.1-4 Infrastructure

Water delivery systems and sewer treatment capacity is available within the planning period for the identified RHNA Inventory sites. In fact, the City has an oversized wastewater system. The City Council adopted a Capital Improvements Program, with periodic updating, designed to ensure that adequate public improvements are available to support the new development in a timely manner. Water service is provided to the City of Laguna Beach by the Laguna Beach County Water District, and sewer service is provided by the City's Wastewater Division, except for South Laguna Beach, where water and sewer service is provided by the South Coast Water District

The Laguna Beach County Water District and the South Coast Water District are aware of priority water and sewer services procedures for developments with units affordable to lower income households and has capacity to serve the RHNA sites. The City of Laguna Beach has procedures in place in accordance with *California Government Code* §65589.7. The City will immediately deliver the adopted Housing Element to the water and sewer providers.

Additional infrastructure, including dry utilities such as refuse collection, electricity, internet and telephone service, are available to all areas within the City, including the RHNA Inventory sites. Therefore, there is sufficient infrastructure capacity of wastewater, water, sewer and dry utilities to meet the current need and the cumulative requirement of future regional housing development within the planning period.

4.2 PROVISION FOR A VARIETY OF HOUSING TYPES

Housing element law specifies that jurisdictions must identify adequate sites through appropriate zoning and development standards, to encourage the development of various types of housing. This includes, single family housing, multifamily housing, accessory dwelling units, manufactured housing, mobile homes, residential care facilities, emergency shelters, and transitional and supportive housing, single room occupancy (SRO), and farm worker housing among others. The various housing types permitted under residential zones in Laguna Beach are summarized in Section 3.1-2, Zoning Ordinance and provided in Table 4-6, Residential and Special Needs Housing Use Regulations.

To ensure the City provides a variety of housing types and to address new state law requirements including emergency and transitional housing, supportive housing, employee housing, single room occupancy units, and farm worker housing, new Program 6 was added in Section 5.2 (Housing Programs) to amend the Zoning Code to bring it into compliance with state law. Section 3.1-2 (Zoning Ordinance) contains a detailed discussion of the variety of housing types, zoning districts where uses are permitted including both residential, commercial (where mixed-uses are allowed in some zones) and institutional, and a table with development standards for each zone. Section 3.1-8 (Special Needs Zoning) also describes the necessary amendments to bring the Zoning Code into conformance with state law, which are summarized below.

The required amendments to the Zoning Code to bring it into compliance with state law include amending the Zoning Code to create a new zone where emergency shelters are allowed by right, then apply the zone to the Friendship Shelter site, which has capacity for shelter expansion as discussed in Section 3.1-8. Additional code amendments are needed to: allow low barrier navigation centers to be a use by-right, as defined, in areas zoned for mixed uses and nonresidential zones permitting multifamily uses; evaluate if the existing Friendship Shelter operations meets LBNC requirements; ensure transitional and permanent supportive housing are permitted as similar residential uses in the same zone; treatment of single-room occupancy units consistent with AB 2634 (Housing for Extremely Low Income Households); and treatment of

employee housing for six or fewer employees as a single-family structure for conformance with the Employee Housing Act. The specific actions and time frame for each code amendment is described in Section 5.2-6 (Special Needs Housing).

Table 4-6 below summaries the various housing types currently permitted within the City's residential, commercial, and institutional zoning districts.

Table 4-6 Residential and Special Needs Housing Use Regulations

Uses	R-1	R-2	R-3	Residential Hillside Protection	LB-P	C-1	C-N	CH-M	SLV	I
Residential Uses										
Single-family Dwellings	P	P	P	P	C[3]	C[3]	C[3]	C[3]	C[3]	
Multifamily Dwellings		P	C		C[3]	C[3]	C[3]	C[3]	C[3]	
Manufactured Housing[1]	P									
Mobile Home [1]	P									
Accessory Dwelling Units	P	P	P	P						
Special Needs Housing										
Residential Care Facilities (6 or fewer persons)	P	P	P	P	C	C	C		C	
Residential Care Facilities (7 or more persons)					C	C	C		C	
Transitional and Supportive Housing[2]	P	P	C	P	C	C	C		C	C
Single Room Occupancy (SRO)										
Farm Worker Housing[2]	P	P	C	P	C		C		C	C
Emergency Shelters										P

Source: City of Laguna Beach Zoning Code
1. Allowed only where specified in the Housing Element of the General Plan
2. Allowed per Residential housing, special needs
3. With limitations per Zoning Ordinance 25.18.004

P=Permit Use by Right
C-Conditional Use Permit Required

4.3 FINANCIAL RESOURCES

Financial resources are needed to support the initiation, operation, or expansion of housing programs. For example, funding sources are needed to waive permit fees related to the development of affordable housing, to preserve "at-risk" low- and moderate-income housing from converting to market rate, and to offer low-cost loans or grants to support the renovation of lower-cost housing units. The City is covering some of the costs of providing affordable housing programs through its General Fund, but has limited capacity. The following provides a descriptive summary of potential financial resources may be utilized to retain the City's affordable housing stock, as well as to provide new affordable housing in the community. This is followed by Table 4-7 for at-a-glance information on a more comprehensive list of funding programs currently available on a competitive basis to leverage local funding for affordable housing activities including new construction, acquisition/rehabilitation,

preservation of at-risk housing and homebuyer assistance, among others. Table 4-8 provides a summary of recent funding activity that the City has secured and how those funds have been administered.

Housing and Community Development Grants – Financial assistance programs administered by the California Department of Housing and Community Development (HCD) change periodically according to funding availability, and should be monitored on a regular basis. Current program information is posted on HCD's website.[5]

Community Development Block Grant (CDBG) Funds – The CDBG Program provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. The City of Laguna Beach applies for CDBG funding through the County of Orange for various affordable housing projects and programs on an annual basis. The most recent allocations of CDBG funding in Laguna Beach were for the City's shelter program and Hagan Place, a very-low-income project for disabled persons.

Senate Bill (SB) 2/LEAP Grants – In 2017, Governor Brown signed a 15-bill housing package aimed at addressing the state's housing shortage and high housing costs. Specifically, it included the Building Homes and Jobs Act (SB 2, 2017), which establishes a $75 recording fee on real estate documents to increase the supply of affordable homes in California. Because the number of real estate transactions recorded in each county will vary from year to year, the revenues collected will fluctuate.

The first year of SB 2 funds were available as planning grants to local jurisdictions. On February 24, 2020, HCD approved $160,000 of funding to the City, which includes creating a citywide inventory of properties that would be permitted to construct ADU, sites that are zoned multi-family (currently developed as single family) that could support additional affordable units, and infill and adaptive reuse sites in the Downtown Specific Plan. It also allocated $85,000 to implement an Affordable Housing Finance and Grant Program.

The Local Early Action Planning (LEAP) grants were another source of funding to help local jurisdictions to update their planning documents and implement process improvements to facilitate housing construction. In 2020, the City was awarded $50,000 in LEAP funding for the 6th Cycle Housing Element Update and $100,000 for the Downtown Specific Plan Update Phase 2.

5 https://www.hcd.ca.gov/grants-funding/index.shtml

For the second year and onward, 70% of SB 2 funding under the Permanent Local Housing Allocation (PLHA) component of SB 2 will be allocated to local governments for affordable housing purposes. A large portion of Year Two allocations will be distributed using the same formula used to allocate federal Community Development Block Grants (CDBG). HCD is in the process of closing out the Year One planning grant allocations and has not begun the process of allocating the Year Two affordable housing funds. However, as a non-entitlement jurisdiction participating in the CDBG program through the County of Orange, the City would not be directly eligible to apply for funding PLHA component of SB 2. Instead, the City would receive funding through the County of Orange, similar to the CDBG program. SB 2 PLHA funds can be used to:

- Increase the supply of housing for households at or below 60% of AMI
- Increase assistance to affordable owner-occupied workforce housing
- Assist persons experiencing or at risk of homelessness
- Facilitate housing affordability, particularly for lower and moderate income households
- Promote projects and programs to meet the local government's unmet share of regional housing needs allocation

Home Investment Partnership (HOME) – The HOME Program provides formula grants to states and localities to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. HOME funds are awarded annually as formula grants to participating jurisdictions. The City of Laguna Beach has access to funds through the County of Orange and may apply for funding for eligible projects as opportunities arise.

Emergency Solutions Grant (ESG) – The ESG program provides funding to: 1) engage homeless individuals and families living on the street; 2) improve the number and quality of emergency shelters for homeless individuals and families; 3) help operate these shelters; 4) provide essential services to shelter residents, 5) rapidly rehouse homeless individuals and families, and 6) prevent families/individuals from becoming homeless. The City of Laguna Beach has access to funds through the County of Orange and may apply for funding for eligible projects as opportunities arise.

Low-Income Housing Tax Credit (LIHTC) – The LIHTC is the most important resource for creating affordable housing in the United States today. It is a tax incentive intended to increase the availability of low-income rental housing, by providing a credit against regular tax liability for

investments in affordable housing properties. A fixed amount of tax credits are allocated by the IRS to each state based on population. Tax credits are awarded to developers, who sell the credits to investors. The developers build or renovate the housing and agree to rent the housing at an affordable rent that is usually below market.

Orange County Housing Trust Fund – The Orange County Housing Trust is a nonprofit private capital-funded trust dedicated to increasing the supply and availability of supportive housing units and affordable housing developments in Orange County. Its focus is to provide gap financing for the acquisition, development, or construction of supportive and affordable housing projects for developers, to help end homelessness in Orange County.

Table 4-7 Financial Resources Available for Housing Activities

Program Name	Description	Eligible Activities
Low-income Housing Tax Credit (LIHTC) www.treasurer.ca.gov/ctcac	Tax credits to enable developers of low income rental housing to raise project equity through the sale of tax benefits to investors. 4% and 9% credits available, with 4% credits often coupled with tax exempt bonds.	▪ New construction ▪ Acquisition/ Rehabilitation
CalHFA Residential Development Loan Program www.calhfa.ca.gov/multifamily/special/rdlp.pdf	Loans to cities for affordable infill, owner-occupied housing developments. Links with CalHFA's Down payment Assistance Program to provide subordinate loans to first-time buyers.	▪ Site acquisition ▪ Pre-development costs
Workforce Housing Program www.cscda.org/workforce-housing-program/	Government bonds issued to cities to acquire market-rate apartments and conversion to affordable for moderate/ middle income households, generally households earning 80% to 120% of AMI.	▪ Acquisition of market rate apartments and conversion to affordable units
Golden State Acquisition Fund (GSAF) www.goldenstate-fund.com	Short term loans (up to 5 years) to developers for acquisition or preservation of affordable housing.	▪ Preservation ▪ Site acquisition
State HCD Funding Sources		
Affordable Housing and Sustainable Communities Program (funded through Cap-and-Trade auction proceeds) https://www.hcd.ca.gov/grants-and-funding/programs-active/affordable-housing-and-sustainable-communities	Provides grants and/or loans to projects that achieve Greenhouse Gas reductions and benefit Disadvantaged Communities through increasing accessibility of: ✓ Affordable housing ✓ Employment centers ✓ Key destinations	▪ New construction ▪ Acquisition/Rehabilitation ▪ Preservation of affordable housing at-risk ▪ Conversion of nonresidential to rental
CalHome https://www.hcd.ca.gov/grants-and-funding/programs-active/calhome	Grants to cities and non-profit developers to assist individual homeowners with homebuyer assistance and rehabilitation and ADU/JADU assistance (construction, repair, reconstruction, or rehabilitation). Program also includes loans to developers for homeownership projects.	Homebuyer assistance: ▪ Down payment assistance ▪ Rehabilitation ▪ Acquisition/Rehabilitation ▪ ADU/JADU Developer assistance: ▪ Site acquisition, development, predevelopment and construction period expenses

Program Name	Description	Eligible Activities
Infill Infrastructure Grant Program http://www.hcd.ca.gov/fa/iig/ www.hcd.ca.gov/grantsfunding/activefunding/iigp.shtml	Funding of public infrastructure (water, sewer, traffic, parks, site clean-up, etc.) that supports higher-density affordable and mixed-income housing in infill locations.	▪ Parks and open space ▪ Utility service improvements ▪ Streets, parking structures, transit linkages ▪ Traffic mitigation features ▪ Sidewalks and streetscape improvements
Local Early Action Planning (LEAP) Grants https://www.hcd.ca.gov/grants-and-funding/programs-active/local-early-action-planning	Funding of public infrastructure (water, sewer, traffic, parks, site clean-up, etc.) that supports higher-density affordable and mixed-income housing in locations designated as infill.	▪ Development of parks and open space ▪ Water, sewer or other utility service improvements ▪ Streets, roads, parking structures, transit linkages, transit shelters ▪ Traffic mitigation features ▪ Sidewalks and streetscape improvements
Local Housing Trust Fund (LHTF) Program https://www.hcd.ca.gov/grants-and-funding/programs-active/local-housing-trust-fund	Matching grants (dollar for dollar) to local housing trust funds that are funded on an ongoing basis from both private and public contributions or public sources.	▪ Rental & ownership housing ▪ Transitional housing ▪ Emergency shelters ▪ Min. 30% of allocation required to assist ELI
Mobilehome Park Rehabilitation and Resident Ownership Program (MPRROP) https://www.hcd.ca.gov/grants-and-funding/programs-active/mobilehome-park-rehabilitation-and-resident-ownership-program	Short-term and long-term loads at up to three percent for mobilehome park resident organizations, nonprofit entities and local public agencies. Low-income residents of converted parks can apply for individual loans to the entity that has purchased the park.	▪ Purchase of a mobilehome park ▪ Rehabilitation or relocation of a purchased park ▪ Purchase of a share or space in a converted park by a low-income resident
Multifamily Housing Program (MHP) https://www.hcd.ca.gov/grants-and-funding/programs-active/multifamily-housing-program	Deferred payment loans with 55-year term for cities, for-profit and nonprofit corporations, limited equity housing cooperatives and individuals, and limited partnerships. Three percent simple interest on unpaid principal balance.	▪ New construction, rehabilitation, or acquisition/rehab of permanent or transitional rental housing
National Housing Trust Fund Program https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program	Deferred payment and forgivable loans for non-profit and for-profit developers and local public entities to support development of housing for extremely low income households.	▪ New Construction
Permanent Local Housing Allocation (PLHA) https://www.hcd.ca.gov/grants-and-funding/programs-active/permanent-local-housing-allocation	Grants (competitive for non-entitlement jurisdictions) available to cities that assist: Increasing the supply of affordable rental and ownership housing, persons experiencing homelessness, facilitate housing affordability, and ensure geographic equity in the distribution of funds.	Competitive Allocations: ▪ Development of affordable rental housing ▪ Assistance for homeless
Predevelopment Loan Program https://www.hcd.ca.gov/grants-and-funding/programs-active/predevelopment-loan-program	Provides predevelopment short term loans to cities and non-profit developers to finance the start of lower income housing projects.	▪ Predevelopment costs to construct, rehabilitate, convert or preserve assisted housing
Regional Early Action Planning (REAP) Grants https://www.hcd.ca.gov/grants-and-funding/programs-active/regional-early-action-planning-grants-of-2021	Grant funding is available to help regional entities and governments (such as the councils of government (COGs)) facilitate local housing production. This funding allows the collaboration on projects that have a broader regional impact on housing.	▪ Developing an improved methodology for the distribution of the RHNA ▪ Sub-allocating funds in the form of planning grants that will accelerate housing production ▪ Providing local jurisdictions and entities with technical assistance, temporary staffing or consulting needs to update/streamline planning documents and processes.
Homeless Housing Programs		

Program Name	Description	Eligible Activities
Homekey https://www.hcd.ca.gov/grants-and-funding/homekey	Grants for local public entities to partner with the state to acquire and rehabilitate a variety of housing types to serve people experiencing homelessness or who are also at risk of serious illness from COVID-19. Applicants may apply independently or jointly with a non-profit or for-profit corporation.	▪ Acquisition of motels, hotels or hostels ▪ Rehabilitation of motels, hotels or hostels ▪ Master leasing of properties ▪ Acquisition of other residential uses for permanent/interim housing ▪ Conversion of nonresidential units ▪ Purchase of affordability covenants ▪ Relocation costs for individuals during building rehab ▪ Capitalized operating subsidies
No Place Like Home Program https://www.hcd.ca.gov/grants-and-funding/programs-active/no-place-like-home-program	Loans to counties or their housing development sponsors for the acquisition, construction, rehabilitation or preservation of permanent supportive housing for persons living with a serious mental illness who are homelessness or at risk of homelessness.	▪ New supportive housing ▪ Rehabilitate existing affordable housing
Veterans Housing and Homeless Prevention Program (VHHP) https://www.hcd.ca.gov/grants-and-funding/programs-active/veterans-housing-and-homelessness-prevention	Loans for development multi-family rental housing with min. 55-year affordability restrictions. Projects must include permanent supportive housing units and affordable units for Veterans and their families.	▪ Multi-family rental housing that provides at least 25% or 10 units (whichever is greater) to Veterans. Min. 45% of these units for ELI Veterans

The City of Laguna Beach has actively pursued federal and state funding to stretch local dollars for the benefit of the community. Recent funding activity has helped offset City costs to operate public transit services (fixed-route trolley and on-demand transportation for seniors) and assisted with a 2018 renovation of the Alternative Sleeping Location emergency shelter. The City is also a member of the Orange County Housing Finance Trust. These funding opportunities and others reduce barriers that restrict access to opportunity and promote the health of the community. A summary of recent funding activity is summarized in Table 4-8 below.

Table 4-8 Recent State and Federal Funding Activity

Fund	Description	Local Use of Funding	Date Range	Intent to Continue Applying for Fund?
Community Development Block Grants (CDBG)	The CDBG program provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. The program is authorized under Title 1 of the federal Housing and Community Development Act of 1974, Public Law 93-383, as amended 42 U.S.C. 5301 et seq.	Partial funding toward the ongoing operating costs at the City-owned Alternative Sleeping Location emergency shelter.	FY 2015/16	Yes
Homeless Emergency Aid Program (HEAP)	HEAP was established in 2018 through SB 850 to administer a one-time, $500 million block grant to address the homelessness crisis throughout the state. The City of Laguna Beach was one of 54 grantees.	One-time funding to renovate the interior of the City-owned low barrier emergency homeless shelter	2018	No. The program is no longer available.

Fund	Description	Local Use of Funding	Date Range	Intent to Continue Applying for Fund?
Federal and state formula funding for Transit	Annual allocation of local transportation funds by OCTA based on City's formula share of FTA Section 5307 and 5339 funds, as well as state transportation funding from Low-Carbon Transit Operations Program, State Transit Assistance and State of Good Repair funding. Estimated at $731,000 last FY.	City-operated fixed-route trolley and on-demand transit services	Annual, ongoing basis	Yes – provided on formula basis annually through OCTA
FEMA and State grants sponsored by the California Office of Emergency Services	The City regularly applies for State and FEMA grants to partially offset costs to establish and maintain fuel breaks for fire prevention purposes and to protect developed property from wildfires. Many of the City's residential neighborhoods are located within close proximity to open space. The goal of an established fuel modification zone is to reduce potential fire behavior from adjacent wildlands by 75% as wildfire approaches developed properties.	Funds have been used for the planning and entitlement process and environmental review to establish new fuel modification zones, and to partially offset costs for annual maintenance.	Annual, ongoing basis	Yes
OCTA funds	The City receives funding though the City's Measure M half-cent sales tax program for transit services.	Summer Breeze (free summertime trolley service), remote parking in Irvine with transit services to and from Laguna Beach for visitors and workers, and off-season (non-summer) weekend free trolley service	Annual, ongoing basis	Yes
Orange County Housing Finance Trust	Joint powers authority between the County of Orange and cities throughout the county, including Laguna Beach. OCHFT was created for the purpose of funding housing for the unsheltered and families of extremely low, very low, and low income within the County of Orange. The City Council voted to join the Trust in June of 2019. As a member, the City may leverage its membership to better compete and access funding sources for the creation of affordable and supportive housing units.	N/A	N/A	Yes, each time the City has an affordable housing development project
Rule 20A credits	California Public Utilities Commission Rule 20A funding. The Rule 20A program funds the cost to convert overhead lines to an underground system if the proposed project meets certain public interest criteria. In addition to the typical credit allocation, in 2019, the City purchased credits from other cities. The City is prioritizing the undergrounding of utility lines along its primary evacuation routes for public safety as identified in the Wildfire Mitigation and Fire Safety Report. Risk factors within the community include the surrounding 16,000 acres of open space designated by CalFire as a Very High Fire Hazard Severity Zone.	Arch Street to Agate Street, Coast Highway: Cajon Street to Agate Street, and Bluebird Canyon Drive: Cress Street to Eastman Way	2019 - 2025	No. The CPUC terminated the program as of December, 31, 2022, so no additional funding is available.
State Transportation Development Act funding	The Local Transportation Fund (LTF) was established by the Transportation Development Act of 1971 and is derived from a quarter-cent general sales tax collected statewide. The LTF funding available to the City in Fiscal Year 2022-23 is projected by OCTA to be $1.34 million, but will depend on actual sales tax revenues collected. The funding assists with financing capital and operating expenditures related to the City's public transit system.	City-operated fixed-route trolley and on-demand transit services	Annual, ongoing basis	Yes. Provided on formula basis annually through OCTA.
South Coast Air Quality Management District grants	The City receives annual grant funding through the AB 2766 Motor Vehicle Subvention Program.	Funding for Sally's Fund costs to provide transportation services to the senior citizens of Laguna Beach.	Annual, ongoing basis	Yes

4.4 ORGANIZATIONAL AND PARTNERSHIP RESOURCES

Several regional agencies and organizations have experience and potential capacity to assist in the preservation of at-risk units, production of new units, and meeting of special needs, such as the Orange County Community Housing Corp. (Santa Ana), the Jamboree Housing Corp (Irvine), the Mary Erickson Foundation (San Clemente), and the National Community Renaissance of California (Rancho Cucamonga).

The City is actively working with additional organizations including the Friendship Shelter and Laguna Beach Seniors. The **Friendship Shelter**, as further discussed in Section 2.6-1 (Special Needs Groups), is a nonprofit, privately owned and operated facility that provides a year-round emergency and transitional shelter program for homeless adults who are able to regain self-sufficiency and rebuild productive lives in the community. The Friendship Shelter also operates the City of Laguna Beach's Alternative Sleeping Location (ASL) Emergency Shelter and operates a Bridge Housing program for supportive housing.

Laguna Beach Seniors is a nonprofit organization with an outreach program that includes a Case Management Coordinator to help seniors receive necessary services, including housing-related resources. The City has partnered with Laguna Beach Seniors to manage a Senior Housing Repair Program.

In addition, the City of Laguna Beach Community Services Department operates the Laguna Beach Community & Susi Q Senior Center. The department provides a wide range of programs and classes for people of all ages.

The City also benefits from organizations that provide services to Orange County as a whole. The **County of Orange Health Care Agency (HCA)** engages across Orange County, working with cities and community-based organizations to strengthen regional capacity and multi-city, multi-sector investments to prevent and address homelessness, coordinate public and private resources to meet the needs of the homeless population in Orange County, and promote integration of services throughout the community that improve the countywide response to homelessness. HCA promotes the development of supportive transitional and affordable housing opportunities for the mentally ill and recovering substance abusers. In a Needs and Gaps Analysis report (2018), HCA reported that 6.7% of the adult population in Orange County was identified as having serious psychological distress in the past year. Of homeless adults, 12% of the estimated population is experiencing mental health symptoms. Based on that ratio and the Laguna Beach population estimate

of 22,343 persons in 2020, approximately 1,497 Laguna Beach residents are estimated to have experienced mental health symptoms.

The **Regional Center of Orange County (RCOC)** is a community-based, private, nonprofit corporation funded by the State of California to serve people with developmental disabilities as required by the Lanterman Developmental Disabilities Services Act (see Section 3.1-8, Special Needs Zoning, for more information). RCOC is 1 of 21 regional centers throughout California and serves over 22,000 Orange County residents and their families. The RCOC provides diagnosis and assessment of eligibility and helps plan, access, coordinate, and monitor the services and supports that are needed because of a developmental disability.

The **Glennwood Housing Foundation** is a Regional Center of Orange County Supportive Living service provider. The Glennwood Housing Foundation is a nonprofit corporation that provides housing and supported living services to adults with developmental and/or intellectual disabilities. The Glennwood House of Laguna Beach provides individual apartment-style living, transportation to activities, medical appointments, shopping, and daily meals. The foundation emphasizes community and provides opportunities for residents to engage in the community, participate in physical activities, and achieve fulfillment and well-being.

The **Dayle McIntosh Center for the Disabled**, also referred to as DMC, is a nonprofit organization that provides services to people with disabilities and facilitates equal access and inclusion within the community. Founded in 1977, DMC is a non-residential, cross-disability agency and meets the standards and indicators established for the operation of independent living centers in the federal Rehabilitation Act of 1973, as amended. Currently, 28 such centers exist in California, and approximately 500 are in operation nationally. DMC is a peer-based organization. This means that most of the staff is composed of individuals who have disabilities themselves and have met the challenge of becoming self-sufficient. DMC provides housing assistance resources such as affordable housing and emergency shelter lists, including information on tenants' rights and responsibilities. DMC can sometimes aid with accessibility modifications in the home. Its two offices serve people in Orange County and surrounding areas with disabilities. The Center's South County branch is located in Laguna Hills, a few miles from Laguna Beach.

5. HOUSING PLAN

The Housing Plan's goals, policies, and implementation programs are built upon the prior Housing Element, updated to reflect existing and projected housing needs, and new state legislation. The Housing Plan addresses key housing constraints, builds upon housing resources, and emphasizes successful local programs. The Housing Plan is organized into two sections: Goals and Policies, and Housing Programs.

5.1 GOALS AND POLICIES

Goal HE-1: Preserve and Enhance Existing Housing and Neighborhoods

Intent - Initiate all reasonable efforts to preserve the availability of existing housing opportunities and to conserve, as well as enhance, the quality, historic significance, and energy efficiency of existing residences and neighborhoods.

No.	Policy	Implementing Program[6]
HE 1.1	Protect existing residential neighborhoods from the encroachment of incompatible land uses/or activities.	Zoning Code/ 1
HE 1.2	Discourage the removal and/or replacement of existing residential uses with non-residential uses throughout the City.	Zoning Code/ 1, 8
HE 1.3	Provide adequate funding and staffing to support code enforcement programs.	City Budget
HE 1.4	Encourage ongoing maintenance and repair of sound residential units and encourage rehabilitation of deteriorated residential units.	8
HE 1.5	Encourage the preservation, rehabilitation, and maintenance of the original architectural integrity of historically significant homes.	Historic Preserva-tion Program/ 8
HE 1.6	Encourage the preservation of rental housing opportunities in the City.	8
HE 1.7	Collect information regarding public funding opportunities for housing rehabilitation and disseminate to homeowners and the private sector.	9,10
HE 1.8	Require the payment of an in-lieu housing fee for each residence that is removed or demolished for the purpose of converting any two-family or multi-family property to fewer residences or another use, if the existing residences are located in a zone that allows medium or high-density residential development, including properties that exceed the allowed density standards of that zone. As an alternative, the same property owner	Development Project Review/ 9

6 Numbers refer to Housing Element Section 5.2, Housing Programs.

No.	Policy	Implementing Program[6]
	may construct unit(s) comparable in square footage and number of bedrooms at another location in the City, during the same time such removal/demolition is taking place. Work/live units shall not be considered to be replacement residential rental units unless they are replacing work/live units.	
HE 1.9	Require the payment of an in-lieu housing fee for each residence that is removed or converted to another use, if such residence is located in a mixed-use development within a commercial zone. As an alternative comparable unit(s) may be constructed at another location in the City, during the same time such removal/conversion is taking place. Work/live units shall not be considered to be replacement residential rental units.	Development Project Review/ 9
HE 1.10	Prohibit all residential condominium conversions and new residential condominiums on sites previously occupied by rental housing unless an equal number of rental units of comparable square footage and number of bedrooms are provided in the City during the same time as the removal/conversion is taking place. As an alternative, the property owner may pay an in-lieu housing fee for each residence that is converted or removed for the purpose of constructing condominiums at the site. Work/live units shall not be considered to be replacement residential rental units unless they are replacing work/live units. Under no circumstances shall a conversion be allowed that does not comply with existing development standards.	Development Project Review
HE-1.11	Ensure that new housing will be aesthetically compatible with the surrounding environment and compatible with the size, scale and character of development in the neighborhood in which it is located.	Development Project Review/ 2
HE-1.12	Encourage the utilization of energy conservation and sustainability measures in accordance with the Climate Protection Action Plan in the construction of new housing and in the rehabilitation of existing housing.	Development Project Review
HE 1.13	Encourage the preservation and continued affordability of extremely-low- to moderate-income housing in the City.	City Operations/ 7,8
HE 1.14	Continue to enforce existing Municipal Code provisions relating to the use and development of properties throughout the City.	City Operations Development Project Review/ 2
HE-1.15	Encourage adaptive reuse to support affordable housing.	Development Project Review/ 8

Goal HE-2: Provide and Maintain Housing Diversity and Affordability

Intent - Initiate all reasonable efforts to provide housing opportunities that are sufficiently diversified in cost, size, type, and tenure to meet the affordability needs of the City's present and future households.

No.	Policy	Implementing Program[7]
HE-2.1	Require replacement within the City for the removal, demolition or conversion of low- or moderate-income housing at the same time such removal or conversion is taking place; or if replacement is determined infeasible, require the payment of an in-lieu housing fee for each residence that is being removed or converted.	Development Project Review/ 9
HE-2.2	Pursue financial assistance opportunities and establish incentives for housing rehabilitation and historic preservation, with a particular emphasis on assisting low-income households.	8, 9
HE-2.3	Encourage preservation of mobile homes and manufactured housing as an affordable alternative.	8
HE-2.4	Require that 25% of the total number of units or lots, whichever is greater, in new subdivisions of two or more residential units or lots and 25% of new development of three or more units on existing building sites be affordable to extremely-low-, very-low-, low- or moderate-income households or persons. The affordable units may be provided either on- or off-site. An in-lieu housing fee may be substituted for each lot or affordable unit in the project if there are 10 or fewer residences in the development. This requirement shall be applied to all subdivisions and new residential development. The in-lieu housing fee shall be adjusted annually based on the weighted average sales price per acre of developed residential land sales in Laguna Beach within the prior 12-month period, and such fee may be adjusted as needed determined in accordance with the implementation of the City's policy.	Development Project Review/ 9
HE-2.5	Pursue funding to subsidize design and improvement costs for low- and moderate-income housing projects in zones that allow residential use.	9
HE-2.6	Encourage the participation and financial commitment of the private sector in meeting the housing needs of the City.	3,7
HE-2.7	Encourage the production of privately sponsored low- and moderate-income housing projects in residential and mixed-use developments.	7, 9
HE-2.8	Provide incentives (e.g., density bonus, fee reductions/exemptions, assistance with federal and other funding applications, liberalized development standards, fast-tracking) to developers of projects that include extremely-low-, very-low- and low-income housing units.	2,3,4,5,7,9
HE-2.9	Support the continuation of federal housing assistance programs for extremely-low-, very-low-, low- and moderate-income households.	7,9
HE-2.10	Pursue opportunities for acquisition of a site or sites suitable for low- and moderate-income housing projects.	7

7 Numbers refer to Housing Element Section 5.2, Housing Programs

No.	Policy	Implementing Program[7]
HE-2.11	Encourage increased participation by owners of multi-family units in the Housing Choice Voucher rent subsidy program.	10
HE-2.12	Encourage adaptive reuse of buildings for housing.	2,8
HE-2.13	Encourage the expansion of rental housing opportunities in the City.	1,4,5
HE-2.14	Encourage school districts and religious institutions to develop housing on their properties.	1,7
HE-2.15	Encourage developers to work with the arts community to provide work/live spaces suitable for creative work.	2,3
HE-2.16	Explore potential for a pilot co-housing/co-living project to allow more people to be housed at a lower cost while facilitating a sense of community and neighbor-to-neighbor support.	7
HE-2.17	Foster opportunities for small scale infill development as a means to expand housing opportunities and incrementally provide affordable housing.	1,2,4,5
HE-2.18	Encourage the preservation and development of mixed-use projects that include residential units in commercial zones and offer incentives for residential units that provide long-term affordability to extremely-low- to moderate-income households.	1,2,3,4

Goal HE-3: Enhance Housing Opportunity and Accessibility, and Prevent Housing Discrimination

Intent - Initiate all reasonable efforts to provide adequate housing opportunities and accessibility for individuals and households regardless of race, color, religion, income, sex, marital status, sexual orientation, family size, national origin, ancestry, age, or disability. Enforce fair housing laws.

No.	Policy	Implementing Program[8]
HE-3.1	Affirmatively further fair housing by taking meaningful actions to combat discrimination, help overcome patterns of segregation, and foster inclusive communities.	11
HE-3.2	Support and encourage programs intended to assist in providing for the housing needs of very-low-, low- and moderate-income persons working in Laguna Beach, senior citizens, and other special needs households. Persons working in Laguna Beach include, but are not necessarily limited to, public safety personnel, teachers, and nurses.	5,6,9,10
HE-3.3	Promote increased awareness of the housing needs of all special needs households.	6,10
HE-3.4	Continue to assess the particular needs and constraints related to housing opportunities for seniors and other special needs households, in an attempt to address and resolve such issues.	6,10,11

8 Numbers refer to Housing Element Section 5.2, Housing Programs

No.	Policy	Implementing Program[8]
HE-3.5	Promote the provision of housing that meets the needs of disabled persons.	6,10,11
HE-3.6	Promote the expansion of housing opportunities throughout the City.	1
HE-3.7	Whenever feasible, ensure that the selection of affordable housing sites includes adequate consideration of the needs of seniors and other special needs households, such as proximity to services and public transportation.	1,11

5.2 HOUSING PROGRAMS

The City's Housing Programs identify actions needed to implement Housing Element Goals and Policies. In addition, there was a need for new and revised programs to respond to new state laws, and the increase in the City's RHNA fair share targets from a total of two units in the 5th Cycle to 394 in the 6th Cycle Housing Element. As a result of these changes, the prior Housing Element's 49 programs have been consolidated and updated into 11 program areas. A review of the 5th Cycle programs is provided in Appendix A.

5.2-1 Adequate Sites and Monitoring for No Net Loss

Demonstrate that the General Plan's land use designations and associated zoning are adequate to accommodate the City's share of the region's projected growth. For the 2021-2029 Housing Element planning period, the City of Laguna Beach has been assigned a RHNA total of 394 new housing units, as further described in Section 4.1, Potential for Future Housing. Through the actions identified as "required," the City is working to help ensure that units will be developed to make progress toward the RHNA targets. Through additional actions identified below, the City will continue to examine potential housing opportunity sites throughout the 6th Cycle Housing Element time frame to protect against possible loss of sites, and to lay the groundwork for future housing element updates.

	Action	Time Frame and Objectives
a.	Required: Monitor and update the sites inventory to assess its adequacy for meeting the RHNA.	Annually, as a part of Housing Element Annual Progress Reports.
b.	Required: Expeditiously complete the review of in-process development permit applications that include affordable housing projects.	By 2023. Development of 13 low-income and 1 moderate-income unit
c.	Required: Provide streamlined permit processing of residential projects that include affordable units, including the development of housing for lower-income households, including extremely low-income households and households with special needs, persons experiencing homelessness; farmworkers; persons with disabilities, including developmental; and elderly.	Ongoing

	Action	Time Frame and Objectives
d.	Required: See Program 5 regarding ADUs.	Development of approximately 15 units per year during the 6th Cycle timeframe
e.	Required: Provide incentives for the development of 100% affordable projects on sites with institutional uses such as religious institutions, hospitals, and schools, and City-owned sites. Pursue rezoning of residentially zoned institutional uses for affordable projects, including 340 St. Ann's Drive.	Ongoing. Development of approximately 25 lower-income units during the 6th Cycle timeframe. Complete rezoning by January 2025. Any development of the site, to be feasible, would likely include the adjoining R-2 zoned parking lot which is a 0.35-acre parcel. If this development is pursued, the City would work diligently with the Neighborhood Congregational Church to facilitate the rezoning of the parking lot parcel from R-2, Residential Medium to LBP, Local Business Professional in an expeditious manner.
f.	Continue the practice of allowing projects that provide 100% affordable housing to be developed with increased density on non-residential sites where residential development is permitted, and support a target density of at least 45 dwelling units/acre.	Ongoing
g.	Initiate environmental review related to Phase 2 of the Downtown Specific Plan update, which is intended to allow for and facilitate additional residential development over existing regulations. See also Program 4.	Initiate by 2022. Complete environmental review by 2024.
h.	Initiate an update to the Laguna Canyon Specific Plan to evaluate suitability for expansion of sites, through code amendments or rezoning, to where live-work, residential, or mixed-use development is permitted.	Initiate by 2022. Complete by 2023.
i.	Continue to evaluate potential for mixed-use and work/live spaces along the Coast Highway Corridor and on vacant or underutilized commercial properties.	By 2024, establish strategy for facilitating mixed use and work/live along Coast Highway Corridor.
j.	Monitor and address any impacts of potential voter initiatives on housing supply including residential development for all income groups, impacts to RHNA as well as other housing sites, and obligations to affirmatively further fair housing.	Annually, in December of each year starting in 2022.

Financing: General Fund, Community Development Department, Planning Division budget, Local Early Action Planning (LEAP) grant, and SB2 grant.

Responsible Agencies: City of Laguna Beach

5.2-2 Zoning Toolbox

Provide flexible zoning regulations that facilitate affordable housing development, such as allowing mixed-uses and work/live units, reducing parking requirements and lot consolidation. Zoning Code amendments that provide incentives, flexible standards, and reduce development costs can be used to encourage the development of accessory dwelling units, affordable housing units, and investments in existing buildings.

	Action	Time Frame and Objectives
a.	Amend the Zoning Code to refer to state Density Bonus Law.	2022-2023, to meet state law
b.	Amend the Zoning Code to provide more flexible development standards and the built form for affordable housing and facilitate development of densities at or above 30 units per acre. Options to explore could include, but are not limited to modifications to: height, setbacks, ground-to-sky open space, parking ratios, allowable additions above commercial, lot coverage/FAR; allowances for lot mergers, and possible creation of affordable housing floating/overlay zones, form-based zoning components, and incentives to provide affordable housing as a part of mixed-use developments.	Evaluate regulatory barriers, initiate a Zoning Code amendment beginning in 2023, and complete amendments by 2024. Monitor densities of housing developments and report findings in the APR. If densities at or above 30 units per acre are not being met due to regulatory barriers, adopt Zoning Code amendments for Coastal Commission certification within 12 months of the APR finding.
c.	Amend the R-3 Zone to allow multi-family housing restricted to extremely-low- to moderate-income occupancy as a permitted use, rather than a conditionally permitted use.	Planning Commission approved Zoning Code revision in September 2022. Adoption by the City Council is anticipated to occur by December 2022.
d.	Amend the Zoning Code to incentivize lot consolidations for sites that provide 100% affordable housing developments.	Complete by 2022-2023

Financing: Community Development Department budget

Responsible Agencies: Community Development Department - Planning and Zoning Divisions

5.2-3 Permit Streamlining

To the extent feasible, continue to expedite residential development applications to reduce processing time, which in turn reduces development costs. Actions are based on state law requirements and recommendations from the City's Design Review Task Force. The Design Review Reform Program directed by the City Council includes 12 key

recommendations including improved staff reporting, streamline permitting processes, turnaround times, reduced counter wait times, certified staking, a more equitable fee structure, increased roster of landscape plan checkers, utilization of modern technology, such as the e-concierge program, and improved customer service.

	Action	Time Frame and Objectives
a.	Comply with state law regarding the use of objective design standards.	Ongoing
b.	Provide streamlined permit processing opportunities to qualified applicants pursuant to state law.	Ongoing
c.	Continue to reduce development constraints in the Design Review process and establish objective Design Guidelines criteria to help implement community design objectives while complying with state law requiring permit streamlining and housing accountability.	By the end of 2023.
d.	Continue to implement Community Development Action Plan strategies and monitor effectiveness.	Ongoing, to reduce development cost by minimizing permit processing time.
e.	Monitor Land Management System effectiveness in efficiently managing, tracking, and enforcing Planning and Zoning applications and activities.	

Financing: Community Development Department budget

Responsible Agencies: Community Development Department, Planning and Zoning Divisions

5.2-4 Downtown Specific Plan Phase 2

Pursue Phase 2 of the Downtown Specific Plan (DSP) update to address residential development initiatives.

	Action	Time Frame and Objectives
a.	Provide more permissive development standards for affordable housing. With adoption of Phase 2 of the DSP, include incentives such as: increased densities, increased height limits, higher lot coverage, lower parking requirements, allowances for off-site parking, allowances for lot assemblage and, and removal of upper story residential use limitations to assist in the development of housing for lower-income households, including extremely low-income households and households with special needs, persons experiencing homelessness; farmworkers; persons with disabilities, including developmental; and elderly.	Start environmental analysis in 2023 to investigate the best pathway to increase the number of potential housing sites and improve the economic feasibility of developing residential units Downtown.
b.	With adoption of Phase 2 of the DSP, designate additional locations for residential/mixed use development.	Begin Phase 2 of Downtown Specific Plan in 2024.

Financing: Community Development Department budget

Responsible Agencies: Community Development Department, Planning Division

5.2-5 Accessory Dwelling Units

Promote development of accessory dwelling units as an affordable housing option by easing restrictions on these units and providing incentives for their development or preservation. ADUs are an important and feasible method of providing more affordable housing while maintaining the character of the City's neighborhoods.

	Action	Time Frame and Objectives
a.	Create a comprehensive ADU Handbook that includes the following components: • Needs assessment report • Survey to prior ADU applicants • Public workshops • Regulatory Checklist and Process • ADU opportunities and constraints report • ADU monitoring report • Set of ADU prototype plans • Provide the Handbook in hard copy and digital formats • FAQ and fact sheets, summarizing the ADU program • ADU permit application • Report on financing tools and resources to assist in the construction and permanent financing of affordable ADUs • ADU cost estimator tool • Report assessing nonconforming ADUs and recommendations for legalization • Public involvement plan • Dedicated webpage on the City's website for ADUs	December 2022
b.	Adopt a new Accessory Dwelling Unit (ADU) Ordinance that conforms with state law.	City Council adoption by December 2021 for submittal to Coastal Commission.
c.	Develop a website that serves as a comprehensive resource on ADUs. Include information on the City's new ADU ordinance and from the ADU Handbook described in Action 5.a.	By December 2022 to coincide with implementation of the new ADU Ordinance and Handbook, with annual updates as needed.
d.	Develop an annual monitoring, verification and reporting program for Accessory Dwelling Units (ADUs). If the City is not meeting its ADU goals, implement additional incentives to further facilitate ADUs. In addition, consider alternative actions, such as rezones, if needed to meet ADU goals.	Develop the monitoring program by 2023. Report on progress annually as a part of the APR. If ADU goals are not being met by 2024, develop additional incentives or alternative actions for implementation by 2025. Continue to monitor production and complete additional adjustments by 2027 as needed.

Financing: Community Development Department budget

Responsible Agencies: Community Development Department, Planning Division

5.2-6 Special Needs Housing

The City of Laguna Beach is home to the Friendship Shelter, southern Orange County's only homeless shelter, and the Laguna Beach Youth Shelter, which has been operating for over 40 years. The Friendship Shelter also operates the Alternative Sleeping Location, under contract, on City-owned property.

	Action	Time Frame and Objectives
a.	Amend the Zoning Code to create a new zone where emergency shelters all allowed by right, then apply the zone to the Friendship Shelter site.	Planning Commission approved Zoning Code revision in September 2022. Adoption by the City Council occurred on December 13, 2022.
b.	Amend the Zoning Code for conformance with state law related to low barrier navigation centers, emergency and transitional housing and permanent supportive housing (SB2, SB745 and AB2162), single-room occupancy units and reasonable accommodations.	By June 2023.
c.	Amend the Zoning Code to treat employee housing for six or fewer employees as a single-family structure for conformance with the Employee Housing Act.	Planning Commission approved Zoning Code revision in September 2022. Adoption by the City Council is anticipated to occur by December 2022.
d.	Monitor shelter capacity needs and report findings in the Annual Progress Report.	Every 2 years, monitor shelter capacity.
e.	Review Zoning Code to accommodate large group homes (7+ persons) as a residential use to be conditionally permitted in residential zones and to establish conditions for approval that are objective and provide for certainty in outcomes.	By June 2023

Financing: Community Development Department budget; Emergency and transitional shelter(s) may use In-lieu Housing Funds, CDBG Funds and other governmental funding sources, as available, for site acquisition and development.

Responsible Agencies: Community Development Department

5.2-7 Affordable Housing Partnerships

Continue to work with existing partners such as the Friendship House, Habitat for Humanity and Laguna Beach Seniors, and seek new partners and volunteers from stakeholder and industry groups to further opportunities and provide incentives where possible for affordable housing.

	Action	Time Frame and Objectives
a.	Conduct outreach to religious institutions to provide information and technical assistance on state law regarding developing housing units on religious-use parking spaces.	Annual outreach to at least two religious institutions to share information and increase housing opportunities. Facilitate development of affordable housing on religious use properties identified in sites inventory to achieve the City's overall goal of 192 affordable units across the very-low to moderate income categories.
b.	Offer letters of support and where possible, incentives for affordable housing -related grant applications as appropriate. As funding permits, provide City affordable housing funds as local match for grant applications.	Proactively offer to provide at least one letter of support annually to support housing partners in Laguna Beach or nearby cities. Facilitate the development of 192 affordable units over eight years.
c.	Promote senior mobility with transit providers to facilitate aging in place.	Engage with transit planners as a part of the Regional Transportation Plan update process and as opportunities arise. Continue to operate Laguna Beach Transit.
d.	Proactively outreach to affordable housing developers with information on site availability and development incentives to assist in the development of housing for lower-income households, including extremely low-income households and households with special needs, persons experiencing homelessness; farmworkers; persons with disabilities, including developmental; and elderly. Development incentives to be developed through Program 5.2-9(h).	At least annually work with developers to pursue affordable housing and identify development. Invite developers to attend monthly meetings and present to the Housing and Human Services Committee two or more times per year to discuss potential sites and incentives, and to form partnerships with the City.

Financing: Community Development Department budget

Responsible Agencies: Community Development Department and Housing and Human Services Committee

5.2-8 Housing Preservation and Rehabilitation

Continue to engage in programs that work toward preserving affordable housing that is "at-risk" for converting to market-rate housing. In addition, encourage the preservation of additional lower-cost housing, including mobile homes and older units, that may need renovations, and strive to remedy non-conforming units that functionally contribute to the City's affordable rental housing.

	Action	Time Frame and Objectives
a.	Impose adequate conditions of approval on projects that include extremely-low, very-low, low-, and moderate-income housing, to ensure that affordable units will continue to be priced at intended levels and that occupancy restrictions related to income and age will continue to be observed.	Ongoing, to monitor and preserve the City's existing affordable housing stock of 159 units.
b.	Continue mobile home preservation.	Ongoing, to preserve rental housing stock. Preserve 5-10 units during the 6th Cycle housing element timeframe.
c.	Monitor implementation of the Short-Term Lodging Ordinance. Restrictions to short-term lodging are intended to help preserve rental housing stock by limiting their use for vacation rental purposes.	
d.	Continue to support aging in place through amortization and abatement agreements which allow residents to remain on the property under specified conditions to improve the property.	
e.	Where safety concerns can be addressed, allow residents to remain in unpermitted spaces while they are adapted to meet work/live code. If funding is available, develop incentives and funding programs to assist building owners and tenants to make the building modifications necessary to conform with work/live ordinances.	Ongoing
f.	Engage in dialogues with affordable housing providers to learn if there are actions the City can take to support their continued operations.	Reach out annually to affordable housing providers operating in the City.
g.	Explore the development of an amnesty program for unpermitted residential units.	By 2023, as it pertains to ADUs, as a part of the SCAG grant program discussed in Program 5. By 2024 as it pertains to additional residential uses. Legalize 20 unpermitted units during the 6th Cycle housing element timeframe.

Financing: Community Development budget

Responsible Agencies: Community Development Department, Planning Division, and Housing and Human Services Committee

5.2-9 Affordable Housing Funding and Programs

Pursue grants and other funding opportunities that support the initiation, operation, and expansion of affordable housing programs. To the extent that funding is secured, continue to provide incentives such as fee reductions or waivers, and develop and implement new incentives.

	Action	Time Frame and Objectives
a.	Complete rollout of the Affordable Housing Loan and Grant Program.	By the end of 2023
b.	Continue implementation of City's Inclusionary Housing Policy HE-2-4.	Ongoing
c.	Continue to maintain an In-Lieu Housing Fund in accordance with policies HE 1-8, HE 1.9, HE-1.10, HE 2-1, and HE-2.4.	Ongoing
d.	Consider establishing a local dedicated funding source for affordable housing.	Ongoing
e.	Monitor financial assistance programs administered by the California Department of Housing and Community Development and apply for funding that the City is eligible for and can competitively vie for. Current program information is posted on HCD's website at: https://www.hcd.ca.gov/grants-funding/index.shtml.	Annually explore funding options available.
f.	As a participating city, continue to provide input to the County of Orange on use of Community Development Block Grant (CDBG), Home Investment Partnership (HOME), and Emergency Solutions Grant (ESG) and other programs as available. Seek funds for eligible projects to assist in the development of housing for lower-income households, including extremely low-income households and households with special needs, persons experiencing homelessness; farmworkers; persons with disabilities, including developmental; and elderly, as opportunities arise.	Annually
g.	Refer affordable housing developers to the Orange County Trust Fund for potential gap financing for the acquisition, development or construction of supportive and affordable housing projects that provide housing for lower-income households, including extremely low-income households and households with special needs, persons experiencing homelessness; farmworkers; persons with disabilities, including developmental; and elderly.	Annually update website information and share information with developers who approach the City.
h.	Develop a set of incentives to promote the development of affordable housing projects that provide housing for lower-income households, including extremely low-income households and households with special needs, persons experiencing homelessness; farmworkers; persons with disabilities, including developmental; and elderly. The incentive package could include components such as flexible development standards, reduced parking requirements, the waiving of fees and the expediting of permits. See Program 2 for additional potential code incentives, Program 3 for permit streamlining, and Program 5 for ADUs.	By 2025

Financing: Community Development Department budget, In-Lieu Housing Fund

Responsible Agencies: Community Development Department, Planning Division, and Housing and Human Services Committee

5.2-10 Information, Education and Marketing

Provide technical assistance and information regarding housing rehabilitation, rent subsidies, ADUs, housing assistance, fair housing, senior housing, historic preservation, and energy conservation. Continue to encourage the rehabilitation and maintenance of existing residential units, and the development of new affordable units.

	Action	Time Frame and Objectives
a.	Update the City website periodically to cover: - Housing Rehabilitation Assistance including information on low-interest loans - Housing Choice Voucher rent subsidy program administered by the County of Orange - SB 329 (2019) outreach that SB 329 redefines the term "source of income" in regard to housing discrimination laws to mean verifiable income paid directly to a tenant, or paid to a housing owner or landlord on behalf of a tenant, including federal, state, or local public assistance and housing subsidies - Housing Assistance Guide on fair housing - ADU opportunities and programs	Update by the end of 2022 then maintain on an ongoing basis, to provide information, encouragement, and technical assistance. Preserve and maintain at 5-10 units during the 6th Cycle housing element timeframe.
b.	Administer and market the Senior Housing Aging in Place Program which includes: - Senior Housing Rehabilitation Assistance - Senior Housing Repair Program information - Annual aging-in-place workshop - Senior Specialist Program "one stop" shop	
c.	Provide information on historic preservation incentives and programs	
d.	Promote and market affordable housing incentives/allowances and programs to encourage their use.	
e.	Increase community awareness of and support for affordable housing through activities such as town halls, articles in local newspapers, and website postings.	

Financing: Community Development Department budget

Responsible Agencies: Community Development Department, Planning and Building Division, Zoning Division, Housing and Human Services Committee; Senior Services Coordinator, Laguna Beach Heritage Committee

5.2-11 Fair Housing

Affirmatively further fair housing (AFFH) by taking meaningful actions to address the fair housing issues and contributing factors identified in Appendix C - Affirmatively Furthering Fair Housing analysis, as well as the impediments identified in the 2020 Orange County Analysis of Impediments to Fair Housing Choice (AI) report. The AI report found that within Orange County, most racial or ethnic minority groups experience higher rates of housing problems, including but not limited to severe housing cost burden.

The comprehensive AFFH analysis provided in Appendix C revealed that the City is an affluent area with high levels of opportunity, and low levels of racial and ethnic diversity. Given the City's high degree of resources, the fair housing goals most applicable to the City relate to increasing opportunities for lower income and other protected classes within the region to live in Laguna Beach and access the opportunities offered by the City. This can be accomplished by providing more affordable housing and helping to relieve the housing cost burden faced by lower-income households. As such, all of the Section 5 Housing Programs, in addition to the specific actions within Program 11, will contribute to fair housing goals. Fair housing issues, contributing factors and related actions have been identified below to provide a more detailed framework for understanding the issues and crafting specific actions to address them. All actions included in Section 5.2-11 are considered high priority, as the City has made firm commitments to their implementation.

Contributing factors have been identified as high, medium or low based on their potential impact on fair housing and the City's ability to effect change.

Summary of AFFH Meaningful Actions				
Program	**Objective**	**Geographic Target**	**Schedule**	**Eight-Year Outcome**
Fair Housing Outreach and Enforcement **Contributing Factors: High Priority** ▪ Insufficient fair housing monitoring and limited outreach capacity ▪ Lack of a variety of media inputs ▪ Lack of marketing community meetings ▪ Lack of regional coordination				
AFFH: Enforcement	Ensure that all laws, programs and activities affirmatively further fair housing in accordance with state law. As the General Plan and Zoning Code are updated or amended, review and revise policies and code provisions to promote an inclusive community.	Citywide	Ongoing	Monitor hits on City website on fair housing information. Establish baseline hit rate by the end of 2023 and work to increase hit rate by 20 percent over eight years.
	When considering specific plan or rezoning proposals, evaluate whether		Ongoing	

Summary of AFFH Meaningful Actions				
Program	**Objective**	**Geographic Target**	**Schedule**	**Eight-Year Outcome**
	the change in zoning will help achieve fair housing goals.			
	Include fair housing information on the City's website, including up-to-date fair housing laws, FHCOC services, and information on filing discrimination complaints. Proactive announcement of fair housing resources on Community Newsletter (weekly text messaging system).		By the end of 2023	
AFFH: Outreach and Education	Continue to publish a Housing Assistance Guide informing community members of the Orange County Fair Housing Council (FHCOC) and its oversight of fair housing practices, for availability on the City's website and at the Planning counter.	Citywide	Update Guide annually	Currently, FHCOC is not contracted to provide fair housing records by jurisdiction within the Urban County Program. Work with Orange County Housing and Community Development and FHCOC to establish baseline service records (i.e., annual fair housing complaints for Laguna Beach) in 2023. Seek to increase fair housing services to Laguna Beach residents by 20 percent.
	Develop interest list for update on fair housing and affordable housing projects.		By the end of 2022 and updated annually	
	Update the City website with affordable housing projects.		Update website semi-annually	
	Utilize non-traditional media (i.e., social media, City website, Community Newsletter) in outreach and education efforts in addition to print media and notices.	Citywide with increased outreach efforts in the northeastern and northwestern areas of the City	Beginning in 2023	
AFFH: Regional Coordination	As a participating City in the County of Orange Community Development Block Grant (CDBG) program, continue to support the annual contribution of CDBG funds to the Orange County Fair Housing Council (FHCOC).	Citywide	Annually	
	Participate in regional efforts to address fair housing issues and monitor emerging trends/issues in the housing market. Attend quarterly OCHA Housing Advisory Committee meetings.	Citywide	Quarterly	

Summary of AFFH Meaningful Actions				
Program	**Objective**	**Geographic Target**	**Schedule**	**Eight-Year Outcome**
New Opportunities in High Resource Areas **Contributing Factors: High Priority** ▪ Historical land use development patterns and zoning, and lack of vacant land limit opportunities for larger and higher density project types. ▪ Past national, state and regional racial/ethnic discriminatory practices ▪ Current high cost of housing limits access to lower income households of all races/ethnicities. ▪ Lack of affordable housing and need for greater access to opportunities ▪ Regional coordination affects transit services, funding sources, and allocation of housing resources including vouchers.				
AFFH: Housing Program Implementation	Establish a new Housing Program Coordinator planner position to oversee and expedite Housing Element program implementation.	Citywide	Beginning in 2023	Position filled.
Program 5.2-5: Accessory Dwelling Units	Create a comprehensive ADU Handbook with tools to facilitate ADU production.	Citywide with emphasis in higher resource areas	December 2022	Facilitate the development of 120 ADUs.
Policy HE-2.4	Require that 25% of the total number of units or lots, whichever is greater, in new subdivisions of two or more residential units or lots and 25% of new development of three or more units on existing building sites be affordable to extremely-low-, very-low-, low- or moderate-income households or persons. Update inclusionary housing policy to enhance feasibility and production of affordable housing.		Initiate inclusionary housing policy update in 2023 with a market feasible study.	Facilitate development of 192 affordable units over eight years.
Program 5.2-2: Zoning Toolbox	Amend the Zoning Code to provide more flexible development standards and the built form for affordable housing and facilitate development of densities at or above 30 units per acre.		Evaluate regulatory barriers, initiate a Zoning Code amend-ment beginning in 2023, and complete amendments by 2024.	
Program 5.2-7: Affordable Housing Partnership	Conduct outreach to religious institutions to provide information and technical assistance on state law regarding developing housing units on religious-use parking spaces.		In 2023	
Program 5.2-9: Affordable Housing Funding	Monitor financial assistance programs administered by the California Department of Housing and Community Development and apply for funding that the City is eligible for and can competitively vie for.		Annually explore funding options available.	

Summary of AFFH Meaningful Actions				
Program	**Objective**	**Geographic Target**	**Schedule**	**Eight-Year Outcome**
Housing Mobility **Contributing Factors: High Priority** Historical land use development patterns and zoning, and lack of vacant land limit opportunities for larger and higher density project types. Past national, state and regional racial/ethnic discriminatory practices Current high cost of housing limits access to lower income households of all races/ethnicities. Lack of affordable housing and need for greater access to opportunities Regional coordination affects transit services, funding sources, and allocation of housing resources including vouchers.				
Program 5.2-6: Special Needs Housing	Amend the Zoning Code to create a new zone where emergency shelters all allowed by right, then apply the zone to the Friendship Shelter site.	Citywide	Planning Commission approved Zoning Code revision in September 2022. Adoption by the City Council occurred on December 13, 2022.	Facilitate development of 192 affordable units over eight years, with the goal of achieving 25 percent of the units for special needs households.
	Amend Zoning Code to address Low Barrier Navigation Center, transitional housing, and supportive housing, SRO, and reasonable accommodation.	Citywide	By June 2023	
	Review Zoning Code to accommodate large group homes (7+ persons) as a residential use to be conditionally permitted in residential zones and to establish conditions for approval that are objective and provide for certainty in outcomes.	Citywide	By June 2023	
AFFH: Affirmative Marketing	Establish an Affirmative Marketing Plan, to include advertising and community outreach designed to reach underrepresented households to be implemented when affordable units become available.	Northern areas where LMI households are concentrated	Establish plan by the end of 2023	
AFFH: Outreach and Education	Petition to Orange County, administrator of the City's CDBG program, for the fair housing provider (FHCOC) to expand landlord education on source of income discrimination and voucher programs.	Citywide, with focus in the northern areas of the City where LMI house-holds and HCV recipients are concentrated.	Beginning in 2023	Work with Orange County Housing and Community Development to establish baseline HCV use in Laguna Beach. Seek to increase voucher use by 20 percent over 8 years.

Summary of AFFH Meaningful Actions				
Program	**Objective**	**Geographic Target**	**Schedule**	**Eight-Year Outcome**
Place-Based Strategies for Neighborhood Improvements **Contributing Factors: Medium Priority** Age of housing stock Cost of repairs/rehabilitation Lack of affordable housing and need for greater access to opportunities				
Program 5.2-1: Adequate Sites	Initiate an update to the Laguna Canyon Specific Plan to evaluate suitability for expansion of sites, through code amendments or rezoning, to where live-work, residential, or mixed-use development is permitted.	Initiate by 2022. Complete by 2023.	Laguna Canyon	Expand housing opportunities by 20 units
	Continue to evaluate potential for mixed-use and work/live spaces along the Coast Highway Corridor and on vacant or underutilized commercial properties.	By 2024, establish strategy	Coast Highway Corridor	Expand housing opportunities by 10 units
Program 5.2-4: Downtown Specific Plan Phase 2	With adoption of Phase 2 of the DSP, include incentives such as: increased densities, increased height limits, higher lot coverage, lower parking requirements, allowances for off-site parking, allowances for lot assemblage and, and removal of upper story residential use limitations to assist in the development of housing	Downtown	Start environmental analysis in 2023. Begin Phase 2 of Downtown Specific Plan in 2024. Adoption of Phase 2 in 2025.	Increase capacity in Downtown by 20 units over 8 years
Program 5.2-8: Housing Preservation and Rehabilitation	Pursue the development of an amnesty program for unpermitted residential units.	Laguna Canyon and South Laguna	By 2023	Legalize 10 unpermitted units over 8 years
AFFH: Capital Improvements	• Laguna Canyon Road (SR-133) Improvements: place overhead utilities underground; active transportation improvements; reconstruct drainage channel; add dam to control storm flows. ○ Estimated schedule: 2023-2025. • Coast Highway ADA South Improvements (Moss Street to Fifth Avenue): add new sidewalks; widen existing sidewalk; reconstruct existing curb ramps and driveways to meet current ADA standards; add audible pedestrian crossing systems; repair, resurface, and restripe roadway. ○ Estimated schedule: 2022-2025	Northern and southern section of City	Annually	Complete four public improvement projects during the 6th cycle housing element timeframe

Summary of AFFH Meaningful Actions				
Program	**Objective**	**Geographic Target**	**Schedule**	**Eight-Year Outcome**
	• Laguna Canyon Road Median Landscaping: Replant the landscaped median along Laguna Canyon Road between Forest Avenue and east of Canyon Acres Drive. ○ Estimated schedule: 2023-2024			
Tenant Protection and Anti-Displacement **Contributing Factors: High Priority** Displacement risk due to economic pressures Increasing rents Access to HCVs and recipient concentration				
AFFH: Outreach and Education	Expand outreach and education on recent state laws (SB 329 and SB 222) supporting source of income protection for publicly assisted low-income households (HCVs).	Citywide with emphasis in tract in northeastern section (Sycamore Hills) of City	Beginning 2023	Work with Orange County Housing and Community Development to establish baseline HCV use in Laguna Beach. Seek to increase voucher use by 20 percent over 8 years.
	Promote OCFHC tenant legal counseling and make residents aware of multi-lingual services available. OCFHC currently offers tenant legal counseling in English, Spanish, and Vietnamese.		Provide link to services on City website by 2023 and make service announcements at least annually.	
Program 5.2-8: Housing Preservation and Rehabilitation	Continue to provide Senior Housing Repair program.	Citywide	Ongoing	Assist 20 senior households over 8 years
	Monitor implementation of the Short-Term Lodging Ordinance. Restrictions to short-term lodging are intended to help preserve rental housing stock by limiting their use for vacation rental purposes.	Citywide	Annually	Preserve 5 to 10 units over 8 years
	Continue to support aging in place through amortization and abatement agreements which allow residents to remain on the property under specified conditions to improve the property.	Citywide	Ongoing	
	Where safety concerns can be addressed, allow residents to remain in unpermitted spaces while they are adapted to meet work/live code If funding is available, develop incentives and funding programs to assist building owners and tenants to make the building modifications necessary to conform with work/live ordinances.	Laguna Canyon and South Laguna	By 2023	

Financing: Community Development Department budget, CDBG

Responsible Agencies: Community Services Department, Community Development Department

5.3 QUANTIFIED OBJECTIVES

The Housing Element is required to provide quantified objectives for new construction, rehabilitation, and conservation. Housing needs in Laguna Beach exceed the resources available to the City. The quantified objectives, as permitted under state law, are established at levels that acknowledge the limited resources available.

Additional conservation efforts the City is implementing are identified in Program 5.2-8 and include:

- Mobile home preservation
- Supporting aging in place through amortization and abatement agreements which allow residents to remain on the property under specified conditions to improve the property
- Where safety concerns can be addressed, allow residents to remain in non-permitted spaces while they are adapted to meet work/live code If funding is available, develop incentives and funding programs to assist building owners and tenants to make the building modifications necessary to conform with work/live ordinances
- Explore the development of an amnesty program for unpermitted residential units
- Engage in dialogues with affordable housing providers to learn if there are actions the City can take to support their continued operations

Income Category	RHNA Targets for 2021-2029	New Construction	Rehabilita-tion	Conservation/ Preservation (At-Risk Housing)
Extremely Low[1]	59	11[2]	6	
Very Low	59	55	6	
Low	80	66	6	5[3]
Moderate	79	60	6	5[3]
Above Moderate	117	121		5[3]
Total	394	313	36	0 (174)[2]

Notes:
1. State Housing Element law requires local jurisdictions establish quantified objectives to include also extremely low-income households. For projected RHNA housing needs, Laguna Beach has evenly split the very low income RHNA into extremely low and low income.
2. The City has no at-risk housing, but intends to monitor and conserve all 159 existing affordable housing units.
3. Units conserved/preserved through implementation of the City's Short Term Lodging Ordinance and the City's Senior Housing Aging in Place Program.

6. ACRONYMS

ACS	American Community Survey
ADU	Accessory dwelling unit
ASL	Laguna Beach Alternative Sleeping Location
BMR	Below-market rate (dwelling unit)
BSC	Building site coverage
CBC	California Building Code
CBD	Central Business District
CDBG	Community Development Block Grant
CEQA	California Environmental Quality Act
CHAS	Comprehensive Housing Affordability Strategy
CIP	Capital Improvement Program
CUP-	Conditional Use Permit
DDS	California Department of Developmental Services
DOF	State Department of Finance
DSP	Downtown Specific Plan
DU –	Dwelling unit
EDD –	California Employment Development Department
ESG	Emergency Solutions Grant
FEMA	Federal Emergency Management Agency
GIS	Geographic Information Systems
HAMFI	HUD Area Median Family Income
HCA	County of Orange Health Care Agency
HCD	Department of Housing and Community Development (State of California)
HCV	Housing Choice Voucher Program
HEAP	Homeless Emergency Aid Program
HUD	U.S. Department of Housing and Urban Development
ICBO	International Congress of Building Officials
LIHTC	Low Income Housing Tax Credit
LBNC	Low barrier navigation center
HOME	HOME Investment Partnership Act
OCCOG	Orange County Council of Governments
OCHA	Orange County Housing Authority
PRD	Planned Residential Development
RCOC	Regional Center of Orange County
RHNA	Regional Housing Needs Allocation
SCAG	Southern California Association of Governments
TCAC	California Tax Credit Allocation Committee

This page intentionally blank

Appendix A – Review of Previous Housing Element

California law requires the City to review its Housing Element to evaluate the following:

1) The appropriateness of the housing goals, objectives and policies in contributing to the attainment of the state housing goal.
2) The effectiveness of the Housing Element in attainment of the community's housing goals and objectives.
3) The progress of the city or county in implementation of the Housing Element.

A-1 APPROPRIATENESS OF GOALS, OBJECTIVES, AND POLICIES

In the process of administering the previous Housing Element and preparing the 2021-2029 revision, the City determined that the adopted goals and policies of the Housing Element have contributed to the attainment of the state housing goals. As such, the City's goals and policies did not require significant modification. However, the Housing Element programs have been comprehensively updated. The existing 49 programs have been consolidated, modified, or replaced with new programs to achieve efficiencies, improve effectiveness, and meet new state law requirements.

A-2 EFFECTIVENESS OF THE HOUSING ELEMENT

In summary, the City completed or made progress on several significant programs from the 2013-2021 Housing Element. A summary of the City's progress toward quantified objectives is shown on Table A.1 and full accounting of programs is provided in Table A.2. Notable achievements include:

- The City Council appointed a Senior Housing Task Force made up of representatives from the Planning Commission, the real estate community, Laguna Beach Seniors, the Housing and Human Services Committee, and other members of the senior community. This task force started work in June 2014 and completed its final report in December 2016. Recommendations from the final report led to the approval of the Senior Housing Repair Program on February 25, 2020. The program has $100,000 of funding with a maximum allotment of $5,000 per applicant. The Task Force's recommendations also helped shape programs in this 6th Cycle Housing Element.
- The City Council appointed an Affordable Housing Task Force in 2018 tasked with researching and providing recommendations to increase affordable housing. The Task Force prepared its final report, dated May 16, 2019 and presented it to the City Council on September 10, 2019. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. The Task Force's recommendations helped shape policies and programs included in the 2021-2019 Housing Element.
- On July 21, 2020 the City Council adopted an update to the Downtown Specific Plan (DSP) focused on business permitting and parking requirements. In addition, as a part of the DSP, the City Council amended

the Municipal Code to expand where artists' work/live units are allowed. The CBD-1 Resident Serving and CBD-2 Downtown Commercial designations were added to CBD Office, Arts District, and CBD Central Bluffs designations as Downtown land use districts that permit artists' work/live units. The amendments were submitted to the Coastal Commission. The housing and building height components will be addressed in Phase 2 of the DSP update starting in April 2021.

- The City continues to implement an Inclusionary Housing Policy and administer an In-Lieu Housing Fund. The Inclusionary Housing Policy requires 25% of the lots or units in a subdivision of two or more lots or units, or new development of three or more units on-site that do not involve a new subdivision, to be occupied by low- or moderate-income households with deed-restrictions.
- To address short-term rentals, on June 4, 2019 the City Council approved a revision to the short-term lodging (STL) ordinance. The revisions prohibited STL in residential zones. On October 7, 2020, the Coastal Commission certified the STL ordinance with modifications including consideration of a home-sharing program and protections for rental housing stock in mixed-use districts. Coastal Commission-certified modifications were approved by the City Council on December 1, 2020. Restrictions to short-term lodging are intended to help preserve rental housing stock by limiting their use for vacation rental purposes.
- To further permit streamlining efforts, on January 10, 2017, the City Council directed staff to move forward with the implementation of the Design Review Reform Program as recommended by the Design Review Task Force. The program includes 12 key recommendations to improve the Design Review process, including improved staff reporting, streamlined permitting processes, turnaround times, reduced counter wait times, certified staking, a more equitable fee structure, increased roster of landscape plan checkers, utilization of modern technology, such as the e-concierge program, and improved customer service. On March 5, 2019 the City Council approved the Community Development Action Plan, which includes a variety of strategies to improve customer service. On November 12, 2019 the City authorized the purchase of a Cloud Based Land Management System (LMS) to improve the current permitting system, including e-reviews, e-submittal, and e-permitting to create, manage, and track Planning/Zoning applications and activities, Building Permits, Building Inspections, and Code Enforcement actions. This effort is currently in progress and will be monitored for effectiveness.
- On February 24, 2020, the California Department of Housing and Community Development approved funding in the amount of $160,000, which includes the implementation of an Affordable Housing Finance and Grant Program. The final program rollout of the Affordable Housing Loan and Grant Program is anticipated to be completed by June of 2022.
- To address special needs housing for people experiencing homelessness, the City provides support to the Friendship Shelter. The Friendship Shelter, a nonprofit, privately owned and operated facility, provides a year-round emergency and transitional shelter program for homeless adults who are able to regain self-sufficiency and rebuild productive lives in the community. Friendship Shelter was established in 1987 by City policy and state law related to residential care facilities and provides an important resource to the Laguna Beach and south Orange County community. The shelter is located in an apartment building on South Coast Highway in the C-1 Local Business District. Thirty people stay at this shelter daily.
- The Friendship Shelter also operates the City of Laguna Beach's Alternative Sleeping Location (ASL) Emergency Shelter, under contract with the City, and is located on Laguna Canyon Road. This is the only municipal emergency shelter in south Orange County, which has been in operation since 2009, that provides services to homeless from Laguna Beach and utilizes excess capacity to assist others. The site is owned by the City and located in the Institutional Zone. The shelter operates year-round and provides meals, showers, laundry, and helps clients find housing and health care services. The program operates a drop-in

day program from 10:00 a.m. to 1:00 p.m. and overnight shelter for enrolled clients for a renewable 30-day period.

- **Youth Shelter** – The Laguna Beach Youth Shelter, also an emergency shelter, is located in a residence in the R-2 Medium Density Residential Zone. The shelter has been operating since 1979. The Youth Shelter serves homeless youth and focuses on reuniting adolescents with their families. Temporary housing is provided at the Youth Shelter for young people, ages 11 through 17. The crisis intervention program is voluntary and requires parental involvement. The Youth Shelter can accommodate 16 individuals with a maximum stay of 3 weeks. Adolescents in the program are provided food, tutoring, and individual, group, and family therapy. The City allocates community assistance funds to the Youth Shelter from its annual budget.

- On August 28, 2018 the City Council adopted a resolution to be eligible to receive funding from the Homeless Emergency Aid Program (HEAP) and any future state and federal aid programs. The Friendship Shelter was awarded the Emergency Solutions Grant (ESG) for FY 2019/20 to reimburse expenses related to the existing Alternative Sleeping Location program which provides shelter to 45 individuals nightly. In May 2021 the City extended the contract with the Friendship Center to operate the ASL in Fiscal Year (FY) 2021-22 and FY 2022-23, with the option to extend the agreement for two additional one-year terms. Additionally, in 2019 the City executed the Orange County Housing Finance Trust Joint Exercise of Power Agreement (Trust), as enacted by Assembly Bill 448, to receive funds for the homeless population and persons and families of extremely-low-, very-low- and low-income within Orange County. The City is a member of the Trust through June 30, 2021.

- In recognition of the need to address the special housing needs of seniors, the City Council appointed a Senior Housing Task Force in 2014 whose work was completed in December 2016. The Task Force recommendations were to: finalize and implement the Senior Specialist Program at City Hall front desk; create an amortization/abatement agreement process that would promote the legalization of nonconforming units, with accompanying deed restrictions; implement the California Housing Ordinance, which includes the Density Bonus Law; explore the feasibility of allowing second units on lots smaller than 6,000 square feet when units are deed restricted to low-income seniors; continue to monitor the status of existing Section 8 (now Housing Choice Voucher Program) and equivalent senior housing; develop a Senior Housing Repair Program; develop incentives for development of congregate senior housing projects; and hold an annual aging-in-place workshop to educate homeowners about aging-in-place strategies. The City Council supported these recommendations, with implementation to be phased in based on budget and staffing levels. Some of the recommendations have subsequently been addressed by state law or incorporated into Section 5 of this 6th Cycle Housing Element Update.

Despite the accomplishments noted above, several Housing Element programs were only partially implemented, or not acted upon for various reasons. An evaluation of each program's implementation progress is noted in Table A.2.

A-3 PROGRESS IN HOUSING ELEMENT IMPLEMENTATION

Table A.1 shows the progress toward the quantified objectives established in the prior element. Table A.2 describes the City's accomplishments for each of the program actions contained in the 5th Cycle Housing Element, and identifies if the program has been continued, modified, or deleted in the current Housing Element.

Between 2014 and 2021, the City of Laguna Beach was allocated a construction need of two housing units: one very-low-income unit and one low-income unit as shown on Table A.1. Over this period, two low-income units were produced.

Table A.1 Progress Toward Quantified Objectives 2013-2021, City of Laguna Beach

Income Category	Percentage	Construction Need
Extremely low	-	0 units
Very-low	50%	0 units
Low or lower	50%	2 units
Moderate	-	0 units
Above-moderate	-	0 units
Total	100%	2 units

Table A.2 Past Program Evaluation

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete[9]
Program 1 – Code Enforcement: Continue to enforce existing Municipal Code provisions relating to the property use and development of properties throughout the City.	Prevent deterioration of existing residential neighborhoods.	The City continues to enforce the Municipal Code.	Delete. Enforcing existing Municipal Code is not a Housing Element program unless specific actions with timeline and measurable outcomes are included. See new Policy HE 1.14 on code enforcement.
Program 2– Housing Rehabilitation Assistance: Provide technical assistance and information regarding housing rehabilitation, energy conservation, and low-interest rehabilitation loans to all homeowners and residential property owners for rehabilitation and maintenance of existing residential units.	Maintain and preserve at least two (2) units of the City's housing stock and encourage the improvement of energy efficiency through the recommendations outlined in the Draft Climate Protection Action Plan.	The City continues to provide a Housing Assistance Information Guide at the public counter and on the City's website at https://www.lagunabeachcity.net/ throughout the planning period	Modify. Actions related to providing technical assistance and information that supports preserving and expanding the City affordable housing stock are a part of Programs 8 and 10.
Program 3 – Senior Housing Rehabilitation Assistance: Continue to inform very-low and low-income senior citizens of a variety of funding sources to enable them to maintain and renovate their homes.	To enable Laguna Beach senior citizens to remain in their homes for as long as possible.	The Council approved the Senior Housing Repair Program on 2/25/20. The program has $100,000 of funding with a maximum allotment of $5,000 per property. The City is contracting with Habitat for Humanity to conduct the work. The program is managed through Laguna Beach Seniors.	Modify. An updated version is included in Programs 8 and 10.
Program 4 – Historic Preservation: Encourage participation in the City's Historic Preservation Program by publishing an annual press release advertising Heritage Month, an Information Guide describing incentives for registering historically significant homes on the City's Historic Register, including tax relief incentives, and pursuing funding and for historic preservation activities. Give priority assistance to historic home projects that are occupied by extremely-low- to moderate-income households.	Preservation and rehabilitation of at least one (1) historically significant home during the planning period.	On 8/11/20 the City Council adopted an ordinance amending the City's Historic Preservation Program to switch to a voluntary program with incentives. The Council also adopted a resolution to make associated changes to the City's General Plan, Residential Design Guidelines and Local Coastal Program. During the 5th Housing Element cycle, 48 Mills Act applications were processed.	Continue. See Program 10.
Program 5 – Mobile Home Preservation: Preserve existing mobile home parks as an alternative form of housing through the application of the City's Mobile Home Park Zone and other implementing ordinances and state programs.	Preservation of the City's manufactured and mobile housing stock as an alternative housing opportunity, including assisting interested park residents with the application for the state administered Mobilehome Park Resident Ownership Program (MPROP).	Continuation of an existing program.	Continue. See Program 8.
Program 6 – Multi-Family Housing in R-3 Zone: Evaluate a potential amendment to the R-3 Zone to allow multi-family housing restricted to extremely-low- to moderate-income occupancy as a permitted use, rather than a conditionally permitted use.	Reduce development costs for affordable units through streamlined permit processing.	This program was not implemented.	Modify. See Programs 2 and 3.

9 Programs are described in Section 5.2.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete[9]
Program 7 – Mixed-Use: Encourage the preservation and development of mixed-use projects that include residential units in commercial zones and offer incentives for residential units that provide long-term affordability to extremely-low- to moderate-income households. Evaluate zones throughout the City, with particular emphasis on the Downtown Central Business District, to potentially allow mixed-use development that includes residential units.	Preserve the City's existing housing in mixed-use developments and encourage additional mixed-use development.	The City continued to promote preservation and development of residential units within mixed-use developments by providing a Housing Assistance Information Guide at the Planning counter and on the City's website. On 7/21/20 the City Council adopted an update to the Downtown Specific Plan (DSP) focused on business permitting and parking requirements. The amendments were submitted to the Coastal Commission. The housing and building height components will be addressed in Phase 2 of the DSP update starting in April 2021	Modify. See Programs 2, 3 and 4.
Program 8 – Encourage Affordable Units in Mixed-Use Developments: Evaluate increasing the allowable percentage of residential square footage for extremely-low- to moderate-income housing in mixed-use developments, and consider incentives to encourage residential development above the street level in commercial zones.	Facilitate the production of affordable units in mixed-use developments.	This program was not implemented.	Modify. See Programs 2 and 4.
Program 9 – Artist Work/Live Housing: Encourage the preservation and development of artists' joint working and living units or work/live units as allowed in various zoning districts throughout the City.	Preserve lower-cost housing opportunities for artists.	On 6/28/16 the City Council approved funding for an Artist Work/Live, Work and Production Space Assessment and a Creative Placemaking Assessment. On 3/19/19 the City Council approved the Arts Market Study, which supports development of affordable artist work/live, work and production spaces. As a part of the Downtown Specific Plan Update adopted on 7/21/20, the City Council amended the Municipal Code to expand where artist's work/live units are allowed. The CBD-1 Resident Serving and CBD-2 Downtown Commercial designations were added to CBD Office, Arts District, and CBD Central Bluffs designations as Downtown land use districts that permit artists' work/live units.	Modify. See Programs 2, 4, 7, and 8.
Program 10 – Flexible Zoning: Encourage the preservation of neighborhoods that provide extremely-low- to moderate-income housing opportunities through flexible zoning provisions such as allowing mixed uses, second units, and artists' work/live units.	Potential maintenance and expansion of existing affordable housing opportunities.	The City continued to publish the Housing Element policies that preserve rental housing and the Zoning Ordinance on the City's website, and provided both documents on the City website and at the Planning Counter for public review and discussion with Planning Staff.	Modify. See Programs 2, 3, and 10.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete[9]
Program 11 – Section 8 Rental Assistance: Provide information to local landlords regarding participation in the HUD Section 8 rent subsidy program, which is administered by the County of Orange, and information regarding low-interest rehabilitation loans.	Potential increase in the number of rental units in the City for participants in the Section 8 program, and longer-term affordability and maintenance of low-income housing projects.	The City continues to work with community members and refers interested parties to the County of Orange and provides a Housing Assistance Information Guide at the Planning Counter and on the City's website.	Section 8 is now referred to as the Housing Choice Voucher program. Continue and modify to expand outreach and education regarding the state's new source of income protection. See Program 10.
Program 12 – In-Lieu Housing Fund: The City shall maintain an In-lieu Housing Fund.	Accumulate funding that will assist in the production of a minimum of 3 extremely-low-income units, 4 very-low-income units, 5 low-income units, and 6 moderate-income units by 2021.	The City continues to administer this Program. However, funding was not sufficient to assist in the production of affordable housing.	Continue with updated objectives based on past trends. See Program 9.
Program 13 – Affordability Covenants: Impose adequate conditions of approval on projects that include extremely-low-, very-low-, low-, and moderate-income housing, to ensure that affordable units will continue to be priced at intended levels and that occupancy restrictions related to income and age will continue to be observed.	Ensure that private developments that include affordable housing continue to offer affordable units at intended prices and to the intended household types for the duration on the affordability period. As a condition of project approval, require all income-restricted extremely-low-, very-low-, low-, and moderate-income housing to be affordable for 55 years or more, as allowed by law.	The City continues to implement this existing housing program which requires 25% of the lots or units in a subdivision of two or more lots or units, or new development of three or more units on site that do not involve a new subdivision, be occupied by low- or moderate-income households with deed restrictions. The City Council appointed an Affordable Housing Task Force in 2018 tasked with researching and providing recommendations regarding a dedicated funding source for affordable housing, which includes Program 13 affordability covenants. The Task Force prepared their final report, dated 5/16/19 and presented it to the City Council on 9/10/19. The Task force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. Some of the Task Force's recommendations are now included in the 2021-2019 Housing Element Update.	Modify – Combine with other programs in the 2021-2020 Housing Element Update drafted in accordance with Affordable Housing Task Force recommendations to secure funding sources and tax credits that create Affordable Housing Inventory. See Programs 7 and 9.
Program 14 – Pursue Grant Funding for Affordable Housing: Pursue Community Development Block Grant (CDBG) and other federal and state funding programs for the development and preservation of extremely-low- to moderate-income housing.	Enhance the economic feasibility of providing and maintaining affordable housing opportunities in the City, with an emphasis on preservation of the City's extremely-low-, very-low-, and low-income housing stock.	The City Council appointed an Affordable Housing Task Force in 2018. The Task Force prepared a final report dated 5/16/19 that was presented to the City Council on 9/10/19. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. The Task Force's recommendations are now being considered as a part of the 2021-2019 Housing Element Update.	Modify – Combine with other programs in the 2021-2020 Housing Element Update drafted in accordance with Affordable Housing Task Force recommendations to secure funding sources and tax credits that create Affordable Housing Inventory. See Program 9.
Program 15 – Dedicated Affordable Housing Funding Source: Pursue a local dedicated funding source to subsidize the development of long-term extremely-low- to moderate-income housing (e.g., consider establishment of a housing trust fund in	Identify or establish a local dedicated funding source to support development of affordable housing on a continual basis by December 30, 2017.	The City Council appointed an Affordable Housing Task Force in 2018. The Task Force prepared a final report dated 5/16/19 that was presented to the City Council on 9/10/19. The Task Force recommended that the City	Modify to combine into a single program that facilitates affordable housing development using incentives, partnerships with housing developers

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete[9]
partnership with a foundation or nonprofit and other potential funding sources).		Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. The Task Force's recommendations are now being considered as a part of the 2021-2019 Housing Element Update.	and other potential partners, and pursuit of other available funding sources. See Program 9.
Program 16 – Funding for Affordable Units: Pursue a nonprofit developer and dedicated funding source, including state funding, to subsidize the development of long-term extremely-low- to moderate-income housing for senior housing, family housing for younger adults (age 25-44) and other special needs groups.	Facilitate the production of affordable housing.	The City Council appointed an Affordable Housing Task Force in 2018. The Task Force prepared a final report dated 5/16/19 that was presented to the City Council on 9/10/19. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. The Task Force's recommendations are now being considered as a part of the 2021-2019 Housing Element Update.	Modify to combine into programs that facilitate affordable housing development using incentives, partnerships with housing developers and other potential partners, and pursuit of other available funding sources. See Programs 7 and 9.
Program 17 – Funding for Affordable Units: Pursue a dedicated funding source, including state funding, to potentially subsidize the monthly rental rates in market-rate housing for extremely-low- to moderate-income younger families (householder age between 25–44), seniors (age 65 and above), and individuals with developmental disabilities and autism.	Identify a source of rental assistance for younger families and persons with developmental disabilities.	The City Council appointed an Affordable Housing Task Force in 2018. The Task Force prepared a final report dated 5/16/19 that was presented to the City Council on 9/10/19. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. The Task Force's recommendations are now being considered as a part of the 2021-2019 Housing Element Update.	Modify to combine into programs that facilitate affordable housing development using incentives, partnerships with housing developers and other potential partners, and pursuit of other available funding sources. See Programs 7 and 9.
Program 18 – Short-Term Lodging: Review the Short-Term Lodging Ordinance for potential conflicts with rental housing preservation policies, and amend if determined necessary.	Ensure that the City's limited rental housing supply is not negatively impacted by the potential conversion to short-term lodging.	On 6/4/19 the City Council approved a revision to the short-term lodging (STL) ordinance. The revisions prohibited STL in residential zones. On 10/7/2020 Coastal Commission certified the STL ordinance with modifications including consideration of a home-sharing program and protections for rental housing stock in mixed-use districts. The City Council approved the modifications on 12/1/20. Restrictions to short-term lodging are intended to help preserve rental housing stock by limiting their use for vacation rental purposes.	Modify. See Program 8.
Program 19 – Housing Ordinance: Adopt a Housing Ordinance, which includes but is not necessarily limited to: 1) Application of Housing Element policies that require inclusionary and replacement housing; 2) In-lieu housing fee calculations; 3) Extremely-low- to moderate-income housing incentives; and 4) Density Bonus Law.	To provide clarification of the City's affordable and special needs housing policies consistent with the *Palmer* case and state law.	The City has been implementing an inclusionary housing policy and is implementing state Density Bonus Law.	Delete. Establish new programs 2 and 6 to address Zoning Code amendments.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete[9]
Program 20 – Condominium Conversions: Actively enforce the rental housing replacement policy for the conversion of rental units in the City to condominiums.	Preserve the City's limited rental housing stock.	The City verifies at the time of project review that all proposed condominium subdivision applications include a plan to replace the rental housing units consistent with the new No Net Loss Law (Government Code §65863), and/or pay an in-lieu housing fee.	Delete. Enforcing existing Municipal Code is not a Housing Element program.
Program 21 – Design Review: Continue to support and improve the Design Review process, through program funding and periodic updates to the guidelines as a method to achieve and maintain aesthetic compatibility within residential neighborhoods, as well as to clarify the City's Design Review criteria for the public, design professionals, and decision makers.	Maintain aesthetic compatibility within residential neighborhoods.	The City holds regular design review hearings every 2 weeks for site specific projects to achieve and maintain aesthetic compatibility with residential neighborhoods.	Delete. This is a routine function and not considered a Housing Element program.
Program 22 – Energy Conservation: Continue to implement standards and guidelines that incorporate best current practices in energy conservation and emission reduction in the construction of new housing and in the rehabilitation of existing housing.	Improve energy efficiency in new and rehabilitated housing.	The City continues to implement the City's adopted standards and guidelines related to best current practices in energy conservation and emission reduction in the construction and rehabilitation of housing throughout the planning period.	Delete as a housing program. Addressed through Policy HE-1.12. conservation.
Program 23 – Preservation of At-Risk Affordable Units: Investigate the potential application of affordable housing subsidy programs and funding sources to preserve "at-risk" extremely-low-, very-low-, low- and moderate-income housing from conversion to market-rate housing on an ongoing basis, and establish a program for the City to work with property owners to preserve very-low-, low- and moderate-income housing that is "at-risk" for converting to market-rate housing.	Harbor Cove, a 15 low-income senior unit complex on Broadway, converted to market rate housing in 2019. Provide new sources of financing to preserve affordable housing opportunities, and establish a program to preserve "at-risk" affordable housing beyond the affordability expiration date.	As of 2/20/19, the Laguna Beach Senior Center staff have assisted tenants of Harbor Cove to find replacement Section 8 housing. The City is actively pursuing ways to preserve and replenish affordable housing stock. Furthermore, the Housing Element Update will address alternative replacement opportunities and will include an update to a 70 unit very-low Section 8 Senior Housing Apartments (Vista Aliso), which has extended their affordability covenant period from 2028 to 2041.	Modify to reflect updated status of affordable housing projects in the City. Incorporate into programs that facilitates affordable housing development using incentives, partnership with housing developers and other potential partners, and pursuit of other available funding sources. See Program 8.
Program 24 – Assist Affordable Housing Development: Continue to provide incentives such as reduced fees, density bonuses, developer assistance with federal and other funding applications, and In-lieu Housing Fund contributions for the development of housing that offers long-term affordability to extremely-low-, very-low-, low-, or moderate-income households and persons.	Encourage the development of extremely-low-, very-low-, low-, and moderate-income housing on a continual basis.	The City Council appointed an Affordable Housing Task Force in 2018. The Task Force prepared a final report dated 5/16/19 that was presented to the City Council on 9/10/19. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. The Task Force's recommendations are now being considered as a part of the Housing Element Update. On 2/24/20 the California Department of Housing and Community Development (Department) approved funding in the amount of $85,000 via an SB2 grant to implement an Affordable Housing Finance and Grant Program. This work is underway and is anticipated to be complete by June 2022.	Incorporate into programs that facilitate affordable housing development using incentives, partnership with housing developers and other potential partners, and pursuit of other available funding sources. See Program 8 and 9.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete[9]
Program 25 – Nonprofit Housing Ownership: Identify a community nonprofit housing developer or Housing Trust to develop or acquire and retain long-term affordable housing within Laguna Beach.	To increase the quantity of low- and moderate-income housing opportunities in Laguna Beach.	On 9/10/19 the City Council authorized staff to proceed with the Affordable Housing Task Force Recommendations Report and to initiate the SB 2 Planning Grant Program application in furtherance of creating affordable housing in the City. On 2/24/20 the California Department of Housing and Community Development (Department) approved funding in the amount of $160,000, which includes the implementation of an Affordable Housing Finance and Grant Program. The final program rollout of the Affordable Housing Loan and Grant Program is anticipated to be completed by June of 2022. Additionally, the 2021-2029 Housing Element Update will address the Regional Housing Needs income categories, and will be adopted by October of 2021.	Delete. Replace with Program 7.
Program 26 – Identify Affordable Housing Sites: Planning staff shall solicit involvement of the Laguna Board of Realtors, the Architectural Guild, and private and nonprofit developers to advise the City of potential low- and moderate-income housing development opportunity sites and opportunities for acquisition/rehabilitation of units in need of repair.	Utilize the expertise of real estate, development, and design professionals to educate the City regarding potential affordable housing development opportunities.	On 9/10/19 the City Council authorized staff to proceed with the Affordable Housing Task Force Recommendations Report (May 2019) including identification of affordable housing sites, and to initiate the SB 2 Planning Grant Program application. On 2/24/20 the California Department of Housing and Community Development (Department) approved funding in the amount of $160,000.00, which includes a citywide inventory of properties that would be permitted to construct ADU, sites that are zoned multi-family (currently developed as single family) that could support additional affordable units, and infill and adaptive reuse sites in the Downtown Specific Plan. The Housing Element Update is underway and anticipated to be adopted by October of 2021. The Housing Element Update will address the Regional Housing Needs Allocation (RHNA) for the period of 2021-2029 within the various income categories. The Affordable Housing Task Force Recommendations Report will serve as a guiding document for this effort.	Delete. Program was completed with the acceptance of the Task Force Report. Additional efforts to identify sites occurred as part of the Adequate Sites Program of the 2021-2029 Housing Element Update. See Program 1.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete[9]
Program 27 – City-Owned Land: Give priority consideration to the use of appropriately zoned City-owned land as sites for potential development of extremely-low-, very-low-, low- and moderate-income housing.	Potential expansion of extremely-low-, very-low-, low- and moderate-income housing opportunities.	The Affordable Housing Task Force Report (May 2019) presented to the City Council included a list of City and Privately owned properties to be further explored in support of affordable housing. On 9/10/19 the City Council authorized staff to proceed with further exploration of affordable housing opportunities for these properties. At this time only one site was determined to be viable. This action item will be included in the 2021-2019 Housing Element Update to be adopted by October 2021.	Delete. Program was completed with the acceptance of the Task Force Report. Additional efforts to identify sites occurred as part of the Adequate Sites Program of the 2021-2029 Housing Element Update. See Program 1.
Program 28 – Adaptive Reuse: Evaluate the feasibility of adaptive reuse of vacant commercial or industrial buildings for housing, as proposed by an applicant.	Increase the City's housing stock and reduce impacts on the environment by minimizing landfill waste and the use of raw materials to demolish and reconstruct buildings.	One project was completed under this program – a 1,588-SF office space was converted to residential on 8/27/19.	Delete. Program was completed with the acceptance of the Task Force Report. Additional efforts to identify sites occurred as part of the Adequate Sites Program of the 2021-2029 Housing Element Update.
Program 29 – City Employee Housing: Continue the City program to subsidize housing for City personnel in positions that require close proximity to City Hall and/or City facilities.	Maintain public health, safety and welfare in the community.	It has been determined that this program functions as an employee benefit rather than a housing program.	Delete
Program 30 – Second Units: Continue to encourage the development of Second Residential Units by providing the Second Residential Unit Ordinance on the City's website, at the Community and Senior Center and at the Planning counter.	Increase potential affordable housing opportunities for senior citizens and small households, through the development of second residential units.	On 8/7/18, the City Council approved the first reading of a revised Accessory Dwelling Unit Ordinance. In 2018, the City submitted the Ordinance to the California Coastal Commission to initiate a Local Coastal Program Amendment. Since then, the application has been withdrawn to comply with the recent state law changes (AB 68, AB 881, AB 587, SB 13 and AB 670) that went into effect on January 1, 2020. The City is in the process of updating its Local Coastal Program to incorporate all of the new state law requirements.	Modify in accordance with state law changes. See Program 5.
Program 31 - Parking Standards: Evaluate the parking standards applicable to studio and one-bedroom units in multi-family developments to determine if the required parking ratio of 1.5 spaces per unit should be lowered and amend the parking standard if applicable.	To lower the cost of multi-family housing by increasing the developable land area.	This program was not implemented.	Modify to include as a part of a broader program focused on zoning amendments and permit process streamlining. See Programs 2 and 3.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete[9]
Program 32 – Affordable Housing Site Selection: Whenever feasible, ensure that the selection of affordable housing sites includes adequate consideration of the needs of senior citizens, extremely-low-, very-low-, low- and moderate-income persons working in Laguna Beach and other special needs households, such as proximity to services and public transportation.	Provide for the physical and locational needs of senior citizens and other special needs households, in conjunction with the provisions of low-income housing	The Affordable Housing Task Force Report (May 2019) presented to the City Council included a list of City and Privately owned properties to be further explored in support of affordable housing. On 9/10/19 the City Council authorized staff to proceed with further exploration of affordable housing opportunities for these properties. At this time, only one site was determined to be viable.	This item has been included as a policy statement (see HE-3.7) in the Housing Element Update (2021-2029).
Program 33 – Assist Development of Senior and Special Needs Housing: Grant public incentives to extremely-low- to moderate-income housing projects that are designed for senior citizens and other special needs individuals and households	Create enhanced opportunities for the development of extremely-low-, very-low-, low- and moderate-income housing for special needs persons and households.	The City continues to provide a Housing Assistance Information Guide at the Planning Counter, on the city website and at the Senior Center.	Modify. See Programs 10 and 11.
Program 34 – Congregate Care Senior Housing: Priority shall be given to senior citizen projects that offer congregate care where supervision, meals, and nursing service may be available.	Development of extremely-low-, very-low-, low- and moderate-income congregate care facilities for senior citizens.	There were no congregate care facilities proposed during the 5th Housing Element cycle.	Delete. New Programs 7 and 9 support all types of affordable housing.
Program 35 – Senior Housing Assistance Information: Continue to publish a Housing Assistance Information Guide and make it available on the City's website, at the Senior Center, and at the Planning counter to inform senior citizens of available housing assistance.	Increase senior citizen participation in housing assistance programs with associated fulfillment of housing provision and affordability needs.	The City continues to implement this program and provides a Housing Assistance Information Guide at the Planning Counter, on the city website and at the Senior Center.	Modify. See Program 10.
Program 36 – Senior Housing Options: Form a task force and provide recommendations to the Planning Commission.	Expand housing opportunities for seniors.	The Senior Housing Task Force provided their final report to the City Council on 12/13/16. The Council approved the Senior Housing Repair Program on 2/25/20. The program has $100,000 of funding with a maximum allotment of $5,000 per applicant.	Delete. Completed. Recommendations were incorporated into the Housing Element Update.
Program 37 – Emergency Shelters and Transitional/Supportive Housing: Continue to maintain a homeless shelter in Laguna Canyon and provide community services grants to the Friendship Shelter to serve the needs of the homeless. Reevaluate homeless needs every 2 years to determine if existing capacity is still sufficient. Should the existing capacity be found to no longer meet the needs of the City's homeless population, the City will identify at least one zone where emergency shelters will be allowed by-right, without a Conditional Use Permit or other discretionary action, in compliance with SB 2. The City will also continue to allow transitional and supportive housing subject only to the same standards and procedures as apply to other residential uses of the same type in the same zone, as required by state law.	Laguna Beach currently provides a shelter to accommodate its homeless population in Laguna Canyon, and Friendship Shelter, a nonprofit in Laguna Beach also provides beds for the homeless. In combination, the Laguna Beach shelters comply with the requirements of Senate Bill 2.	On 8/28/18 the City Council adopted a resolution to be eligible to receive funding from the Homeless Emergency Aid Program (HEAP) and any future state and federal aid programs. The Friendship Shelter was awarded the Emergency Solutions Grant (ESG) for FY 2019/20 to reimburse expenses related to the existing Alternative Sleeping Location program which provides shelter to 45 individuals nightly. The City had a service provider contract with Friendship Shelter through June 2021, which was extended to operate the ASL in FY 2021-22 and FY 2022-23, with the option to extend the agreement for two additional 1-year terms. Staff has secured grant funding to offset City costs to operate the ASL. The City will receive a $140,326 Community Development Block Grant, and a $191,609 Homeless Emergency Aid Program Grant, for a total of $331,935 in grant funding for FY 2021-22. Staff is also currently	Modified to reflect new changes to state law such as AB 101 (Low Barrier Navigation Center) and AB 2162 (Supportive Housing). See Program 6.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete[9]
		working with the County to secure an additional Community Development Block Grant, which, if awarded, would further offset City costs in FY 2021-22 and FY 20-22-23.	
Program 38 – Housing Element Annual Review: Maintain the responsibility of the City's Housing and Human Services Committee to annually review the progress in implementation of the Housing Element policies and programs, to assess the standing of all special needs individuals and households, and to report its findings and recommendations to the City Council.	Track the effectiveness of the City's housing programs, to identify and prioritize housing issues, and to increase public awareness of the City's housing needs.	The City continues to prepare an Annual update.	Delete. Preparation of the Annual Progress Report is a routine function, required by law, and is not considered a Housing Element program.
Program 39 – Efficient Permit Processing: To the extent feasible, continue to expedite residential development applications to reduce processing time, which in turn reduces development costs.	Reduce development cost by minimizing permit processing time.	On 1/10/17, the City Council directed staff to move forward with the implementation of the Design Review Reform Program as recommended by the Design Review Task Force, which includes 12 key recommendations to improve our upon the Design Review process, including improved staff reporting, streamline permitting processes, turnaround times, reduced counter wait times, certified staking, a more equitable fee structure, increased roster of landscape plan checkers, utilization of modern technology, such as the e-concierge program, and improved customer service. On 3/5/19 the City Council approved the Community Development Action Plan which includes a variety of strategies to improve customer service. On 11/12/19 the City authorized the purchase of a Cloud Based Land Management System (LMS) to enable it to create, manage and track Planning/ Zoning applications and activities, Building Permits, Building Inspections, and Code Enforcement actions. This effort is currently in progress.	Modify. See Program 3.
Program 40 – Encourage Replacement of Sub-Standard Multi-Family Units: Evaluate the establishment of development incentives, such as relaxed open space and setback requirements, to allow older multi-family units with nonconforming development standards to be rebuilt in-kind.	Facilitate the replacement of older sub-standard multi-family units.	This is a routine city function to evaluate nonconforming structures on a case-by-case basis.	Delete. Not a Housing Element program.
Program 41 – Consider New Strategies to Facilitate Affordable Housing Development: Evaluate the strategies of other cities to facilitate the development of low- and moderate-income residential units, including an "equivalent dwelling unit" method.	Identify new methods to facilitate the production of affordable units.	The City Council appointed an Affordable Housing Task Force in 2018. The Task Force prepared a final report dated 5/16/19 that was presented to the City Council on 9/10/19. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing.	Modify to specifically identify the recommendations of the Affordable Housing Task Force that can be incorporated into programs for facilitating development of, securing funding for, and pursuing zoning and permit streamlining to support affordable housing. See Programs 2, 3, 4, 7 and 9.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete[9]
		On 9/10/19 the City Council authorized staff to proceed with the Task Force Recommendations report and to initiate the SB 2 Planning Grant Program application in furtherance of creating affordable housing in the City. On 2/24/20 the California Department of Housing and Community Development (Department) approved funding in the amount of $85,000 via an SB2 grant to implement an Affordable Housing Finance and Grant Program. This work is underway and is anticipated to be complete by June. Additional Task Force recommendations are now being considered as a part of the 2021-2019 Housing Element Update.	
Program 42 – Supportive Housing: Staff shall evaluate the feasibility of developing a supportive housing facility in the City, when proposed by a nonprofit housing developer and/or provider.	Facilitate the production of new supportive housing.	The City does not have funding or land to undertake this function.	Delete. See Program 7 and 9 for feasible actions.
Program 43 –Supportive Housing for Persons with Developmental Disabilities: Pursue funding sources and opportunities for housing assistance and related services for individuals with developmental disabilities and autism.	Facilitate the production of supportive housing units.	The City does not have the funds to produce supportive housing units.	Modify. See Program 6 and 7.
Program 44– Fair Housing: As a participating City in the County of Orange Community Development Block Grant (CDBG) program, support that program's annual contribution of CDBG funds to the Orange County Fair Housing Council (OCFHC) and continue to advise the community and to refer people with issues regarding unfair housing practices to the OCFHC.	Continue to provide Laguna Beach residents with the services provided by OCFHC, which includes information and advice concerning rent increases, deposit returns, evictions, and substandard housing conditions. Other services include landlord-tenant dispute arbitration and housing assistance counseling and investigation of housing discrimination cases.	The City continues to publish a Housing Assistance Guide informing community members of the Orange County Fair Housing Council (OCFHC) and its oversight of fair housing practices, for availability on the City's website and at the Planning counter, and continues to advise the community and refer people with issues regarding unfair housing practices to the OCFHC. These resources are available on the City's website.	This program continues to be appropriate. A modified version designed to implement AB 686 and mitigate impediments that were identified in the Orange County's Analysis of Impediments to Fair Housing Choice report. See Program 11.
Program 45 – Sexual Orientation Discrimination: Inform housing agencies, such as the Orange County Fair Housing Council (OCFHC) and Department of Housing and Community Development (HCD), of the City's Sexual Orientation Discrimination Ordinance, which includes provisions against discriminatory housing practices on the basis of sexual orientation.	Enable housing agencies to inform Laguna Beach residents of special protections afforded them under the Sexual Orientation Discrimination Ordinance.	The City continues to implement this ongoing program.	Modify. See Program 11.
Program 46 – Reasonable Accommodation for Persons with Disabilities: Continue to implement the City's Reasonable Accommodation Ordinance to streamline requests for deviation from development standards that may impede access to housing for persons with disabilities. Form a task force to evaluate the ordinance to ensure that it adequately addresses the access and mobility issues of seniors and persons with disabilities.	Remove barriers to the provision of access in housing for persons with disabilities.	This program was not implemented.	Delete. The City will continue to allow for reasonable accommodation as a part of implementing the Zoning Code. Program 11 also addresses this topic.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete[9]
Program 47 – Accessible Housing: Require a portion of extremely-low- to moderate-income housing units (both publicly and privately sponsored) to be physically accessible or adaptable to persons with disabilities.	Provide disabled access or adaptability for disabled access in a minimum of two (2) new low-income units.	The City continues to implement this ongoing program	Modify. The City will continue to allow for reasonable accommodation as a part of implementing the Zoning Code. See Program 11.
Program 48 – Increase mixed-use housing opportunities: Evaluate zones throughout the City, with particular emphasis on the Downtown Central Business District to potentially allow mixed-use development that includes residential units. (New)	Increase mixed-use opportunities in more commercial zones.	Phase I of the Downtown Specific Plan (DSP) was adopted by the City Council in July 2020. Residential development initiatives in the DSP will be addressed in Phase II of the Update, beginning in 2021.	Included as part of the Adequate Sites for RHNA program, and the Downtown Specific Plan Phase 2 work program. See Program 1 and 4.
Program 49 – Transitional and Supportive Housing: While the City's intent is to treat transitional and supportive housing as a residential use the same as any housing type specified in the zone, the City shall evaluate the zoning provisions to ensure that there are no inconsistencies between the residential housing, special needs use and the applicable zone. If inconsistencies are found they shall be remedied.	To ensure transitional and supportive housing are treated the same as any housing type specified in the zone.	This program was not implemented.	Modify. See Program 6.

this page intentionally blank

Appendix B – Summary of Community Outreach

Public participation is an important component of the Housing Element update. *California Government Code* §65583(c)(8) states that "The local government shall make diligent effort to achieve public participation of all the economic segments of the community in the development of the housing element, and the program shall describe this effort." Public participation played an important role in the City's Housing Element update.

City residents and other interested parties were given several opportunities to identify housing issues of concern, recommend strategies, review the draft element, and provide recommendations to decision-makers on the 2021-2029 Laguna Beach Housing Element update.

Due to the COVID-19 pandemic during the 2021-2029 Housing Element update process, the public outreach was conducted online through duly noticed workshops, emails, and notifications. Virtual meetings with opportunities for public input were conducted as identified below:

December 9, 2020	Housing and Human Services Committee workshop
January 13, 2021	Planning Commission workshop
February 24, 2021	Planning Commission meeting
April 6, 2021	Joint Planning Commission and City Council meeting

In addition, notices were posted on the City's website, and published in the local newspaper in advance of the meetings. Copies of the draft Housing Element were made available for review at City Hall and were also posted on the City website.

Community input was a valuable source of information to hear from residents, affordable housing groups, and citizens concerned with the issues of homelessness, limited affordable housing stock, maintaining existing affordable housing, and identifying opportunities for advancing affordable housing in the City of Laguna Beach. Outreach also included a detailed review of new housing programs and policies for the 2021-2029 Housing Element.

Input received at these meetings was considered and incorporated as approved by City staff and decision makers, and in conjunction with state housing law provisions. Input on potential housing sites was received and analyzed as well as recommendations of streamlining and advancing affordable housing in the City. The City also received comment letters/emails from:

- The Public Law Center
- Tapestry, A Unitarian Universalist Congregation
- The Kennedy Commission
- Anne Caenn
- Alex Rounaghi, chair of the Housing and Human Services Committee

A summary of community input for each meeting as well as written comments received from the public is provided below.

Human Services Committee Virtual Meeting on December 9, 2020

This workshop was an overview on what the Housing Element is, what is required by state law, City of Laguna Beach requirements, and discussion of potential sites and HCD criteria for acceptable Housing Element sites. A summary of input included:

- Consider allowing all types of residential in the M-1A or M-1B zone, or allow it with limitations.
- Consider an affordable housing land trust that provides a third party to provide funds and aid. Roger Dale, the City's economic consultant, is looking at funding options. Is there opportunity for creating this so staff doesn't need to be burdened to provide more funding options or loans? It would be easier coming from a nonprofit entity.
- Co-housing was brought up as a trendy thing and an interesting idea for seniors or non-seniors to reduce costs, get more people housed, and it also has a social element. It is outside scope of the Housing Element, but the committee's mission is to provide some affordable housing regardless of whether or not it's part of the RHNA.
- Re-zoning where appropriate and amend development standards that are too restrictive and offer incentives for affordable housing projects.
- In the Downtown, modify the development standards (parking, height, allow lot assemblage, etc.) and identify development opportunities.
- Densities and lot size per unit are too restrictive in downtown zones. Higher density is needed to be feasible and qualify for RHNA. Reduce residential square footage restrictions for affordable housing only for a public benefit.
- Consider City-owned land, as it is much more feasible. The City can offer lower land costs, streamlined permitting, lower fees.
- Consider floating zones for mixed-use development where City wants redevelopment and higher densities. Consider a floating affordable housing zone; this could be another tool. If a project meets certain criteria, the overlay could provide less restrictive development standards as an incentive for affordable housing in certain areas, such as the canyon.
- Recommendation to consider a form-based code approach. The City could apply standards for the building envelope and focus on massing and scale, but let go of density requirements and focus on character which is very important in Laguna Beach.
- ADUs should be an alternative to ground-up construction; committee has a five-point action plan for ADUs.
- ADUs are great for seniors and singles; City should provide financial support.
- City cannot require ADUs to be restricted to low income but can offer incentives such as a cash subsidy.
- Could Laguna Beach have its own public housing authority so the City can administer housing vouchers as they become available? The concern is that as a small community we are committed to helping our own residents first, but Section 8 vouchers limit the City's ability to help our own first. Housing Consultant didn't recommend this route.
- Committee is working with U UC Irvine on a ADU App. ADU in a box – a shell ADU with different skins and styles that could be pre-approved by Planning and Building.
- Case studies need to occur, and sites need to be identified. There are opportunities in the Downtown area, but it was noted that Downtown infill is difficult. There are opportunities for ground-up construction.
- Floating zone and adaptive reuse were brought up as good ideas to help get affordable housing.
- Recommendation to consider vacant site and hospital sites to meet the RHNA.
- Questions on the status of the existing inclusionary requirements and the RHNA appeal.

- Family housing and low-income housing is important. City needs to identify places for up-zoning/zone changes and be more intentional about having policies that will lead to development of affordable housing because the market does not deliver affordable housing. City needs to be intentional in policy making.
- The assumption of 15 ADUs per year as a trend is low. The new laws will increase ADU production a lot.
- For by-right projects, if the City does not create a plan to achieve our RHNA targets, can developers go straight to SCAG for project approval? Housing consultant explained RHNA and by-right requirements that are processed through the City, not SCAG.

Planning Commission Virtual Meeting on January 13, 2021

This workshop was an overview on what the Housing Element is, what is required by state law, City of Laguna Beach requirements and discussion of potential sites and HCD criteria for acceptable Housing Element sites. A summary of input included:

- Increase height allowances and relax the development standards and remove gross floor area restrictions to encourage development of affordable housing, specifically in the Coast Highway corridor. Consensus was to allow a second story height allowance but not a third story.
- Additional housing in the Downtown needs to occur and development standards in the Downtown Specific Plan need to be relaxed.
- Discussion to considering allowing all types of residential in the M-1A or M-1B zone, or allow it with limitations. Consensus was to leave M-1A and M-1B sites as is which only allows artist work/live.
- Discussion of developing the City owned Dog Park and the pros and cons of the development of the site.
- Discussion of the Affordable Housing Task Force and the Housing and Human Services Committee reports' recommendations.
- Discussion on conducting development proformas to determine what is feasible and what is required to get affordable housing built in the City.
- Discussion of ADUs and junior ADUs; building of ADUs should be encouraged and ADUs should be used to fulfill the City's affordable housing requirements.
- Discussion of removing the Commercial zone limitations of 50% gross floor area for residential uses to promote more housing in the commercial zones.
- Public expressed need for projects to be 100% affordable.
- Public comments on how important the Dog Park is and what a valuable community asset it is. Commentor stated it should remain as is and not be redeveloped.

Planning Commission Virtual Meeting on February 24, 2021

This workshop was focused on reviewing the potential new housing element sites and the new housing programs and policies. A summary of input included:

- Concurrence by Planning Commissioners on sites reviewed by staff.
- Consider City owned sites, other churches, hospitals and schools with incentives when affordable housing is built.
- Recommendations to strength the wording of some of the new housing programs and policies to add more teeth to the text.
- Affordable housing projects must have significant incentives otherwise affordable housing will not be developed due to the high land costs in Laguna Beach.

- Extensive comments received on amnesty programs for accessory dwelling units (ADUs); potential options/criteria and the pros and cons of various options.
- Staff indicated that a draft ADU ordinance has been drafted and contained recommendations for the proposed amnesty program and the ADU ordinance will be coming to the Planning Commission in March 3, 2021.
- Recommendation to develop an ADU toolkit and webpage, and campaign to educate the community.
- Recommendation to consider shortening the duration of the affordable housing deed restriction time frame (e.g., from 55 years to 10 years) to serve as an incentive to make ADUs affordable units. Consider waiving all fees and having pre-approved plans. Staff indicated that said recommendations have been incorporated in the draft ADU ordinance.
- Recommendation to explore ways to legalize unpermitted residential units in non-residential zones. Staff raised concerns with this issue as this would typically require a land use and/or zoning amendment to allow such use, and may also require a variance.
- Request by the Planning Commission to advance the start of the Downtown Specific Plan and consider initiating an update to the Canyon Specific Plan.
- Concern of losing people currently living in the City due to the lack of affordable housing was voiced.
- Request to consider establishing a grant program especially if a unit is establishing affordable housing.
- Public comment was received on the lack of affordable housing in the City, the need to build more housing, and to leverage partnerships with existing organizations.
- Request to amend and shorten the discretionary review process.

Joint Planning Commission and City Council Meeting on April 6, 2021

This workshop was focused on review of the Draft 2021-2029 Housing Element. A summary of input included:

- Acknowledgement that most of the input from the Housing and Human Services Report was incorporated into the document.
- Discussion of the process the Housing and Human Services committee went through, including review of AHTF report, review of sites (neighborhood compatibility and financial viability), and expanded searching for sites. Public sites have best potential. Some of the promising findings of the AHTF report were discussed as well as the next steps to narrow down sites.
- Discussion of the advantages of sites being identified on the Sites Eligibility list and if other sites could be added, including additional religious sites.
- Discussion of why the sites were selected and how state law allows and facilitates housing on the sites.
- Discussion on language of policies and programs to help facilitate affordable housing.
- City develop an Action Plan that isn't part of the Housing Element but be a supporting, implementation document.
- Discussion on the eligibility requirements of future residents of the affordable units (e.g., credit scores).
- Consider other locations in the City for affordable housing such as downtown and the M-1A/B zones.
- Discussion of necessity of incentives as a tool to facilitate affordable housing.
- Public requested more information on the City's website.
- Public is interested in senior housing and grant programs.
- Request to maintain small size of ADUs to keep them affordable.
- Support for ADUs and need to have an educational outreach to inform the public on ADUs, the need, the process, benefits, etc.
- City can help provide housing/reduce barriers through code amendments. However, financial component – land value – is difficult to overcome. May need public/private partnership and grant programs.

- Pre-approved plans for ADUs can help meet design goals and expedite the entitlement process. Draft ADU ordinance calls for architectural compatibility. City can limit ADUs for short term rentals.
- ADU amnesty programs could be used to count ADUs towards RHNA, provided the unit was not permitted as a housing unit before.
- Perhaps the city could consider forgivable loans for ADUs. Consider a pilot program for this.
- The draft ADU ordinance will include an amnesty clause. There were concerns with a broader amnesty program because of potential land use conflicts but direction was provided to include an amnesty program.
- The draft Housing Element shows population declining but RHNA identifies need to increase units—why is this? Having a lot of accessory dwelling units is a problem. Why are fewer than 1% of seniors are below poverty level. Why is affordable housing so expensive to produce? City needs to preserve existing units.
- A budget for educational programs for the Housing Element was submitted.
- Inclusionary Housing ordinance should be strengthened. If applicants are not required to build certain income categories, they will not. City needs to focus on low and very low housing. Evaluate CUP requirements and consider city-owned sites for affordable housing.

Additional Public Outreach

Additional outreach was conducted to encourage and increase additional public participation to further inform the final Housing Element Draft. The City provided an electronic copy of the draft Housing Element to all parties who submitted public comments, adjacent cities, religious institutions, non-profit organizations, utility companies, school district, various shelters, and members of the City's interested party list.

The City also utilized social media and sent out an email blast in the city's community newsletter. The Housing and Human Services Committee members put the notification of availability of the document on the Housing and Human Services Committee Facebook page. In addition, the City also published the availability of the Housing Element for review in the in local newspaper and sent a hard copy notification to all property owners within 300' of the sites included in the sites inventory. The City also created a dedicated webpage for the Housing Element process that describes the state mandate, its purpose, past and upcoming events, and next steps. The recorded meetings, associated staff reports, and the draft Housing Element document were made available online.

- Additional outreach was conducted for the new housing element sites identified in 4.1-2 (Land and Sites Availability). The City met with the church, and church leadership indicated that it intends to remain as a church; however, the church requested that the City include the site and the associated parking lot in the Housing Element to potentially accommodate affordable housing with the church remaining on site. The expressed owner interest, age of the structures, unlimited density with a conditional use permit, and underutilized nature of the parcel make this site suitable for development during the planning period. The team and staff agreed to have the site in the Housing Element for affordable housing development. This site along with Site 2 (21632 Wesley Drive) were discussed at several public hearings and workshops prior to its inclusion in the Housing Element. Both sites are religious institutions that allows housing for seniors, disabled, female headed households, large families, farmworkers, homeless person or families including transitional and supportive housing, and affordable housing.

- During public hearings, there were mentions of Providence Hospital (formerly known as the Mission Hospital) having interest in the past to develop affordable housing on their property. As such, in January 2021, the City met with the Real Estate Strategy & Operations Division of the Providence Hospital and expressed their continued interest and requested that the vacant parcel owned by hospital be included in the Housing Element for affordable housing.

Site 4 (305-397 North Coast Highway) consists of seven contiguous, developed properties under common ownership. The property owner originally submitted conceptual plans for mixed use hotel development but inquired about residential development in January 2021. Further discussion ensued related to senior and affordable housing. In April 2021, the property owner agreed to have his properties identified in the Housing Element for affordable housing development.

A second round of community outreach was conducted to encourage and increase additional public participation to further inform the final Housing Element Draft. A two-week public input period was provided from September 10, 2021 through September 24, 2021. The City provided an electronic copy of the draft Housing Element to the following: all parties who submitted public comments to HCD, individuals who attended public workshops and hearings, the Orange County Health Care Agency, the Regional Center of Orange County, Laguna Beach Seniors, Glenwood Housing Foundation, adjacent cities, utility purveyors, the school district, churches, property owners of the new housing element sites, Planning Commissioners, Housing and Human Services Committee members, and members of the City's interested party list. The City also utilized social media and the City's community newsletter to advertise and request public comments on the draft Housing Element. The Housing and Human Services Committee members put the notification of availability of the document on the Housing and Human Services Committee Facebook page and other social media sites. In addition, the City posted the draft Housing Element on the dedicated Housing Element update webpage, published the availability of the Housing Element for review in the local newspaper and sent a hard copy notification to all property owners within 300' of the sites included in the sites inventory.

The City Council unanimously approved the 6th Cycle Housing Element on January 11, 2022. A revised draft of the Housing Element was completed in November 2022 in response to HCD review comments provided in March and September of 2022. The revised draft was made available on the project webpage, and interested parties were contacted by email to encourage public comments on the revisions. A seven-day public comment period was held from November 10 through November 18, 2022. The City provided an electronic copy of the draft Housing Element to the following: all parties who submitted public comments to HCD, individuals who attended public workshops and hearings, the Orange County Health Care Agency, the Regional Center of Orange County, Laguna Beach Seniors, Glenwood Housing Foundation, adjacent cities, utility purveyors, the school district, churches, property owners of the new housing element sites, Planning Commissioners, Housing and Human Services Committee members, and members of the City's interested party list. No public comments were received.

Letters of Comment

Key themes from the letters of comment are provided below. The full letters are provided as Attachment 1 to this appendix.

- Improve outreach to those who are lower income, and to various institutions who support those who need increased support.
- Increase lead time for public to review the document.
- Comments on demographics and other data contained in the Housing Element.
- Comments on Housing Element organization, language and policies.
- Comments on the City's conformance with state law regarding shelter capacity and the housing needs of individuals experiencing homelessness in the jurisdiction.
- Comments on the City's analysis of constraints to the development of housing and need to develop programs to address those constraints, to fully analyze the preservation of affordable housing at risk of conversion to market rate and develop a program to assist with the preservation of affordable housing, to adequately assess fair housing issues and create a program that actually affirmatively furthers fair housing,

to include a robust outreach effort to all relevant stakeholders, and to include all of the necessary information in its site inventory to allow for a thorough review of the identified sites.

- Comments to include a cost analysis to estimate the total cost of producing new rental housing that is comparable in size and rent levels, to replace the units that could change from low-income use, and an estimated cost of preserving the assisted housing developments.
- Comments recommending the City strengthen the current inclusionary housing ordinance to prioritize units made affordable to low, very low and extremely low income.
- Comments requesting a minimum of 30% of affordable units to be low, very-low and extremely low income when new land use opportunities are being created.
- Comments recommending the City provide greater incentives for maximum affordability requirements on commercial sites where residential units will be incentivized, and provide flexibility in commercial and industrial zones for joint use of the development of affordable housing.
- Comments recommending assessing inventory sites from the Laguna Canyon Road to include Light Industrial MA-1 and M1-B Zones.
- Comments on ensuring the City identifies public properties from the school district city-owned sites and special agency sites that can be used for affordable housing development.
- Comments that the City approve affordable housing along with market rate housing given the limited sites that are available.
- Comments on ADUs (pro and con).

Response to Comments

Public comments helped shape the Housing Element and the document was modified to address numerous topics received by the public as summarized below. Numerous programs were developed, modified or created to incorporate public comments with specific actions and measurable timeframe. Actions taken in response to public comments by topic area include:

ADUs

- Program 5 was drafted to address extensive public comments including actions to:
  - Promote ADUs through development of a comprehensive ADU Handbook
  - Adopt a new ADU Ordinance that conforms with state law and includes additional components informed by the ADU Handbook
  - Develop a website that serves as a comprehensive resource on ADUs. Include information on the City's new ADU ordinance and from the ADU Handbook
  - Develop an annual monitoring, verification and reporting program for ADUs

Flexible Zoning and Incentives

- Policy HE-2.18 was added to encourage the preservation and development of mixed-use projects that include residential units in commercial zones and offer incentives for residential units that provide long-term affordability to extremely-low- to moderate-income households.
- Program 2 was drafted to include the following:
  - Explore the feasibility of amending the Zoning Code to provide more flexible development standards for affordable housing.
  - Options to explore could include, but are not limited to modifications to: height, setbacks, ground-to-sky open space, parking ratios, allowable additions above commercial, lot coverage/FAR; and possible

creation of affordable housing floating/overlay zones, form-based zoning components, and incentives to provide affordable housing as a part of mixed-use developments.

- Program 9 was drafted to include:
  - Develop a set of incentives to promote the development of affordable housing projects.
  - The incentive package could include components such as flexible development standards, reduced parking requirements, the waiving of fees and the expediting of permits.
- The analysis of "Housing Constraints" in Section 3 was expanded.

Downtown Specific Plan

- Program 4 was drafted to include the following:
  - Provide more permissive development standards for affordable housing.
  - Explore incentives including but not limited to: increased densities, increased height limits, higher lot coverage, lower parking requirements, allowances for off-site parking, allowances for lot assemblage, and removal of upper story residential use limitations.
  - Consider additional locations for residential/mixed use development.

Senior Housing

- Policy HE 3.7 was added to consider the needs of seniors and special needs households when selecting affordable housing sites.
- Program 8 was drafted to include the following:
  - Continue to support aging in place through amortization and abatement agreements which allow residents to remain on the property under specified conditions to improve the property.
  - Where safety concerns can be addressed, allow residents to remain in non-permitted spaces while they are adapted to meet work/live code If funding is available, develop incentives and funding programs to assist building owners and tenants to make the building modifications necessary to conform with work/live ordinances.
  - Explore the development of an amnesty program for unpermitted residential units.

Adequate Sites

- Policy HE-2.14 was added to encourage school districts and religious institutions to develop housing on their properties.
- Policy HE-2.16 was added to explore potential for a pilot co-housing/co-living project to allow more people to be housed at a lower cost while facilitating a sense of community and neighbor-to-neighbor support.
- Policy HE-2.17 was added to foster opportunities for small scale infill development as a means to expand housing opportunities and incrementally provide affordable housing.
- Program 1 was drafted to include the following:
  - Provide incentives for the development of 100% affordable projects on sites with institutional uses such as religious institutions, hospitals, and schools, and on commercially zoned and City-owned sites.
  - Initiate an update to the Laguna Canyon Specific Plan to evaluate suitability for expansion of sites, through code amendments or rezoning, to where live-work, residential, or mixed-use development is permitted.
  - Continue to evaluate potential for mixed-use and work/live spaces along the Coast Highway Corridor and on vacant or underutilized commercial properties.
- More detailed descriptions of the sites inventory and justifications for development potential was provided.

Special Needs Housing

- Edits were made to Program 6 to strengthen actions requiring Zoning Code amendments and meet state law.
- Edits were made to Section 2 to more clearly identify resources and programs linked to special needs housing.

Partnerships

- Edits were made to Program 7 to refer to religious institutions rather than churches.
- Edits were made to Sections 2.6 and 4.3 to identify additional organizational resources.

this page intentionally blank

Appendix C – Affirmatively Furthering Fair Housing

C-1 OVERVIEW OF AB 686 AND LOCAL CONTEXT

In 2017, Assembly Bill 686 (AB 686) introduced an obligation to affirmatively further fair housing (AFFH) into California state law. AB 686 defined "affirmatively further fair housing" to mean "taking meaningful actions, in addition to combat discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity" for persons of color, persons with disabilities, and other protected classes. The Bill added an assessment of fair housing to the Housing Element which includes the following components:

- A summary of fair housing issues and assessment of the jurisdiction's fair housing enforcement and outreach capacity;
- An analysis of segregation patterns, disparities in access to opportunities, and disproportionate housing needs;
- An assessment of contributing factors; and
- An identification of fair housing goals and actions.

The AFFH rule was originally a federal requirement applicable to entitlement jurisdictions (with population over 50,000) that can receive HUD Community Planning and Development (CPD) funds directly from HUD. Before the 2016 federal rule was repealed in 2019, entitlement jurisdictions were required to prepare an Assessment of Fair Housing (AFH) or Analysis of Impediments to Fair Housing Choice (AI). AB 686 states that jurisdictions can incorporate findings from either report into the Housing Element.

Data Sources

This analysis relies on the following data sources: California Department of Housing and Community Development (HCD) 2021 Affirmatively Furthering Fair Housing (AFFH) Data Viewer, 2020 Orange County Analysis of Impediments to Fair Housing Choice (2020 AI), U.S. Department of Housing and Urban Development (HUD) 2020 AFFH Data, 2015-2019 American Community Survey (ACS) (5-Year Estimates), HUD Comprehensive Housing Affordability Strategy (CHAS) Data based on the 2013-2017 ACS.

For the purpose of HUD CPD funds (CDBG, HOME, and ESG), the Orange County Housing Authority (OCHA) functions as the lead agency to receive these funds on behalf of 13 cities, including Laguna Beach, and the unincorporated County areas. Collectively, this geography is known as the Urban County.[10] Much of the data provided by HUD for the purpose of AFFH analysis is based on this collective Urban County geography.

This analysis also considers issues raised through public comments, local knowledge, and an assessment related to the local history and physical form of Laguna Beach. The history is relevant as it provides a context for the existing built form, and the environmental setting is key to understanding the character of the city and constraints to development.

10 The following cities are part of the Orange County Urban County: Placentia, Yorba Linda, Brea, Cypress, Dana Point, Laguna Beach, Laguna Hills, Laguna Woods, La Palma, Los Alamitos, Seal Beach, Stanton, and Villa Park.

Fair Housing Comments

In recent years, the City Council sought out additional citizen involvement to help find pathways to increasing affordable housing. An 11-member Affordable Housing Task Force was appointed in February 2018 to identify dedicated funding sources for affordable housing. The mission of the Task Force also included consideration of other associated programs within the Housing Element, tied to funding for the development of affordable housing opportunities for: long-term extremely-low- to moderate-income housing for seniors (62+), family housing for younger adults (25-44), and other special needs groups. In September 2019, the Task Force presented its report to the City Council, which included recommendations related to creating incentives, securing funding sources, and encouraging community awareness to support affordable housing. These recommendations formed the foundation for securing grant funds under the SB 2 Planning Grant Program and a Local Early Action Planning (LEAP) grant (discussed in Section 4.3, Financial Resources), and helped shape programs described in Section 5, Housing Plan of this 6th Cycle Housing Element.

The City Council also sought citizen participation through the creation of a Senior Housing Task Force, made up of representatives from the Planning Commission, the real estate community, Laguna Beach Seniors, the Housing and Human Services Committee, and other members of the senior community. This task force started in June 2014 and completed its final report in December 2016. Recommendations from the final report also helped inform programs in the 6th Cycle Housing Element.

Due to the COVID-19 pandemic during the 2021-2029 Housing Element update process, the public outreach was conducted online through workshops, emails, and notifications. The City also reached out to individual property owners and developers that had expressed interest in affordable housing. See Appendix B for a more comprehensive summary of the outreach and how it influenced the preparation of the Housing Element.

In response to the City's public outreach, letters from the Kennedy Center, Public Law Center, and Tapestry were received which expressed a particular interest in fair housing. The Kennedy Center, in its letter of February 24, 2021, cited evidence of "disproportionate production in in the above moderate category this is a clear indication that the City's affordable housing policies are not effective in incentivizing housing development in a balanced manner."

The Kennedy Center recommendations and City responses are as follows:

- Strengthen the City's current inclusionary housing ordinance to prioritize units made affordable to low, very low and extremely low income (Related edits were made to Programs 5.2-2.b, 5.2-4, 5.2-1)
- Revisit the inventory site from Laguna Canyon Road and identify additional sites that can be made available for affordable housing development. (Added Program 5.2-1.h)
- Recommend greater incentives for maximum affordability requirements on commercial sites where residential units will be incentivized. (Edited Program 5.2-2)
- Prioritize affordable housing as it develops overlays and specific plans. A minimum of 30% of the units should be made affordable to low-, very-low and extremely low-income wherever new land use opportunities are being created. (Edits were made to Programs 5.2-2.b, 5.2-4, 5.2-1)
- Identify public properties from the school district, city-owned sites and special agency sites that can be used for affordable housing development. (See Sites Inventory section and Program 5.2-7.a)
- Affordable housing must move forward along with market-rate housing given the limited sites that are available. Identify new sites for affordable housing if previously identified sites are lost. (See Program 5.2-1)

The Public Law Center, in its letter of June 8, 2021, provided comments summarized as follows.

- Provide a point-in-time count of people experiencing homeless, to establish need based on capacity to serve the existing need, and to provide a zone where shelters are permitted by right. (Edits made regarding point-in-time and Program 5.2-6)
- Analyze how proposed programs will benefit the production of housing and remove identified constraints. (See Section 2.4)
- Conduct analysis of affordable housing projects that are at risk of expiring affordability. (None at risk)
- Strengthen programs with specific action steps, measurable outcomes, firm commitments, and identification of specific funding sources where appropriate. (See Housing Plan - several programs added)
- Include a program to assist in the development of adequate housing to meet the needs of extremely low, very low, low-, and moderate-income households. (See Housing Plan - several programs added)
- Remove constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities. (Edits made to Section 3 and Housing Plan)
- Expand the AFFH analysis. (Extensively expanded)
- Expand public outreach. (See Appendix B)

The Welcoming Neighbors Home Initiative, a ministry of Tapestry, which is a Unitarian Universalist Congregation, provided a letter of comment dated April 5, 2020. The Tapestry letter provided support for affordable housing as an important priority for the sustainability of the city. Their comments focused on the need to improve outreach and asked specific questions regarding housing data and existing conditions. Regarding furthering fair housing, the letter called for outreach to lower income residents and "further analysis of land use practices that stifle the ability to build a mix of housing units or maintain existing rental housing stock." Specific wording edits were suggested to strengthen programs.

In response to these letters, outreach efforts were strengthened, additional sites for the sites inventory were investigated, a comprehensive AFFH analysis was prepared, and programs were strengthened with specific action steps, measurable outcomes, firm commitments, and identification of specific funding sources where appropriate. See Appendix B for a more detailed accounting of comments received and edits made.

Local Land Use History and Trends

Laguna Beach is a small, mature urbanized city that was founded in 1927. The first attempt at comprehensive planning by the City of Laguna Beach occurred in 1955, when it adopted a "Master Plan", which addressed growth and development within the City and the surrounding area. In 1959, a more formal and comprehensive "General Plan" was adopted, consisting of three separate elements - Land Use, Circulation and Recreation. This general plan provided the direction for growth in the City until 1972, when the City Council adopted a new, expanded Land Use Element. Since then, the City has continued to address new topics in response to new state laws, including major milestones and initiatives such as the Coastal Act, and general plan, housing, environmental and climate change laws among others.

Laguna Beach also has a rich cultural history that began in the very early times, when local Indians thrived on the coastal lands and freshwater canyon lakes that made up the area they named Lagonas, which translates to "lake."[11] By the late 1800s Laguna Beach had become a popular tourist destination for artists and the local arts community continued to grow, with city becoming known as an art colony and a center for hippie culture in the 1960s. In the

11 See https://www.visitlagunabeach.com/about-us/history/ accessed on 4/22/2022

1970s the city gained a reputation as an LGBTQ+ friendly destination.[12]The City continues to support and celebrate its cultural heritage, tourism and the arts.

The City has well established development patterns that reflect its history. Approximately 20% of the City's housing units were built by 1939, and the City experienced periods of rapid growth in the 1960s-1980s. The 2020 State Population and Housing estimate shows a total of 13,027 Laguna Beach housing units. Detached single-family units represented 71.3% of the housing stock, and 2+ unit structures represented 26.5% of units.

Physical Environment

A major factor influencing development in Laguna Beach is its physical environment. The City of Laguna Beach is in the Coastal Zone and is characterized by steep hillsides, inaccessible canyon bottoms, prominent ridgelines and vast areas of open space. The City is surrounded by the Laguna Greenbelt, which encompasses approximately 10,000 acres of largely undeveloped lands and includes Morro Canyon, Emerald Canyon, the watershed of Laguna Canyon, Woods Canyon and Lower Aliso Creek. The Greenbelt, principally under the jurisdiction of the County of Orange, physically separates the City from urbanization occurring elsewhere in the County. Many of the City's neighborhoods have streets that are narrow, steep, and often dead end, which also poses challenges for infill development. In many instances, the City's existing residential neighborhoods exceed the allowable density, or are built-out on substandard lots.

The City has a history of devastating fires and evacuation challenges. As identified in the City's Hazard Mitigation Plan, the topography of Laguna Beach is extremely conducive to wildfires, with 70% of residents living in the wildfire hazard zone. In the event of a fire or other type of emergency, the community relies on two major roadways: Coast Highway (State Route 1) and Laguna Canyon Road (State Route 133). The City must also address coastal management including sea level rise in accordance with California Coastal Commission directives.

The fact that Laguna Beach is an older, coastal, urbanized city with a unique physical environment greatly limits the potential for new development that may occur, and the City is very near build-out based on its General Plan. The majority of vacant land within the City is environmentally sensitive due to the location of high value habitat and/or steep topographic conditions. Some of these environmentally sensitive lands have been purchased by the City, and most of them have been zoned as Open Space to preclude environmentally damaging development, or Residential/Hillside Protection (R/HP), which limits residential development opportunities. However, the City has opportunities to expand housing opportunities through intensification of infill and redevelopment sites, as discussed in Section 4 and addressed in Program 5.2-1 Adequate Sites, 5.2-2 Zoning Toolbox, 5.2-4 Downtown Specific Plan, and 5.2-5 Accessory Dwelling Units.

One new challenge currently facing the City is the potential for voter initiatives related to housing supply. In response, the City has included Program 5.2-1.j, to " Monitor and address any impacts of potential voter initiatives on housing supply including residential development for all income groups, impacts to RHNA as well as other housing sites, and obligations to affirmatively further fair housing." During the November, 2022 general municipal election, a voter-sponsored petition to create an overlay zone that covers all property in the City located within 750 feet of the centerline of either State Route 1 (Coast Highway) or State Route 133 (Laguna Canyon Road/Broadway) was submitted to the voters. The Initiative known as Measure Q would have established special requirements for any "Major Development Project" within the overlay district, which may be triggered by floor area, additional average

12 See https://www.visitlagunabeach.com/things-to-do/lgbtq/a-highlight-of-lgbtq-history-of-laguna-beach/ accessed on 4/22/2022

daily trips, providing fewer parking spaces than required by the Initiative, structure height, lot combinations, or based on cumulative effect criteria. However, the Initiative was rejected by the voters.

Another challenge facing the City is the need to build public support for affordable housing. At public meetings held during the housing element update process, there were a wide range of public comments both for and against land use and regulatory changes that would support more housing and affordable housing. To help ensure an informed citizenry and build greater support for housing, the Housing Plan includes Program 5.2-10 to increase public information, education and marketing efforts.

C-2 FAIR HOUSING ASSESSMENT

Fair Housing Enforcement and Outreach

Laguna Beach has committed to comply with the federal Fair Housing Act (FHA) and the California Fair Employment and Housing Act (FEHA), including FEHA Regulations, protect residents from discrimination on the basis of race, color, religion, national origin, sex/gender, handicap/disability, familial status, marital status, ancestry, source of income, sexual orientation, and arbitrary discrimination, as included in the 2020 AI. Additional fair housing laws applicable to California jurisdictions include:

- Unruh Civil Rights Act – Protects residents from discrimination by all business establishments in California, including housing and accommodations.
- Ralph Civil Rights Act (California Civil Code Section 51.7) – forbids acts of violence or threats of violence on the basis of race, color, religion, ancestry, national origin, age, disability, sex, sexual orientation, political affiliation, or position in a labor dispute.
- Bane Civil Rights Act (California Civil Code Section 52.1) – protects residents from interference by force or threat of force with an individual's constitutional or statutory rights, including a right to equal access to housing.
- California Civil Code Section 1940.3 – prohibits landlords from questioning potential residents about their immigration or citizenship status.
- Government Code Sections 11135, 65008, and 65580-65589.8 – prohibit discrimination in programs funded by the State and in any land use decisions. 65580-65589.8 was recently changed for the provision of special needs housing through:
  - Housing for persons with disabilities (SB 520);
  - Housing for homeless persons, including emergency shelters, transitional housing, and supportive housing (SB 2);
  - Housing for extremely low-income households, including single-room occupancy units (AB 2634); and
  - Housing for persons with developmental disabilities (SB 812).

The Fair Housing Council of Orange County (FHCOC) serves both Entitlement[13] and Urban County jurisdictions, including Laguna Beach. FHCOC provides the following services in English, Spanish, and Vietnamese free of charge to low and moderate income clients:

- *Fair Housing Enforcement:* FHCOC investigates housing discrimination complaints, offers referrals to government agencies, and assists in litigation.

13 Entitlement jurisdictions refer to cities that develop their own federal funding programs and receive their own CDBG funding.

- *Fair Housing Training:* The Fair Housing Council offers fair housing trainings including management trainings and Apartment Association of Greater Los Angeles (AAGLA) seminars.
- *HUD Counseling:* As a HUD approved counseling agency, FHCOC provides residents with fair housing information including rental assistance programs, mortgage default/foreclosure prevention, and the home buying process.
- Landlord/Tenant Mediation

From 2015 to 2019, FHCOC served over 9,550 residents Countywide by conducting or participating in 467 education and outreach activities. FHCOC held 32 training sessions for rental property owners/managers, 16 fair housing seminars, and 70 general fair housing workshops. FHCOC also distributed over 82,130 pieces of educational fair housing literature. A total of 363 housing discrimination allegations were submitted to FHCOC during the 2015-2019 period. Of the 363 allegations received, FHCOC opened 179 cases for investigation. FHCOC also conducted 362 systemic onsite tests, including 51 in the Urban County areas. Regionally, FHCOC addressed 24,766 housing issues or disputes for 7,664 individual households.

Regional Trend

The HUD Office of Fair Housing and Equal Opportunity (FHEO) records fair housing inquires for local governments. FHEO inquiries are not official discrimination cases but can be used to identify possible discrimination concerns. Figure C.1 shows FHEO inquiries from 2013-2021, public housing buildings, and housing choice voucher (HCV) concentrations. There are no public housing buildings in Orange County. The closest public housing buildings are located in Los Angeles County near the City of Norwalk. FHEO received fewer than 0.5 inquiries per 1,000 people in all Orange County cities. Jurisdictions adjacent to Laguna Beach, including Newport Beach, Aliso Viejo, and Laguna Niguel, had more FHEO inquiries during the 8+ year period.

Table C.1 compares FHEO discrimination cases in Orange County in 2010 and 2020. The number of total cases has gone down nearly 50% since 2010. The proportion of discrimination cases related to disability has increased from 58.5% in 2010 to 60.7% in 2020. The cases related to familial status and race have both gone down, indicating more FHEO cases are being filed for discriminatory actions against other groups.

Table C.1 Orange County FHEO Discrimination Cases

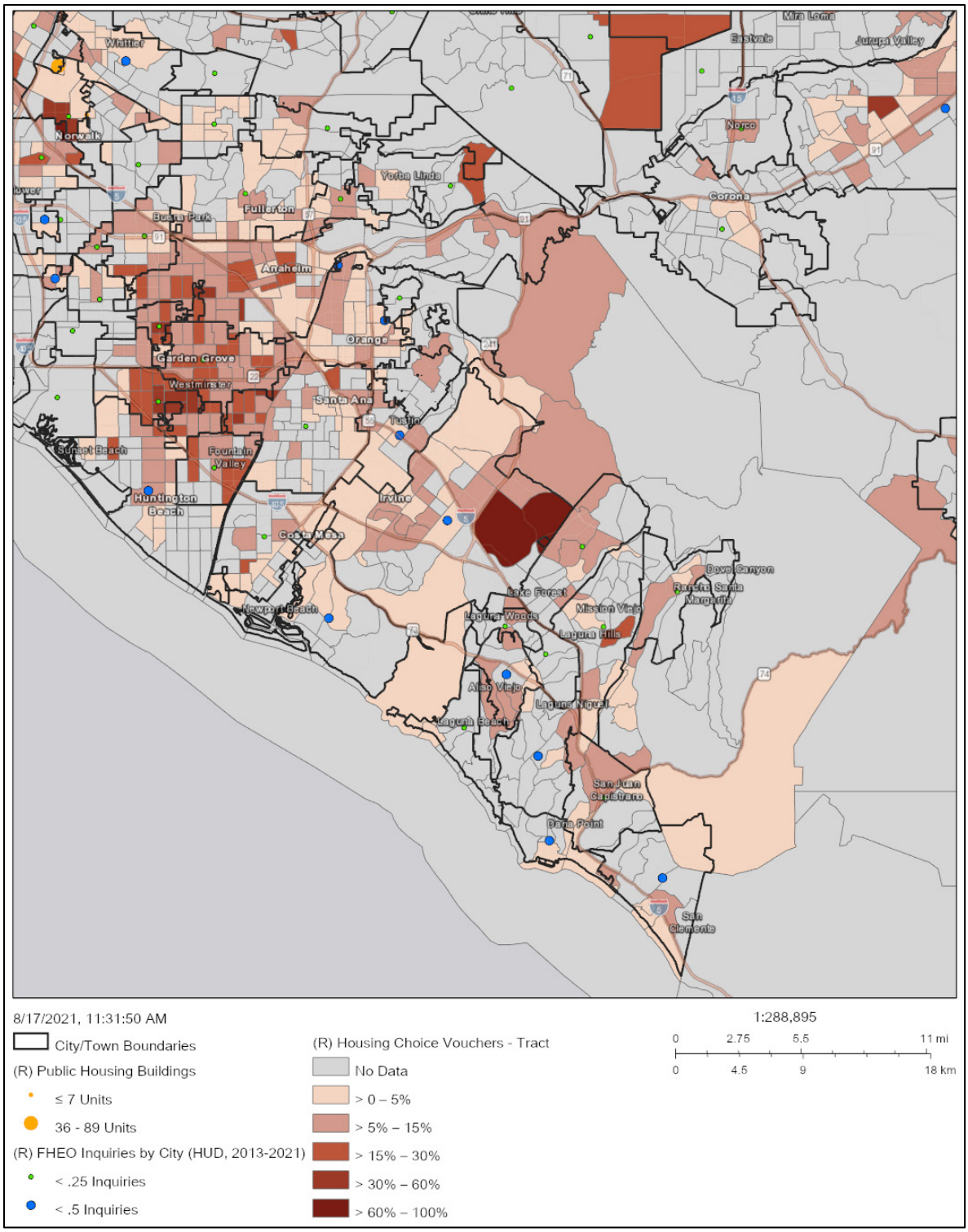
Basis	2010		2020	
	Cases	Percent	Cases	Percent
Disability	31	58.5%	17	60.7%
Familial Status	8	15.1%	4	14.3%
Race	10	18.9%	3	10.7%
Total	**53**	**100.0%**	**28**	**100.0%**

HCD AFFH Data Viewer (HUD 2006-2020), 2021.

Local Trend

According to the HCD AFFH Data Viewer, there has been 0.17 inquiries per 1,000 people in Laguna Beach since 2013. The FHEO received a total of four inquiries from Laguna Beach residents between January 2013 and March 2021: one related to disability, one related to familial status, and two unrelated to a specific basis of discrimination. Of the four inquiries, three clients failed to respond, and one was found to have no valid basis. There is no additional discrimination complaint or case data available for the City of Laguna Beach.

There is a small concentration of renters receiving housing choice vouchers (HCVs) in the northeastern area of the City. There are no public housing buildings in Laguna Beach.



Source: HCD AFFH Data Viewer (HUD, 2013-2021), 2021.

Figure C.1 Regional FHEO Inquiries by City and Public Housing Buildings

Integration and Segregation

Race/Ethnicity

Ethnic and racial composition of a region is useful in analyzing housing demand and any related fair housing concerns, as it tends to demonstrate a relationship with other characteristics such as household size, locational preferences and mobility.

Dissimilarity indices can be used to measure the evenness of distribution between two groups in an area. The following shows how HUD views various levels of the index:

- <40: Low Segregation
- 40-54: Moderate Segregation
- >55: High Segregation

The following analysis of racial/ethnic segregation also includes racial/ethnic minority population trends, maps of minority concentrated areas over time, and an analysis of the City's sites inventory as it relates to minority (non-White) concentrated areas.

Regional Trend

As shown in Table C.2, in racial/ethnic minority groups make up 59.4% of the Orange County population. White residents make up approximately 40.6% of the population, while Hispanic/Latino and Asian residents make up 34.1% and 20.3%, respectively. Laguna Beach and adjacent jurisdictions have lower racial/ethnic minority populations compared to the County. Of the selected jurisdictions, Laguna Beach has the smallest racial/ethnic minority population of 16.6% and Laguna Hills has the largest of 42.5%. Irvine, located north of Laguna Beach, has a substantially larger racial/ethnic minority population compared to the jurisdictions in the southern County.

Table C.2 Racial/Ethnic Composition of Orange County, Laguna Beach, and Neighboring Cities

	White	Black/ Afr. Amer.	Amer. Ind./ Alaska Native	Asian	Hawaiian/ Pac. Isldr.	Other	Two or more races	Hispanic/ Latino
Orange County	**40.6%**	**1.6%**	**0.2%**	**20.3%**	**0.3%**	**0.2%**	**2.8%**	**34.1%**
Laguna Beach	**83.4%**	**0.8%**	**0.1%**	**3.7%**	**0.0%**	**0.5%**	**3.2%**	**8.2%**
Aliso Viejo	58.8%	2.3%	0.2%	15.4%	0.1%	0.3%	4.7%	18.1%
Dana Point	74.1%	1.4%	0.1%	3.6%	0.1%	0.2%	2.9%	17.6%
Irvine	40.3%	1.6%	0.1%	42.9%	0.2%	0.2%	4.3%	10.3%
Laguna Hills	57.5%	1.5%	0.0%	14.6%	0.1%	0.1%	4.3%	22.0%
Laguna Niguel	66.6%	1.2%	0.0%	10.2%	0.3%	0.8%	4.6%	16.4%

Source: 2015-2019 ACS (5-Year Estimates).

As discussed previously, HUD's dissimilarity indices can be used to estimate segregation levels over time. Dissimilarity indices for Orange County are shown in Table C.3. Dissimilarity indices between non-White and White groups indicates that the County has become increasingly segregated since 1990. Segregation has increased most between Hispanics and Whites since 1990. According to HUD's thresholds, White and Black communities are moderately segregation, White and Asian/Pacific Islander communities are moderate segregated, and White and Hispanic communities are highly segregated. Overall, White neighborhoods and non-White neighborhoods in Orange County are moderately segregated.

Table C.3 Racial/Ethnic Dissimilarity Indices, Orange County

	1990	2000	2010	Current
Non-White/White	40.19	45.54	44.67	48.27
Black/White	37.45	35.84	34.87	42.98
Hispanic/White	49.83	55.12	54.13	56.83
Asian or Pacific Islander/White	33.02	39.93	41.65	45.89

Source: HUD AFFH-Data and Mapping Tool (AFFH-T), 2020.

As shown in Figure C.2, block groups in southern Orange County coastal cities, including Laguna Beach, Newport Beach, and Dana Point, have very low concentrations of racial/ethnic minorities. Racial/ethnic minority populations represent 61% or more of most block group populations in the central and northern areas of the County. Garden Grove, Anaheim, Santa Ana, and Buena Park are all comprised of block groups with substantial racial/ethnic minority populations. Coastal cities in the northern County have higher racial/ethnic minority concentrations than the southern coast, but significantly lower concentrations than adjacent inland cities.

Local Trend

Table C.4 shows the change in race/ethnicity composition in Laguna Beach from 2010 to 2019. As discussed previously, White residents represent a large majority of the population in Laguna Beach. The White population has decreased slightly since 2010, while the Hispanic/Latino, Asian, and Black/African American populations have seen marginal growth. Since 2010, the racial/ethnic composition in Laguna Beach has remained relatively constant.

Table C.4 Change in Race/Ethnicity Composition (2010-2019)

	2010		2019	
Race/Ethnicity	Persons	Percent	Persons	Percent
White	19,710	86.5%	19,223	83.4%
Black/African American	91	0.4%	194	0.8%
American Indian/Alaska Native	0	0.0%	12	0.1%
Asian	1,041	4.6%	853	3.7%
Native Hawaiian/Pacific Islander	40	0.2%	0	0.0%
Other	56	0.2%	125	0.5%
Two or more races	337	1.5%	737	3.2%
Hispanic/Latino	1,513	6.6%	1,892	8.2%
Total	**22,788**	**100%**	**23,036**	**100%**

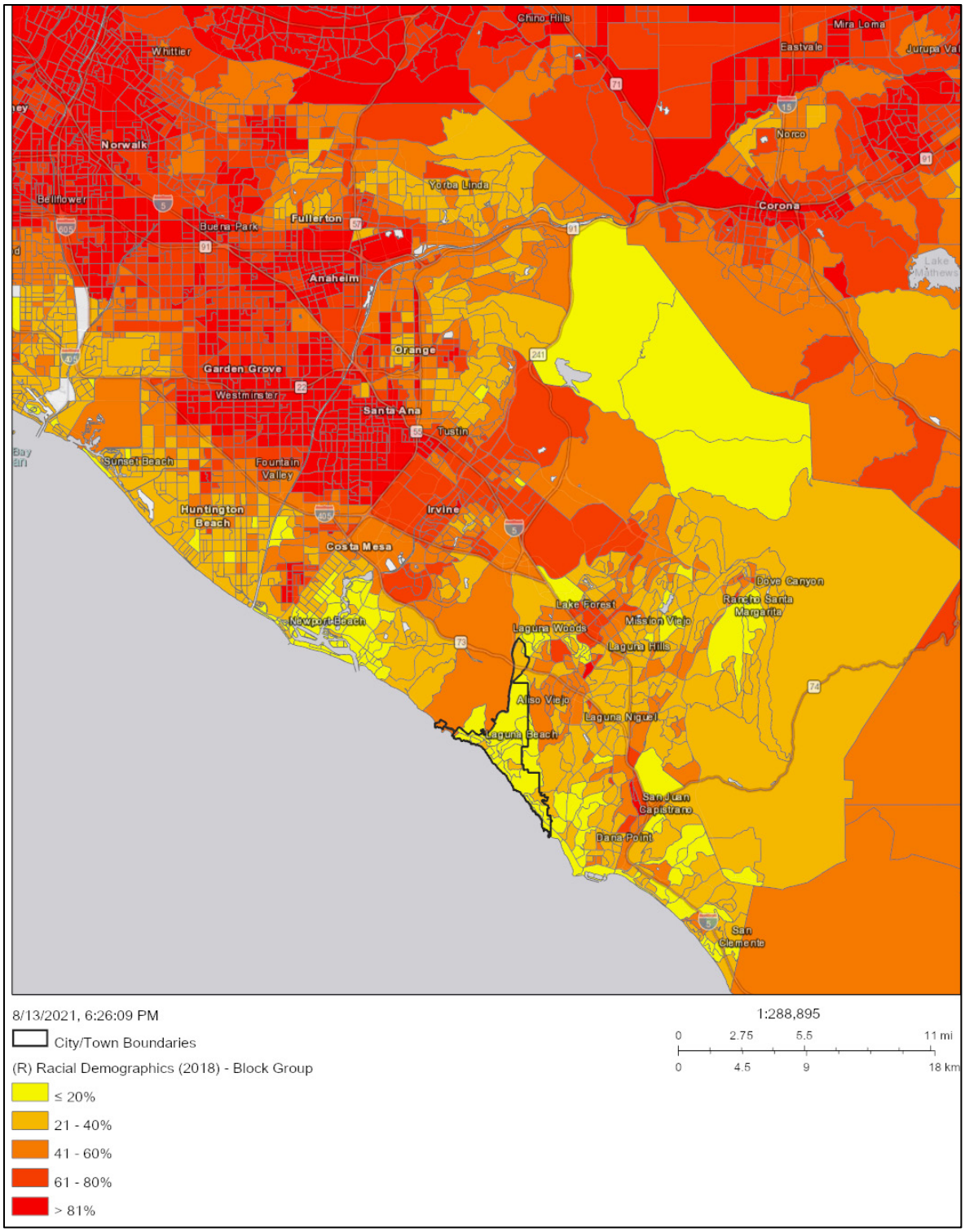
Source: 2006-2010 and 2015-2019 ACS (5-Year Estimates).

Based on HUD's dissimilarity index shown in Table C.5, the Orange County Urban County is less segregated than the County as a whole. The Urban County has seen an increase in segregation between all non-White and White communities since 1990. According to HUD, segregation between White and all non-White groups, including Black, Hispanic, and Asian/Pacific Islander, is considered moderate.

Table C.5 Racial/Ethnic Dissimilarity Indices, Urban County

	1990	2000	2010	Current
Non-White/White	30.48	36.54	35.55	40.20
Black/White	32.90	35.33	34.07	40.77
Hispanic/White	36.26	42.43	39.52	43.26
Asian or Pacific Islander/White	32.65	36.76	37.16	42.98

Source: HUD AFFH-Data and Mapping Tool (AFFH-T), 2020.



Source: HCD Data Viewer (2018), 2021.

Figure C.2 Regional Racial/Ethnic Minority Concentrations by Block Group (2018)

Figure C.3 and Figure C.4 compare racial/ethnic minority concentrations in Laguna Beach in 2010 and 2018. An important note on the mapping of racial/ethnic concentrations is that concentration is defined by the proportion of a racial/ethnic group in the total population of a census block group. If a block group has low population, the proportion of a racial/ethnic group may appear high even though the number of residents in that group may be limited. In most Laguna Beach block groups, racial/ethnic minorities make up less than 20% of the block group population. Since 2010, four block groups have seen increases in racial/ethnic minority populations where racial/ethnic minorities make up between 20% and 40% of the population. The block group in the northwest corner of the City, including Irvine Cove, has a larger racial/ethnic minority population of 56% in 2018. However, this block group encompasses the unincorporated areas north of Laguna Beach and Irvine.

Sites Inventory

Table C.6 shows the distribution of units used to meet the 2021-2029 Regional Housing Needs Assessment (RHNA) by income and racial/ethnic minority concentration. The City has identified six sites to meet the RHNA, including the pending project at 770 Hillcrest Drive, the anticipated project at 350 Artisan Drive, and four new sites to be added to the residential sites inventory. A detailed description of the sites inventory is included in Chapter 4, RHNA and Housing Resources, of this Housing Element. Approximately 55% of RHNA units are in block groups where less than 20% of the population belongs to a racial or ethnic minority group. The remaining 45% of units are in block groups where between 21% and 40% of the population is a racial or ethnic minority. All four of the newly identified sites are in block groups with a racial/ethnic minority population of 20% or below. The sites are shown in relation to the current racial/ethnic minority concentrations in Figure C.4

Table C.6 – Distribution of RHNA Units by Racial/Ethnic Minority Concentration

Racial/Ethnic Minority Concentration (Block Group)	Lower Income Units	Moderate Income Units	Above Moderate Income Units	Total Units
<20%	77.0%	100.0%	7.6%	54.9%
21-40%	23.0%	0.0%	92.4%	45.1%
Total	**161**	**46**	**119**	**326**

Summary of Fair Housing Issues

Laguna Beach has a small racial/ethnic minority population making up only 16.5% of the total population. Dissimilarity indices indicate that non-White and White communities in the Urban County are moderately segregated. Most block groups have racial/ethnic minority populations lower than 40%. The block group in the northwestern area of the City, Irvine Cove, has a larger minority population of 56%. Irvine Cove is an exclusive, guard-gated oceanfront community of approximately 110 homes, with access to a private beach. This block group also encompasses the unincorporated areas north of the City and part of Irvine and may not accurately represent the population of Laguna Beach . Tracts with a racial/ethnic minority population exceeding 20% are not concentrated in one area in the City.

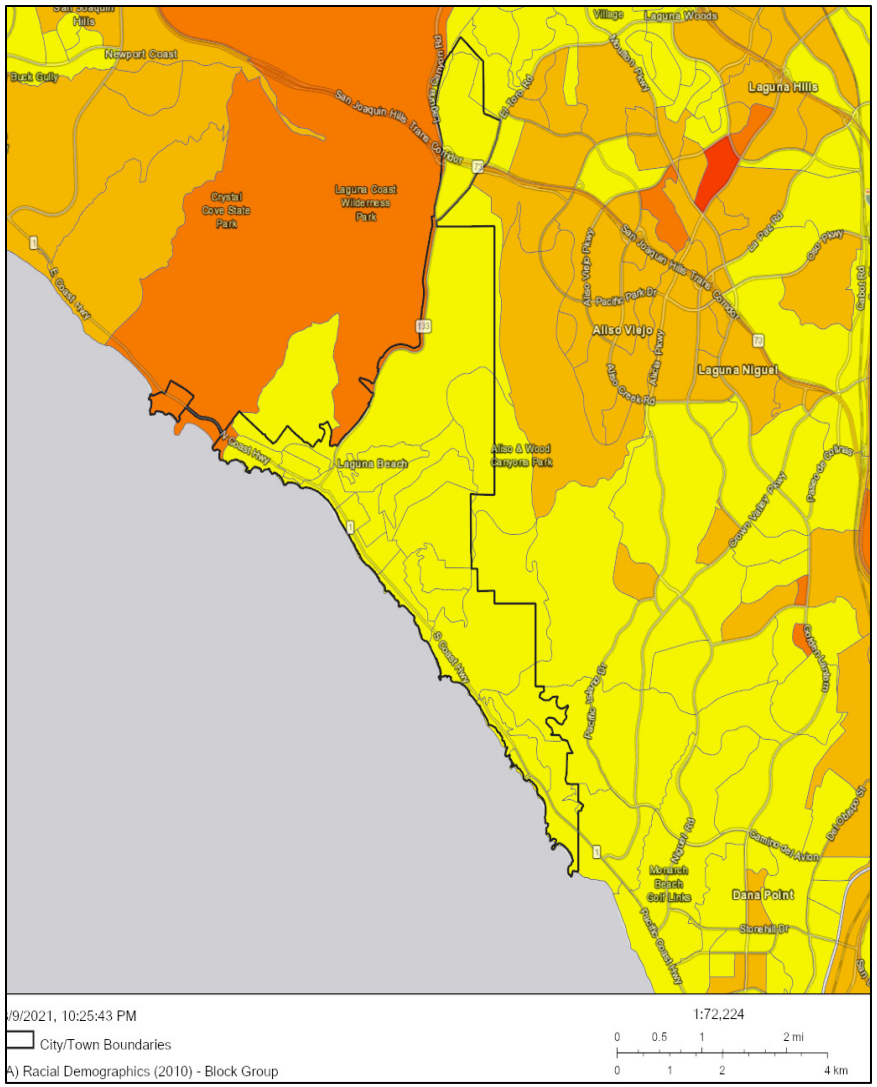
Approximately 23% of lower income RHNA units are in block groups with a slightly higher racial/ethnic minority population ranging from 21% to 40%. However, all new sites used to meet the RHNA are in block groups where less than 20% of the population belongs to a racial/ethnic minority group. The City's RHNA strategy does not disproportionately place units in areas with larger racial/ethnic minority populations.

Research was conducted to learn of past redlining practices in Laguna Beach and Orange County. The HCD AFFH Data and Mapping Resources website did not include Orange County content on this topic and the "Home Owners Loan Corporation Redlining Grade dataset did not include data for Orange County cities. One article retrieved through a Google search titled "A Brief History of Housing Discrimination in Fullerton and North Orange County"

described the difficulties faced by African American families seeking housing in Orange County.[14] The author of the article reports that "there were widespread racist civic and housing policies throughout Orange County…" In addition, it has been documented that the Jim Crow Era of racial segregation and disenfranchisement spread beyond the South, where African Americans and other minority groups were expelled from predominantly White communities, through the adoption of policies forbidding them from residing or even being within town borders after dark, known as "sundown towns." Sundown towns were prominent throughout the country, including more than 100 California towns including Orange County. Groups known to be excluded were Black and Jewish persons, specifically[15] as further discussed in the Other Relevant Factors - Historical Trends section below.

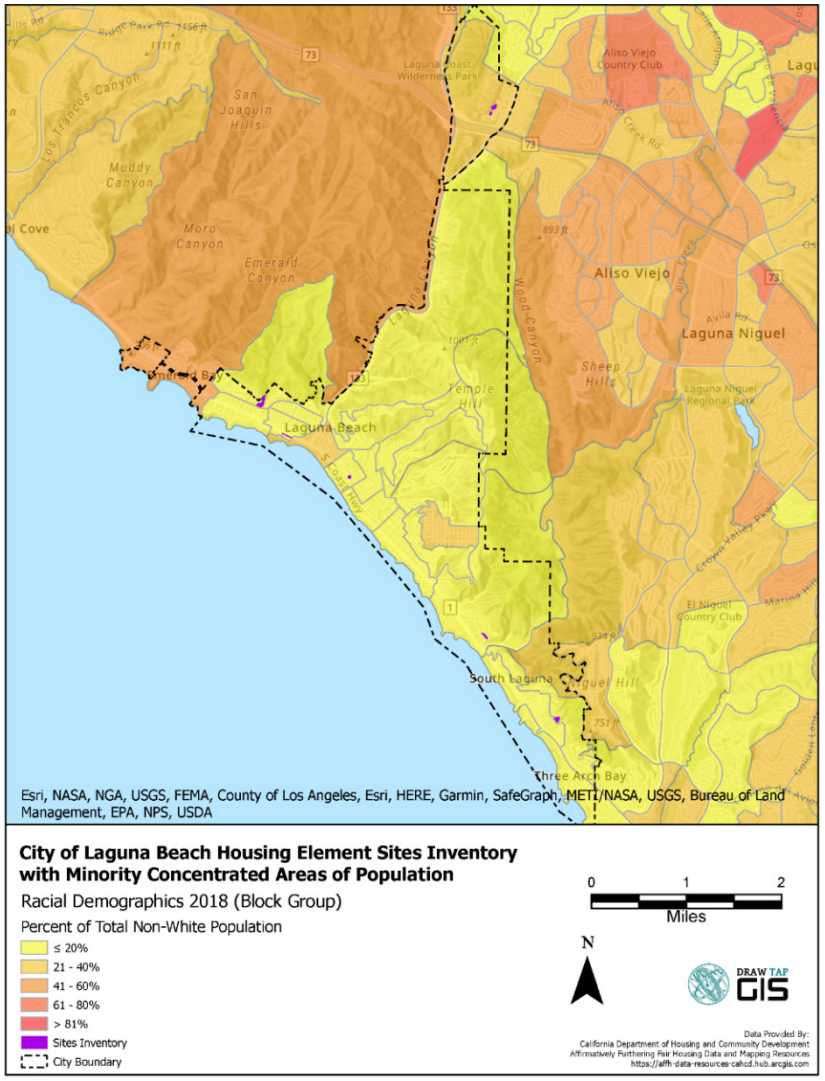
Due to the City's age, and the fact that much of the City was developed and early real estate transactions and mortgage lending practices occurred prior to enactment of Fair Housings laws, it is possible that the current lack of diversity in the City is in part due to past discriminatory practices. Currently, Laguna Beach and other Orange County cities benefit from fair housing laws and organizations working to enforce those laws, including the Orange County Fair Housing Council (OCFHC). The City of Laguna Beach contributes to the OCFHC through an annual contribution of CDBG funds, as described in Program 5.2-11.a.

14 Little, Emerson, Fullerton Observer, 7/27/2020. See https://fullertonobserver.com/2020/07/27/a-brief-history-of-housing-discrimination-in-fullerton-and-north-orange-county/ accessed on 4/22/2022.
15 Tougaloo. (2021). History and Social Justice: Orange County. https://justice.tougaloo.edu/sundowntown/orange-county-ca/.



Source: HCD Data Viewer (2010), 2021.

Figure C.3 Racial/Ethnic Minority Concentrations by Block Group (2010)



Source: HCD Data Viewer (2018), 2021.

Figure C.4 Racial/Ethnic Minority Concentrations by Block Group and Sites Inventory (2018)

Disability

Persons with disabilities have special housing needs because of their fixed income, the lack of accessible and affordable housing, and the higher health costs associated with their disability.

Regional Trend

According to the 2015-2019 ACS, 8.5% of Orange County residents experience a disability. Laguna Beach has a larger population of residents with disabilities, making up 9.4% of the population compared to the neighboring jurisdictions of Aliso Viejo (6.3%), Irvine (5.6%), Laguna Hills (8.8%), and Laguna Niguel (8%) but smaller than Dana Point (9.6%). The most common disabilities in the County are ambulatory difficulties (4.5% with a disability) and independent living difficulties (4.3% with a disability).

As shown in Figure C.5, most tracts in Orange County have disabled populations of up to 20%. Tracts with larger populations of persons with disabilities exceeding 20% are in Seal Beach, Anaheim, Laguna Beach, and Laguna Niguel. Tracts where more than 10% of the population is disabled are generally more concentrated in the northern and central County areas.

Local Trend

According to the 2015-2019 ACS, approximately 9.4% of Laguna Beach residents experience a disability, compared to 8.5% Countywide. Disabilities are most common amongst elderly residents; approximately 24% of persons aged 65 and over experience a disability, including 49.1% of residents aged 75 and older. The most common disabilities in Laguna Beach are ambulatory difficulties (3.9%) and hearing difficulties (3.4%). The population of persons with disabilities has increased from 5.9% during the 2010-2014 ACS. The elderly population in Laguna Beach has grown from 22.5% to 24.5% during the same period.

Figure C.6 shows the population of persons with disabilities by census tract based on the 2015-2019 ACS. In most tracts, the disabled population makes up less than 10% of the population. Between 10% and 20% of the population is disabled in three tracts, and between 20% and 30% of the population is disabled in one tract in the northeast corner of the City at the intersection of SR 133 and SR 73. As discussed in Section 2.1-2, Laguna Beach's seniors (65 and above) make up 23.3% of the population. Combined, the 55-64 and 65+ age groups, a portion of the "Baby Boom" generation, represent 43.9% of the population. Recent ACS data provides estimates of types of disabilities experienced by seniors in Laguna Beach. The most commonly occurring disability among seniors 65 and older was an ambulatory disability, experienced by 10.4% of Laguna Beach's seniors (and 22.9% of seniors in the SCAG region). Due to the significant and growing numbers of seniors in Laguna Beach, there will continue to be a need for a variety of housing types and affordability, and the provision of senior services and disability resources. The Housing Plan Program 5.2-6 addresses Special Needs Housing and Program 5.2-10.b calls for continuation of the City's Senior Housing Aging in Place Program.

Sites Inventory

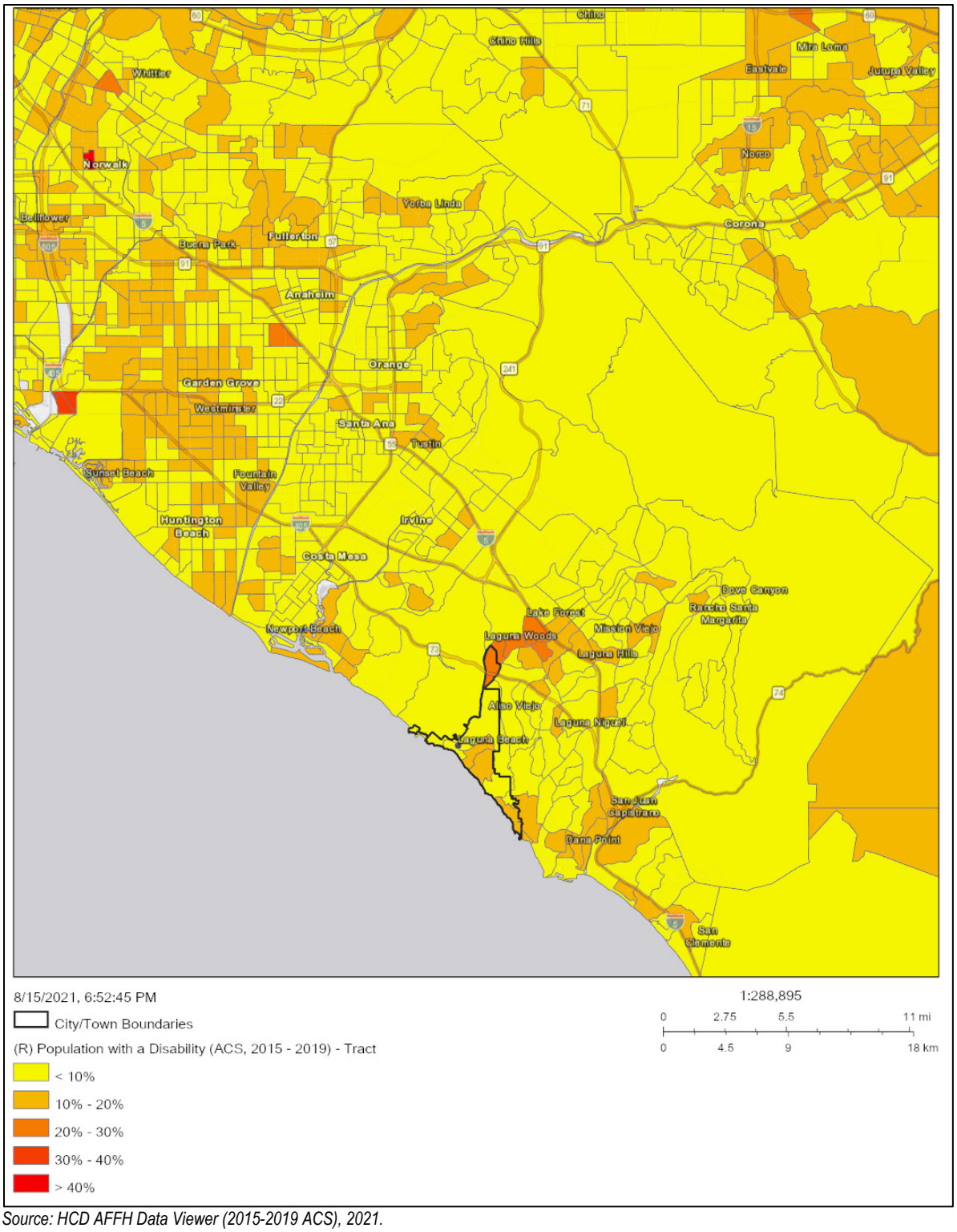
As discussed previously, the City has identified one pending project, one anticipated project, and four new sites to meet the 2021-2029 RHNA. Nearly half of the RHNA units are in tracts where 20-30% of the population experiences a disability. Approximately 46.6% of lower income units, 58.7% of moderate income units, and 7.6% of above moderate income units are in tracts with small disabled populations below 10%. Three of the four new sites identified for the residential sites inventory are in tracts where fewer than 10% of the population experiences a disability. Site 3 (31778 Sunset Drive) is located in a tract where 20-30% of the population is disabled. The sites and current concentration of persons with disabilities is shown in Figure C.6.

Table C.7 Distribution of RHNA Units by Concentration of Persons with Disabilities

Concentration of Persons with Disabilities (Tract)	Lower Income Units	Moderate Income Units	Above Moderate Income Units	Total Units
<10%	46.6%	58.7%	7.6%	34.0%
10-20%	30.4%	41.3%	0.0%	20.9%
20-30%	23.0%	0.0%	92.4%	45.1%
Total	**161**	**46**	**119**	**326**

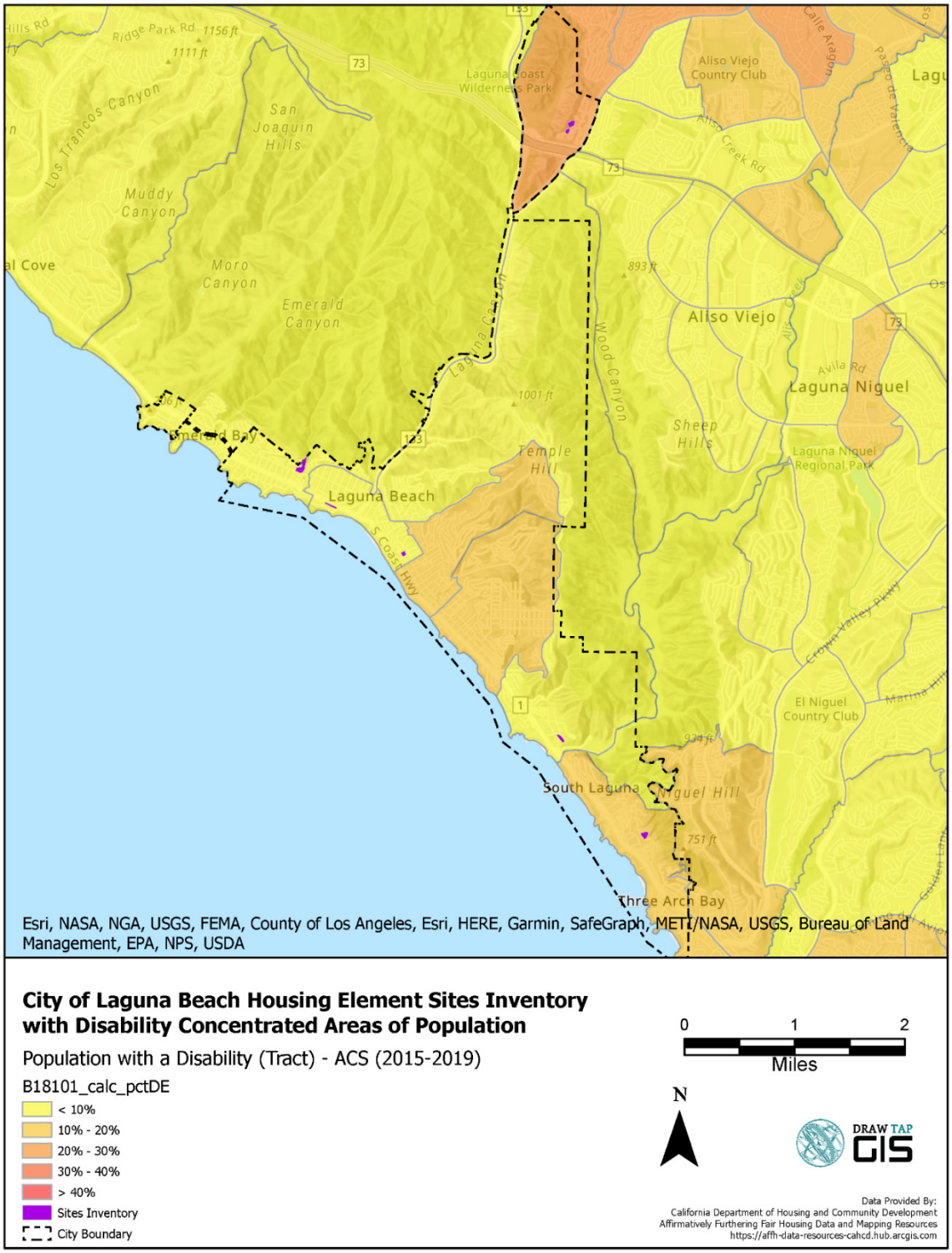
Summary of Fair Housing Issues

Laguna Beach has a larger population of persons with disabilities (9.4%) compared to adjacent jurisdictions and the County. This is in part due to its aging population as discussed above. The tract in the northeastern corner of the City at the intersection of SR-133 and SR-73 has the highest concentration of persons with disabilities in the City (25%). This tract also has a racial/ethnic minority population exceeding 20%. Less than 20% of the population experiences a disability in the rest of the City. One new site identified to meet the RHNA is in the northeast corner tract. The rest are in tracts where less than 10% of the population is disabled.



Source: HCD AFFH Data Viewer (2015-2019 ACS), 2021.

Figure C.5 Regional Concentration of Persons with Disabilities by Tract



Source: HCD Data Viewer (2015-2019 ACS), 2021.

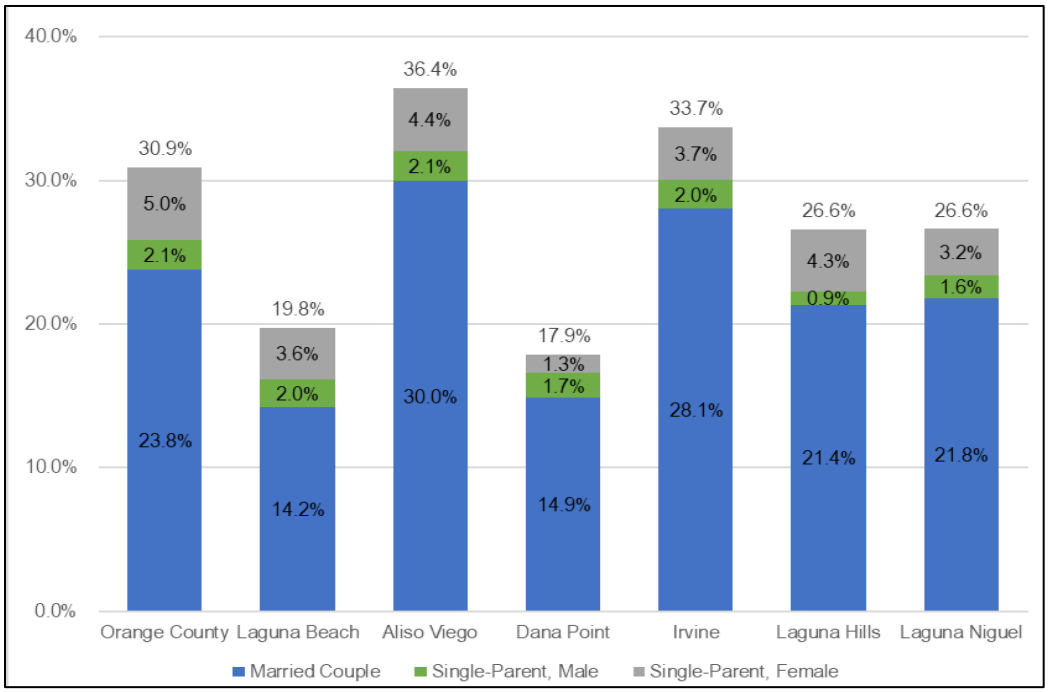
Figure C.6 Concentration of Persons with Disabilities by Tract and Sites Inventory

Familial Status

Familial status refers to the presence of children under the age of 18, whether the child is biologically related to the head of household, and the martial status of the head of households. Families with children may face housing discrimination by landlords who fear that children will cause property damage. Some landlords may have cultural biases against children of the opposite sex sharing a bedroom. Differential treatments such as limiting the number of children in a complex or confining children to a specific location are also fair housing concerns. Single parent households are also protected by fair housing law.

Regional Trend

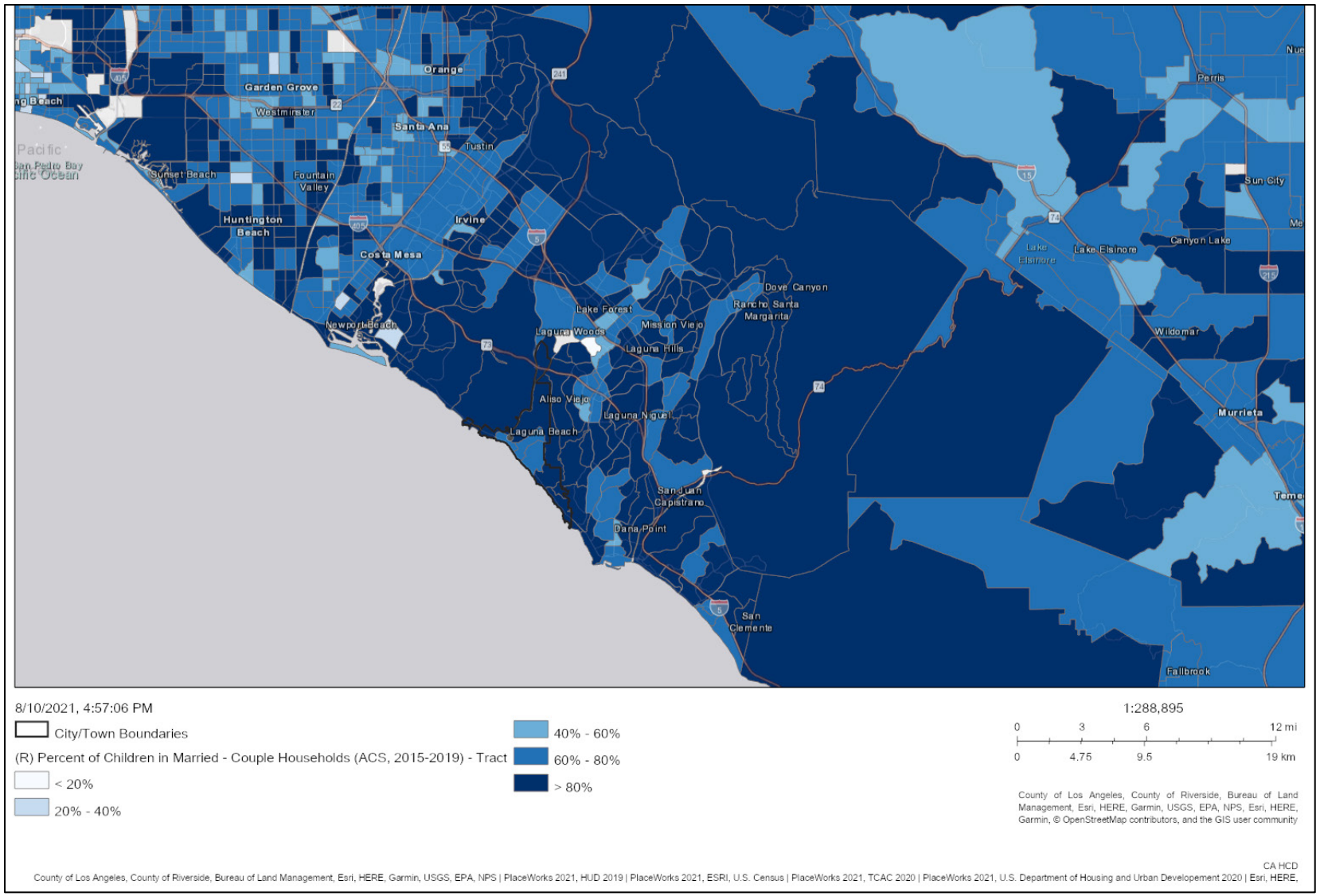
According to the 2015-2019 ACS, shown in Figure C.7, 19.8% of Laguna Beach households are families with children related to the householder. The City's share of households with children is lower than the County (30.9%) and most neighboring cities including Aliso Viejo (36.4%), Irvine (33.7%), Laguna Hills (26.6%), and Laguna Niguel (26.6%). Dana Point's share of families with children accounts for only 17.9% of households. Countywide, single-parent households make up 7.1% of all households, including 5% single-parent female-headed households.



Source: 2015-2019 ACS (5-Year Estimates).

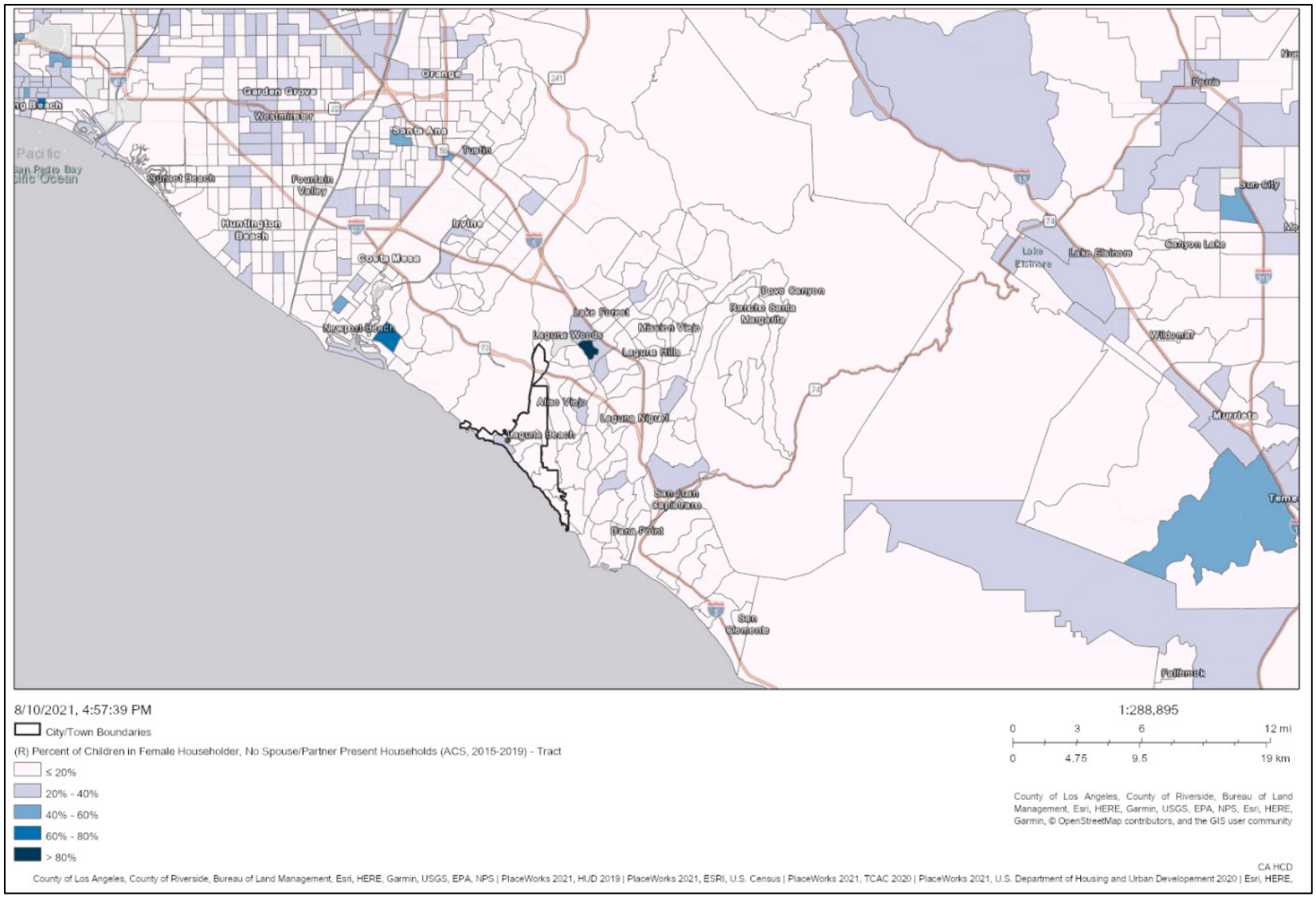
Figure C.7 Households with Children in Orange County, Laguna Beach, and Neighboring Cities

Figure C.8 and Figure C.9 show the percent of children living in married couple households and female-headed households in the region. Southern Orange County, including the cities and surrounding areas of Laguna Beach, Dana Point, Laguna Beach, Laguna Niguel, and Mission Viejo, tend to have higher concentrations of children living in married couple households. Fewer children live in married couple households in the northern section of the County, in areas such as Orange, Garden Grove, and Santa Ana. Fewer than 40% of children live in female-headed households in most Orange County census tracts. More than 40% of children live in female-headed in a handful of tracts located in Laguna Woods, Newport Beach, and Santa Ana.



Source: HCD AFFH Data Viewer (2015-2019 ACS), 2021.

Figure C.8 Regional Distribution of Children in Married Couple Households



Source: HCD AFFH Data Viewer (2015-2019 ACS), 2021.

Figure C.9 Regional Distribution of Children in Female-Headed Households

Local Trend

As discussed above, approximately 19.8% of households in Laguna Beach are families with children, including 14.2% married couple households and 5.6% single-parent households, 3.6% of which are female-headed (see Figure C.7). Since the 2010-2014 ACS, the City has seen a decrease in families with children, including married-couple families and single-parent families. Households with children made up 20.4% of total households in Laguna Beach during the 2010-2014 ACS.

As shown in Figure C.10, more than 60% of children live in married couple households in all Laguna Beach census tracts. In tracts along the City boundaries over 80% of children live in married couple households. In three tracts in the central northern area of the City, between 60% and 80% of children live in married couple families. Figure C.11 shows there is only one tract in Laguna Beach, located in the northwest corner of the City, where more than 20% of children live in female-headed households.

Sites Inventory

As discussed previously, in all Laguna Beach tracts, more than 60% of children live in married couple households. Approximately 79% of all units used to meet the RHNA, including 74.5% of lower income units, 41.3% of moderate income units, and 100% of above moderate income units, are in tracts where more than 80% of children live in married couple households (Table C.8). As shown in the table, there are fewer lower income units in tracts where 20-40% of children live in female-headed households compared to moderate income units, but more than above moderate income units. Of the four newly identified sites included in the City's residential sites inventory, two are in tracts where more than 20% of children live in female-headed households. The distribution of children by household type in relation to the RHNA sites is shown in Figure C.10 and Figure C.11.

Table C.8 Distribution of RHNA Units by Percent of Children in Married Couple Households

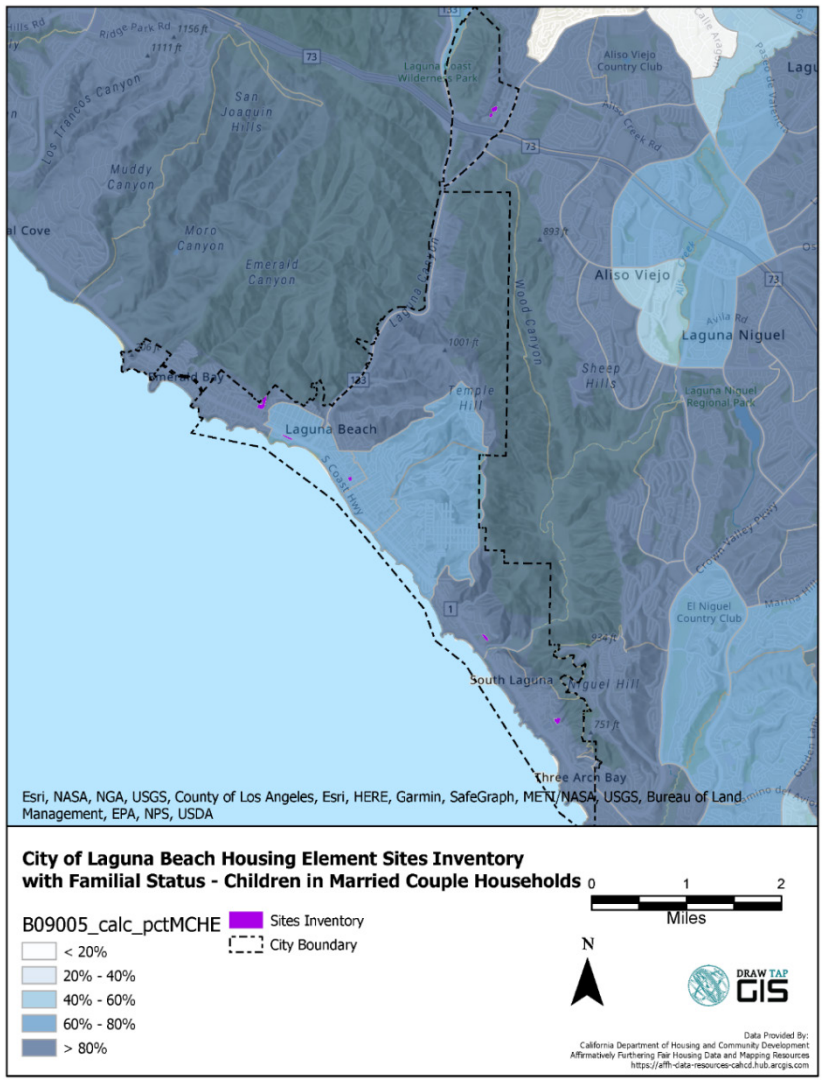
Percent of Children in Married Couple Households (Tract)	Lower Income Units	Moderate Income Units	Above Moderate Income Units	Total Units
60-80%	25.5%	58.7%	0.0%	20.9%
>80%	74.5%	41.3%	100.0%	79.1%
Total	**161**	**46**	**119**	**326**

Table C.9 Distribution of RHNA Units by Percent of Children in Female-Headed Households

Percent of Children in Female-Headed Households (Tract)	Lower Income Units	Moderate Income Units	Above Moderate Income Units	Total Units
<20%	74.5%	41.3%	100.0%	79.1%
20-40%	25.5%	58.7%	0.0%	20.9%
Total	**161**	**46**	**119**	**326**

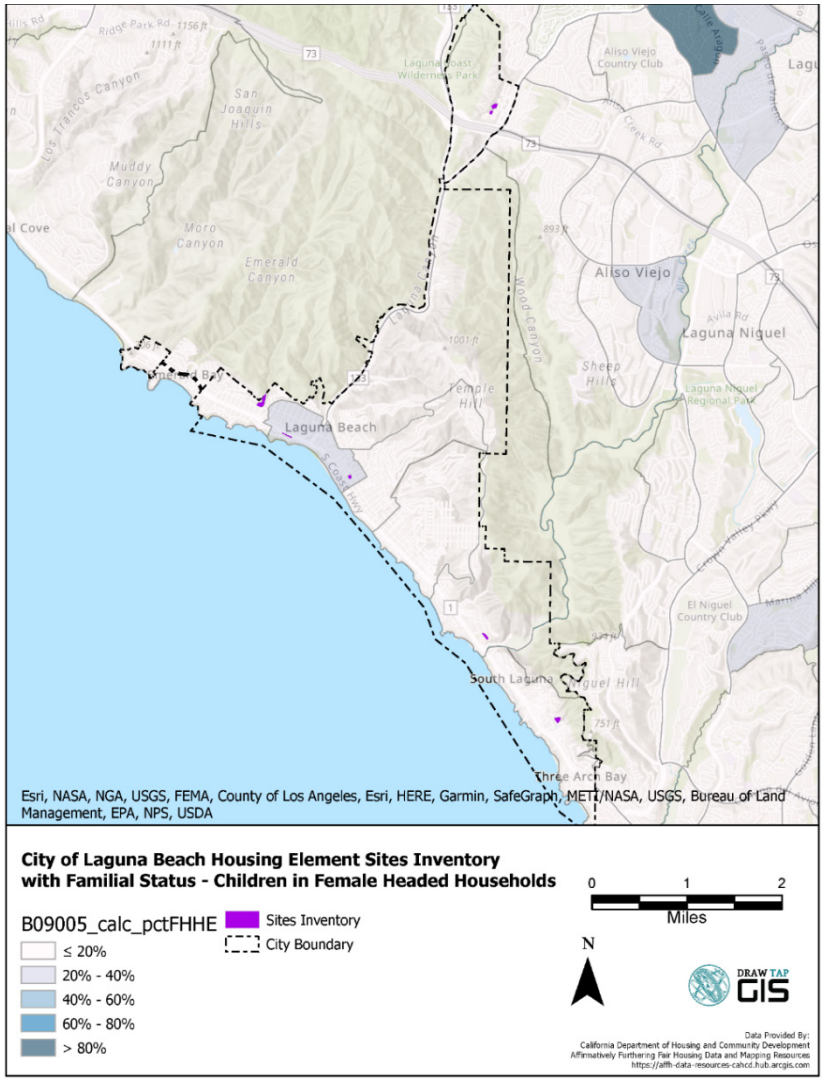
Summary of Fair Housing Issues

There is a small concentration of children living in single-parent female-headed households in the northwest section of the City. One block group in this area has a population of racial/ethnic minorities exceeding 20%. Of the four new sites used to meet the 2021-2029 RHNA, two are in tracts where more than 20% of children live in female-headed households.



Source: HCD AFFH Data Viewer (2015-2019 ACS), 2021.

Figure C.10 Percent of Children in Married Couple Households by Tract and Sites Inventory



Source: HCD AFFH Data Viewer (2015-2019 ACS), 2021.

Figure C.11 Percent of Children in Female-Headed Households by Tract and Sites Inventory

Income

Identifying low- or moderate-income (LMI) geographies and individuals is important to overcome patterns of segregation. HUD defines a LMI area as a Census tract or block group where over 51 percent of the population is LMI (based on HUD income definition of up to 80 percent of the AMI).

Regional Trend

HUD's 2013-2017 CHAS data (Table C.10) shows that only 28.6% of Laguna Beach households earn 80% or less than the area median family income and are considered lower income, compared to 44.8% Countywide. According to the 2015-2019 ACS, the median household income in Laguna Beach is $129,983, significantly higher than $90,234 in Orange County and the adjacent jurisdiction of Aliso Viejo ($112,689), Dana Point ($99,409), Irvine ($105,126), Laguna Hills ($100,985), and Laguna Niguel ($108,537). Figure C.12 shows concentrations of LMI households in the Orange County region. LMI households are most concentrated around Buena Park, Garden Grove, Anaheim, and Santa Ana where in many tracts, over 50% of households are low or moderate income. Most tracts in the southern areas of Orange County have less than 50% LMI households.

Table C.10 Distribution of Households by Income Level

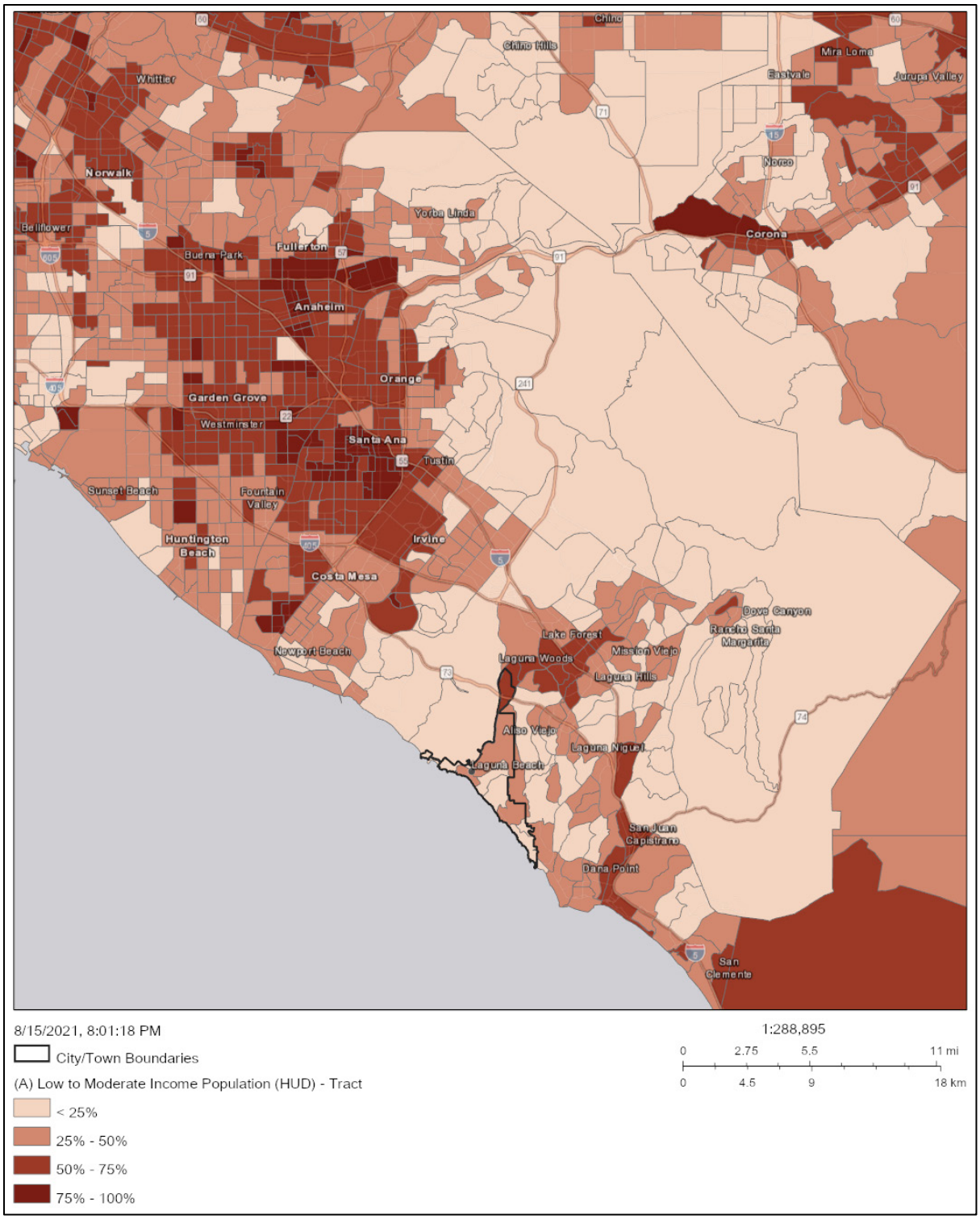
Income Category	Orange County		Laguna Beach	
	Households	Percent	Households	Percent
<30% Area Median Income (AMI)	152,410	14.9%	1,060	10.1%
30-50% AMI	128,445	12.5%	870	8.3%
50-80% AMI	178,365	17.4%	1,065	10.2%
80-100% AMI	104,380	10.2%	670	6.4%
>100% AMI	461,375	45.0%	6,830	65.1%
Total	**1,024,975**	**100.0%**	**10,485**	**100.0%**

Source: HUD CHAS Data (based on 2013-2017 ACS), 2020.

Local Trend

Figure C.13 shows the Lower and Moderate Income (LMI) areas in the City by census block group and sites used to meet the City's RHNA. In block groups in the northeastern area and along the southeastern City boundary, less than 25% of households are LMI. Between 25% and 50% of households in block groups in the center of the City are low or moderate income. There is a small concentration of block groups in the northeastern corner of the City where between 50% and 75% of households are LMI. The high concentration of LMI households in this area may be due to the high concentration of persons living alone, specifically seniors living alone.

Figure C.14 shows that between 20% and 40% of households are single-person households in one northwestern tract (tract 626.05). According to the 2015-2019 ACS, approximately 21% of households in tract 626.05 and 13.7% of households in tract 626.19, just south of tract 626.05, are seniors living alone. Citywide, only 11.9% of households are seniors living alone.



Source: HCD AFFH Data Viewer (HUD 2020), 2021.

Figure C.12 Regional LMI Household Concentration by Tract

Sites Inventory

The sites used to meet the RHNA, including one pending project, one anticipated project, and four new sites, and the current concentration of LMI households are shown in Figure C.13. As discussed previously, Laguna Beach is composed of mostly block groups with LMI populations below 50% with a small concentration of block groups in the northwestern corner where 50-75% of the population is low or moderate income. As presented in Table C.11, more lower income units (21.7%) are in block groups where 50-75% of households are LMI, compared to moderate income units (0%) and above moderate income units (7.6%). However, 86.5% of total units are in block groups where there is a 50% or less concentration of LMI households. Only one of the four new sites identified for the City's sites inventory is in a block group with an LMI population exceeding 50%.

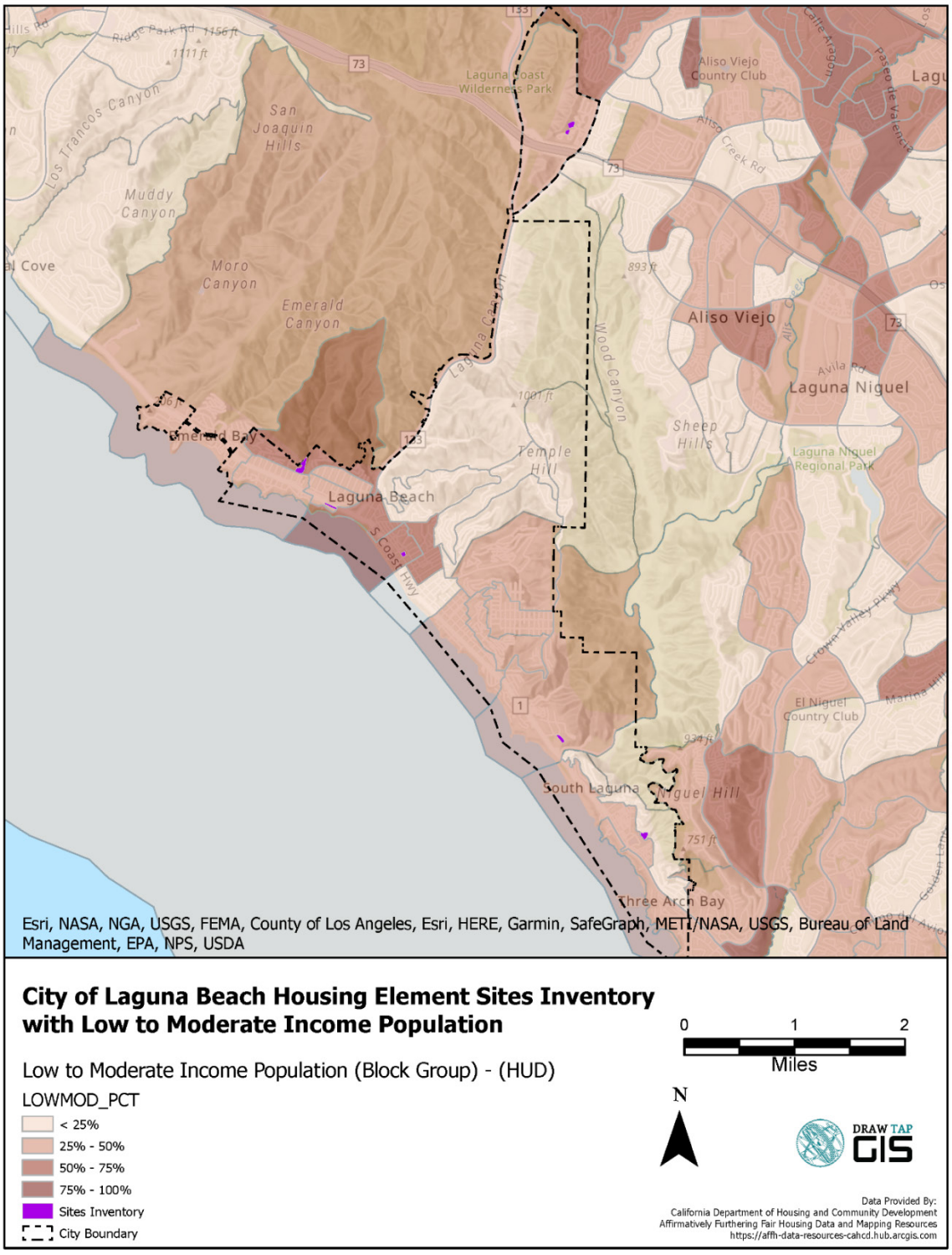
Table C.11 Distribution of RHNA Units by Concentration of LMI Households

Concentration of LMI Households (Block Group)	Lower Income Units	Moderate Income Units	Above Moderate Income Units	Total Units
<25%	30.4%	41.3%	0.0%	20.9%
25-50%	47.8%	58.7%	92.4%	65.6%
50-75%	21.7%	0.0%	7.6%	13.5%
Total	**161**	**46**	**119**	**326**

Summary of Fair Housing Issues

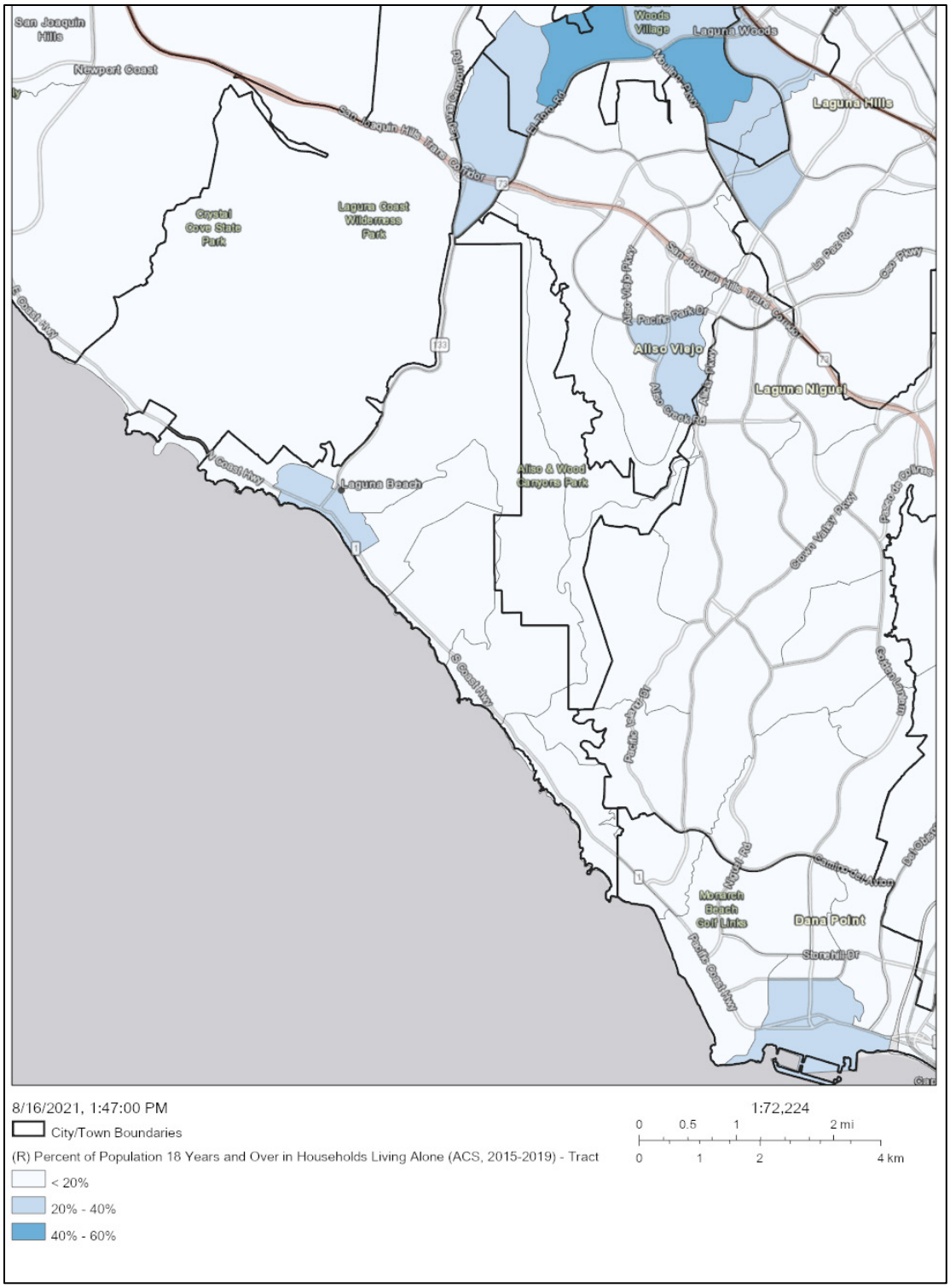
The northeastern corner of the City has the highest concentration of LMI households at the tract-level, where between 50% and 75% of households are low or moderate income. This area also has a concentration of single-person households. At the block group-level, there is a concentration of LMI areas, where more than 50% of households are LMI, in the northwestern corner of the City, not including the Irvine Cove neighborhood. The concentration of LMI households in this area is likely due to the two subsidized housing projects located in these block groups: Hagan Place (24 affordable units) and Glenneyre Apartments (26 affordable units). There is one additional subsidized housing project in the City, Vista Aliso (70 affordable units), located along the South Coast Highway and Lang Park in the southern area of the City. Subsidized housing projects are shown in Figure C.15. One tract has a higher concentration of persons with disabilities (10-20% of the population) and one tract has a higher concentration of children in female-headed households. One block group in this area has a racial/ethnic minority concentration exceeding 20%.

Only one of the four new sites selected to meet the RHNA is in a block group where the LMI population exceeds 50%. It should be noted that the northwestern corner of the City encompasses the exclusive gated community of Irvine Cove, and includes the unincorporated areas north of Laguna Beach and Irvine.



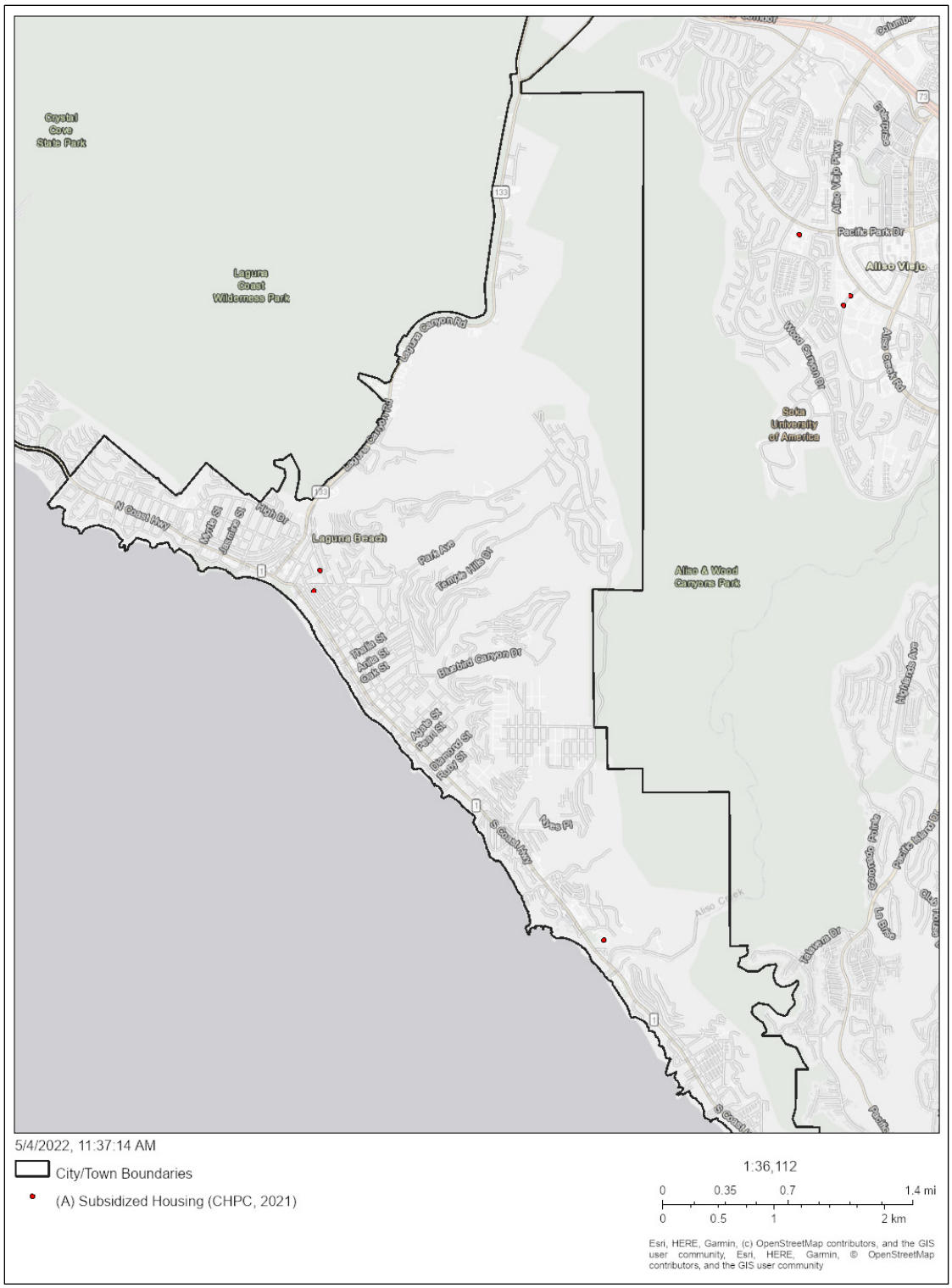
Source: HCD AFFH Data Viewer (HUD 2020), 2021.

Figure C.13 LMI Household Concentration by Block Group and Sites Inventory



Source: HCD AFFH Data Viewer (2015-2019 ACS), 2021.

Figure C.14 Population in Households Living Alone



Source: HCD AFFH Data Viewer (CHPC, 2021), 2022.

Figure C.15 Subsidized Housing Projects

Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs)

In an effort to identify racially/ethnically concentrated areas of poverty (R/ECAPs), HUD has identified census tracts with a majority non-White population (greater than 50%) and has a poverty rate that exceeds 40% or is three times the average tract poverty rate for the metro/micro area, whichever threshold is lower.

Regional Trend

Figure C.16 shows TCAC designated areas of high segregation and poverty, R/ECAPs, and poverty status by tract. There are no TCAC designated areas of high segregation and poverty or R/ECAPs in the southern Orange County areas. The Costa Mesa, Santa Ana, Garden Grove, and Anaheim areas have the highest concentration of persons under the poverty level, R/ECAPs, and areas of high segregation and poverty. Approximately 10.9% of the County population is below the poverty level (Table C.12). All racial/ethnic minority groups experience poverty at a higher rate than White residents. Approximately 17.9% of the population belonging to a different racial/ethnic group ("other race") and 15.2% of the Hispanic/Latino population are below the poverty level. Additionally, 15.3% of persons with disabilities are below the poverty level.

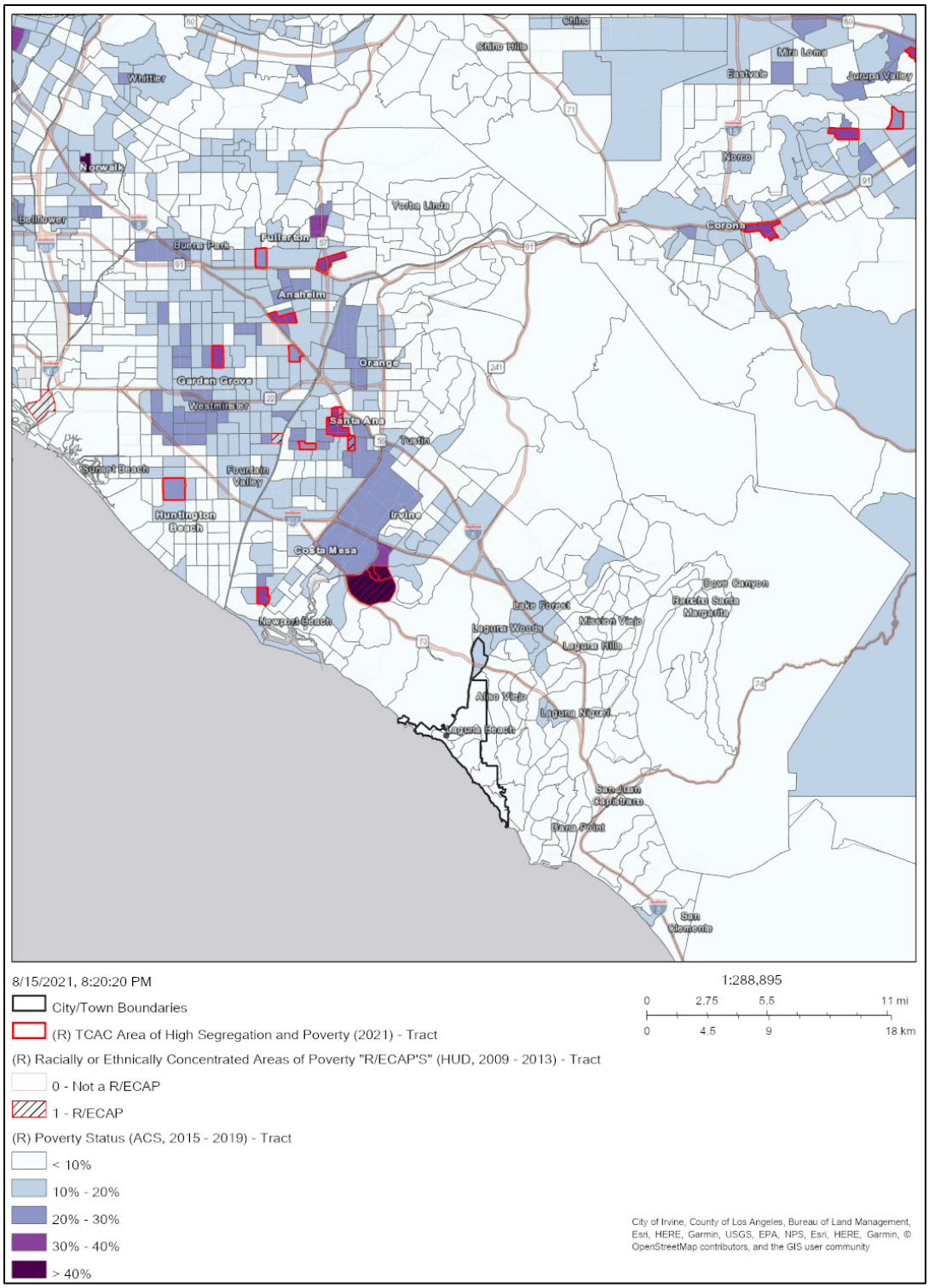
Local Trend

According to HCD's AFFH Data Viewer based on HUD's R/ECAP database, there are no R/ECAPs or areas of high segregation and poverty in Laguna Beach. In most tracts, less than 10% of the population is under the poverty level. There is one tract in Laguna Beach where 11.1% of the population is below the federal poverty level. In this area, 36.2% of the population belongs to a racial or ethnic minority group and 24.5% experiences a disability. Approximately 6.3% of the Laguna Beach population is under the poverty level, less than Countywide. As shown in Table C.12, Asians and residents of two or more races have the highest rates of poverty in Laguna Beach of 15.2% and 12.4%, respectively. Black/African Americans, other races, and Hispanic/Latinos also experience poverty at a higher rate than Whites.

Table C.12 Poverty Status by Race/Disability Status

	Orange County		Laguna Beach	
	Total	% Below Poverty Level	Total	% Below Poverty Level
Black/African American alone	54,142	13.8%	194	10.8%
American Indian/Alaska Native alone	14,220	13.2%	28	0.0%
Asian alone	642,056	11.2%	829	15.2%
Native Hawaiian/Other Pacific Islander alone	9,921	14.7%	0	0.0%
Some other race alone	373,251	17.9%	553	6.0%
Two or more races	128,314	7.5%	734	12.4%
Hispanic/Latino origin (of any race)	1,064,067	15.2%	1875	7.0%
White alone, not Hispanic or Latino	1,272,879	7.1%	19196	5.7%
With a Disability	250,499	15.3%	--	--
Total Population	**3,130,730**	**10.9%**	**22,917**	**6.3%**

-- = No Data.
Source: 2015-2019 ACS (5-Year Estimates).



Source: HCD AFFH Data Viewer (2021 TCAC Opportunity Maps, HUD 2009-2013 HUD), 2021.

Figure C.16 R/ECAPs and TCAC Areas of High Segregation and Poverty

Racially or Ethnically Concentrated Areas of Affluence (RCAAs)

While racially concentrated areas of poverty and segregation (R/ECAPs) have long been the focus of fair housing policies, racially concentrated areas of affluence (RCAAs) must also be analyzed to ensure housing is integrated, a key to fair housing choice. A HUD policy paper defines racially concentrated areas of affluence as affluent, White communities. According to the HUD report, Whites are the most racially segregated group in the United States and "in the same way neighborhood disadvantage is associated with concentrated poverty and high concentrations of people of color, conversely, distinct advantages are associated with residence in affluent, White communities." Based on this research, HCD defines RCAAs as census tracts where 80% or more of the population is White and the median household income is $125,000 or greater (slightly twice the national median household income in 2016).

Regional Trend

As shown in Figure C.17 and Figure C.18, the southern County and coastal cities have the highest concentration of areas with median incomes higher than $125,000 and White predominant populations. Many areas in the southern County are RCAAs.

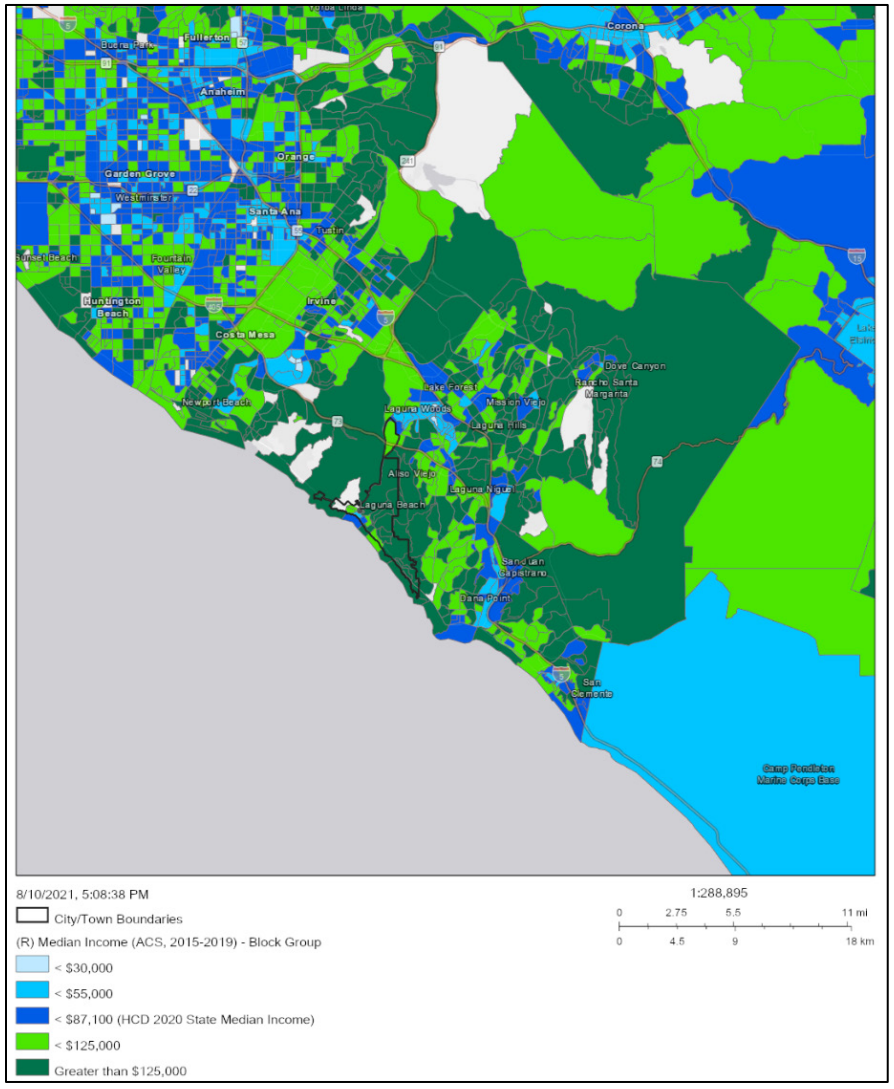
Local Trend

Figure C.19 shows racial/ethnic minority populations and median income by block group in Laguna Beach. Most of the City has a racial/ethnic minority population below 20% and median incomes exceeding $125,000 and are therefore considered RCAAs. Tracts in the northwestern and northeastern corner have lower median incomes and higher racial/ethnic minority populations compared to the rest of the City. This does not include the Irvine Cove neighborhood located in the furthest northwestern corner of the City. Irvine Cove is a luxury property with a higher concentration of senior-headed households. As discussed previously, two subsidized housing projects, Hagan Place and Glenneyre Apartments, are located in the northwestern area of the City where there is a concentration of block groups with lower median incomes. However, the northwestern corner includes Irvine Cove, which is luxury property, so interpretation of the median income data should be supplemented with local knowledge. The Irvine Cove area is named after the founder of the Irvine Ranch. Many of the Irvine family descendants grew up on the beach at Irvine Cove and some still call it home today. In 1958, Irvine Cove went from being a family compound to an exclusive beachside neighborhood.

Overall, Laguna Beach's coastal location and historic development patterns help to explain why it is an RCAA. The City is bordered by the Pacific Ocean and the steep canyons and open spaces which comprise the Laguna Greenbelt. Its spectacular coastal location with ocean views, a mild climate, and proximity to major employment centers help to explain its high land values. In addition, the lack of vacant land, and the need to preserve biological and coastal resources, and to limit intensification in high fire severity zones, greatly limit the City's new growth potential.

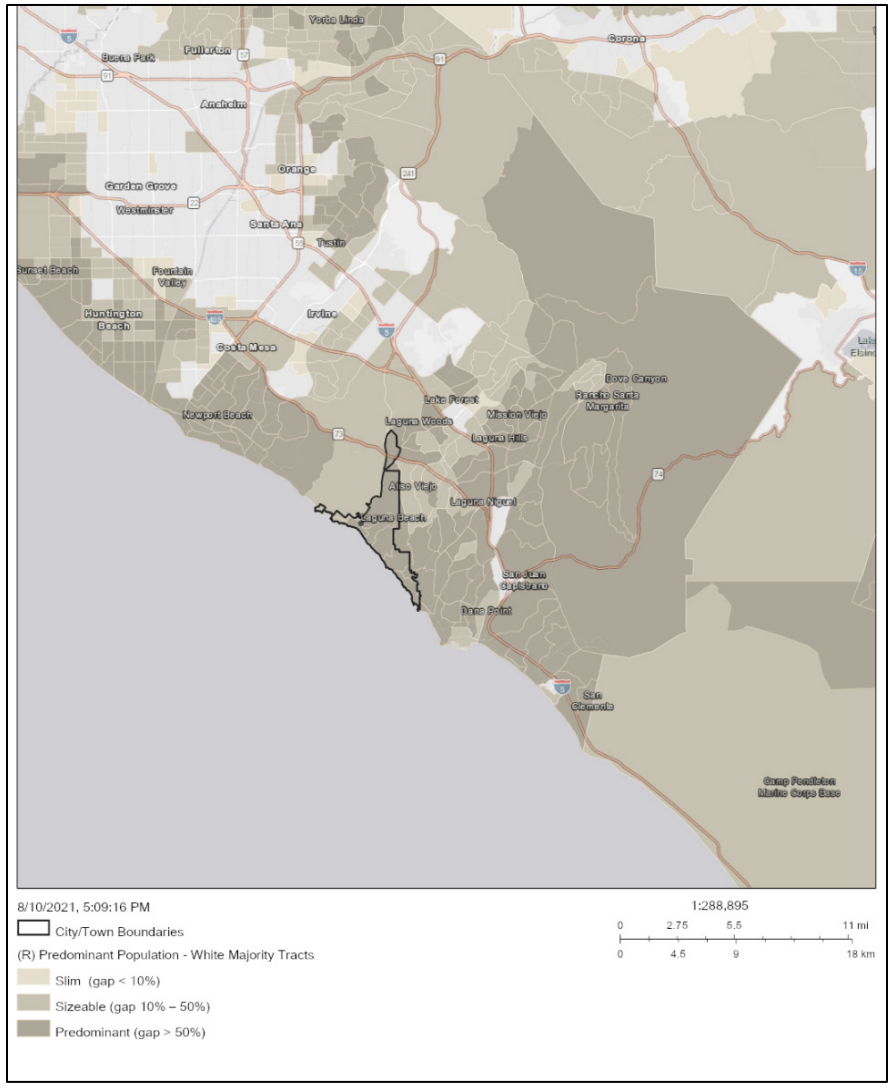
Summary of Fair Housing Issues

There are no R/ECAPs or TCAC designated areas of high segregation and poverty in Laguna Beach. The tract in the northeastern corner of the City at the intersection of SR 133 and SR 73 has population of persons below the poverty level of 11%, slightly higher than the rest of the City where less than 10% of the population is below the poverty level. This area also has a higher concentration of racial/ethnic minorities, persons with disabilities, and LMI households. Black, Asian, Hispanic/Latino, multi-racial, and other race residents experience poverty at a higher rate than White residents in Laguna Beach. Most of the City is considered an RCAA, with the exception of the northeastern and northwestern areas of the City. Given that the majority of the City is considered an RCAA, and even the noted northwestern and northeastern tracts are in high resource areas, the most significant fair housing issue facing the city is the low overall numbers of LMI and protected class people residing in the community. Programs to increase housing mobility and access to opportunities as further described in the "Access to Opportunity" section below and in Program 5.2-11.



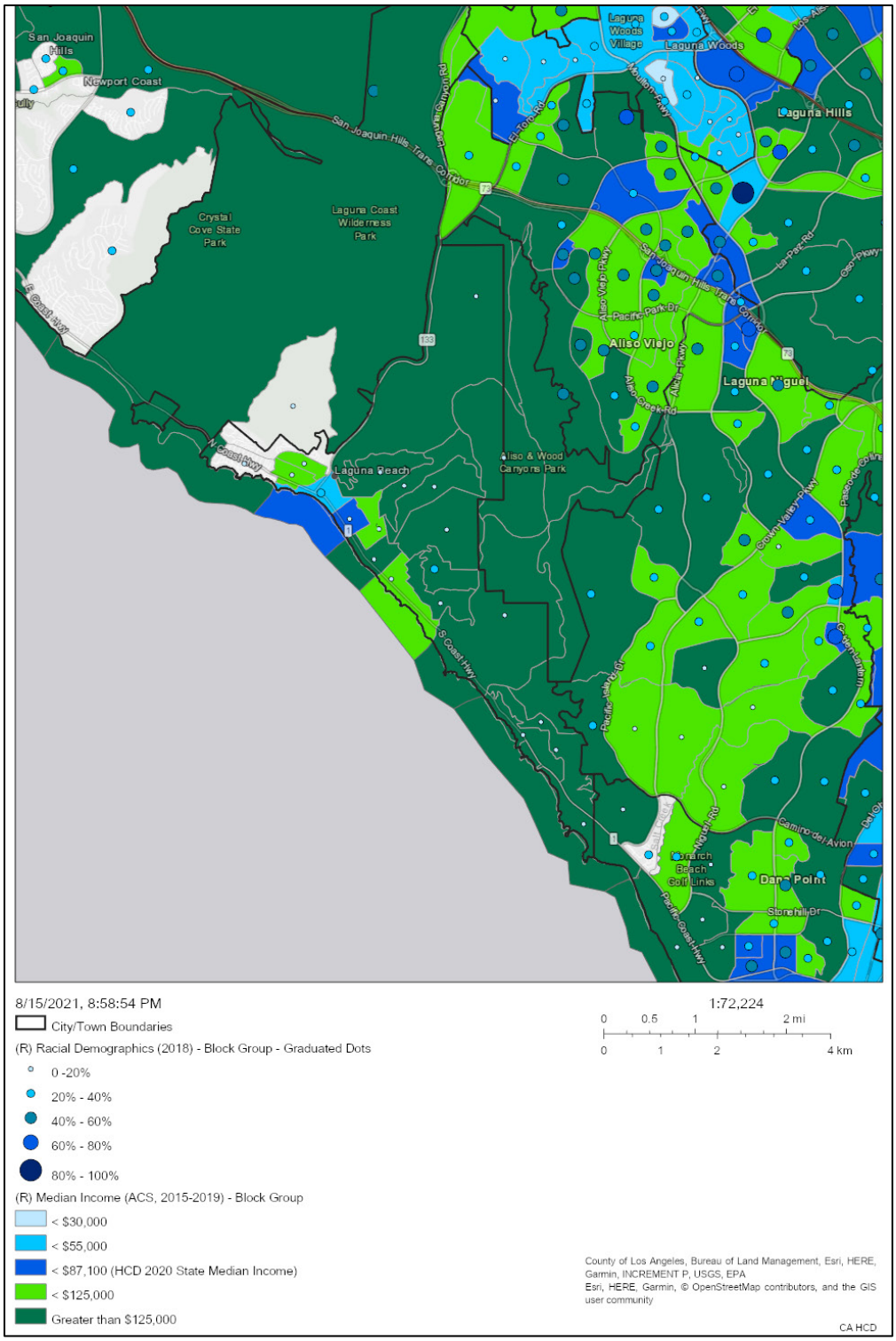
Source: HCD Data Viewer (2015-2019 ACS), 2021.

Figure C.17 Regional Median Income by Block Group



Source: HCD Data Viewer, 2021.

Figure C.18 Regional White Majority Tracts



Source: HCD AFFH Data Viewer (2015-2019 ACS), 2021.

Figure C.19 Median Income and Racial/Ethnic Minority Populations by Block Group

Access to Opportunities

HUD developed an index for assessing fair housing by informing communities about disparities in access to opportunity. Index scores are based on the following opportunity indicators (values range from 0 to 100):

- *Low Poverty Index:* The higher the score, the less exposure to poverty in a neighborhood.
- *School Proficiency Index:* The higher the score, the higher the school system quality is in a neighborhood.
- *Labor Market Engagement Index:* The higher the score, the higher the labor force participation and human capital in a neighborhood.
- *Transit Trips Index:* The higher the trips transit index, the more likely residents in that neighborhood utilize public transit.
- *Low Transportation Cost Index:* The higher the index, the lower the cost of transportation in that neighborhood.
- *Jobs Proximity Index:* The higher the index value, the better access to employment opportunities for residents in a neighborhood.
- *Environmental Health Index:* The higher the value, the better environmental quality of a neighborhood.

To assist in this analysis, the Department of Housing and Community Development (HCD) and the California Tax Credit Allocation Committee (TCAC) convened as the California Fair Housing Task Force to "provide research, evidence-based policy recommendations, and other strategic recommendations to HCD and other related state agencies/departments to further the fair housing goals" (as defined by HCD). The task force created Opportunity Maps to identify resources levels across the state "to accompany new policies aimed at increasing access to high opportunity areas for families with children in housing financed with nine percent Low Income Housing Tax Credits (LIHTCs)". These opportunity maps are made from composite scores of three different domains made up of a set of indicators. Table C 13 shows the full list of indicators.

Table C.13 Domains and List of Indicators for Opportunity Maps

Domain	Indicator
Economic	Poverty Adult education Employment Job proximity Median home value
Environmental	CalEnviroScreen 3.0 pollution indicators and values
Education	Math proficiency Reading proficiency High School graduation rates Student poverty rates
Poverty and Racial/Segregation	Poverty: tracts with at least 30% of population under federal poverty line Racial Segregation: Tracts with location quotient higher than 1.25 for Blacks, Hispanics, Asians, or all people of color in comparison to the County

Source: California Fair Housing Task Force, Methodology for the 2021 TCAC/HCD Opportunity Maps, December 2020.

Regional Trend

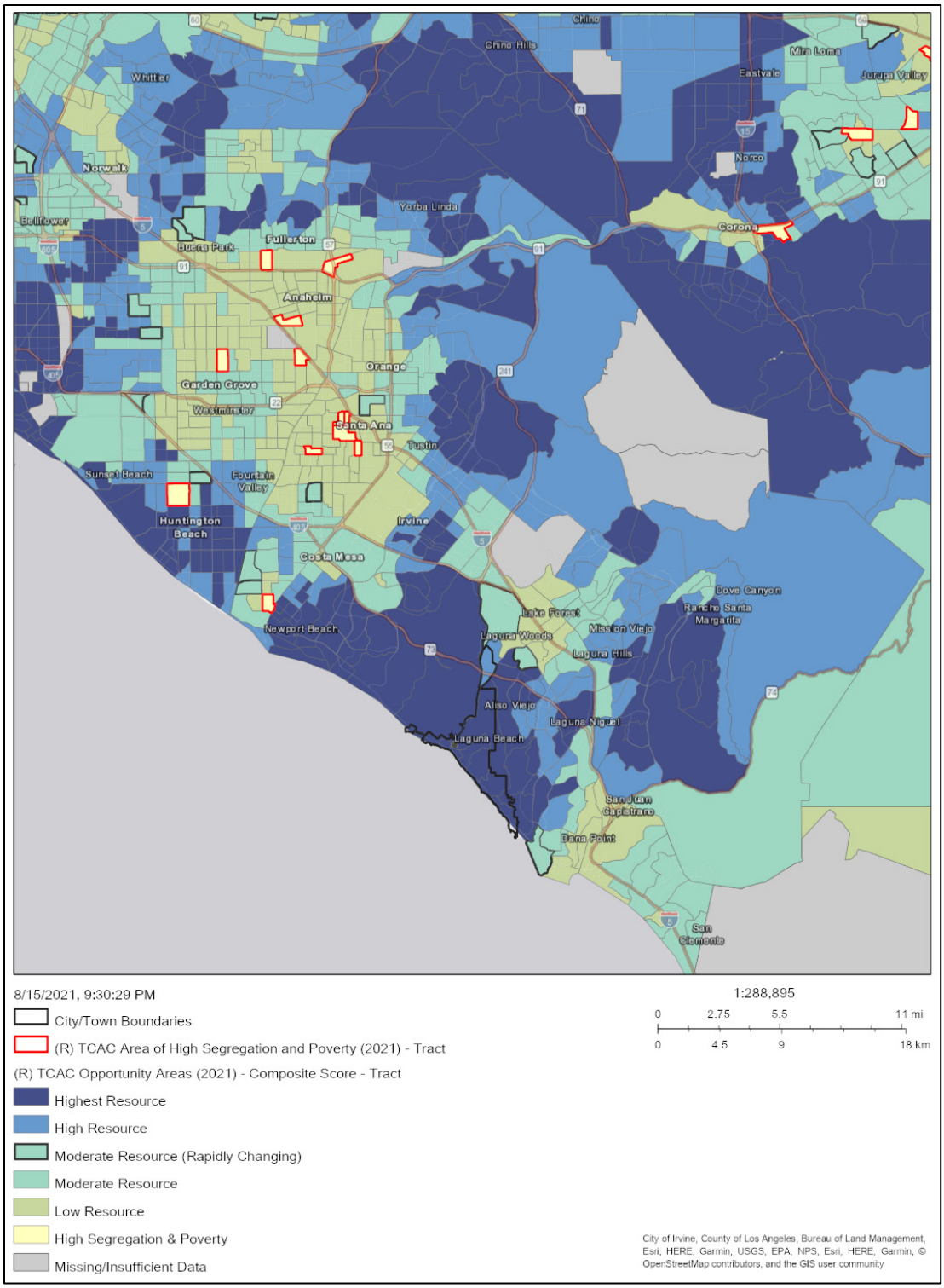
HUD Opportunity Indicator scores for Orange County are shown in Table C.14. The White population, including the population below the federal poverty line, received the highest scores in low poverty, school proficiency, labor market, jobs proximity, and environmental health. Hispanic communities scored the lowest in low poverty, while Black communities scored the lowest in school proficiency, labor market participation, jobs proximity, and environmental health. Black residents were also most likely to use public transit and have the lowest transportation costs.

Table C.14 HUD Opportunity Indicators by Race/Ethnicity, Orange County

	Low Poverty	School Proficiency	Labor Market	Transit	Low Trans. Cost	Jobs Proximity	Env. Health
Total Population							
White, non-Hispanic	65.19	68.03	67.43	77.63	73.13	54.59	21.35
Black, non-Hispanic	36.07	33.82	35.34	87.25	79.02	40.72	11.92
Hispanic	35.53	39.72	35.73	86.48	77.78	43.70	12.36
Asian/Pacific Islander, non-Hispanic	55.03	61.94	57.64	85.13	75.98	51.11	13.13
Native American, non-Hispanic	48.40	50.70	48.58	81.04	75.36	45.88	17.68
Population below federal poverty line							
White, non-Hispanic	53.66	60.62	59.62	83.19	78.51	56.98	18.46
Black, non-Hispanic	24.12	28.03	26.41	88.34	81.07	36.90	11.74
Hispanic	25.05	33.70	29.50	89.09	80.94	44.63	10.63
Asian/Pacific Islander, non-Hispanic	45.45	57.59	51.41	88.58	80.61	52.88	11.05
Native American, non-Hispanic	33.63	39.10	36.05	84.43	78.22	47.65	16.22

Source: Affirmatively Furthering Fair Housing (AFFH) Data and Mapping Tool (AFFH-T), 2020.

As shown in Figure C.20, Orange County contains a mix of highest, high, moderate, and low resource tracts. Low resource tracts are most concentrated in the Santa Ana/Anaheim areas; smaller concentrations are also located around the cities of Dana Point and Laguna Woods. Highest resource tracts are most concentrated in the coastal areas from Laguna Beach to Newport Beach and in some Huntington Beach tracts.



Source: HCD AFFH Data Viewer (2021 TCAC Opportunity Maps), 2021.

Figure C.20 Regional TCAC Opportunity Map by Tract

Local Trend

HUD Opportunity Indicator scores for the Orange County Urban County are shown in Table C.15. HUD AFFH data is only available for jurisdictions receiving their own CDBG funding. CDBG funds for Laguna Beach are managed by the County. OCHA manages 13 cities, including Laguna Beach, and the unincorporated areas collectively known as the Urban County. Regardless of race or ethnicity, Urban County communities scored higher in low poverty, school proficiency, and environmental health that the County as a whole. All Urban County racial/ethnic groups other that White communities also scored higher in labor market participation. The Urban County communities scored lower in transit and low transportation cost compared to the County.

Like the entire Orange County region, White Urban County communities were least likely to be exposed to poverty, and most likely to have the highest school proficiency, most labor market participation, closest employment opportunities, and best environmental quality. Hispanic communities scored the lowest in low poverty, school proficiency, and labor market participation, and Asian/Pacific Islander communities scored the lowest in jobs proximity and environmental health. Asian/Pacific Islanders were also the most likely to use public transit in the Urban County, and Hispanic residents have the lowest transportation costs.

Table C.15 HUD Opportunity Indicators by Race/Ethnicity, Urban County

	Low Poverty	School Proficiency	Labor Market	Transit	Low Trans. Cost	Jobs Proximity	Env. Health
Total Population							
White, non-Hispanic	76.48	81.89	74.59	60.92	67.05	46.96	24.39
Black, non-Hispanic	69.50	75.53	68.16	74.64	71.50	44.07	15.23
Hispanic	58.20	67.52	59.65	75.35	73.08	45.50	15.65
Asian/Pacific Islander, non-Hispanic	69.64	76.68	67.46	77.05	70.10	43.85	13.93
Native American, non-Hispanic	68.87	73.43	68.92	69.65	69.78	46.01	19.49
Population below federal poverty line							
White, non-Hispanic	68.31	77.99	69.03	62.05	71.85	49.98	24.26
Black, non-Hispanic	57.08	70.54	60.65	74.14	71.46	42.77	13.74
Hispanic	40.26	56.48	46.97	79.38	77.74	45.63	12.87
Asian/Pacific Islander, non-Hispanic	59.82	72.84	58.95	82.14	75.35	40.98	10.57
Native American, non-Hispanic	59.71	78.50	58.72	80.71	75.06	48.72	12.85

Source: Affirmatively Furthering Fair Housing (AFFH) Data and Mapping Tool (AFFH-T), 2020.

Table C.16 shows the Opportunity Map scores for the census tracts in the City. Categorization is based on percentile rankings for census tracts within the Orange County region. High composite scores mean higher resources. All tracts but one in the City are considered highest resource and one is considered high resource. The Opportunity Map for Laguna Beach is shown in Figure C.21. The high resource tract is located in the northeast corner of the City. This tract also has a higher concentration of racial/ethnic minorities, persons with a disability, and LMI households (see Figure C.4, Figure C.6, and Figure C.13). The domain scores by tract are shown geographically in the following sections.

Table C.16 Opportunity Map Scores and Categorization by Tract

Census Tract	Economic Domain Score	Environmental Domain Score	Education Domain Score	Composite Index Score	Final Category
6059042305	0.837	0.964	0.655	0.503	Highest Resource
6059042325	0.844	0.99	0.775	0.611	Highest Resource
6059062604	0.979	0.437	0.955	0.736	Highest Resource
6059062605	0.983	0.997	0.991	0.994	Highest Resource
6059062619	0.964	0.984	0.971	0.874	Highest Resource
6059062620	0.943	0.993	0.964	0.842	Highest Resource
6059062632	0.875	0.636	0.974	0.624	Highest Resource
6059062649	0.34	0.882	0.7	0.283	High Resource

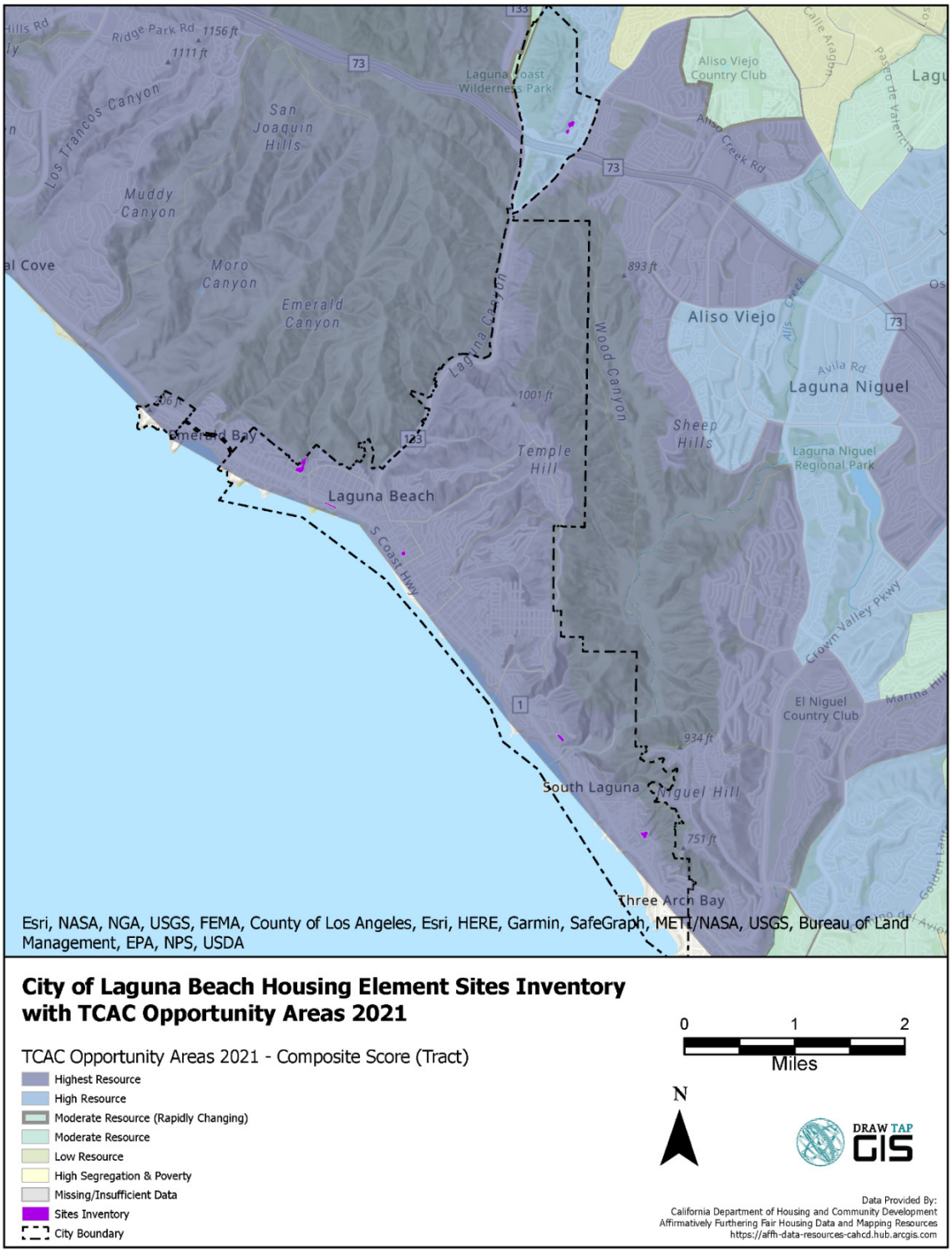
Source: California Fair Housing Task Force, 2021 TCAC/HCD Opportunity Maps, December 2020.

Sites Inventory

As discussed previously, all tracts in Laguna Beach are considered highest resource, with the exception of the high resource tract in the northeastern corner of the City. The anticipated 147-unit (37 lower income units and 110 above moderate income units) residential project at 350 Artisan Drive is in the high resource tract. The pending project and all four sites included in the City's residential sites inventory are in tracts categorized as highest resource.

Table C.17 Distribution of RHNA Units by TCAC Opportunity Area

TCAC Opportunity Area (Tract)	Lower Income Units	Moderate Income Units	Above Moderate Income Units	Total Units
Highest Resource	77.0%	100.0%	7.6%	54.9%
High Resource	23.0%	0.0%	92.4%	45.1%
Total	**161**	**46**	**119**	**326**



Source: HCD AFFH Data Viewer (2021 TCAC Opportunity Maps), 2021.

Figure C.21 TCAC Opportunity Map by Tract

Economic

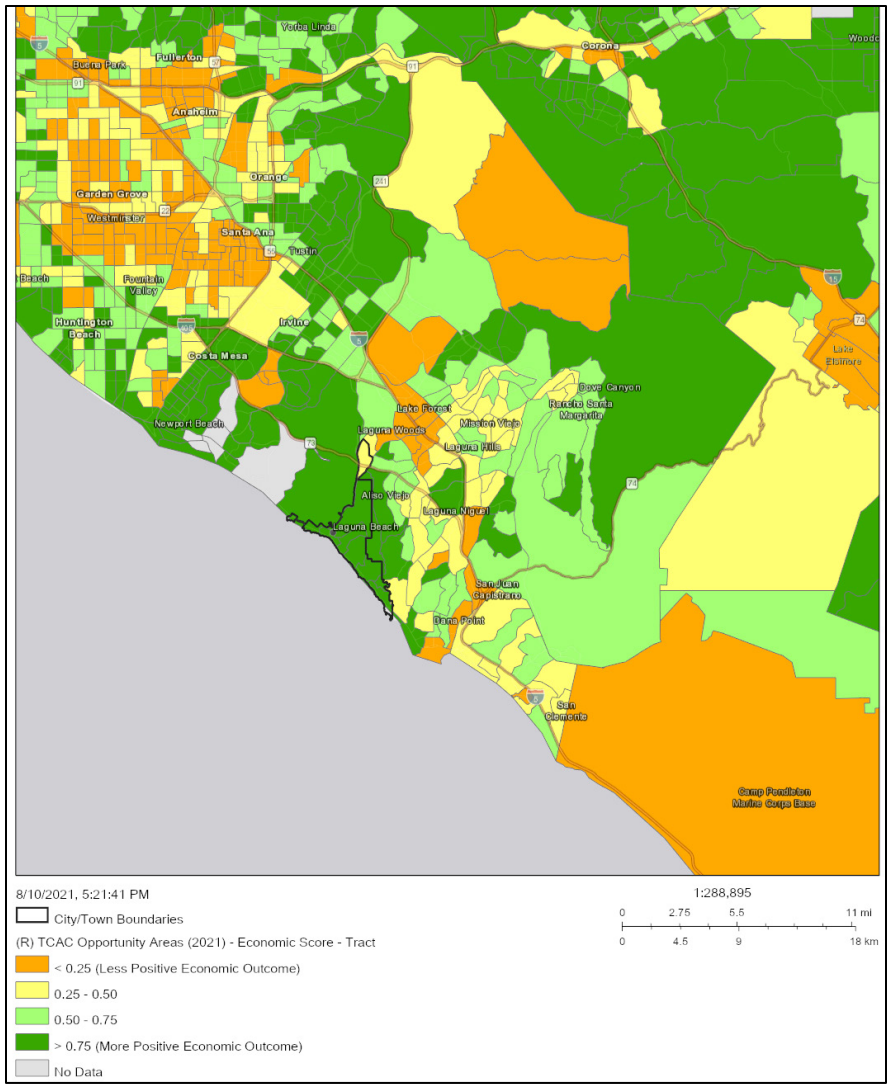
As discussed previously, economic scores are determined by the Fair Housing Task Force based on the following indicators: poverty, adult education, employment, job proximity, and median home value. Refer to Table C.13 for the complete list of TCAC Opportunity Map domains and indicators.

Regional Trend

Consistent with the overall TCAC opportunity area categorizations, tracts with the lowest economic score are most concentrated in Garden Grove, Anaheim, and Santa Ana (Figure C.22). Tracts with more positive economic scores are located in the coastal areas from Laguna Beach to Huntington Beach, the northeastern County areas near Yorba Linda, areas along the Interstate 241 in Irvine, and in the areas surrounding Rancho Santa Margarita. The southern County is comprised of mostly tracts with economic scores ranging from 0.25 to 0.50.

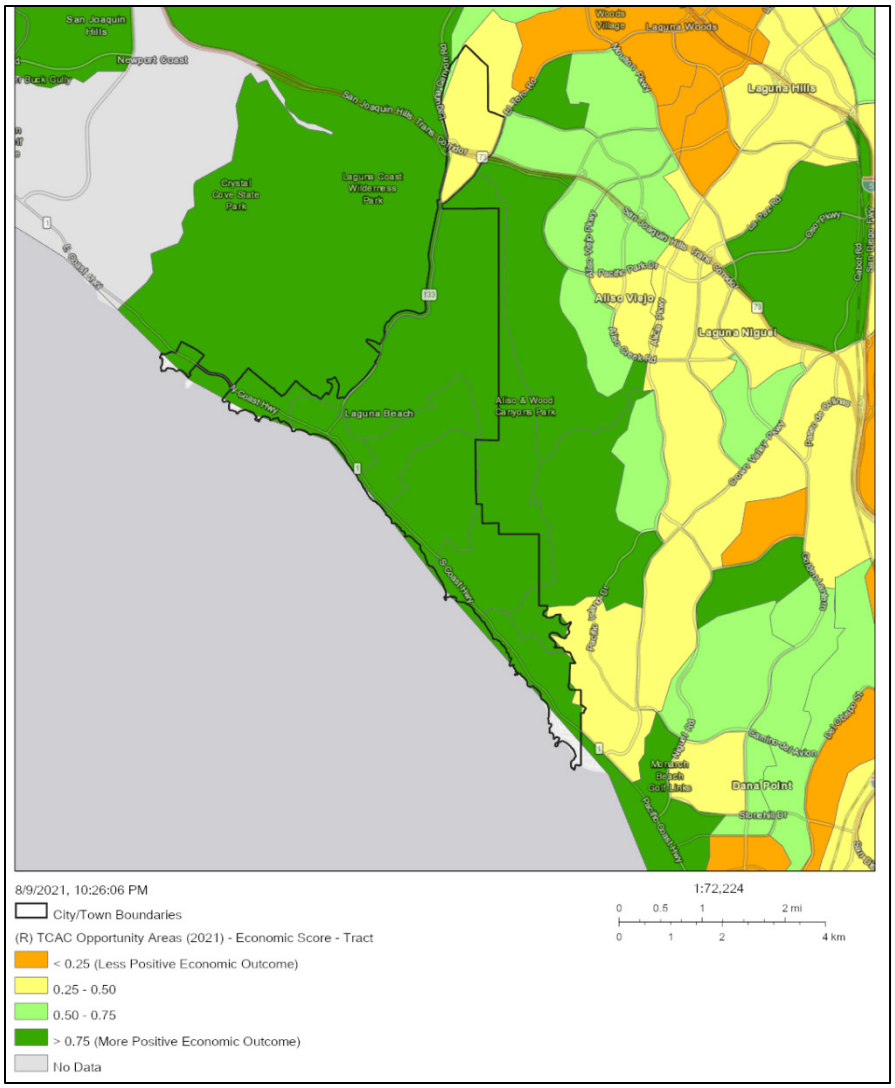
Local Trend

Figure C.23 presents Task Force economic scores by census tract. All but one tract in the City received economic scores exceeding 0.75. The tract in the northeast corner of the City scored between 0.25 and 0.50. This tract is categorized as a high resource area (see Figure C.21). This tract also has higher concentrations of racial/ethnic minorities, persons with disabilities, and LMI populations (see Figure C.4, Figure C.6, and Figure C.13). As discussed previously, the expected 147-unit project at 350 Artisan Drive is located in this tract.



Source: HCD AFFH Data Viewer (2021 TCAC Opportunity Maps), 2021.

Figure C.22 Regional TCAC Opportunity Map, Economic Score



Source: HCD AFFH Data Viewer (2021 TCAC Opportunity Maps), 2021.

Figure C.23 TCAC Opportunity Map, Economic Score

Education

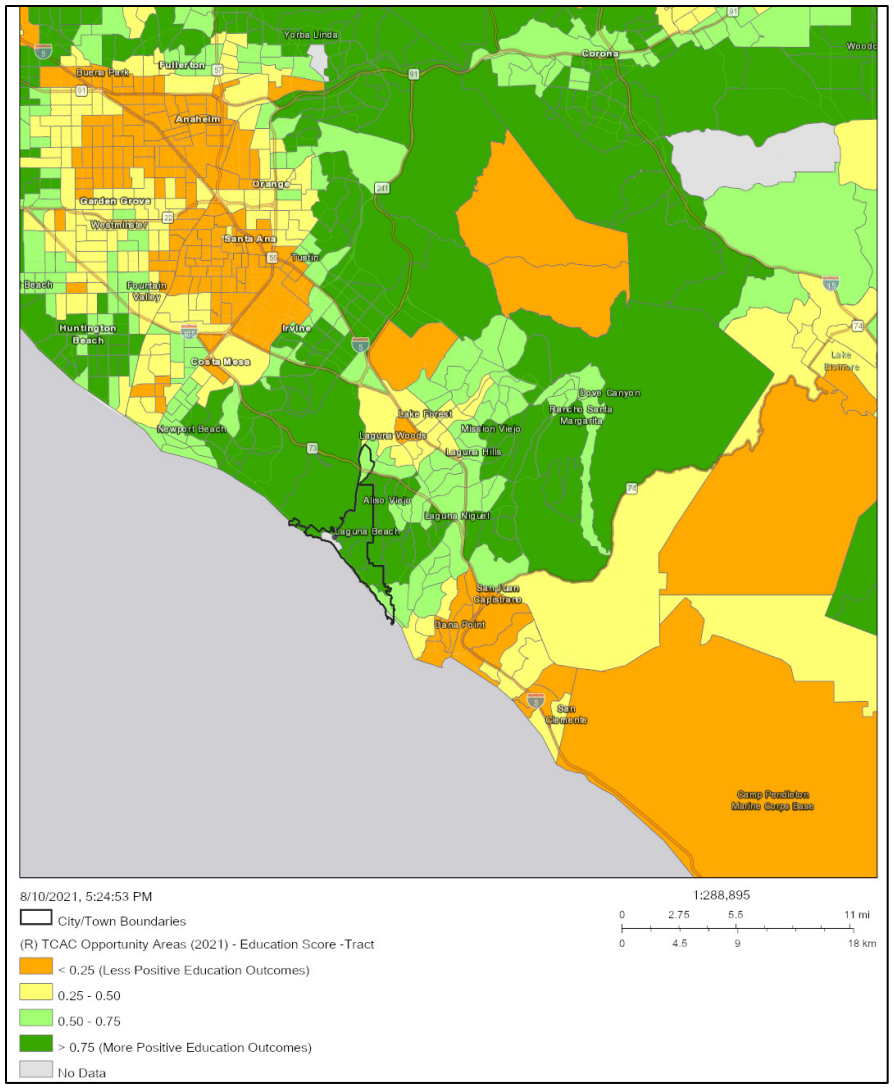
The Fair Housing Task Force uses math and reading proficiency, high school graduation rates, and student poverty rates to determine education scores for census tracts. Refer to Table C.13 for the complete list of TCAC Opportunity Map domains and indicators.

Regional Trend

Figure C.24 shows education scores for tracts the Orange County region. Tracts with lower education scores are most concentrated in the northern and central areas of Orange County near Anaheim, Garden Grove, and Santa Ana, and in the southern County near Dana Point, San Clemente, and San Juan Capistrano. Most tracts in these areas have education scores below 0.50. Coastal areas and most tracts on the eastern side of the City generally scored higher for education.

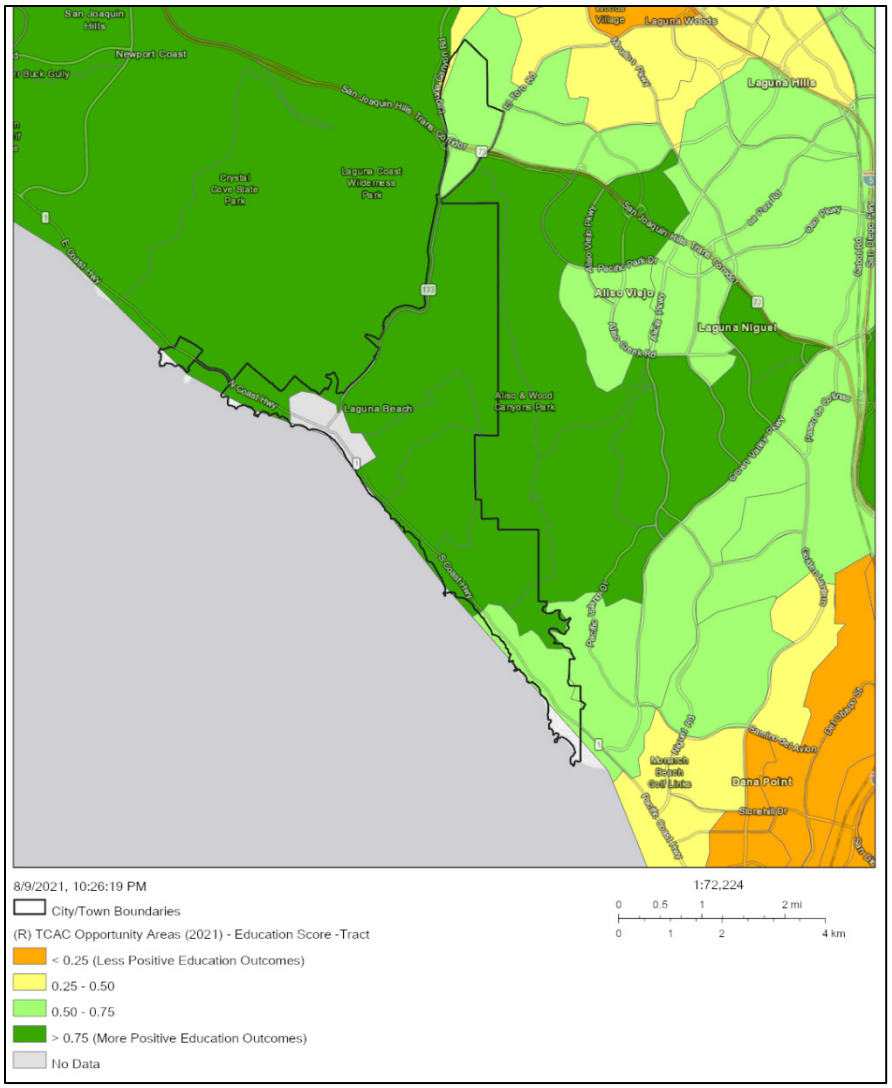
Local Trend

As shown in Figure C.25, all but two tracts in Laguna Beach received education scores exceeding 0.75. Two tracts, one in the southern area of the City and one in the northeastern corner, scored between 0.50 and 0.75. The northeastern tract is considered a high resource area and has larger racial/ethnic minority populations, disabled populations, and LMI household concentrations (see Figure C.4, Figure C.6, Figure C.13, and Figure C.21).



Source: HCD AFFH Data Viewer (2021 TCAC Opportunity Maps), 2021.

Figure C.24 Regional TCAC Opportunity Map, Education Score



Source: HCD AFFH Data Viewer (2021 TCAC Opportunity Maps), 2021.

Figure C.25 TCAC Opportunity Map, Education Score

Environmental

The Fair Housing Task Force uses CalEnviroScreen 3.0 pollution indicators and values to establish environmental scores. The California Office of Environmental Health Hazard Assessment (OEHHA) compiles these scores to help identify California communities disproportionately burdened by multiple sources of pollution. In addition to environmental factors (pollutant exposure, groundwater threats, toxic sites, and hazardous materials exposure) and sensitive receptors (seniors, children, persons with asthma, and low birth weight infants), CalEnviroScreen also takes into consideration socioeconomic factors. These factors include educational attainment, linguistic isolation, poverty, and unemployment. Refer to Table C.13 for the complete list of TCAC Opportunity Map domains and indicators.

Regional Trend

In general, tracts east of Interstate 5 received lower environmental scores compared to the western side. Most tracts on the western side, from San Clemente to Garden Grove, scored 0.25 or higher for environmental conditions (Figure C.26). The southern County areas, including Laguna Beach, Rancho Santa Margarita, and San Clemente, and the Huntington Beach area have the highest concentration of tracts with environmental scores in the top percentile. The northeastern County areas, including Fullerton, Orange and Yorba Linda, and tracts along the eastern County boundary are comprised of mostly tracts with environmental scores in the lowest percentile.

Local Trend

As shown in Figure C.27, tracts in Laguna Beach received environmental scores ranging from 0.25 to 1.00. Only a small area in the northwestern corner of the City has an environmental score below 0.50.

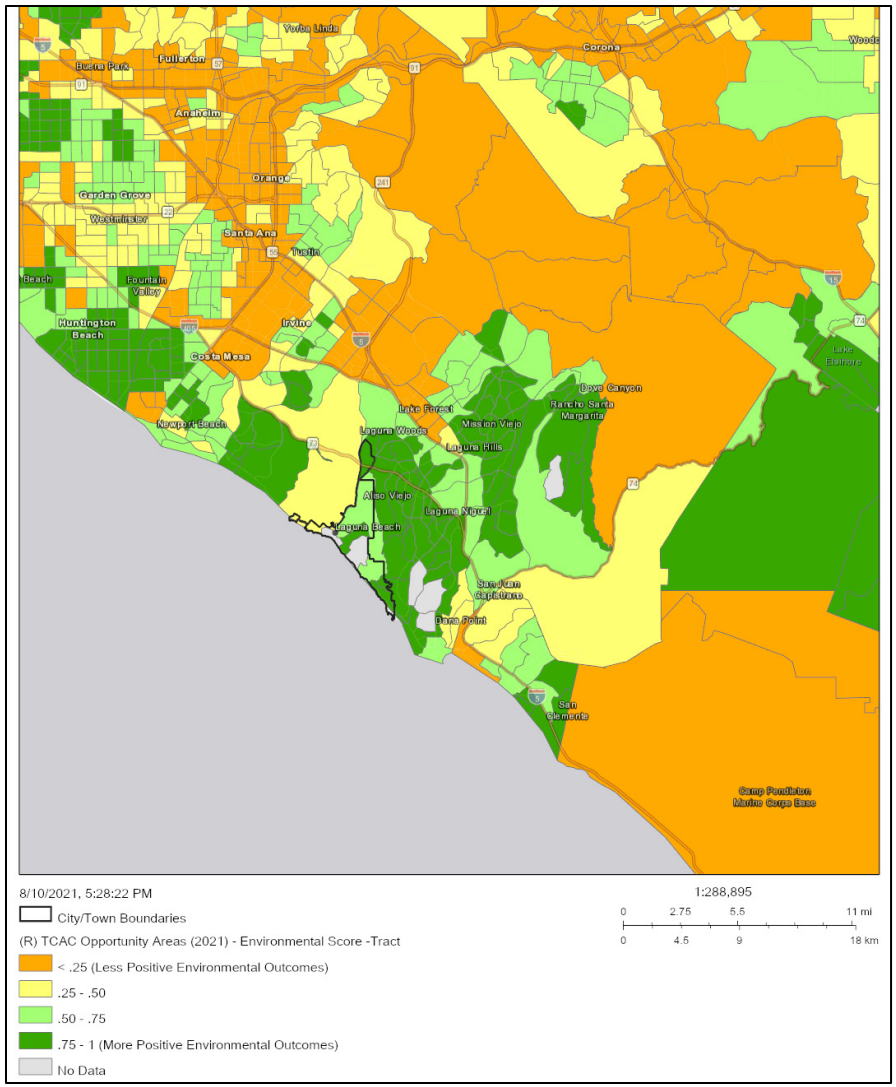
CalEnviroScreen 4.0 scores are shown in Figure C.28. CalEnviroScreen 4.0 is the OEHHA's most updated California Communities Environmental Health Screening Tool used to identify communities that are disproportionately burdened by multiple sources of pollution. CalEnviroScreen 4.0 scores are based on percentiles (the percentage of all ordered CalEnviroScreen scores that fall below the score for that area). All tracts in Laguna Beach scored within the 30th percentile, with most of the City scoring within the 10th percentile. Tracts with the lowest scores are located in the northwestern and northeastern corners of the City and in the southern area. The southern and northeastern areas have higher concentrations of persons with disabilities, the northeastern and northwestern areas have larger LMI populations, and the northeastern tract has a high concentration of racial/ethnic minorities. As discussed previously, the northeastern tract is also the only tract that is not categorized as highest resource (see Figure C.4, Figure C.6, Figure C.13, and Figure C.21).

Sites Inventory

Approximately 45.1% of RHNA units are in tracts that scored in the 21st to 30th percentile, 45.7% of units are in 11th to 20th percentile tracts, and 9.2% are in tracts within the 10th percentile. All units in tracts that scored within the 10th percentile are lower income units. Approximately 18.6% of lower income units are in 10th percentile tracts or lower, 58.4% are in 11th to 20th percentile tracts, and 23% are in 21st to 30th percentile tracts.

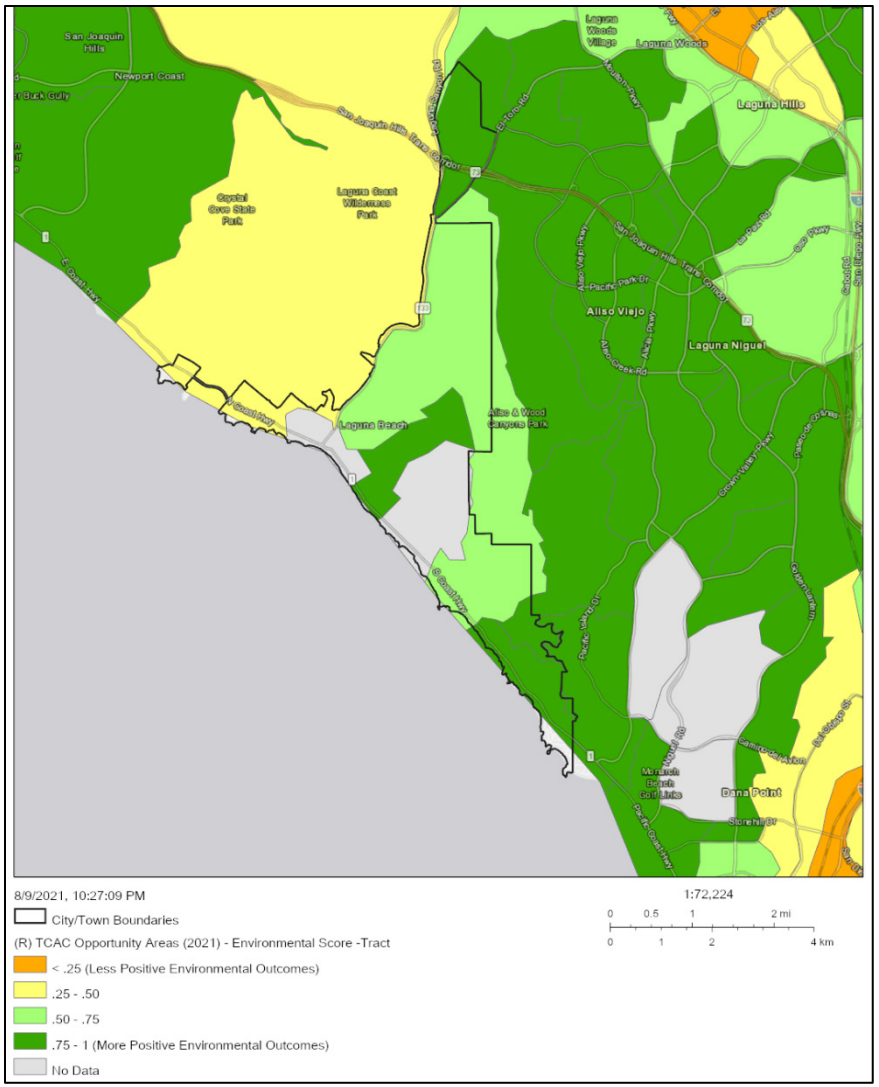
Table C.18 Distribution of RHNA Sites by CalEnviroScreen 4.0 Percentile

CalEnviroScreen 4.0 Percentile (Tract)	Lower Income Units	Moderate Income Units	Above Moderate Income Units	Total Units
1-10%	18.6%	0.0%	0.0%	9.2%
11-20%	58.4%	100.0%	7.6%	45.7%
21-30%	23.0%	0.0%	92.4%	45.1%
Total	**161**	**46**	**119**	**326**



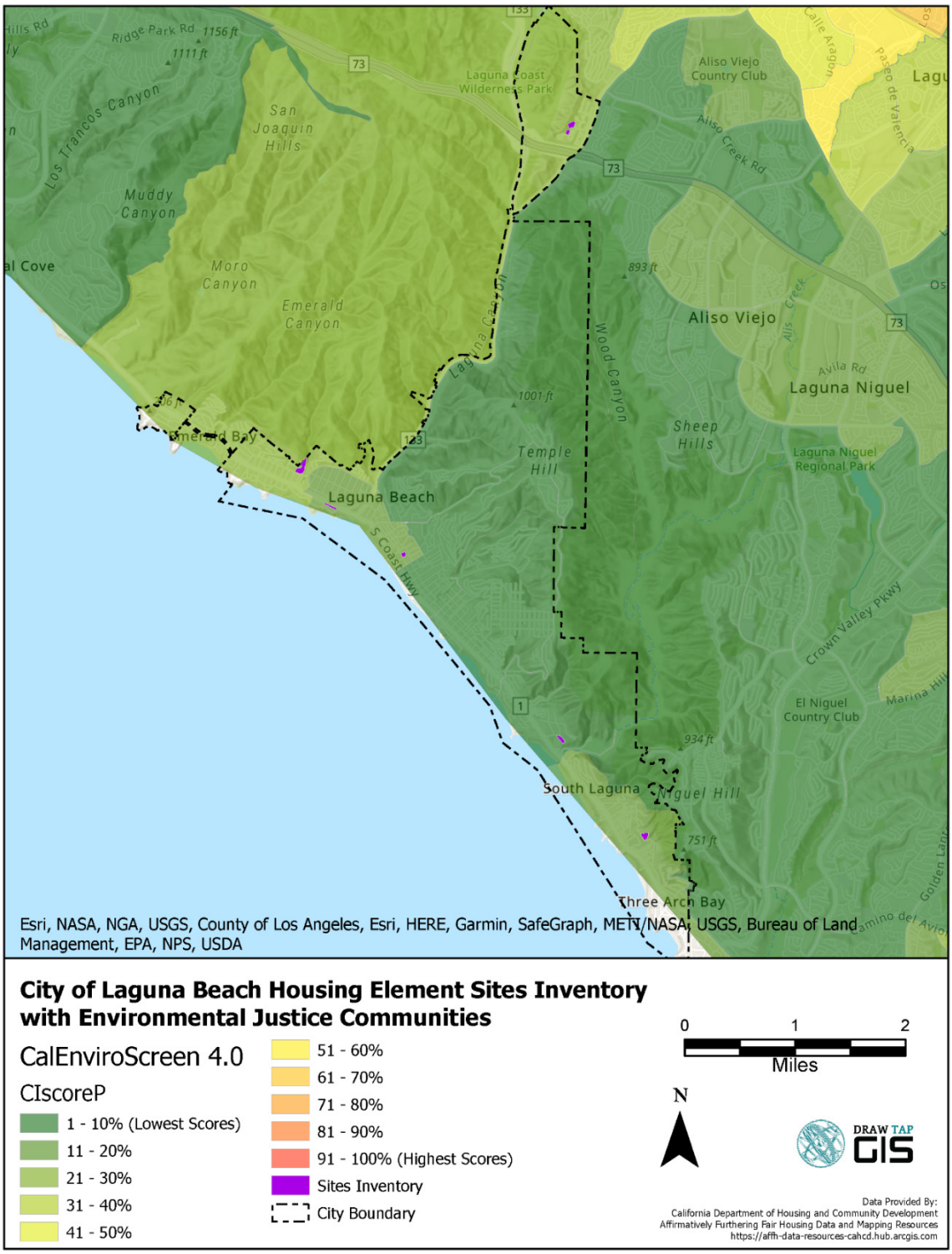
Source: HCD AFFH Data Viewer (2021 TCAC Opportunity Maps), 2021.

Figure C.26 Regional TCAC Opportunity Map, Environmental Score



Source: HCD AFFH Data Viewer (2021 TCAC Opportunity Maps), 2021.

Figure C.27 TCAC Opportunity Map, Environmental Score



Source: HCD AFFH Data Viewer (OEHHA/CalEPA, 2021), 2021.

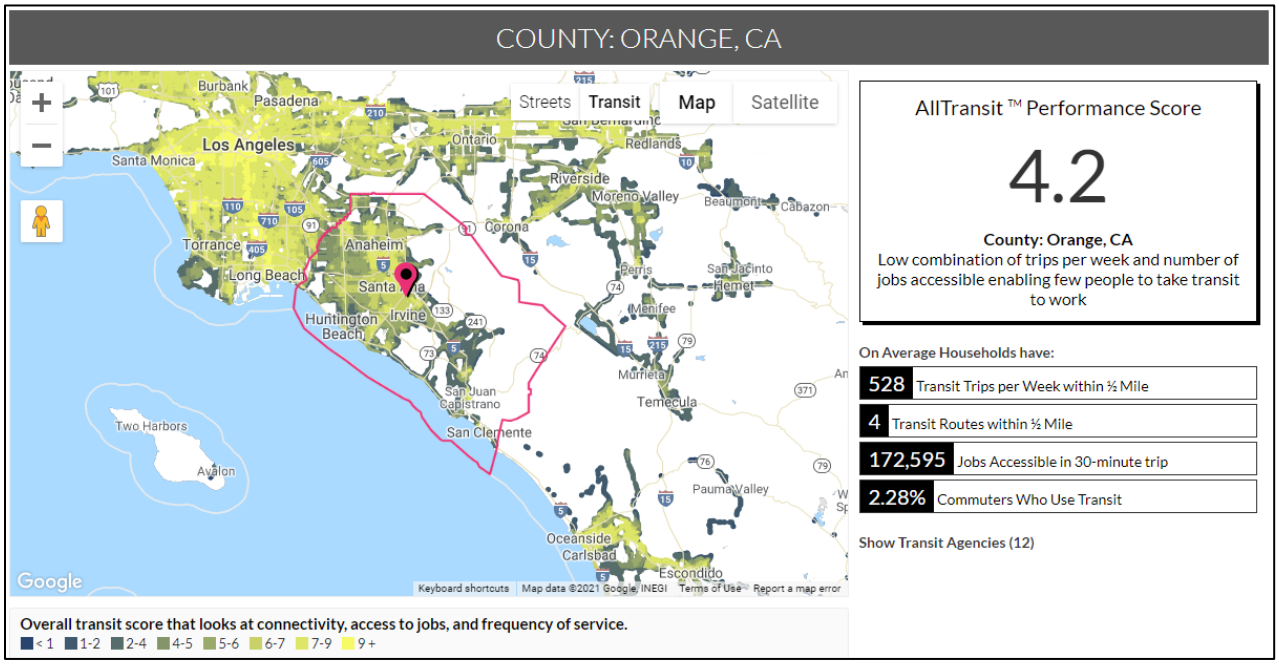
Figure C.28 CalEnviroScreen 4.0 Percentile by Tract and Sites Inventory

Transportation

HUD's Job Proximity Index, shown in Table C.15 previously, can be used to show transportation need geographically. The Job's Proximity Index quantifies the accessibility of a given residential neighborhood as a function of its distance to all job locations within a Core Based Statistical Areas (CBSA), with larger employment centers weighted more heavily. Block groups with lower jobs proximity indices are located further from employment opportunities and have a higher need for transportation. This section also uses All Transit scores and SCAG designated HQTAs to analyze transportation opportunities.

Regional Trend

All Transit explores metrics that reveal the social and economic impact of transit, specifically looking at connectivity, access to jobs, and frequency of service. According to the most recent data posted (2019), Orange County has an AllTransit Performance Score of 4.2 (out of 10), indicating a low combination of trips per week and number of jobs accessible by transit (Figure C.29).



Source: Center for Neighborhood Technology (CNT) AllTransit Metrics – Orange County, 2019.

Figure C.29 AllTransit Performance Score, Orange County

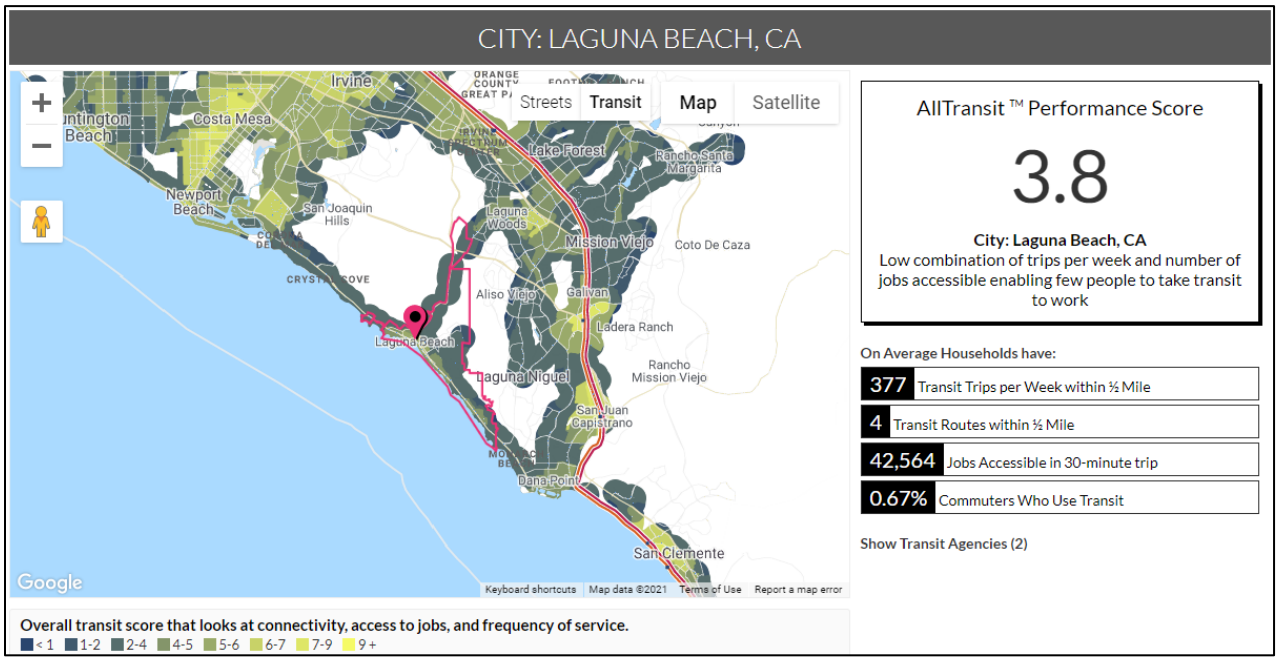
Availability of efficient, affordable transportation can be used to measure fair housing and access to opportunities. SCAG developed a mapping tool for High Quality Transit Areas (HQTA) as part of the Connect SoCal 2020-2045 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). SCAG defines HQTAs as areas within one-half mile from a major transit stop and a high-quality transit corridor. Garden Grove, Anaheim, Fullerton, Santa Ana, Costa Mesa, and the surrounding areas are all considered HQTAs. There are no HQTAs in Laguna Beach (Figure C.31).

Figure C.32 shows jobs proximity scores by block group in Orange County. Areas closest to employment opportunities in Orange County are most concentrated around Newport Beach, Costa Mesa, Irvine, and Orange. Jobs Proximity index scores progressively decrease moving further away from this area. Garden Grove, Buena Park,

Huntington Beach, and many of the southern County areas including Dana Point and Rancho Santa Margarita are all located furthest from employment opportunities.

Local Trend

According to All Transit, Laguna Beach has a performance score of 3.8, lower than the County (Figure C.30). As shown in the jobs proximity index map in Figure C.33, employment opportunities are more accessible to northern Laguna Beach communities. Block groups in the southernmost part of the City have the least access to employment opportunities where block groups received jobs proximity index scores of 20-40, compared to 60-80 in northern Laguna Beach. To help improve transit access, a program has been added to collaborate with transit providers to help ensure that members of protected classes can access services and jobs in employment centers (see Program 5.2-11b). In addition, the City offers free trolley services to local beaches, parks, restaurants, hotels, art festivals and other attractions, and on-demand neighborhood transit services.

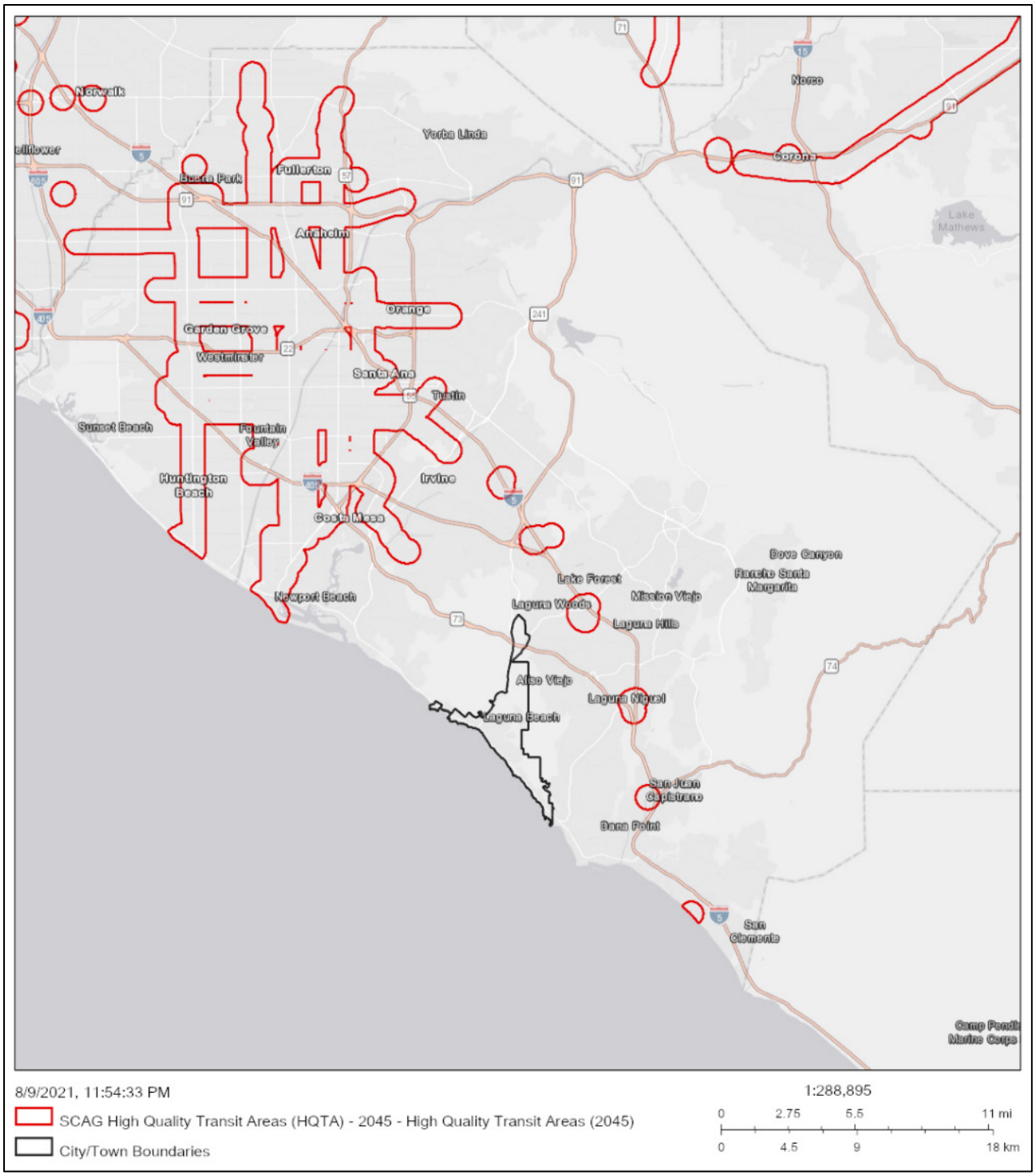


Source: Center for Neighborhood Technology (CNT) AllTransit Metrics – Laguna Beach, 2019.

Figure C.30 All Transit Performance Score, Laguna Beach

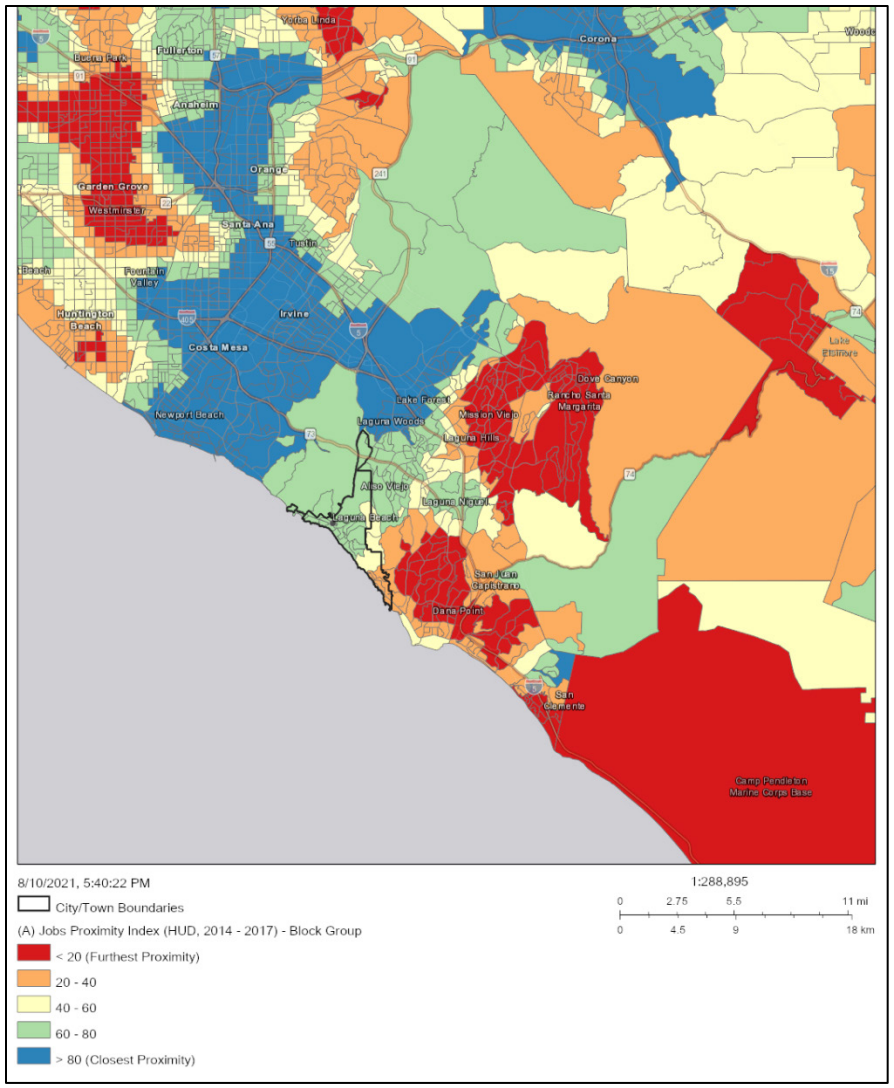
Summary of Fair Housing Issues

White Urban County populations generally have better access to opportunities compared to non-White populations according to HUD's Opportunity Indicators. All areas in the City are highest resource except for the high resource tract in the northeastern corner of the City. Most lower income RHNA units are in highest resource tracts. The high resource tract has larger racial/ethnic minority, disabled, and LMI populations. This tract also received a lower economic score and education score than the rest of the City. Laguna Beach generally received high scores for economic, education, and environmental opportunities. The northern half of the City has better access to employment opportunities compared to the southern areas.



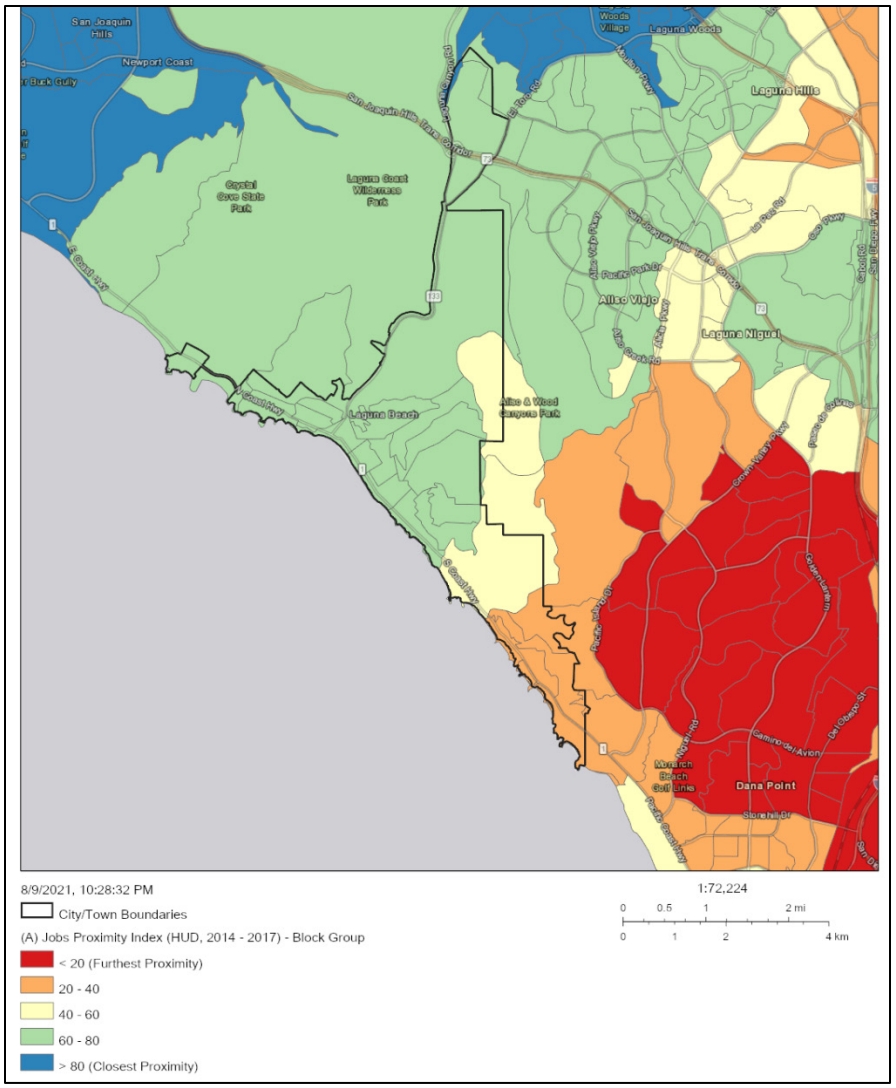
Source: SCAG HQTA 2045, 2021.

Figure C.31 High Quality Transit Areas



Source: HCD AFFH Data Viewer (HUD. 2014-2017), 2021.

Figure C.32 Regional Jobs Proximity Index by Block Group



Source: HCD AFFH Data Viewer (HUD. 2014-2017), 2021.

Figure C.33 Jobs Proximity Index by Block Group

Disproportionate Housing Needs

The AFFH Rule Guidebook defines disproportionate housing needs as a condition in which there are significant disparities in the proportion of members of a protected class experiencing a category of housing needs when compared to the proportion of a member of any other relevant groups or the total population experiencing the category of housing need in the applicable geographic area (24 C.F.R. § 5.152). The analysis is completed by assessing cost burden, overcrowding, and substandard housing.

The Comprehensive Housing Affordability Strategy (CHAS) developed by the Census for HUD provides detailed information on housing needs by income level for different types of households in Laguna Beach. Housing problems considered by CHAS include:

- Housing cost burden, including utilities, exceeding 30% of gross income;
- Overcrowded conditions (housing units with more than one person per room);
- Lacks complete kitchen facilities; and
- Lack complete plumbing facilities.

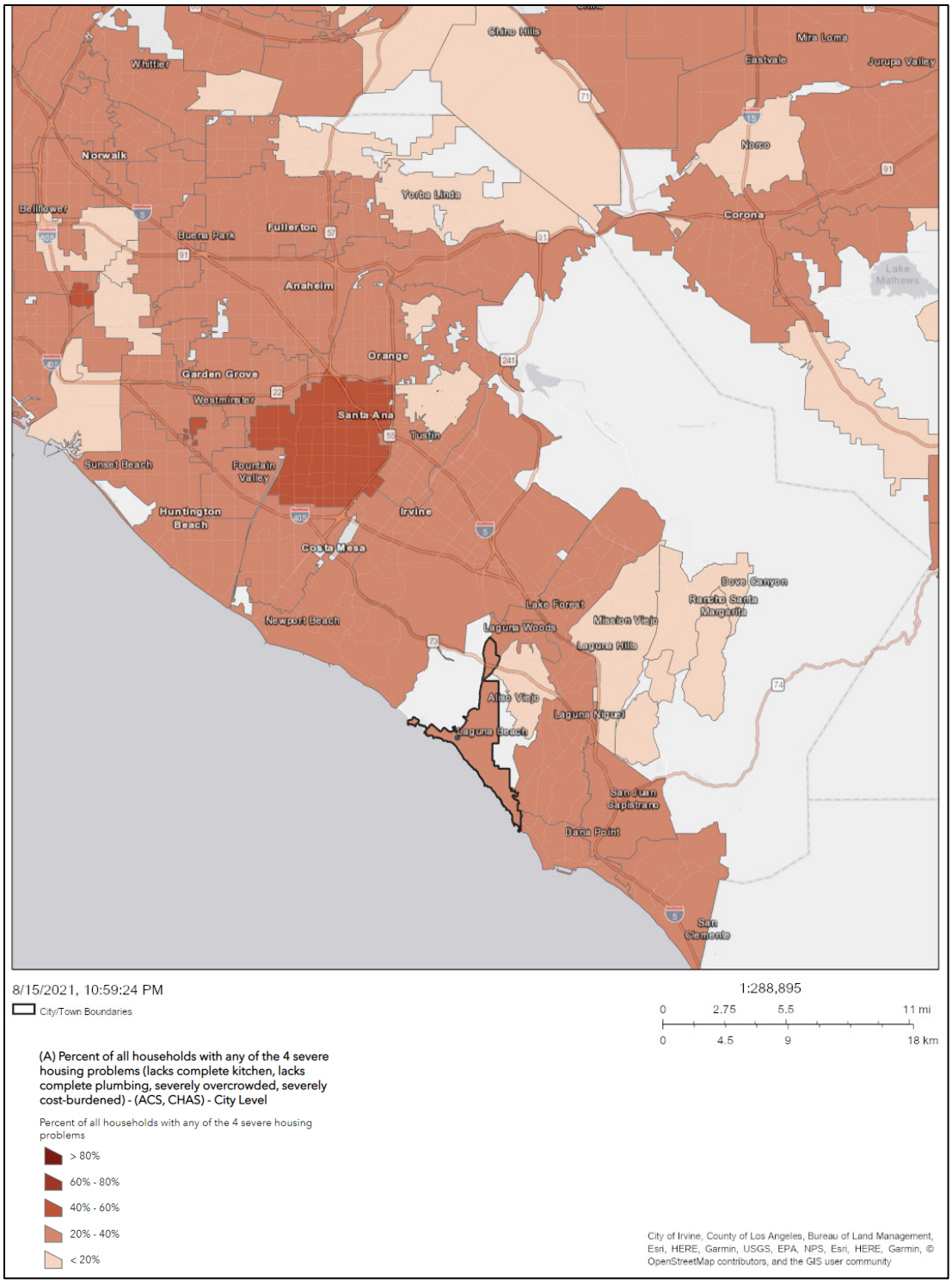
Approximately 30.3% of owners and 50% of renters in Laguna Beach experience a housing problem compared to 34.3% of owners and 60.2% of renters Countywide (Table C.19). In Laguna Beach, housing problems are most common amongst Black renter households and renter households of a different race (“Other”). Approximately 78% of Black renter households and 31% of Other renter households have one or more housing problem.

Households are considered severely cost burdened if they pay 50% or more of their gross income in rent and severely overcrowded if there is more than 1.5 persons per room. Figure C.34 shows severe housing problem by City. Between 20% and 40% of most households in Orange County experience a severe housing problem. Santa Ana has a larger proportion of households with a severe housing problem (between 40% and 60%), while less than 20% of households in Mission Viejo and Rancho Santa Margarita experience a severe housing problem.

Table C.19 Housing Problems by Race/Ethnicity

Race/Ethnicity	Orange County		Laguna Beach	
	Owner	Renter	Owner	Renter
White	30.3%	51.4%	30.7%	48.6%
Black	36.1%	53.0%	0.0%	77.8%
Asian	36.7%	58.2%	12.1%	34.5%
American Indian.	29.1%	60.8%	0.0%	--
Pacific Islander	27.3%	60.4%	--	--
Hispanic	46.0%	73.0%	44.7%	58.3%
Other	33.9%	56.4%	35.0%	60.9%
Total Households	**34.3%**	**60.2%**	**30.6%**	**50.0%**

Source: HUD CHAS Data (2013-2017 ACS), 2020.



Source: HCD AFFH Data Viewer (ACS, CHAS), 2021.

Figure C.34 Severe Housing Problems by City

Cost Burden

Approximately 36.7% of households in Laguna Beach are cost burdened, less than the County where 40.5% of households are cost burdened. Cost burden in more common amongst renter-occupied households than owner-occupied households in both Laguna Beach and the County. Approximately 29.5% of owner households in Laguna Beach and 31.4% in the County are cost burdened, compared to 48.5% of renter households in Laguna Beach and 52.9% in the County.

Table C.20 breaks down households by race or ethnicity and cost burden. Countywide, Hispanic renter-households and American Indian renter-households are cost burdened at the highest rate. In Laguna Beach, Black and Hispanic renter households are cost burdened at the highest rate. According to 2020 HUD CHAS data based on the 2013-2017 ACS, there are 55 black households, representing 0.5% of households Citywide, and 610 Hispanic households, representing 5.8% of households Citywide. Approximately 77.8% of Black renters and 59.5% of Hispanic renters are cost burdened in Laguna Beach. There are no Black or American Indian owner-occupied households in Laguna Beach experiencing cost burden and only 12.5% of Asian owners and 15% of owners of another race ("Other") experiencing cost burden. While there is a small population of American Indian/Alaska Native residents in the City (12 persons), the 2020 HUD CHAS data estimates there are zero (0) American Indian households in the City. Population and HUD CHAS estimates utilize different ACS datasets, 2013-2017 and 2015-2019. For context, Black or African American persons comprise 0.8%, Hispanic or Latino persons comprise 7.4% and American Indian persons comprise 0.1% of the Laguna Beach population.

Table C.20 Cost Burden (>30% of Gross Income) by Race/Ethnicity

	White	Black	Asian	Amer. Ind.	Pac. Isldr.	Hispanic	Other	All
Laguna Beach								
Owner-Occupied	30.0%	0.0%	12.5%	0.0%	--	47.4%	15.0%	29.5%
Renter-Occupied	47.2%	77.8%	34.5%	--	--	59.5%	52.2%	48.5%
Total Households	36.0%	63.6%	20.8%	0.0%	--	55.7%	34.9%	36.7%
Orange County								
Owner-Occupied	29.6%	33.7%	32.8%	23.3%	27.8%	36.3%	31.9%	31.4%
Renter-Occupied	48.6%	48.5%	50.6%	54.3%	51.8%	59.8%	51.1%	52.9%
Total Households	36.1%	43.7%	39.8%	39.1%	41.8%	50.6%	41.3%	40.5%

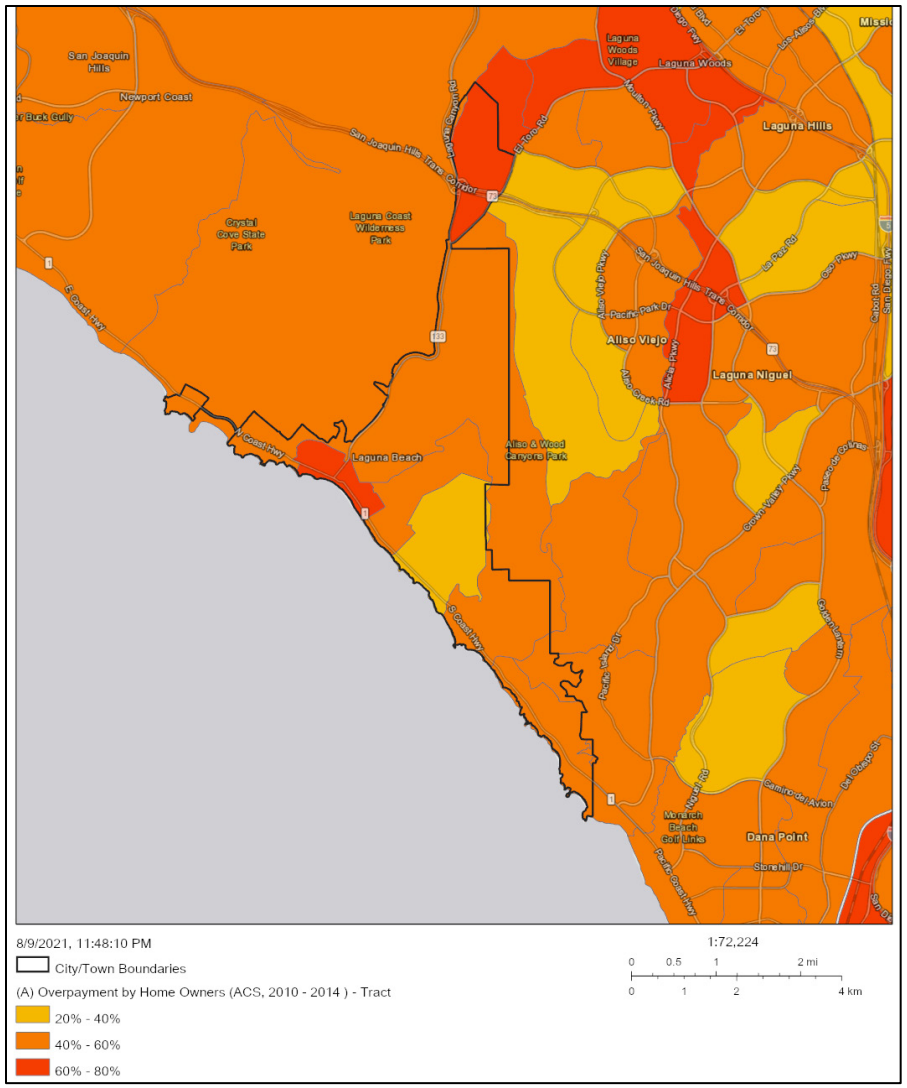
Source: HUD CHAS Data (2013-2017 ACS), 2020.

Figure C.35 compares overpaying owners by census tract using the 2010-2014 and 2015-2019 ACS. The proportion of overpaying owners has decreased or remained the same in all tracts since the 2010-2014 ACS. Tracts in the northeastern corner, central, and southern areas of the City have all seen a decrease in cost burdened owners, likely because the City has increasingly attracted more affluent residents. Between 20% and 60% of homeowners in all tracts experience cost burden. As noted in Section 2.5-1 some households choose to live in Laguna Beach despite its high cost of living in order to enjoy the City's coastal environmental and amenities.

Cost burdened renters over time are presented in Figure C.36. The proportion of cost burdened renters has also decreased in several tracts since the 2010-2014 ACS. Tracts along the eastern City boundary all saw a decrease in cost burdened renters. However, 60-80% of renters in the tract in the northeastern corner of the City currently experience cost burden compared to only 40-60% during the 2010-2014 ACS. In all other Laguna Beach tracts, between 20% and 60% of renters overpay for housing.

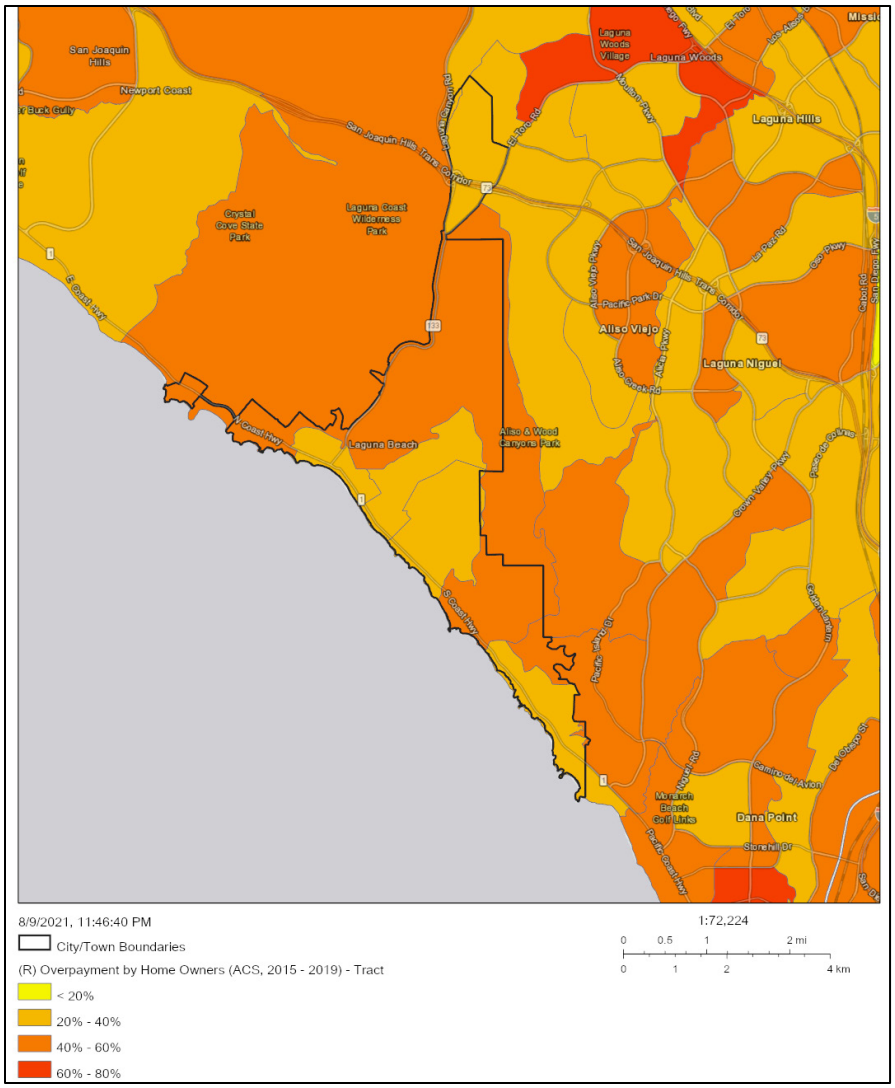
Summary of Fair Housing Issues

Black and Hispanic households experience cost burden at a higher rate than the City average. However, since Black or African American households represent 0.5% and Hispanic or Latino households represent 5.8% of total Laguna Beach households, the absolute numbers are low so it is difficult to draw specific conclusions regarding cost-burden. A larger issue raised is the small numbers of minority households that live in the community and the need to increase access to opportunity. Between 20% to 60% of owner-occupied households are cost burdened in all Laguna Beach tracts. There is no concentration of overpaying owners in a single area of the City. Similarly, between 20% and 60% of renter-occupied households are cost burdened in all but one tract. Nearly 68% of renters in the northeastern tract at the intersection of SR 133 and SR 73 overpay for housing. This tract also has higher concentrations of racial/ethnic minorities, persons with disabilities, and LMI households. The concentration of racial/ethnic minority populations residing in this tract is consistent with the trends outlined in Table C.20 above, where Black, Hispanic, and "Other" renter-occupied households are cost burdened at rates exceeding the Citywide average of 48.5%. Program 5.2-11 provides actions to address this issue.



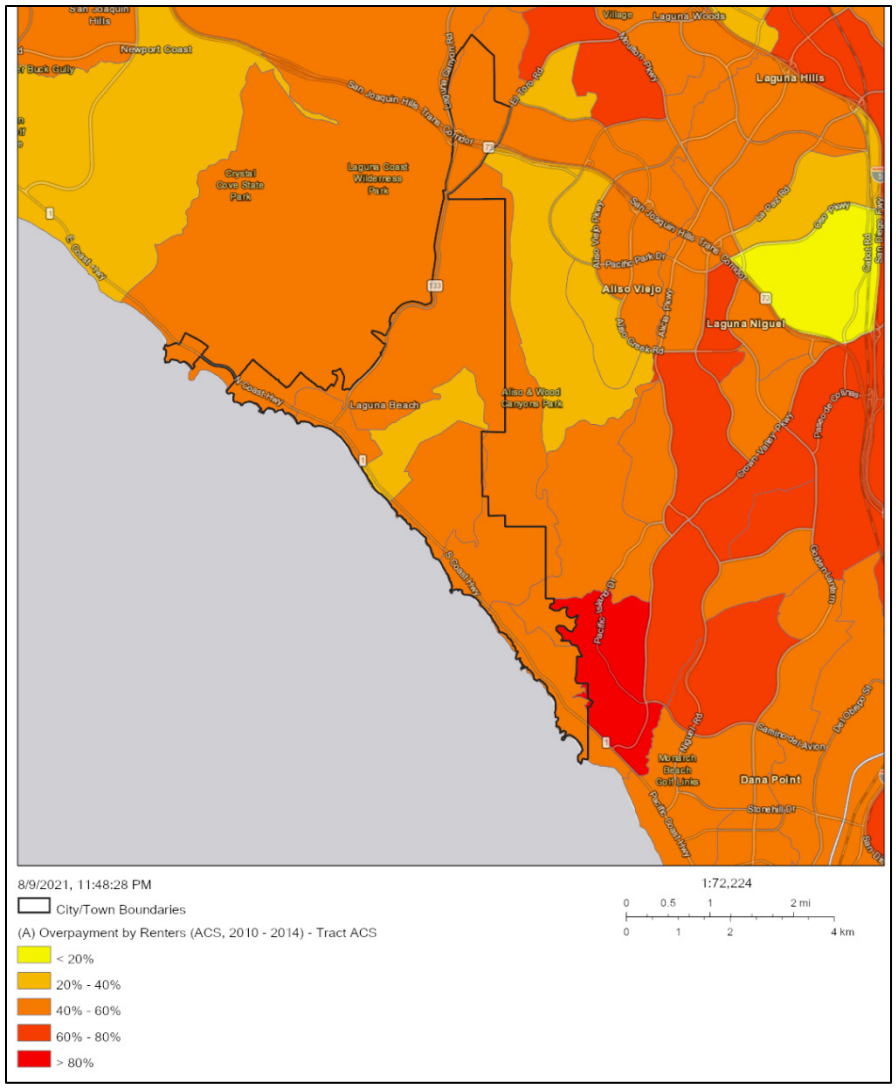
Source: HCD AFFH Data Viewer (2010-2014 ACS), 2021.

Figure C.35 (A) Overpayment by Owners (2010-2014)



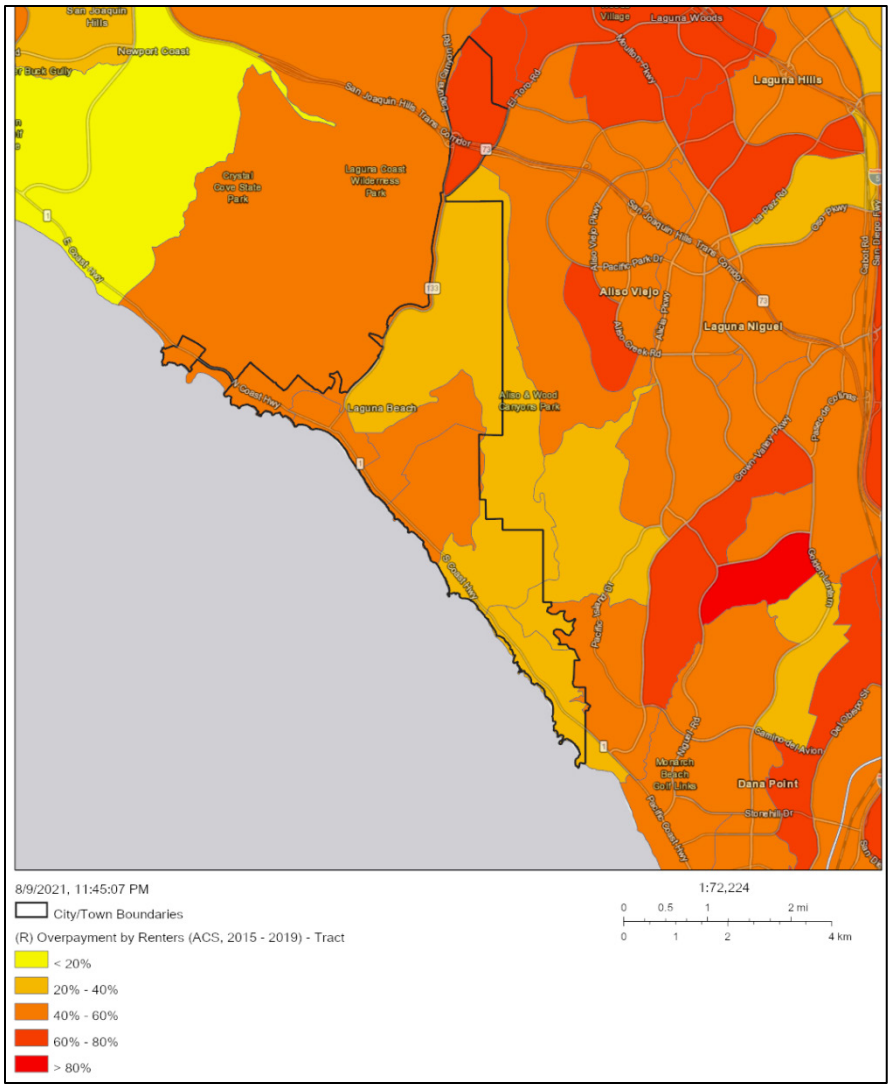
Source: HCD AFFH Data Viewer (2015-2019 ACS), 2021.

(B) Overpayment by Owners (2015-2019)



Source: HCD AFFH Data Viewer (2010-2014 ACS), 2021.

Figure C.36 (A)Overpayment by Renters (2010-2014)



Source: HCD AFFH Data Viewer (2015-2019 ACS), 2021.

(B) Overpayment by Renters (2015-2019)

Overcrowding

A household is considered overcrowded if there is more than one person per room, and severely overcrowded if there is over 1.5 persons per room. Overcrowding is generally less of an issue in the City of Laguna Beach compared to the County. According to 2020 HUD CHAS data based on the 2013-2017 ACS, shown in Table C.21, 1.4% of Laguna Beach households are overcrowded, including 1.1% of owner-occupied households and 2% of renter households. Less than 1% of renter households are severely overcrowded. There are no severely crowded owner households in the City. In comparison, nearly 9% of households in the County are overcrowded, including 3.7% of owner-occupied households and 16% of renter-occupied households.

Overcrowding in most common in the northern and central areas of San Clemente around Garden Grove, Orange, Anaheim, and Santa Ana (Figure C 34). In the southern County areas, overcrowding is far less prevalent. In most tracts in southern Orange County, less than 8.2% (Statewide average) of households are overcrowded. There are no tracts in Laguna Beach where overcrowded households make up more than 8.2% of the total population.

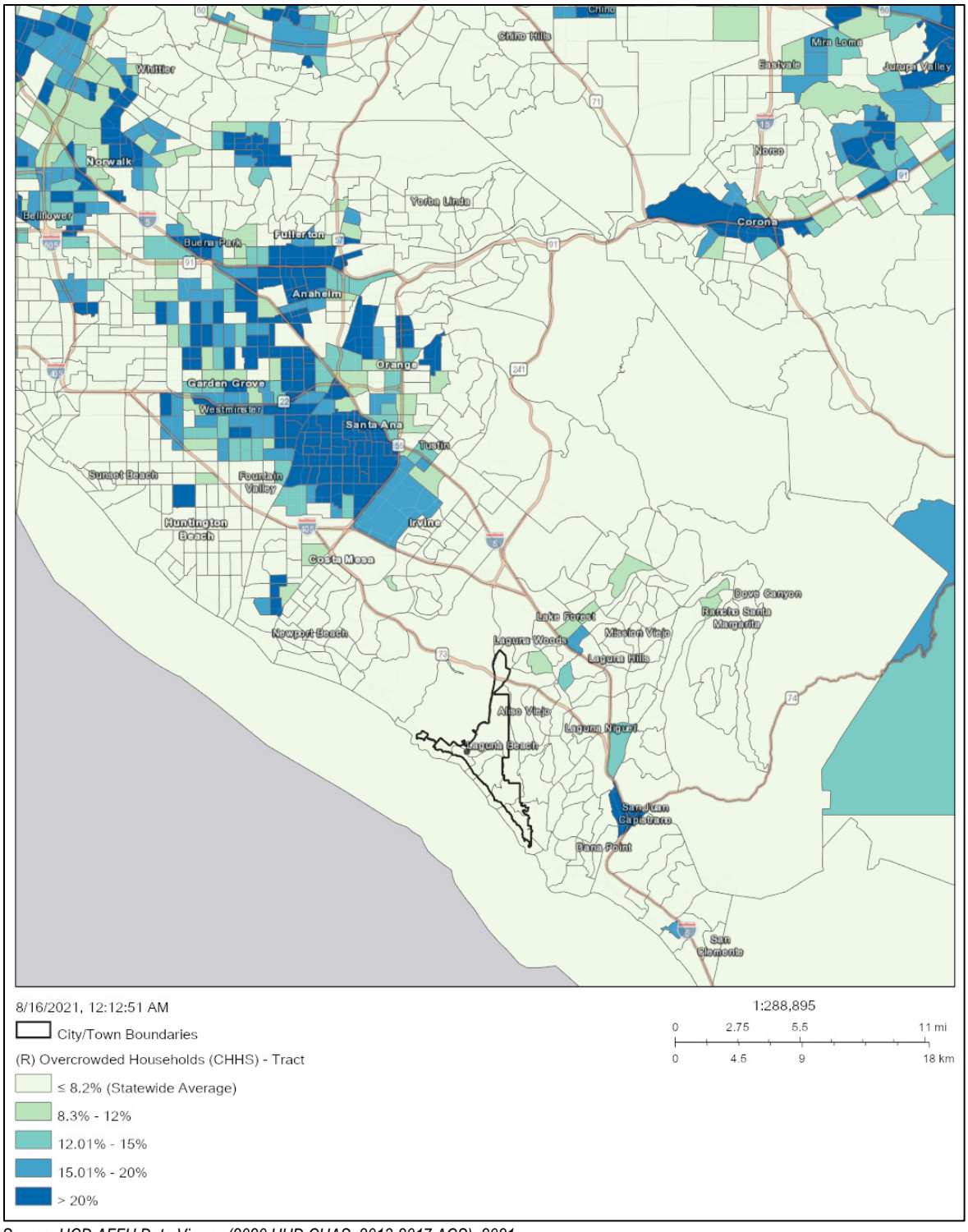
Table C.21 Overcrowded Households by Tenure

	Laguna Beach		Orange County	
	>1 person per room	>1.5 persons per room	>1 person per room	>1.5 persons per room
Owner-Occupied	1.1%	0.0%	3.7%	1.0%
Renter-Occupied	2.0%	0.5%	16.0%	5.9%
Total Households	**1.4%**	**0.2%**	**8.9%**	**3.1%**

Source: HUD CHAS Data (2013-2017 ACS), 2020.

Summary of Fair Housing Issues

Overcrowding is generally not an issue in Laguna Beach compared to the County. There are no concentrations of overcrowded households in the City. Only 1.4% of households, 2% of renter households and 1.1% of owner households, are overcrowded.



Source: HCD AFFH Data Viewer (2020 HUD CHAS, 2013-2017 ACS), 2021.

Figure C.37 Overcrowded Households Regionally

Substandard Housing

Incomplete plumbing or kitchen facilities can be used to measure substandard housing conditions. In Laguna Beach, 0.3% of renter-occupied households lack complete plumbing or kitchen facilities. There are no owner households lacking complete plumbing or kitchen facilities in the City. In comparison, 0.4% of owner households and 2.6% of renter households Countywide lack complete plumbing or kitchen facilities. Lack of facilities is generally less of an issue in Laguna Beach. Only 0.1% of all households lack complete plumbing or kitchen facilities in the City, compared to 1.3% in the County.

Table C.22 Households Lacking Complete Plumbing or Kitchen Facilities

	Laguna Beach	Orange County
Owner-Occupied	0.0%	0.4%
Renter-Occupied	0.3%	2.6%
Total Households	**0.1%**	**1.3%**

Source: HUD CHAS Data (2013-2017 ACS), 2020.

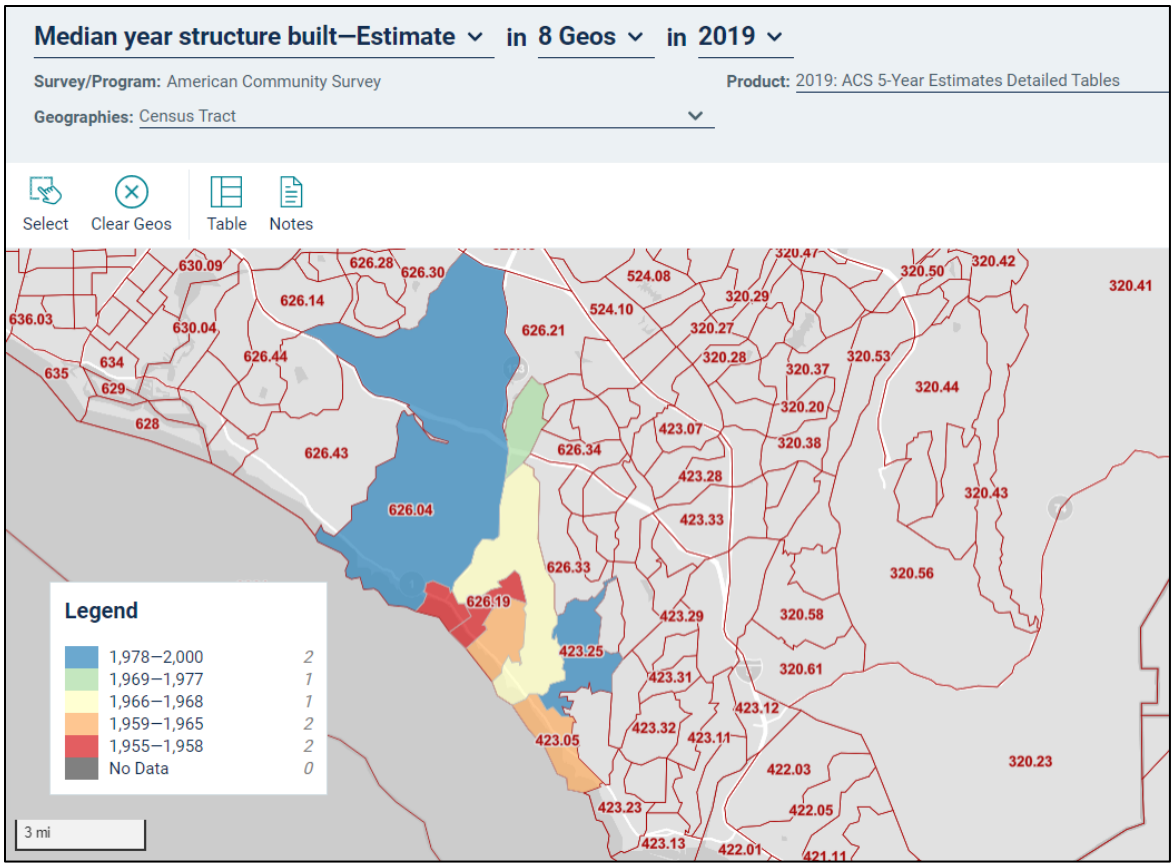
Housing age can also be used as an indicator for substandard housing and rehabilitation needs. In general, residential structures over 30 years of age require minor repairs and modernization improvements, while units over 50 years of age are likely to require major rehabilitation such as roofing, plumbing, and electrical system repairs.

As shown in Table C.23, approximately 88% of housing units in Laguna Beach are 30 years or older, including 63% built in 1969 or earlier. In comparison, only 75.3% of housing units Countywide are 30 years or older, including 37.1% built in 1969 or earlier. Tracts 626.05 and 626.19 have the highest concentration of housing units built in 1969 or earlier. Over 90% of housing units in these tracts were built prior to 1990, and over 70% were built prior to 1970. The City's housing stock age indicates the many housing units may require major rehabilitation soon. Tract 626.04, located in the northern part of the City encompassing the unincorporated areas north of the Laguna Beach, has the largest share of new housing built in 1990 or later. Approximately 67% of housing units in this tract were built in 1990 or later. In all other tracts, less than 35% of housing units were built during this time period.

Table C.23 Housing Unit Age

Jurisdiction	Year Built			Total Housing Units
	1969 or Earlier (50+ Years)	1970-1989 (30-40 Years)	1990 or Later (<30 Years)	
Laguna Beach	**63.0%**	**25.2%**	**11.8%**	**13,362**
Census Tract 423.05	64.1%	21.2%	14.7%	1,965
Census Tract 423.25	1.2%	64.3%	34.4%	1,610
Census Tract 626.04	22.4%	10.3%	67.3%	6,882
Census Tract 626.05	75.1%	20.5%	4.5%	2,310
Census Tract 626.19	72.2%	18.0%	9.8%	2,099
Census Tract 626.20	60.0%	27.8%	12.3%	2,873
Census Tract 626.32	54.0%	23.0%	23.0%	2,277
Census Tract 626.49	21.3%	74.0%	4.7%	2,111
Orange County	**37.1%**	**38.2%**	**24.7%**	**1,100,449**

Source: 2015-2019 ACS (5-Year Estimates).



Source: 2015-2019 ACS (5-Year Estimates).

Figure C.38 Housing Stock Median Year Built by Tract

Summary of Fair Housing Issues

The housing stock age indicates a large proportion of housing units in Laguna Beach will need major rehabilitation in the near future. Approximately 63% of the housing stock was built prior to 1969, including 20% built prior to 1940. Older housing units are most concentrated in the northwestern corner of the City. This area has a larger population of LMI households and seniors living alone. To address this issue, the City is continuing several programs addressing housing preservation and rehabilitation, including the Senior Housing Aging in Place Program (see Program 5.2-10) and Housing Preservation and Rehabilitation Programs (see Program 5.2-8).

Displacement Risk

UC Berkley's Urban Displacement project defines residential displacement as "the process by which a household is forced to move from its residence - or is prevented from moving into a neighborhood that was previously accessible to them because of conditions beyond their control." As part of this project, the research has identified populations vulnerable to displacement (named "sensitive communities") in the event of increased redevelopment and drastic shifts in housing cost. They defined vulnerability based on the share of low income residents per tract and other criteria including: share of renters is above 40%, share of people of color is more than 50%, share of low income

households severely rent burdened, and proximity to displacement pressures. Displacement pressures were defined based on median rent increases and rent gaps.

Regional Trend

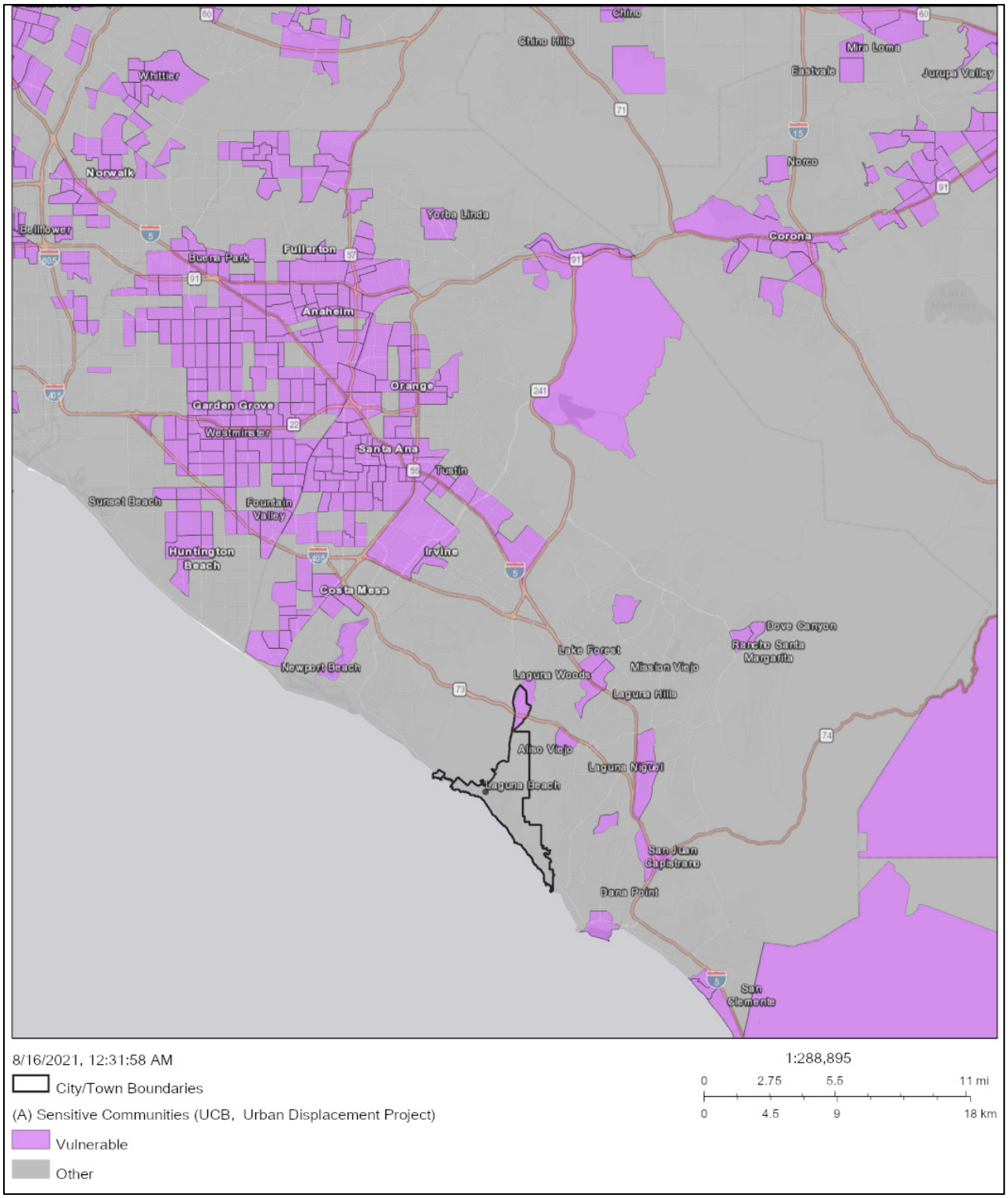
As shown in Figure C.39, many communities in Orange County are identified as sensitive communities vulnerable to displacement. Sensitive communities are most concentrated in the central and northern County around Garden Grove, Anaheim, Santa Ana, and Orange. Sensitive communities have also been identified in the southern County region, Laguna Woods, Rancho Santa Margarita areas, but at a far lower density than the northern and central regions. As discussed previously, these areas also have a higher concentration of racial/ethnic minority populations and LMI households (see Figure C.2 and Figure C.12). There is also a higher concentration of low resource areas and areas of high poverty and segregation in this section of the County (see Figure C.16 and Figure C.20).

Local Trend

HCD has identified one sensitive community vulnerable to displacement in Laguna Beach located in the northeastern corner of the City (Figure C.40). This community has populations vulnerable to displacement in the event of increased redevelopment or drastic shifts in housing cost. The identified vulnerable community also has higher concentrations of racial/ethnic minorities, LMI households, and cost burdened renters (see Figure C.3, Figure C.13, and Figure C.36).

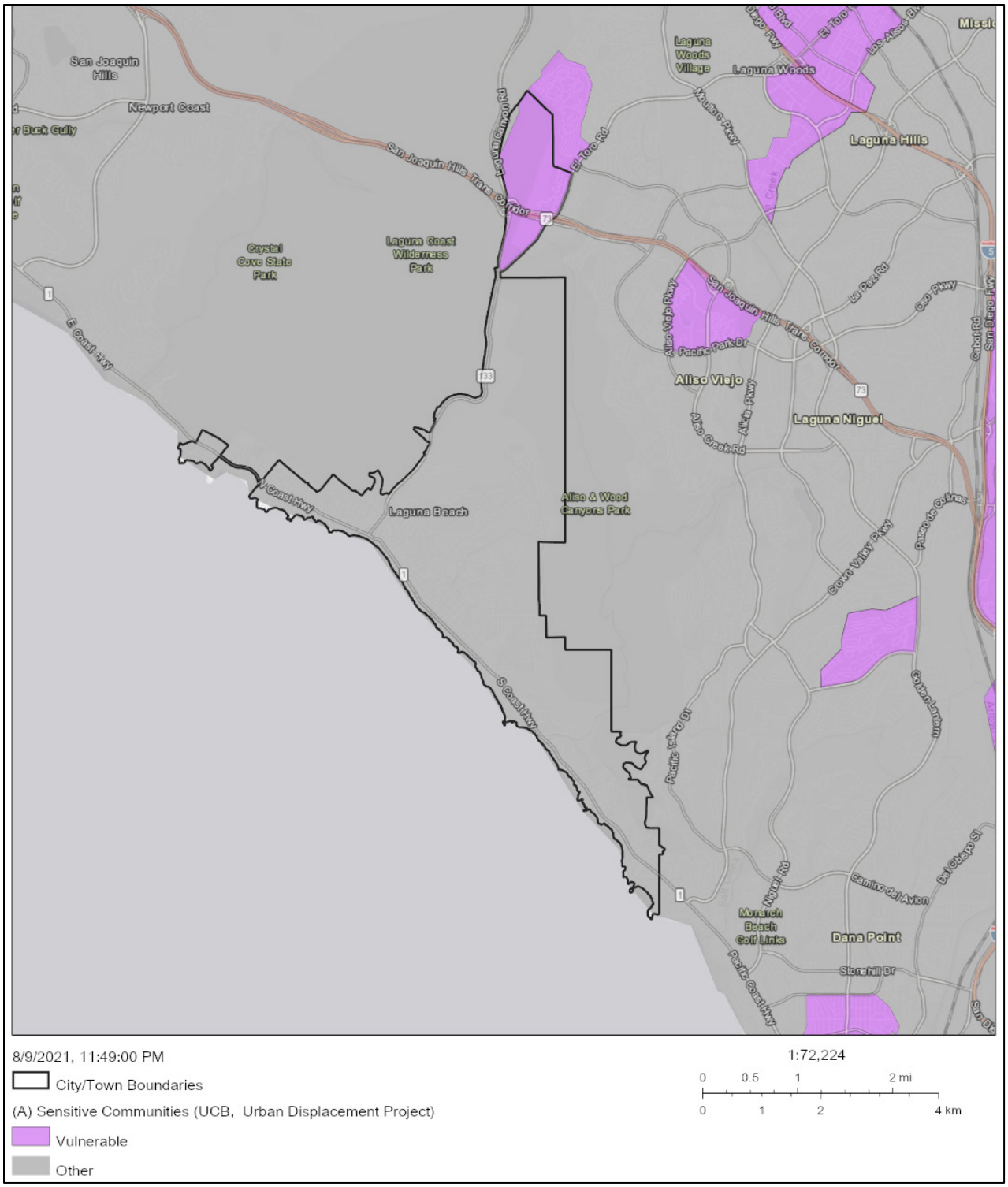
Summary of Fair Housing Issues

The tract in the northeastern corner of the City is identified as a sensitive community at risk of displacement. This tract has a higher proportion of overpaying renters, persons with disabilities, and LMI households. Efforts to prevent displacement are addressed through Housing Plan Program 5.2-9 - Affordable Housing Funding and Programs, and Program 5.2-10 which includes providing information regarding Housing Choice Vouchers and other forms of affordable housing assistance, and Program 5.2-11 on Fair Housing as further discussed below.



Source: HCD AFFH Data Viewer (UCB Urban Displacement Project, 2020), 2021.

Figure C.39 Regional Sensitive Communities at Risk of Displacement



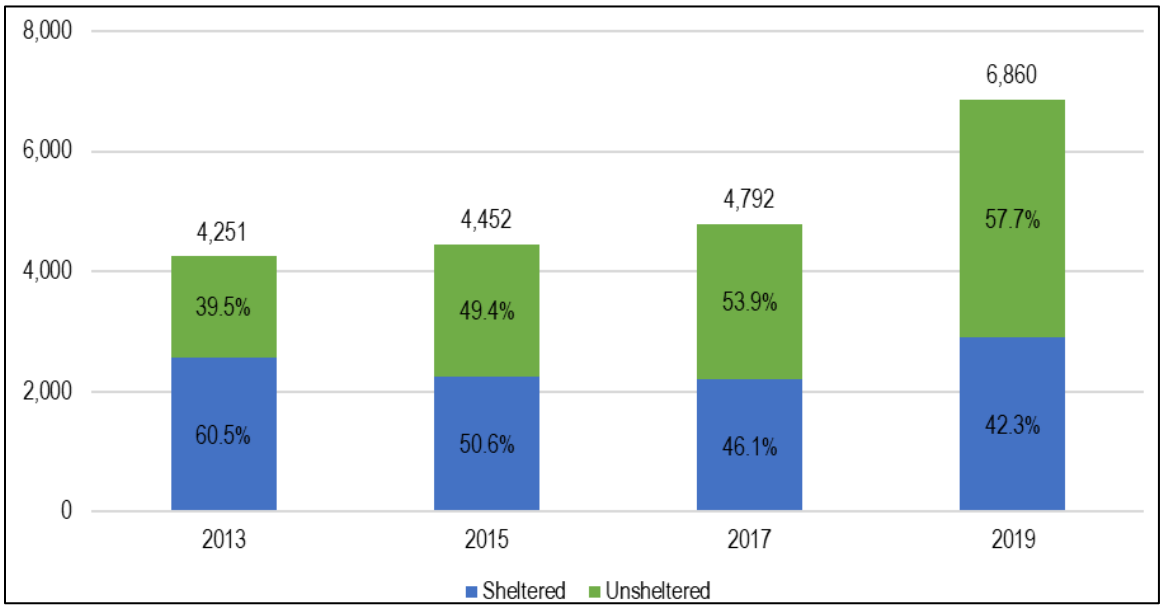
Source: HCD AFFH Data Viewer (UCB Urban Displacement Project, 2020), 2021.

Figure C.40 Sensitive Communities at Risk of Displacement

Homelessness

Regional Trend

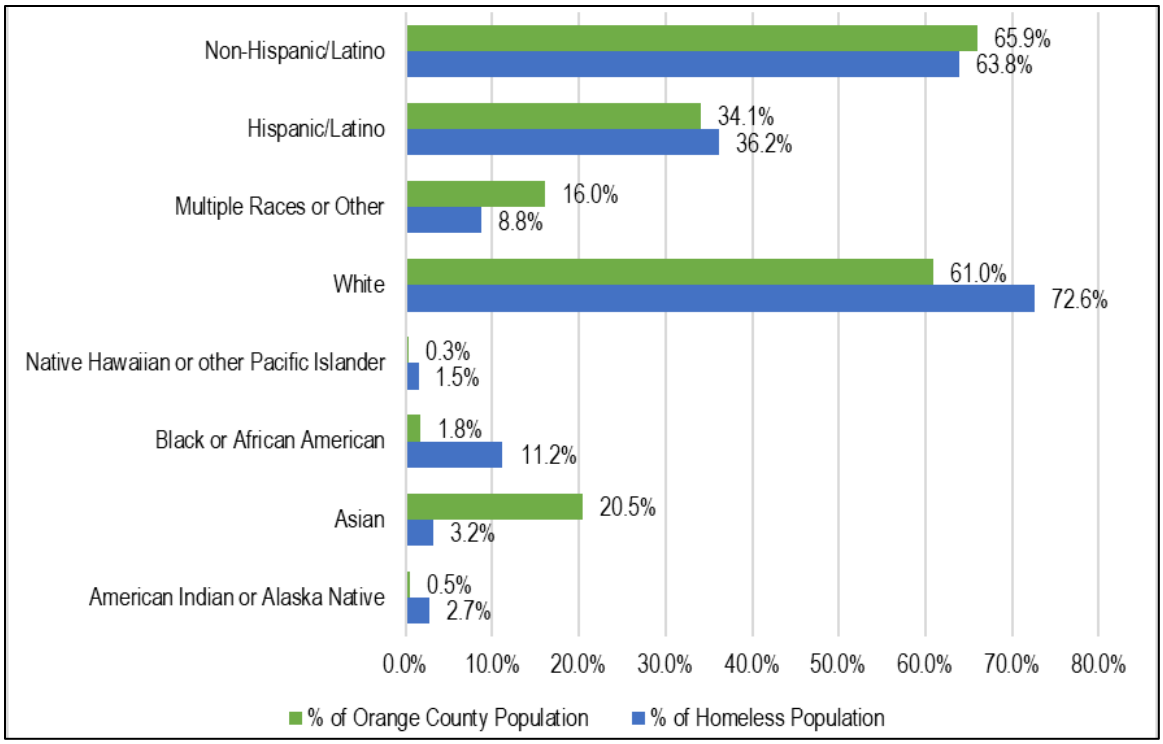
The Orange County Continuum of Care (CoC CA-602) encompasses the entirety of Orange County including all 34 cities and the unincorporated areas. In compliance with HUD requirements, the Orange County conducts sheltered and unsheltered homeless counts every other year. The County released the Everyone Counts: 2019 Point in Time (PIT) homelessness report July 30, 2019. According to the PIT, there were 6,860 persons experiencing homeless in the County in 2019. Approximately 57.7% of homeless individuals were unsheltered and 42.3% were sheltered. As shown in Figure C.41, the County has seen an increase in homeless individuals since 2013. The proportion of unsheltered homeless individuals has also increased as the population of homeless individuals has grown. Since 2017, the homeless population has grown approximately 43.2%.



Source: Orange County CoC 2017 Homeless Count and Survey Report; Everyone Counts: 2019 Point in Time (PIT) Report.

Figure C.41 Homeless Individuals Trend (2013-2019)

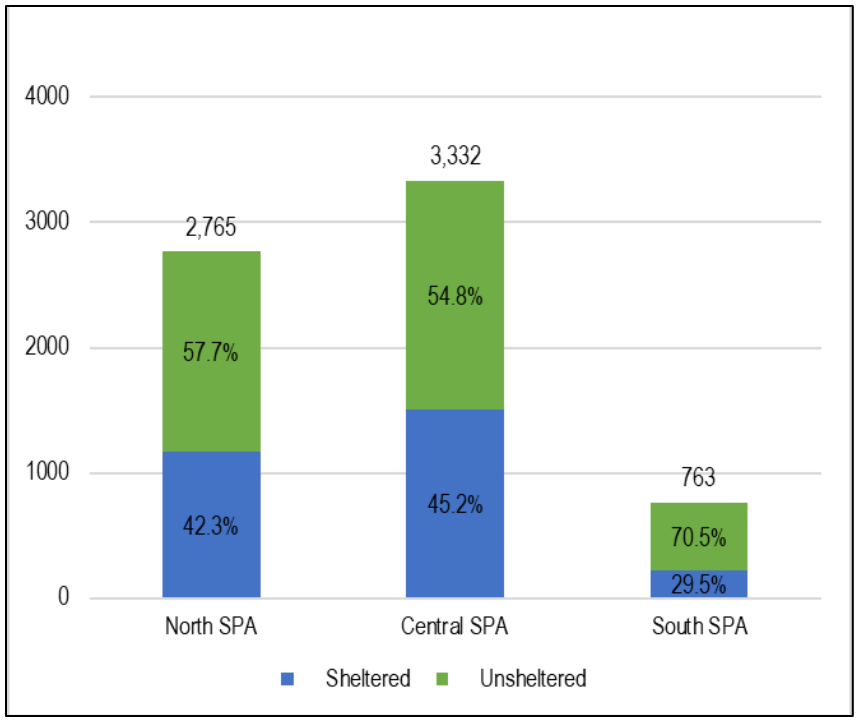
Figure C.42 compares the distribution of homeless persons and County population by race and ethnicity according to the most recent 2015-2019 ACS. The White and Black populations are the most overrepresented racial groups in the County homeless population. Approximately 72.6% of the homeless population is White compared to only 61% of the population Countywide; 11.2% of the homeless population is Black, compared to only 1.8% of the population Countywide. Hispanic/Latino families are also overrepresented in the homeless population. While only 36.2% of the total homeless population is Hispanic or Latino, comparable to 34.1% Countywide, over 50% of homeless families are Hispanic or Latino.



Source: Orange County Everyone Counts: 2019 Point in Time (PIT) Report; 2015-2019 ACS (5-Year Estimates).

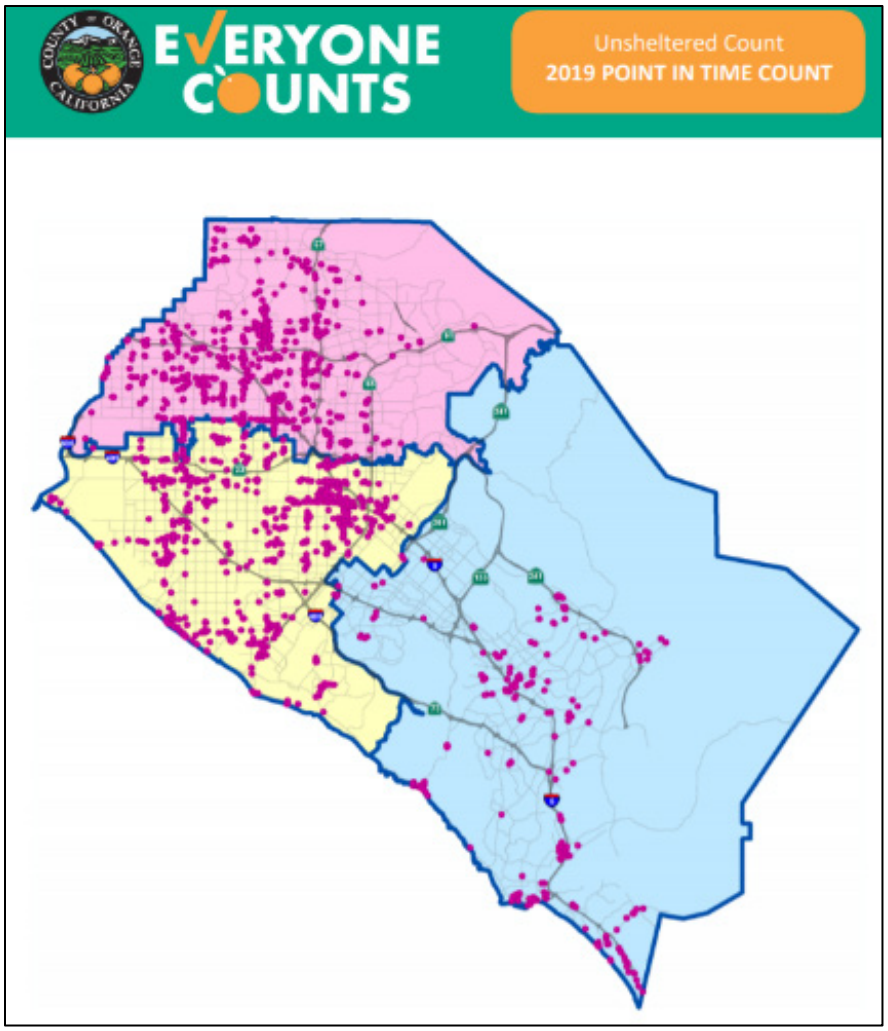
Figure C.42 Orange County Population vs. Homeless Population

Figure C.43 shows the distribution of homeless populations by Orange County Service Planning Area (SPA). The South SPA, which includes the City of Laguna Beach, has a far smaller homeless population compared to the North and Central SPAs. The South SPA also has a signific ally smaller proportion of sheltered homeless (29.5%), compared to the North SPA (42.3%) and Central SPA (45.2%). The 2019 PIT unsheltered survey was conducted using a smartphone application that GIS mapped the locations of individuals experiencing homelessness. The map included in the 2019 PIT is shown in Figure C.44. The northern and central areas have a high concentration of homeless individuals. In the South SPA, the homeless population was most concentrated along the main highways (I-5, SR 241, and SR 73).



Source: Orange County Everyone Counts: 2019 Point in Time (PIT) Report.

Figure C.43 Distribution of Homeless Population by SPA



Source: Orange County Everyone Counts: 2019 Point in Time (PIT) Report.

Figure C.44 County Unsheltered Point in Time Count

Elderly or disabled (including developmental disabilities), female-headed households, large families, farmworkers, and people experiencing homelessness are considered special needs groups. Table C.24 shows the homeless populations of some of these groups in the County and South SPA, including physically and developmentally disabled, seniors, and families. Homeless persons in families represent 22.6% of the County homeless population and nearly a third of the South SPA. The population of homeless persons with a physical or developmental disability also represent a large proportion of the homeless population (35.6% and 38.3%, respectively).

Table C.24 Homeless Populations – Orange County and South SPA

	Orange County		South SPA	
	Total Persons	Percent	Total Persons	Percent
Physical Disability	1471	25.0%	166	27.4%
Developmental Disability	622	10.6%	66	10.9%
Seniors	612	8.9%	78	10.2%
Families*	1,550	22.6%	244	32.0%
Veterans	311	4.5%	36	4.7%
Transitional Age Youth (18-24)	275	4.0%	44	5.8%
Total	**6,860**	**100.0%**	**763**	**100.0%**

* Figure in table represents total persons in homeless families (at least one child and one adult). Orange County has a total of 466 homeless families, and the South SPA has a total of 75 homeless families.
Source: Orange County Everyone Counts: 2019 Point in Time (PIT) Report.

Local Trend

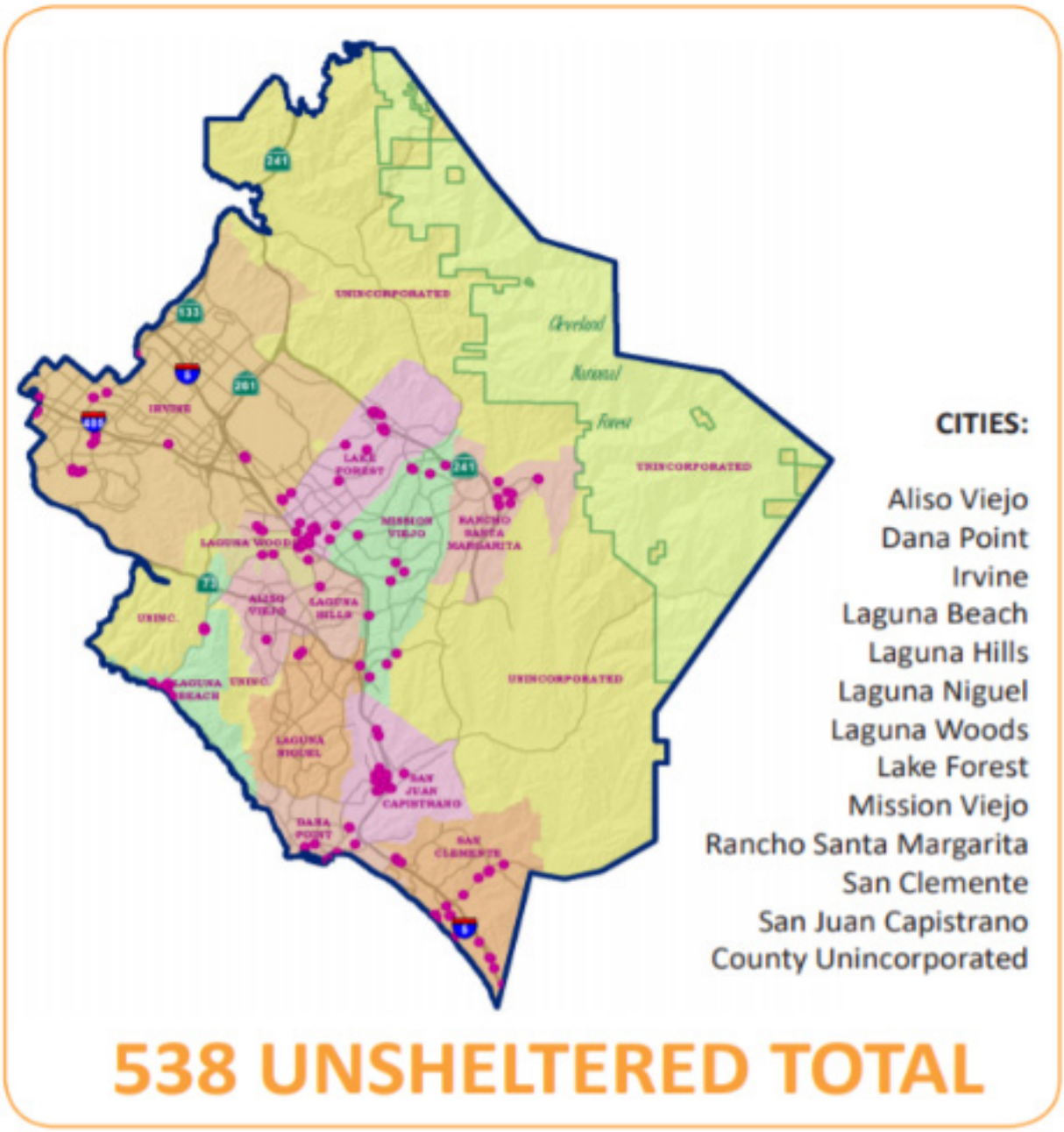
According to the 2019 PIT, 147 people on Laguna Beach are homeless, representing 0.6% of the total population based on 2015-2019 ACS estimates. Of the 147 persons experiencing homelessness in Laguna Beach, 48.3% are unsheltered and 51.7% are sheltered. There were no homeless families identified in Laguna Beach during the 2019 PIT count. Nearly a quarter of the homeless population is age 65 or older, compared to only 10.2% in the South SPA and 8.9% in Orange County. Laguna Beach also had a larger proportion of homeless veterans (6.1%) compared to the South SPA (4.7%) and the County (4.5%). Figure C.45 shows the location results of the 2019 PIT unsheltered survey. The unsheltered homeless population was mostly identified in the northwestern corner of Laguna Beach, perhaps on state beach park properties.

Beyond the data provided in the 2019 PIT, there are no additional data sources for homelessness in Laguna Beach.

Table C.25 Homeless Populations, Laguna Beach

	Unsheltered		Sheltered		
	Persons	Percent	Persons	Percent	Total
Veterans	6	8.5%	3	3.9%	9
Transitional Age Youth (18-24)	2	2.8%	2	2.6%	4
Seniors	13	18.3%	23	30.3%	36
Total	**71**	**100%**	**76**	**100%**	**147**

Source: Orange County Everyone Counts: 2019 Point in Time (PIT) Report.



Source: Orange County Everyone Counts: 2019 Point in Time (PIT) Report.

Figure C.45 South SPA Unsheltered Point in Time Count

Summary of Fair Housing Issues

Laguna Beach has a higher proportion of elderly persons experiencing homelessness and homeless veterans than the County. Countywide, Black, Hispanic/Latino, White, Native Hawaiian/Pacific Islander, and American Indian/Alaska Native populations are overrepresented in the homeless population.

Other Relevant Factors

Historical Trends

Laguna Beach, first inhabited by Native Americans, was settled in the 1800s and named "Canada de las Lagunas" (canyon of the lakes). Laguna Beach was founded in 1887 as "Lagonas," later to be renamed in 1904 to Laguna Beach. The City was officially incorporated into Orange County in 1927. Laguna Beach was known as an art colony in the early 1900s, home to the Festival of Arts and the Pageant of the Masters established in the early 1930s.[16]

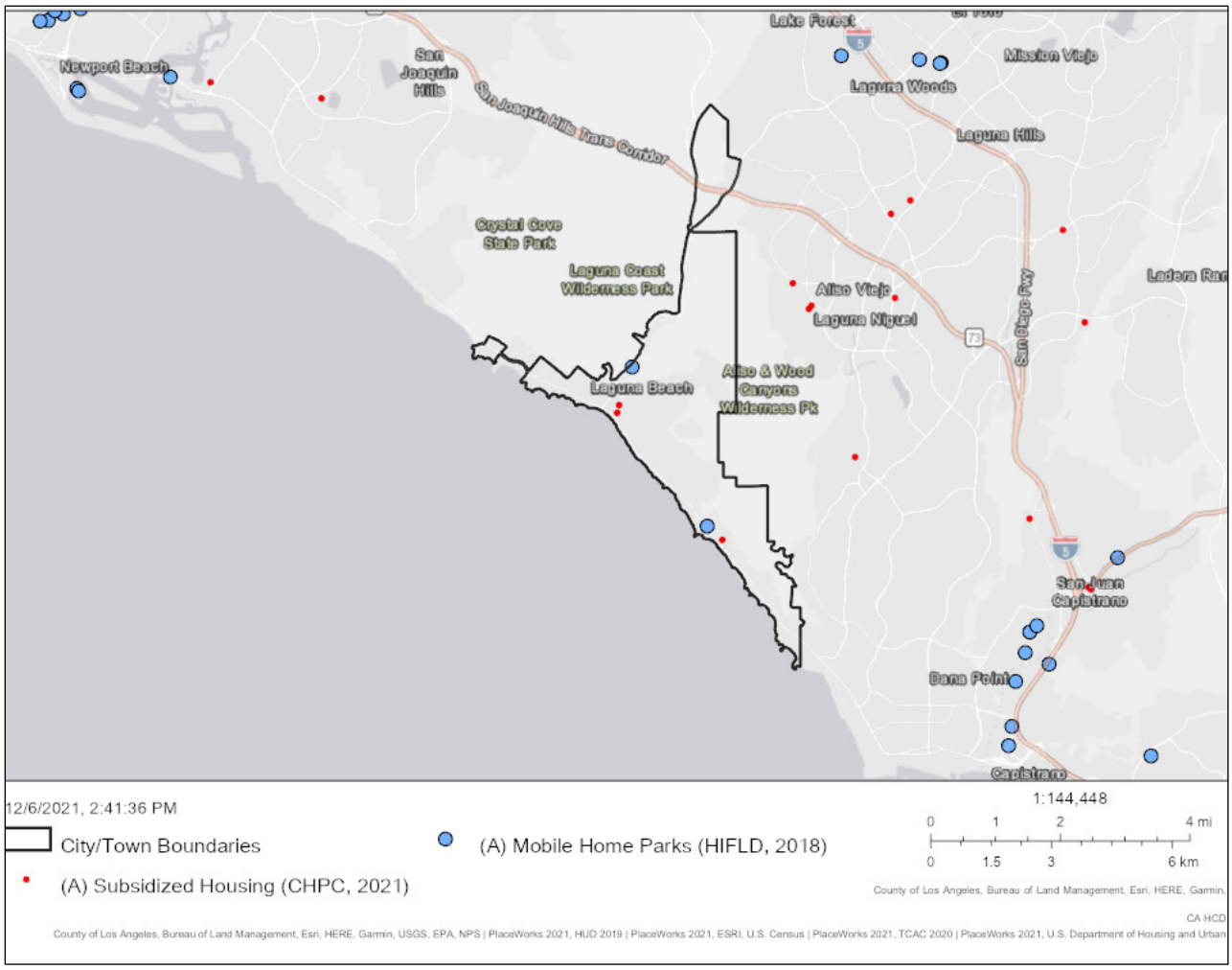
The 1896 Supreme Court ruling of Plessy v. Ferguson upheld the constitutionality of "separate but equal," ushering in the Jim Crow Era of racial segregation and disenfranchisement. This sentiment spread beyond the South, where African Americans and other minority groups were expelled from predominantly White communities, through the adoption of policies forbidding them from residing or even being within town borders after dark, known as 'sundown towns. Contrary to the widespread misconception that these existed only in the deep south, sundown towns were prominent throughout the country, including more than 100 California towns including Orange County. Groups known to be excluded were Black and Jewish persons, specifically.[17] Housing practices continued to promote segregation, including the Wilson Administration's 1917 "Own-Your-Own-Home" campaign which promoted single-family ownership exclusively for White residents.[18]

Racial discrimination in Orange County continued into the latter nineteenth century, as non-Whites were segregated in many public facilities including pools, theaters, and restaurants. Children of Mexican descent were segregated in Orange County schools until the Mendez v. Westminster court ruling of 1946, requiring Orange County jurisdictions, including Santa Ana and Westminster, to desegregate schools.

Subsidized Housing and Mobile Home Parks

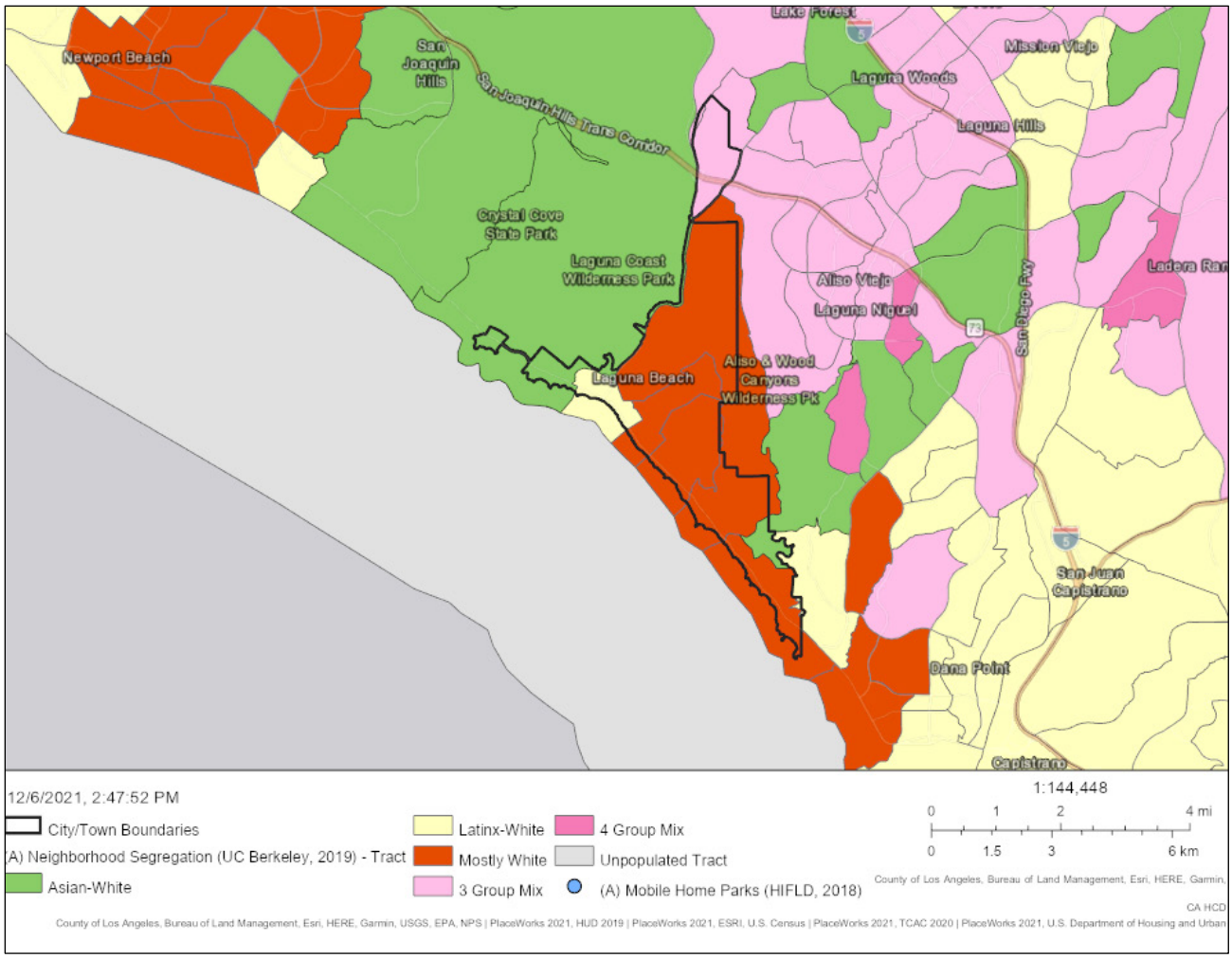
There are few subsidized housing and mobile home park projects in the City; however, both are generally concentrated in two areas of the City: in the northwest corner and along the central western City boundary. The northwestern area of the City contains the only tract that is considered mixed White and Latinx, a majority of the remainder of the City is mostly White. This area of the City also has higher concentrations of children living in single-parent female-headed households and lower median incomes.

16 Discover Laguna. (2020). Laguna Beach History. https://www.discoverlaguna.com/blog/laguna-beach-history/.
17 Tougaloo. (2021). History and Social Justice: Orange County. https://justice.tougaloo.edu/sundowntown/orange-county-ca/.
18 Rothstein, Richard. (2017). The Color of Law: A Forgotten History of How Our Government Segregated America. Liveright Publishing Corporation.



Source: HUD AFFH Data Viewer, California Housing Partnership (CHPC) (2021) and Homeland Infrastructure Foundation-Level Data (HIFLD) (2018), 2021.

Figure C.46 Subsidized Housing and Mobile Home Parks



Source: HUD AFFH Data Viewer, UC Berkeley (2018), 2021.

Figure C.47 Neighborhood Segregation by Tract

C-3 SITES INVENTORY

Integration and Segregation

The City of Laguna Beach is predominantly White and does not have any concentrations of racial/ethnic minorities. There are only four block groups in the City with racial/ethnic minority populations exceeding 20%. Further, the City's Residential Sites Inventory used to meet the 2021-2029 RHNA does not disproportionately concentrate lower or moderate income units in these tracts. There are no moderate income units located in tracts where racial/ethnic minorities make up 20-40% of the population and only 23% of lower income units are located within these tracts.

There is one tract in the City with a population of persons with disabilities exceeding 20%. However, the City's RHNA strategy does not concentrate lower or moderate income units in this tract; 23% of lower income units are located in this tract compared to 45% of above moderate income units. Sites are generally distributed throughout the City.

Most RHNA units, including 75% of lower income units, 41% of moderate income units, and 100% of above moderate income units are in tracts where more than 80% of children live in married couple households. Of the four sites selected to meet the RHNA, two are in tracts where more than 20% of children live in single-parent female-headed households. Though both sites contain only low and moderate income units, segregation on the basis of familial status is generally not an issue in Laguna Beach.

There is one concentration of block groups in Laguna Beach that is considered an LMI area where more than 50% of households belong to low or moderate income groups. One site selected to meet the RHNA is located in this block group. Of all the sites selected, 21.7% of lower income units and 7.6% of above moderate income units are in the LMI area. This area is predominantly seniors living alone who tend to have low or nonexistent incomes. However, homeowners aged 65-74 homeowners outnumber renters by nearly 75%, revealing that many seniors in Laguna Beach may be long-term homeowners with lower mortgages compared to today's standards. In Laguna Beach, the period during which most people (of all ages) started living in their current residence was 2010-2014 (29.8%) followed by 2000-2009 (22.7%) and 1989 or earlier (17.3%). Though a higher proportion of lower income units is located in an LMI area compared to moderate and above moderate income units, the City's residential sites inventory is distributed throughout the City and does not concentrate lower income units in any one area. Furthermore, by locating potential lower income units in this area, the City has the opportunity to create the much needed affordable housing in the area.

Racially or Ethnically Concentrated Areas of Poverty

There are no R/ECAPs or TCAC-designated areas of high segregation and poverty in Laguna Beach.

Access to Opportunities

All tracts in the City are designated as highest or high resource areas. Similarly, all tracts in the City rank in the 30th percentile or below for CalEnviroScreen 4.0 score indicating more desirable environmental conditions. There are no areas in the City with very poor environmental conditions. Therefore, the City's residential sites inventory does not disproportionately concentrate units in low resource areas or expose units to significantly degraded environmental conditions.

Disproportionate Housing Needs

The proportion of overpaying renters has generally decreased in most Laguna Beach tracts. Less than 40% of renters overpay for housing in most tracts. However, one tract, containing one site used to meet the City's RHNA, has a population of cost burdened renters between 60-80%. This tract also has more LMI households and

households with seniors living alone. This tract is also considered a sensitive community at-risk of displacement. While the site used to meet the RHNA located in this tract does include lower income units, the City does not disproportionately concentrate lower or moderate income units in one area of the City. There are no tracts where more than 8.2%, the Statewide average, of households are overcrowded. The City's inclusionary housing policy will also have the opportunity to introduce affordable housing in this tract.

The sites inventory with respect to AFFH variables is further described below using Table C.26. Sites are also shown in Figure C.48. Sites selected to meet the RHNA are located in the following tracts:

Tract 423.05. Tract 423.05 encompasses the southernmost section of Laguna Beach and is primarily zoned for Residential Low Density (R-1), Village Community, and the Three Arch Bay Zone. There are also smaller pockets of the following zoning districts: Residential/Hillside Protection (R/HP), South Laguna Village Commercial (SLV), Local Business Professional (LBP), and Institutional (I). Site 3, 31778 Sunset Avenue, is in this tract and has a capacity of 68 total units (49 lower income units and 19 moderate income units). Tract 423.05 block group 3, where Site 3 is located, has a non-White population of 14.2% and an LMI household population of 8%. This is a highest resource tract where 10% of the population experiences a disability and only 38.4% of renters are cost burdened. Future households in this tract will not be exposed to adverse fair housing conditions in excess of the citywide trends. Future households, specifically lower income households, will also have adequate access to opportunities. As mentioned previously, this is a TCAC highest resource area with TCAC economic and environmental scores in the highest quartile and an education score of 0.66, indicating economic, environmental, and educational opportunities are highly accessible in this section of the City. The City's RHNA strategy in this section of Laguna Beach will not exacerbate fair housing conditions.

Tract 626.04. This tract encompasses the northwestern corner of Laguna Beach, generally northwest of High Drive including Emerald Bay and Irvine Cove. It is important to note that a majority of this tract encompasses area that is not within the Laguna Beach City boundaries. Tract 626.04 encompasses the area north of the City, including Crystal Cove State Park, Laguna Coast Wilderness Park, and a section of Irvine bound by State Route 73 and State Route 133. Therefore, demographic data for this tract is not a reflection of Laguna Beach residents alone. This section of the City is zoned for R-1, Residential Medium Density (R-2), Residential High Density (R-3), and Commercial-Neighborhood (C-N). Site 6 is located in tract 626.04 and has a capacity for 13 units, 4 lower income and 9 above moderate income. This site is a pending project. The block group where Site 6 is located has a non-White population of 11.2% and an LMI household population of 60%. The non-White population is consistent with citywide trends, whereas the LMI population is higher compared to most other block groups citywide. Tract 626.04 has a larger proportion of renter-occupied households (42.2%) compared to most other tracts in the City. This tract is a highest resource area with a small population of persons with disabilities (4.6%) and a population of cost burdened renters comparable to adjacent tracts in Laguna Beach (43.6%). While this block group does have a larger proportion of LMI households compared to other block groups citywide, the RHNA strategy ensures lower income units alone are not concentrated in this tract. The allocation of both 4 lower income units and 9 above moderate income units ensures fair housing conditions are not exacerbated, by providing a variety of housing types for lower and above moderate income households and promoting affordable housing to existing cost burdened residents.

Tract 626.05. Tract 626.05 contains two sites, Site 1, with a capacity for 31 units, and Site 4, with a capacity for 37 units. Tract 626.05 is in the northwestern corner of the City, bound by High Drive to the north, 3rd Street and Wilson Street to the east, Thalia Street to the south, and the coast to the west. This section of the City has a mix of zoning designations including R-1, R-2, R-3, Local Business District (C-1), CBD Resident Serving/Multi-Family District, CBD-2 Downtown Commercial, CBD Office, and LBP. Of the 68 total RHNA units allocated in this tract, 41 are lower income units and 27 are moderate income units. This tract has a non-White population ranging from 17.8% to 18.3%, an LMI household population ranging from 43% to 51%, and a population of persons with disabilities of 6.5%. These

populations are generally consistent with citywide trends; however, Site 1 is located in an LMI area where 51% of the population residing in the block group are low or moderate income. This is a highest resource area where 56.6% of renters are cost burdened. Like much of the Laguna Beach, fair housing issues are not prominent in this area. As discussed in this Assessment of Fair Housing issues previously, tract 626.05 has a large population of seniors living alone, likely contributing to the LMI household population in this area. This tract also has a larger population of renters (70.5%) compared to the remainder of Laguna Beach. The RHNA strategy promotes mixed income communities and ensures lower income units alone are not concentrated in this section of the City. Further, affordable units may serve existing and future residents who may overpay for housing. The City's RHNA strategy in tract 626.05 does not exacerbate existing fair housing conditions.

Tract 626.32. Tract 626.32 is a large tract, encompassing the northeastern corner of the City (north of Park Avenue to El Toro Road) as well as a central section of the City (between Nyes Place and Village Lane). The tract extends east and north of Laguna Beach into the unincorporated County. Site 2 is located in the central section of the City. As such, demographic data for this tract is not a reflection of the area surrounding Site 2 alone. The section of the tract where Site 2 is located, bound by Nyes Place to the north and Village Lane to the south, is primarily zoned R-1, along with R-2, R-3, Mobile Home (MH), C-N, LBP, I, and Resort Development (RD). Site 2 has a capacity for 30 units, all of which are allocated towards the lower income RHNA. This tract has a non-White population (17.7%), population of persons with disabilities (8.4%), and LMI household population (41%) consistent with citywide trends. It is a highest resource tract with a small population of overpaying renters compared to the remainder of Laguna Beach (26.5%). Approximately 25% of households in this tract are renters, consistent with most other tracts citywide. Future lower income households residing in this tract will have high access to opportunities. TCAC economic and education scores for this tract are in the highest quartile and the TCAC environmental score is 0.64, indicating opportunities are adequately accessible. Additional housing units in this section of the City will not exacerbate conditions related to fair housing or expose future households to existing adverse fair housing conditions.

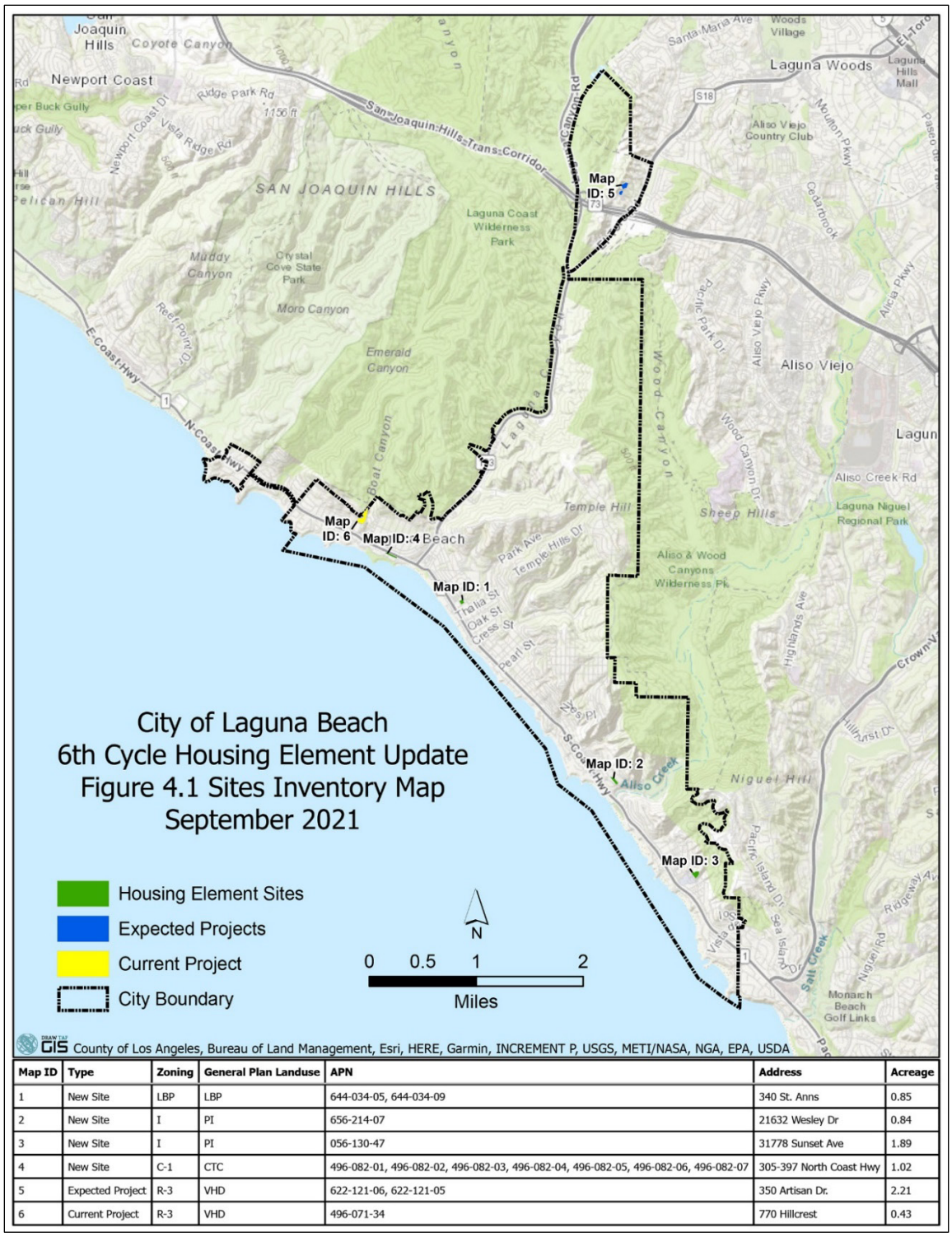
Tract 626.49. Site 5, 350 Artisan Drive, is an anticipated project located in tract 626.49. Site 5 has a capacity for 147 units, 37 lower income and 110 above moderate income. This tract is located in the northeastern corner of the City, encompassing the area bound by El Toro Road/County Route 18, Laguna Canyon Road/State Route 133, and the northern city boundary. This tract also includes a portion of the Laguna Woods neighborhood north of Laguna Beach. This area of Laguna Beach is zoned for Open Space/Passive Zone (OS/P) and R-3. The tract containing Site 5 has a non-White population of 36.2% and an LMI household population of 48%. This tract also has a population of persons with disabilities of 24.5% and a population of cost burdened renters of 67.8%. Tract 626.49 has larger populations of non-White residents, persons with disabilities, and overpaying renters compared to most other Laguna Beach tracts. This is considered a TCAC high resource area but has also been identified as a sensitive community at risk of displacement. Approximately 36.6% of households are renter-occupied in this section of the City. While the RHNA strategy does allocate a substantial number of units in this tract, where fair housing issues are more prevalent compared to other areas of the City, a majority of these units are allocated towards the above moderate income RHNA, ensuring lower income units are not concentrated in an area with more adverse fair housing conditions. Further, the RHNA strategy in this tract promotes a mixed income community while ensuring existing and future cost burdened households are adequately served. As mentioned previously, this site is also an anticipated housing site. The property owner has already submitted a conceptual plan for the City's initial review. This site, along with the remaining sites identified to meet the RHNA, ensure a variety of housing types suitable for households are various income levels are available throughout the City. Site 5 does not exacerbate conditions related to fair housing.

Table C.26 Sites Inventory by Tract and AFFH Variable

Tract/Site ID	Address	# of HHs in Tract	Total Capacity	Income Distribution			% Non-White*	% w/ Disability	% LMI HHs*	TCAC Opp. Cat.	% Overpay Renter	At Risk of Displace-ment?
				Lower	Moderate	Above Moderate						
Tract 423.05												
Site 3	31778 Sunset Ave.	1,463	68	49	19	0	14.2%	10.0%	8.0%	Highest	38.4%	No
Tract 626.04												
Site 6	770 Hillcrest Dr.	6,499	13	4	0	9	11.2%	4.6%	60.0%	Highest	43.6%	No
Tract 626.05												
Site 1	340 St. Ann's Dr.	1,760	31	31	0	0	17.8%	6.5%	51.0%	Highest	56.6%	No
Site 4	305-397 NCC	1,760	37	10	27	0	18.3%	6.5%	43.0%	Highest	56.6%	No
Tract 626.32												
Site 2	21632 Wesley Dr.	1,677	30	30	0	0	17.7%	8.4%	41.0%	Highest	26.5%	No
Tract 626.49												
Site 5	350 Artisan Dr.	1,988	147	37	0	110	36.2%	24.5%	48.0%	High	67.9%	Yes
Total			**326**	**161**	**46**	**119**						

* Demographic populations for Non-White and LMI household populations may differ within the same tract, as this data is presented at the block group-level. Sites may fall into the same tract, but different block groups.

Source: HCD AFFH Data Viewer (2015-2019 ACS, 2020 HUD, 2018 ESRI, TCAC 2021, UCB Urban Displacement Project 2021), 2022.



Map ID	Type	Zoning	General Plan Landuse	APN	Address	Acreage
1	New Site	LBP	LBP	644-034-05, 644-034-09	340 St. Anns	0.85
2	New Site	I	PI	656-214-07	21632 Wesley Dr	0.84
3	New Site	I	PI	056-130-47	31778 Sunset Ave	1.89
4	New Site	C-1	CTC	496-082-01, 496-082-02, 496-082-03, 496-082-04, 496-082-05, 496-082-06, 496-082-07	305-397 North Coast Hwy	1.02
5	Expected Project	R-3	VHD	622-121-06, 622-121-05	350 Artisan Dr.	2.21
6	Current Project	R-3	VHD	496-071-34	770 Hillcrest	0.43

Figure C.48 Laguna Beach Sites Inventory Map

Overall Summary of Sites Inventory Impacts

Overall, the sites included on the RHNA sites will help to address fair housing issues due to the following:

- There is one tract in the City with a population of persons with disabilities exceeding 20%. However, the City's RHNA strategy does not concentrate lower or moderate income units in this tract; 23% of lower income units are located in this tract compared to 45% of above moderate income units. Sites are generally distributed throughout the City.
- The City's residential sites inventory is distributed throughout the City and does not concentrate lower income units in any one area.
- All tracts in the City are designated as highest or high resource areas. Similarly, all tracts in the City rank in the 30th percentile or below for CalEnviroScreen 4.0 score indicating more desirable environmental conditions. There are no areas in the City with very poor environmental conditions. Therefore, the City's residential sites inventory does not disproportionately concentrate units in low resource areas or expose units to significantly degraded environmental conditions.
- The City does not disproportionately concentrate lower or moderate income units in one area of the City.
- The City's inclusionary housing policy has the potential to increase affordable units incrementally citywide.
- The City's strong ADU program, as well as potential new units that are possible through SB-9, may increase the supply of housing throughout the City's existing single-family neighborhoods.

C-4 FAIR HOUSING ISSUES AND CONTRIBUTING FACTORS

A fair housing contributing factor is a factor that creates, contributes to, perpetuates, or increases the severity of one or more fair housing issues. In addition to using the demographic data and mapping tools described in this analysis, fair housing issues and programs were further informed through examining the local history, environmental constraints, and built environment of Laguna Beach; gaining insights through input received at public workshops, discussions with community members and consultation with affordable housing developers; and responses to written comments received.

Local Data and Knowledge

Laguna Beach is a mature city, with 20% of its units built before 1939, and another 68.6% added between 1940 and 1989. It is an environmentally constrained due to its location in the Coastal Zone being surrounded by sensitive canyon lands that form the Laguna Greenbelt. In addition, as identified in the City's Hazard Mitigation Plan, the topography of Laguna Beach is extremely conducive to wildfires, with only two primary routes in and out of the City. The majority of remaining vacant land is constrained by steep terrain, access difficulties and environmental hazards. As a result, future needs must be met through smaller scale, incremental infill and redevelopment projects. In summary, Laguna Beach is an affluent, high housing cost community due to its extraordinary coastal setting, proximity to employment centers, limited land supply, and environmental constraints. As discussed previously, all tracts in Laguna Beach are considered highest resource, with the exception of the high resource tract in the northeastern corner of the City.

However, to gain additional local data and knowledge on fair housing issues and identify contributing factors in Laguna Beach, the City conducted Stakeholder Interviews in October 2022 with local and regional advocates and

service providers to help identify emerging trends and issues. The results and local knowledge gained from the interviews are summarized below:

Jamboree (Kelsey Brewer)

Background: Jamboree is a prominent affordable housing developer within the region and headquartered in the City of Irvine. In 2004 as a joint venture partnership, Jamboree developed Alice Court in Laguna Beach, providing 24 affordable studio apartments.

- What are the primary challenges to building affordable housing in the South County region today.
    - There are a lack of programs in South Orange County to encourage affordable housing development. In the past, there has been a no-growth attitude, or where growth has been permitted, it is generally low-density. To make affordable housing projects pencil, achieving economies of scale is important. Because land costs are very high, partnerships with cities that can donate land for projects are highly desirable.
- Are there any challenges that stand out in a community like Laguna Beach?
    - Viewshed impacts can be difficult to navigate. To achieve the higher density projects that are sometimes necessary for a project to pencil, their developments are typically three or four stories tall. Parking can also be an issue due to local sensitivities, for the reason that the community currently feels impacted by parking demand from tourism, businesses, and residents. High parking requirements are common throughout South Orange County, but the sensitivity to potential parking impacts may be heightened in a community like Laguna Beach. With that said, higher density housing presents an opportunity to provide strong public transportation options to reduce the need for off-street parking. Transit-friendly projects in or near commercial areas are therefore attractive. The City currently has public transit options serving its commercial corridor, and the City is walkable in comparison to other cities in the County. Projects could also include parking management plans to make more efficient use of nearby commercial parking areas for added residential parking during designated hours. This type of creativity also frees up land to create more housing units and lowers costs associated with building parking infrastructure.
    - Because land costs are substantial in Laguna Beach, early community outreach would be essential due diligence. Need to understand community sentiment before deciding whether a project is worth pursuing.
- How have affordable housing development projects changed over the last few years? What do you anticipate as future trends?
    - Projects are increasing in density. Due to the effects of climate change, it comes as no surprise that the Governor has tied density with greenhouse gas initiatives, climate change goals, and goals to lower vehicle miles traveled. Greater emphasis will be placed on the creation of new housing units near urban job centers.
    - Emphasis will continue to be placed on preventing and addressing homelessness through the creation of extremely low-income housing for those at risk of homelessness, and by providing more transitional housing opportunities. Interim or bridge housing will also be important over the next five years as the region gradually builds more permanent supportive housing. This will be key for those coming out of the behavioral health system until they are able to secure permanent housing.
    - Parking requirements will continue to trend downward. This is largely being mandated by the State. Jamboree believes that there will still be a need for some parking for quality of life, but less than what we've planned for in the past. Parking ratios of 1:1 or even 0.5:1 could become the new standard.
    - As land and construction costs continue to pressure project feasibility, the industry may turn to modular construction for some developments. Jamboree has not yet seen a proof of concept, but it may be on the horizon. Modular construction could also make lower-density projects feasible by lowering construction costs, which can address viewshed and other community issues.

- As costs continue to rise, affordable housing units are getting smaller. It will therefore be important to plan for shared outdoor and community spaces.

Friendship Shelter:

Background: Within the City, the non-profit Friendship Shelter operates the City's Alternative Sleeping Location emergency shelter under contract with the City. It also owns and operates a year-round emergency and transitional shelter program on South Coast Highway. The Friendship Shelter works with 500 or more people each year through its various programs.

- How does the Friendship Shelter model its services to reach the goal of finding permanent housing solutions for their clients?
  - Their work helps individuals that fall into one of two categories: the currently unhoused, or those that have previously been unhoused but are now in a stable housing situation for no more than 5 years. The first conversation usually occurs during outreach conducted on the street, and begins by giving hope that housing is attainable. The Friendship Shelter starts each new case by working as quickly as possible to develop an actionable housing plan based on the client's individual needs, such as their potential to earn an income. The Shelter will then work as quickly as possible to connect the individual to housing. To do this, the case manager will identify anything that may pose a barrier to housing, such as a disability, credit score, or criminal record, and work to address those barriers. Clients are required to work with the Shelter to achieve their individual housing plan. Often, the largest barrier is a lack of income. For those that were recently housed, the Shelter will provide assistance and help address behaviors that may put their housing stability at risk. These individuals are also connected to programs that will supplement the support given by the Friendship Shelter, such as food stamps or a disability income program.
- Has the service model changed in recent years? Are there any emerging trends that we should be aware of?
  - Over the last decade, the sector has generally moved away from establishing a long list of prerequisites that must be met in order for a client to be deemed "housing ready." Today, the goal is to work quickly to secure housing first, and all the while working to address their individual set of challenges. Resolving these challenges is made easier if the client is already housed. This approach – referred to as the harm reduction approach or housing first approach – has been backed by results and is considered a national best practice.
- Are there certain populations that are more likely to face housing insecurity?
  - Poverty is the single largest predictor for housing insecurity, more so than disabilities. Race and ethnicity can also have an effect; however, Laguna Beach remains less ethnically diverse than Orange County as a whole.

Given the City's high degree of resources, the fair housing goals most applicable to the City relate to increasing opportunities for protected classes to access the opportunities enjoyed by the City's residents, providing more affordable housing, and addressing the severe housing cost burden faced by lower-income households. Fair housing issues, contributing factors and related actions have been identified below to provide a more detailed framework for understanding the issues and crafting specific actions to address them. All actions included in the Housing Plan (Section 5.2-11) are considered high priority, as the City has made firm commitments to their implementation.

Insufficient Fair Housing Monitoring and Outreach Capacity

Laguna Beach has limited fair housing information available on the City website. Fair Housing outreach efforts in Laguna Beach are limited. There were four FHEO inquiries in the City between 2013 and 2021, one related to disability and one related to familial status. There is a small concentration of renters receiving HCVs in the northwestern corner of the City.

Contributing Factors – High Priority

- Insufficient fair housing monitoring and limited outreach capacity
- Lack of a variety of media inputs
- Lack of marketing community meetings
- Lack of regional coordination

Actions

Actions to address this issue include publishing a Housing Assistance Guide, supporting and referring people to the Orange County Fair Housing Council (OCFHC), increasing targeted outreach, and participating in the OCHA Housing Advisory Committee. These and other actions are further described in the Housing Plan Program 5.2-11.a.

Concentration of Protected Groups

The northwestern and northeastern corners of the City have higher concentrations of racial/ethnic minorities, persons with disabilities, children in female-headed households, and LMI households. These areas also have a larger proportion of cost burdened renters and aging housing units. HCV recipients are concentrated in the northwestern area of the City. However, even the areas of higher concentrations, the overall numbers of individuals in protected groups (except for persons with disabilities) in these locations and citywide is generally low compared to the region. Laguna Beach has a small racial/ethnic minority population making up only 16.5% of the total population.

Contributing Factors – High Priority

- Location and type of affordable housing- concentration of HCVs
- Proximity of lower income households to resources (i.e., shopping centers, transit).
- Long-term tenure of existing homeowners limits available supply

Actions

Actions to reduce segregation and increase integration of protected groups include utilizing non-traditional media (i.e., social media, City website) in outreach and education efforts in addition to print media and notices, and specifically increasing outreach efforts in the northeastern and northwestern areas of the City as well as other measures described in Housing Plan Program 5.2-11.a. In addition, the City will use place-based strategies to promote affordable housing at identified highest resource sites per Program 5.2-7. The City will also collaborate with transit providers to help ensure that members of protected classes can access jobs in employment centers, and petition OCFHC to expand landlord education. Specific attention will be directed to the northwestern and northeastern corners of the City where there are higher concentrations of persons with disabilities, children living in single-parent female-headed households, and HCV recipients and LMI households, as described in Program 5.2-11.b.

Housing Mobility and Access to Opportunity

Most of the City has a racial/ethnic minority population below 20% and median incomes exceeding $125,000 and are therefore considered RCAAs. There are no R/ECAPs or TCAC designated areas of high segregation and poverty in Laguna Beach. In addition, as shown on the composite TCAC Opportunity Map (Figure C.20) all tracts but one in the City are considered highest resource and one is considered high resource. The one high resource tract is located in the northeast corner of the City. Therefore, the City's most significant fair housing issue is to increase access to the extraordinary opportunities offered in the City of Laguna Beach.

Contributing Factors

- Historical land use development patterns and zoning, and lack of vacant land limit opportunities for larger and higher density project types.
- Past national, state and regional racial/ethnic discriminatory practices
- Current high cost of housing limits access to lower income households of all races/ethnicities.
- Lack of affordable housing and need for greater access to opportunities
- Regional coordination affects transit services, funding sources, and allocation of housing resources including vouchers.

Actions

The comparatively high housing costs within the City are attributable to the fact that the majority of the housing stock in Laguna Beach is single-family residential, and that the entire City is within a desirable Southern California coastal community with very high land values. City actions designed to expand affordable housing sites are described in Program 5.2-1 Adequate Sites, actions to amend the Zoning Code to provide incentives and more opportunities for housing citywide are addressed in Program 5.2-2 Zoning Toolbox and Program 5.2-3 Permit Streamlining, actions to build more effective, results-oriented partnerships are covered in Program 5.2-7 Affordable Housing Partnerships, and actions to pursue funding are found in Program 5.2-9 Affordable Housing Funding and Programs. The City's strategy to support increased numbers of ADUs (Program 5.2-5), amendments to the Downtown Specific Plan (Program 5.2-4) provide increased opportunities to expand the multi-family housing stock and address fair housing needs citywide. New state laws, including SB-9, may also result in increased housing mobility and access to opportunities through opportunities to increase the number of housing units in single family neighborhoods. The overall fair housing goal is to provide more opportunities for lower income and protected class households to reside in Laguna Beach. In addition, the City needs to ensure that fair housing laws continue to be effectively enforced as stated in Program 5.2-11.a.

Substandard Housing Conditions

A large proportion of the housing stock in Laguna Beach was built in 1969 or earlier (63% of housing stock). The majority of early subdivision activity within the City occurred between 1887 and 1925. As a result of less restrictive subdivision requirements in effect during these early years, a number of development problems were created, many of which still exist today. Typical problems include substandard lots, access constraints, and environmental hazards. Aging housing units are most concentrated in the northwestern corner of the City, where there is a concentration of LMI households.

Contributing Factors – Medium Priority

- Age of housing stock
- Cost of repairs/rehabilitation

Actions

Actions to address this issue, including a potential amnesty program for unpermitted residential units to bring them up to code, and other actions are further described in the Housing Plan Program 5.2-8 and 5.2-11.b.

Displacement Risk in Areas with Special Needs Populations

There is one community in the northeastern corner of the City that has been identified as a sensitive community at risk of displacement. This area also has a larger population of disabled persons and LMI households. The northeastern corner of the Laguna Beach has the highest proportion of overpaying renters in the City and is

considered a high resource tract. All other tracts in the City are categorized as highest resource. The northwestern corner of the City has a concentration of LMI households, children in female-headed households, aging housing, and HCV recipients.

Contributing Factors – High Priority

- Displacement risk due to economic pressures
- Increasing rents
- Access to HCVs and recipient concentration

Actions

The City's ability to substantially reduce increasing rents and economic pressures leading to displacement risk through actions it can control are low. However, the City can make progress on this issue through focused fair housing outreach and education (Program 5.2-10), seeking additional funding (Program 5.2-9), and increased attention to meaningful partnerships (Program 5.2-7). Proposed City actions focused on anti-displacement include promoting OCFHC tenant legal counseling services are further described in the Housing Plan Program 5.2-11.c.

C-5 MEANINGFUL ACTIONS

The City will implement the actions included in Section 5.2-11 to affirmatively further fair housing and address the housing needs of all Laguna Beach residents.