





# **2013 - 2021 Housing Element**

**Adopted by the City Council January 21, 2014  
Resolution 14.010**

**City of Laguna Beach  
Department of Community Development  
505 Forest Avenue  
Laguna Beach, CA 92651**

**CITY OF LAGUNA BEACH  
2013-2021 HOUSING ELEMENT**

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**DEPARTMENT OF COMMUNITY DEVELOPMENT  
PLANNING STAFF**

Project Manager: Carolyn Martin, Principal Planner  
Graphics: Martina Speare, Associate Planner

John Montgomery, Director  
Ann Larson, Planning Manager  
Scott Drapkin, Principal Planner  
Monica Tuchscher, Principal Planner  
Wendy Jung, Associate Planner  
Ann Marie McKay, Administrative Assistant

**CONSULTANT**

J.H. Douglas & Associates

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## I. Introduction

### A. Purpose and Scope

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 (§65580) mandates that each local government adopt a Housing Element as part of its General Plan. Section 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 citizens 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 5<sup>th</sup> Housing Element planning cycle<sup>1</sup> covers the period 2013 to 2021.

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, and 2012. With the ultimate goal of meeting the existing and projected housing needs of all economic segments of the community, the State requires the Housing Element to include the following data:

- An assessment of population and employment trends
- An assessment of household characteristics
- An assessment of special housing needs
- An assessment of the effectiveness of the community's prior housing programs and policies
- An assessment of the City's ability to accommodate its fair share of the regional housing need
- An assessment of low or moderate income housing at-risk of conversion
- An inventory of land suitable for residential development
- An assessment of governmental and non-governmental constraints upon the maintenance, improvement, or development of housing

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<sup>1</sup> The 2013-2021 period is the fifth Housing Element cycle since the comprehensive overhaul of California housing element law in 1980.

- An assessment of opportunities for energy conservation
- A statement of goals, policies and quantified objectives
- A five-year housing program for the preservation, improvement, and development of housing

## **B. Citizen Participation**

Formal citizen involvement in City housing matters has occurred on a continuous basis since 1972, when a citizen's 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 & Human Services Committee.

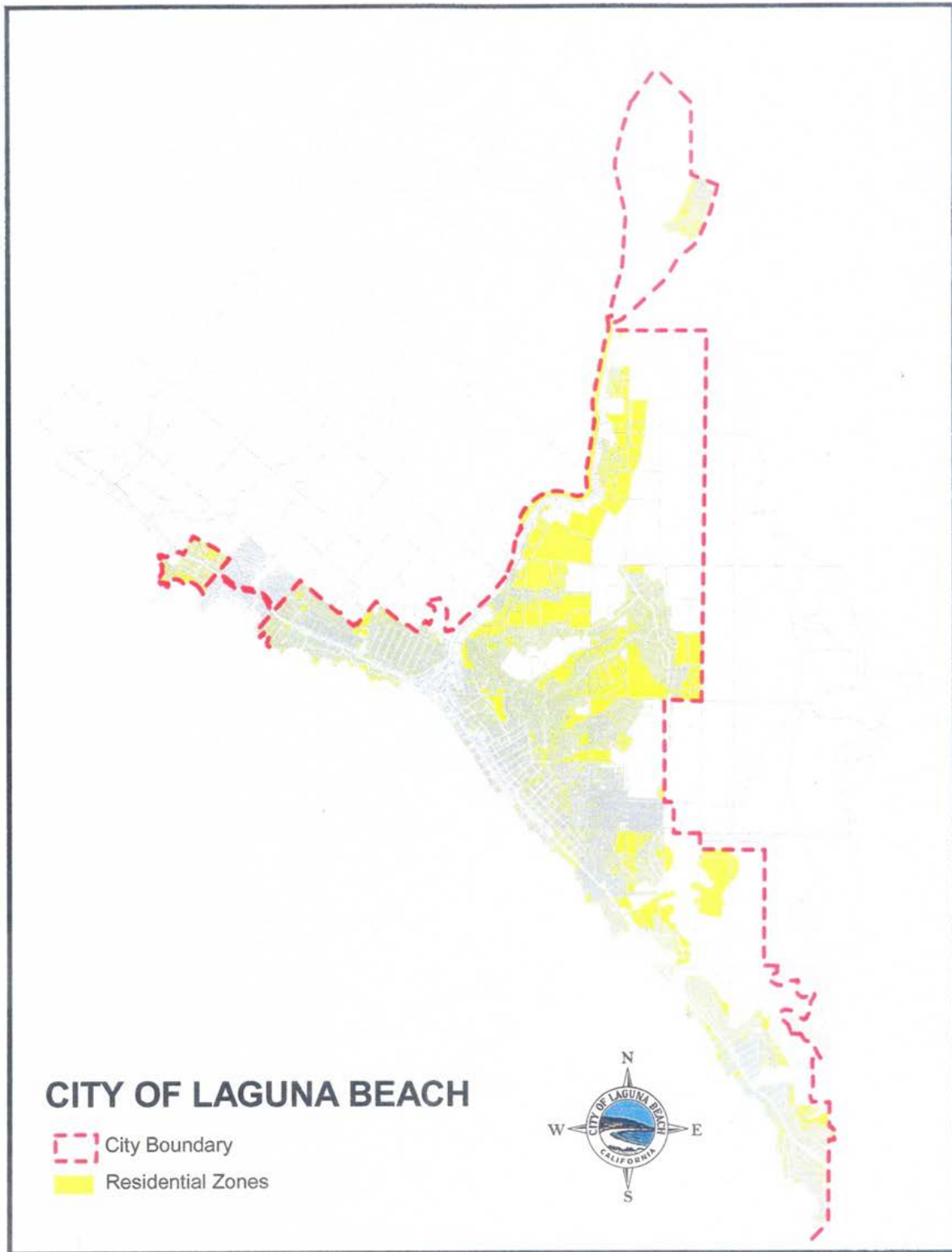
During the 2013-2021 Housing Element revision process, a series of public meetings and workshops were conducted by the City's Housing & Human Services Committee, the Planning Commission, and the City Council. The purpose of the meetings was to solicit public input on the draft Housing Element. In order to solicit public input from all members of the community and low-income housing advocates, the City ran press releases in two local newspapers, the *Coastline Pilot* and the *Laguna News-Post*, which are distributed to the entire community. Additionally, public notices for each public meeting and workshop were sent to a number of housing interest groups including but not necessarily limited to, the Orange County Community Housing Corporation, Orange County Health Care Agency, the Friendship Shelter, the Kennedy Commission, Orange County Housing Providers, the Public Law Center, and the League of Women Voters. The draft Housing Element was provided to interested individuals and organizations, and was available for review on the City Hall bulletin board, on the City's website, and at the Laguna Beach public library. For additional information regarding the public participation process, please refer to Appendix A.

## **C. Information Sources**

A number of sources were used in preparing the Housing Element update. The sources used for population, income, employment and housing data included the U. S. Census Bureau, the California Department of Finance (DOF), the California State University, Fullerton Center for Demographic Research (CDR), the California Department of Housing and Community Development (HCD), the California Employment Development Department (EDD), the Southern California Association of Governments (SCAG), and the U. S. Department of Housing and Urban Development (HUD). Data for housing sales and rents was obtained from market reports and DataQuick. The regional housing needs assessment (RHNA) was provided by SCAG. All data related to existing housing and residential building sites in Laguna Beach was obtained from the General Plan, Municipal Code, property files, building permit data and the City's Geographic Information Systems (GIS), and California Coastal Zone law (Mello Act). And lastly, comparison of development fees was provided by the City Planning Department.

## **D. City Boundary/Residential Zones Map**

A boundary map of the City of Laguna Beach, which highlights the residential zones, is included on the following page.





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## II. Existing Conditions

### A. Introduction

This Chapter examines general population and housing characteristics and trends, such as age, race and ethnicity, employment household composition, 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.

The analysis utilizes the most recent available data from the U.S. Census Bureau, demographic estimates from the California Department of Finance (DOF), employment data from the California Employment Development Department (EDD), and other relevant sources as cited within the following sections.

### B. Population and Employment

#### Population

Since 1990, the Laguna Beach population has been stable. According to the 2010 U.S. Census, the Laguna Beach population was 22,723, and the California Department of Finance estimates that the 2013 population has increased slightly to 23,105. However, the City has still not regained the population lost during the decade 2000-2010, as depicted in Table II-1. Future growth in Laguna Beach is expected to remain relatively low as opportunities for housing development continue to diminish due to the limited availability of developable land. According to the California State University at Fullerton Center for Demographic Research, the Laguna Beach population is projected to increase to about 23,385 by 2035, an increase of just 662 persons (2.9%) compared to 2010.

**Table II-1 – Population Growth (Laguna Beach and Orange County)**

Year	Laguna Beach			Orange County		
	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%

\*Majority of population increase due to the annexation of unincorporated areas to the City.

Source: U. S. Census, California Department of Finance, 2013

The preceding table indicates that the average annual growth rate decreased from prior years for both the City and County after 1990. During the decade 2000-2010 the City actually lost population. Population growth between 2010 and 2013 is estimated by the California Department of Finance at 0.56% on average annually for Laguna Beach and 0.79% on average annually for the County. The City's population decrease between 2000 and 2010 is attributable primarily to an increase in the vacancy rate

from 11.2% in 2000 to 16.3% in 2010. As with many beach and resort communities, a substantial number of units are second homes that are not occupied on a permanent basis.

Table II-2 below indicates that the largest segment of the City's population in both 2000 and 2010 was between the ages of 25 and 44 years, despite a sharp decline in this population during the decade. The following table compares the age distribution between 2000 and 2010. The greatest percentage change in population during the decade was in the 55-64 and 65+ age groups, which both increased by more than 32%. These age groups represent a portion of the "Baby Boom" generation born between 1946 and 1964. 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 to 24 age group posted a small increase, high land and housing costs make it difficult for young adults to live independent of their parents in Laguna Beach.

**Table II-2 – Age Distribution Comparison (2000 and 2010)**

Age Group	2000		2010		% Change
	Total	Percent of Total	Total	Percent of Total	
Under 5	992	4%	747	3%	-24.7%
5 - 17	2,759	12%	2,901	13%	5.1%
18 - 24	991	4%	1,101	5%	11.1%
25 - 44	7,796	33%	5,321	23%	-31.7%
45 - 54	4,802	20%	4,200	18%	-12.5%
55 - 64	3,241	14%	4,290	19%	32.4%
65 and over	3,146	13%	4,163	18%	32.3%
<b>Total</b>	<b>23,727</b>	<b>100%</b>	<b>22,723</b>	<b>100%</b>	<b>-4.2%</b>

Source: 2000 and 2010 U. S. Census

The racial and ethnic composition of Laguna Beach, as depicted in Table II-3, is significantly different than the county as a whole. Non-Hispanic white persons comprised 85.7% of the population in 2010 compared to just 44.1% for the county. The second largest racial/ethnic group in Laguna Beach was Hispanic or Latino, with 7.3% of the population, followed by Asians who represented 3.5% of the City's population. Comparatively, Orange County had a more diverse population in 2010 with an overall minority population of 55.9%, versus 14.3% in Laguna Beach.

**Table II-3 – Population by Race and Ethnicity**

Race	Laguna Beach		Orange County	
	Persons	Percent of Total	Persons	Percent of Total
Hispanic (any race)	1,650	7.3%	1,012,973	33.7%
Not Hispanic	21,073	92.7%	1,997,259	66.3%
White	19,472	85.7%	1,328,499	44.1%
Black or African American	158	0.7%	44,000	1.5%
Asian	797	3.5%	532,477	17.7%
Hawaiian/Pacific Islander	13	0.1%	8,357	0.3%
American Indian or Alaska Native	34	0.1%	6,216	0.2%
Some Other Race or Two or More Races	599	2.6%	77,710	2.6%
<b>Total</b>	<b>22,723</b>	<b>100%</b>	<b>3,010,232</b>	<b>100%</b>

\*According to the U. S. Census Bureau definition, persons of Hispanic Origin may be classified under any race.

Source: 2010 U. S. Census

## Employment

The Laguna Beach economy is comprised primarily of tourism, the arts and resident-serving businesses. Not only is the service industry the largest industry in Laguna Beach, it is also the largest industry in the County, followed by retail trade and durable manufacturing. In 2008, the largest Laguna Beach employers were: Montage Resort (777 employees), Mission Hospital Laguna Beach (250 employees), City of Laguna Beach (302 winter employees and 540 summer employees), Surf and Sand Hotel (300 winter and 330 summer employees), Laguna Beach Unified School District (314 employees), Laguna Playhouse (225 employees), Las Brisas Restaurant (168 employees), and Hotel Laguna (65 winter employees and 90 summer employees).

According to recent Census American Community Survey (ACS) estimates<sup>2</sup>, about 66% of city residents age 16 and above were in the labor force, and 3.5% were unemployed. A majority of Laguna Beach residents are employed in “white collar” occupations. According to recent Census estimates<sup>3</sup>, about 61% were involved in management, business, science and arts occupations, 23% were employed in sales and office occupations, 10% worked in service occupations, 3% were employed in the natural resources, construction, and maintenance sectors, and 3% worked in production, transportation and material moving occupations. An upward trend has continued in the proportion of residents employed in management or professional occupations from 48.8% in 1990 to 57.7% in 2000 to 60.8% most recently, reflecting an increase in the number of educated and higher-income residents.

### C. Household Characteristics

The federal government defines a household as an occupied dwelling unit. Households are classified as “family” households or “non-family” households. “Family” households are those in which the head of household lives together with one or more related persons. “Non-family” households consist of a group of unrelated persons or a single person living alone. 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 demand for ownership housing. Communities having a large proportion of single-person households, particularly senior citizens living alone, may require smaller dwelling units, such as second residential units also known as “granny units,” mobile homes or affordable apartments.

According to the 2010 U.S. Census, family households in Laguna Beach held a slight majority with 53.5% of households compared to 46.5% non-family households. Single persons living alone represented more than one-third of all households in the City, and 28.7% 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.

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<sup>2</sup> 2008-2010 ACS Table DP-3

<sup>3</sup> Ibid.

**Table II-4 – Household Composition**

Household Type	Laguna Beach		Orange County	
	Households	%	Households	%
Family households:	5,791	53.5%	708,491	71.4%
Husband-wife family	4,715	43.6%	538,268	54.2%
With own children under 18 years	1,499	13.9%	258,719	26.1%
Male householder, no wife present	391	3.6%	54,615	5.5%
With own children under 18 years	209	1.9%	22,972	2.3%
Female householder, no husband present	685	6.3%	115,608	11.6%
With own children under 18 years	338	3.1%	53,896	5.4%
Nonfamily households:	5,030	46.5%	284,290	28.6%
Householder living alone	3,814	35.2%	207,849	20.9%
Households with individuals under 18 years	2,170	20.1%	375,387	37.8%
Households with individuals 65 years and over	3,111	28.7%	252,420	25.4%
<b>Total households</b>	<b>10,821</b>	<b>100%</b>	<b>992,781</b>	<b>100%</b>
Average household size	2.09		2.99	

Source: 2010 Census

Citywide the average household size has remained relatively constant over the past 30 years, with an average of 2.08 persons per household in 1980 and an average of 2.09 persons per household in 2010. This household size is considerably less than the countywide average of 2.99 persons per household in 2010.

**Table II-5 – Persons per Household, 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

Source: U. S. Census

## Overcrowding

Overcrowding is often closely related to household income and the cost of housing. The U.S. Census Bureau considers a household to be overcrowded when there is more than one person per room, excluding bathrooms and kitchens, with severe overcrowding when there are more than 1.5 occupants per room. Table II-6 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.

**Table II-6 – Overcrowding, Laguna Beach vs. Orange County**

Occupants per Room	Laguna Beach		Orange County	
	Units	%	Units	%
Owner occupied units	6,891	100%	599,032	100%
1.01 to 1.50	46	0.7%	18,297	3%
1.51 to 2.00	0	-	4,962	1%
2.01 or more	0	-	1,527	0.3%
Renter occupied units	4,156	100%	385,471	100%
1.01 to 1.50	0	-	38,874	10%
1.51 to 2.00	91	2.2%	18,709	5%
2.01 or more	0	-	7,508	2%

Source: Census 2006-2010 ACS, Table B25014

The U.S. Department of Housing and Urban Development (HUD) estimates “area median family income” (AMI) annually. A set of factors is used to calculate income limits by family-size; these income limits are used to categorize households by income. The 2013 HUD estimated AMI for Orange County is \$87,200 for a family of four. The following is an explanation of the HUD income categories:

- **Extremely-Low Income Households:** Those households whose income is not more than 30 percent of the region’s median income, adjusted for household size.
- **Very-Low Income Households:** Those households whose income is not more than 50 percent of the region’s median income, adjusted for household size.
- **Low-Income Households:** Those households whose income is between 51 percent and 80 percent of the region’s median income, adjusted for household size.
- **Moderate-Income Households:** Those households whose income is between 81 percent and 120 percent of the region’s median income, adjusted for household size.
- **Above-Moderate-Income Households:** Those households whose income exceeds 120 percent of the region’s median income, adjusted for household size.

Table II-7 provides the household income distribution for Laguna Beach by income group. More than two-thirds of Laguna Beach residents fell within the moderate to above-moderate income range, while 31.4% fell within the extremely-low to low income range. The households at the lower end of the income range may be living from paycheck to paycheck, which places them at-risk of becoming homeless.

**Table II-7 – Household Distribution by Income Category**

Income Group	Percentage Distribution
Extremely-Low*	9.8%
Very-Low	9.8%
Low/Lower	11.8%
Moderate	14.8%
Above Moderate	53.8%
<b>Total</b>	<b>100%</b>

Source: SCAG based on Census 2005-2009 ACS

\*Based on 50% of the Very Low category

The California Department of Housing and Community Development (HCD) adopts HUD's income limits for use in State programs. Table II-8 below represents the HCD Official State Income Limits for 2013 for Orange County. These income limits have been adjusted for family size and high housing cost in the County. The income limits for household size, other than four persons, are calculated using the four-person income limit as the base.

**Table II-8 – 2013 Income Limits by Category, Orange County**

Income Category	Number of Persons In Family							
	1 Persons	2 Persons	3 Persons	4 Person	5 Persons	6 Persons	7 Persons	8 Persons
Extremely Low	20,250	23,150	26,050	<b>28,900</b>	31,250	33,550	35,850	38,150
Very-Low	33,750	38,550	43,350	<b>48,150</b>	52,050	55,900	59,750	63,600
Low	53,950	61,650	69,350	<b>77,050</b>	83,250	89,400	95,550	101,750
Median	61,050	69,750	78,500	<b>87,200</b>	94,200	101,150	108,150	115,100
Moderate	73,250	83,700	94,200	<b>104,650</b>	113,000	121,400	129,750	138,150

Source: State of California, Department of Housing and Community Development-Division of Housing Policy Development, 2/13/2013.

## D. Housing Stock and Condition

### Housing Stock

As depicted in Table II-9 the 2013 State Population and Housing estimate shows a total of 12,958 Laguna Beach housing units. The estimated housing stock is comprised primarily of low-density, single-family detached housing. Attached and detached single-family units represented 71.2% of the housing stock, and multi-family structures represented 26.7% of units. Mobile homes represented approximately 2.2% of the City's total estimated housing units in 2013.

**Table II-9 – Housing Stock Based on the Number of Units in a Structure**

	Laguna Beach						Orange County	
	1990	Percent	2000	Percent	2013	Percent	2013	Percent
1 unit	8,331	64.9	8,739	68.7	9,219	71.2	664,395	62.9
2 to 4 units	1,767	13.8	1,744	13.7	1,523	11.8	92,145	8.7
5+ units	2,297	17.8	2,058	16.2	1,927	14.9	266,124	25.2
Mobile Homes	451*	3.5	183*	1.4	289	2.2	33,531	3.2
<b>Total</b>	<b>12,846</b>	<b>100%</b>	<b>12,724</b>	<b>100%</b>	<b>12,958</b>	<b>100</b>	<b>1,056,195</b>	<b>100</b>

Sources: U.S. Census and 2013 Estimate (State Department of Finance)

\*Represents the loss of 268 mobile homes from the Treasure Island reuse.

This table illustrates the decline in multi-family units over the past two decades from 31.6% to 26.7% 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.

### 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.”

According to the City Building Official, the majority of the City’s housing stock is in good-to-fair condition, and very few housing units in the City are not in full compliance with applicable Building and Safety codes and related ordinances. Additionally, the few housing units considered to be substandard are so only because of limited seismic bracing and/or the application of less stringent building requirements that were in effect at the time those residences were constructed.

A major fire in October 1993 destroyed 286 homes and damaged another 35 homes in Laguna Beach. Most of these homes were located in the Mystic Hills and Canyon Acres areas of the City. Repair and/or reconstruction of fire-damaged homes began immediately. In response to the need of homeowners and residents to return to safe housing, the City enacted policies to expedite the processing of zoning plan checks and building permit applications. Nearly all of the homes that were damaged or destroyed have now been reconstructed.

On June 1, 2005, a major landslide in Bluebird Canyon damaged 41 properties and resulted in the demolition of 13 homes. In December 2007, reconstruction of Flamingo Road and major drainage infrastructure in the landslide area was completed, enabling property owners to repair or rebuild their homes.

### Housing Costs and Vacancy Rates

According to DataQuick, during 2012 the median single-family home price in Laguna Beach was \$1,273,000 and the median condo price was \$773,000. These housing prices were considerably higher than the Orange County median single-family home price of \$500,000 and median condo price of \$287,000. According to recent ACS data, the median monthly rent in Laguna Beach was \$1,771, or about 10% higher than the Orange County median monthly rent of \$1,604, as shown in Table II-10. 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 II-10 – 2012 Housing Market**

	Laguna Beach	Orange County
Median Single-Family Housing Price	\$1,273,000	\$500,000
Median Condo Price	\$773,000	\$287,000
Median Monthly Rent	\$1,771	\$1,604

Source: DataQuick; RealFacts; U.S. Census ACS

According to the California Department of Finance, the housing vacancy rate in Laguna Beach was 16.3% in 2013 compared to 5.4% for the County as a whole. Due to its attraction as a vacation destination, a significant portion of vacant units are second homes used occasionally. The City has adopted a Short Term Lodging Ordinance, which allows short-term (30 consecutive days or less) rental of residential units, subject to the approval of an Administrative Use Permit. As an action within the Housing Program of this Element, the City will be reviewing the Short-Term Lodging Ordinance to ensure that the conversion from long-term to short-term occupancy will not negatively impact the City’s long-term housing stock (see Chapter VII, Program 18).



### E. Low/Moderate Income Housing At-Risk for Conversion to Market-Rate Housing

The State of California requires all jurisdictions to include a study of all low- and/or moderate-income housing units which may be at risk losing their affordability restrictions due to expiration of covenants. The law requires that the analysis cover a ten-year period, or 2013 to 2023 for the current Housing Element period. Table II-11 provides an inventory of the City's low- and moderate-income housing projects and potential affordability expiration dates.

**Table II-11 – Inventory of Low/Moderate Income Housing**

Project Name/Address	Number 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
Harbor Cove 310-312 Broadway	15	Section-8 Senior Citizen rental units	30 years from June 9, 1989 (2019)
Hidden Valley Hidden Valley Canyon	4	Low-to-Moderate income ownership units	October 31, 2026 (30 yrs. from date of final map recordation)
Mermaid Terrace 485 Mermaid	25	Senior Citizen median income ownership condo units	March 13, 2046
Vista Aliso 21544 Wesley	70	Section-8 Senior Citizen very-low income rental units; HUD Section 202 mortgage	2028
<b>Total</b>	<b>164 units</b>		
<b>Total Potential Expiration by 2023</b>	<b>15 units</b>		

Source: City of Laguna Beach, Department of Community Development

The City's low-to-moderate income housing inventory totals 164 units, and only Harbor Cove, a 15-unit senior citizen apartment complex, is eligible for conversion to market-rate units during the next 10 years. Due to the potential conversion of Harbor Cove, a program of the Housing Program within this Element addresses preserving the affordability of these units beyond the projected conversion dates (Program 23).

### Cost Analysis

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

1. Acquisition costs – depends on size, location, current sales figures.
2. Rehabilitation costs – average cost to rehabilitate - \$40,000 (based on data compiled by the State Department of Housing and Community Development's Multifamily Housing Programs).
3. New construction costs – depends on size, construction materials, financing costs, and off- and on-site improvements.
4. Rental assistance – depends on the income of the household and Fair Market rents. As of 2013, Fair Market rents for Orange County are as follows:

Efficiency - \$1,061  
 1-bedroom - \$1,219  
 2-bedroom - \$1,527  
 3-bedroom - \$2,137  
 4-bedroom - \$2,379

Based on state income limits, a very-low-income household of four persons can afford to pay \$1,204 per month (including a utility allowance) for housing. This would require a monthly rental subsidy of \$323, or \$3,876 per year for a 2-bedroom unit. Therefore, if affordability covenants were to expire on the 15 units in the at-risk project, a total cost of approximately \$58,000 per year would be required in order to provide rental subsidies for 15 existing apartment units. Replacement through new construction would be very difficult due to the scarcity and high cost of buildable land.

## Preservation Resources

Efforts by the City to retain at-risk housing units must draw upon basic resources as follows:

Organizational Resources - The following local agencies are potential organizations with experience and capacity to assist in the preservation of at-risk units:

- a. Orange County Community Housing Corp. (Santa Ana)
- b. Jamboree Housing Corp (Irvine)
- c. Mary Erickson Foundation (San Clemente)
- d. National Community Renaissance of California (Rancho Cucamonga)

Financial Resources – The following is a list of potential financial resources to be considered as part of the City’s overall financial plan to retain affordable housing units.

- a. Community Development Block Grant funds.
- b. Orange County Housing & Community Development Department – The County receives annual funding from HUD to administer the Section 8 Housing Voucher Choice Program and the HOME Program.
- c. Low-Income Housing Tax Credits (LIHTC) – LIHTC is a competitive affordable housing grant program funded by the federal government.

## F. Coastal Zone Housing

Article 10.7 of the *California Government Code* (§65590, et al.) establishes special requirements for the replacement of low or moderate income dwelling units that are converted to non-residential uses or demolished, and provision of low and moderate-income housing in conjunction with new development within the State Coastal Zone. The entire City of Laguna Beach, with the exception of the Sycamore Hills area, is located in the Coastal Zone.

*California Government Code* §65590(b) requires that:

The conversion or demolition of existing residential dwelling units occupied by persons and families of low or moderate- income, as defined in §50093 of the *Health and Safety Code*, shall not be authorized unless provision has been made for the replacement of those dwelling units with units for persons and families of low or moderate income. Replacement dwelling units shall be located within the same City or County as the dwelling units proposed to be converted or demolished. (Provisional language within this Code Section specifies certain types of low or moderate-income residential demolitions/conversions that are exempt from this requirement.)

*California Government Code* §65590(d) requires the following:

New housing developments constructed within the Coastal Zone shall, where feasible, provide housing units for persons and families of low or moderate income, as defined in §50093 of the

*California Health and Safety Code.* Where it is not feasible to provide these housing units in a proposed new housing development, the local government shall require the developer to provide such housing, if feasible to do so, at another location within the same City or County, either within the Coastal Zone or within three miles thereof. In order to assist in providing new housing units, each local government shall offer density bonuses or other incentives, including, but not limited to, modification of zoning and subdivision requirements, accelerated processing of required applications, and the waiver of appropriate fees.

A third option to the preceding State requirements is to establish an affordable in-lieu housing fee, which is used to facilitate development of affordable housing in the City. A fee may be paid by the developer for 10 or fewer units, in-lieu of providing the required affordable housing either on- or off-site. The City has established an In-lieu Housing Fund, which is described in Section V.C – Laguna Beach Housing Trends and Strategies (page V-1). Additionally, Housing Element Policies HE-1.8 and HE-2.1 require the replacement or payment of an in-lieu housing fee for the removal of low- or moderate-income rental housing in the Coastal Zone.

*California Government Code* §65588 requires the Housing Element of jurisdictions located in the Coastal Zone include the following:

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, 165 are 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 three 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 allocation although they are not deed-restricted. In October 2011 the City approved the development of one deed-restricted low-income artists' live/work unit, which has not been constructed as of May 2013.

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. It was determined by the City Council 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.
4. Number of units for low and moderate-income households required either within the coastal zone or within three miles of it in order 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.

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### III. Housing Needs

#### A. Housing Cost in Relation to Ability to Pay

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.

The provision of 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 of the community. This section assesses the City's need for more affordable housing by evaluating the number of households that overpay for housing.

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)]

Table III-1 provides income classifications for Laguna Beach and Orange County, as reported by Census Bureau in the 2008-2010 ACS. The ACS estimated a median income of \$95,817 for Laguna Beach compared to approximately \$73,000 for Orange County as a whole.

**Table III-1 – Income Classifications**

Classification	% of Median Income	Laguna Beach Income Range (Median Income \$95,817)	County Income Range (Median Income \$72,832)
Extremely Low Income	0 – 30%	0 – \$28,745	\$0 - \$21,850
Very-Low Income	30+ – 50%	\$28,746 – \$47,909	\$21,851 - \$36,416
Low Income	50+ - 80%	\$47,910 - \$76,654	\$36,417 – \$58,266
Moderate Income	80+ - 120%	\$76,655 - \$114,980	\$58,267 - \$87,398
Upper Income	Over 120%	\$114,981 and over	\$87,399 and over

Source: 2008-2010 ACS, Table DP03; City of Laguna Beach

The preceding data assists the City in determining its affordable housing needs, based on the income of the existing population. Table III-2 below depicts recent Census Bureau estimates for households by income category. About 13% of households had annual incomes below \$25,000 while almost half had incomes of \$100,000 or more.

**Table III-2 – Households by Income**

Income	# of Laguna Beach Households	% of Households
Less than \$10,000	726	6.5%
\$10,000 - \$14,999	278	2.5%
\$15,000 - \$24,999	446	4.0%
\$25,000 - \$34,999	707	6.3%
\$35,000 - \$49,999	999	8.9%
\$50,000 - \$74,999	1,631	14.5%
\$75,000 - \$99,999	968	8.6%
\$100,000 – \$149,999	2,135	19.0%
\$150,000 - \$199,999	881	7.8%
Greater than \$200,000	2,468	22.0%
<b>Total</b>	<b>11,239</b>	<b>100%</b>

Source: 2008-2010 ACS, Table DP03

Table III-3 provides recent Census Bureau estimates of the percentage of income that the City's households spend on housing, and further distinguishes owners from renters. Based on the data provided in this table, 45.1% of all Laguna Beach's households were paying 30% or more of their incomes for housing. Approximately 43% of owners and 48% of renters were found to be overpaying. The similar percentage of overpayment among renters and owners is indicative of a shortage of both low income rental and ownership housing. Although overpayment for housing is an important statistic, some households that are overpaying may be doing so 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 Program in Chapter VII sets forth policies and actions to encourage and facilitate the development of affordable housing in response to the City's need.

**Table III-3 – Percentage of Household Income Spent on Housing**

% of Income Spent on Housing	Owner	% of Owners	Renter	% of Renters	Total	% of Total Laguna Beach Households*
<10%	1,758	24.7%	194	4.7%	1,952	17.4%
10-14.9%	433	6.1%	331	8%	764	6.8%
15-19.9%	641	9%	447	10.8%	1,088	9.7%
20-24.9%	643	9%	267	6.5%	910	8.1%
25-29.9%	487	6.8%	449	10.9%	936	8.3%
30-34.9%	520	7.3%	396	9.6%	916	8.2%
35-49.9%	897	12.6%	547	13.3%	1,444	12.8%
50% +	1,659	23.3%	1,047	25.4%	2,706	24.1%
<b>Households Overpaying</b>	<b>3,076</b>	<b>43.2%</b>	<b>1,990</b>	<b>48.2%</b>	<b>5,066</b>	<b>45.1%</b>
Not Computed	77	1.08%	446	10.8%	523	4.6%
<b>Total</b>	<b>7,115</b>	<b>100%</b>	<b>4,127</b>	<b>100%</b>	<b>11,242*</b>	<b>100%</b>

Source: 2008-2010 ACS Table B25070

## Overpayment

According to state housing policy, overpaying occurs when housing costs exceed 30 percent of gross household income. Table III-4 displays recent estimates for overpayment by household income level. This table shows that approximately 60 percent of all lower-income owner households and 80 percent of all lower-income renter households in Laguna Beach were overpaying for housing. Households in the

lowest income categories generally suffer the greatest cost burden. Although homeowners enjoy income and property tax deductions and other benefits that help to compensate for high housing costs, lower-income homeowners may need to defer maintenance or repairs due to limited funds, which can lead to deterioration. For lower-income renters, severe cost burden can require families to double up, resulting in overcrowding and related problems.

**Table III-4 – Overpayment, Laguna Beach**

Income Category	Owners		Renters	
	Households	Percent	Households	Percent
Extremely low households	270		355	
Households overpaying	240	88.9%	265	74.6%
Very low households	515		815	
Households overpaying	270	52.4%	710	87.1%
Low households	650		500	
Households overpaying	345	53.1%	370	74.0%
All lower-income households	1,435		1,670	
Households overpaying	855	59.6%	1,345	80.5%
Moderate households	790		525	
Households overpaying	410	51.9%	230	43.8%
Above moderate households	4,400		1,790	
Households overpaying	1,360	30.9%	220	12.3%

Source: U.S. Department of Housing and Urban Development, CHAS, based on the 2005-2009 ACS. Table 15.

## Extremely Low Income

*Extremely low income* (“ELI”) refers to households with incomes of no more than 30% of the county median (\$28,900 for a family of 4 in Orange County in 2013). As seen in Table III-4 above, HUD estimated that 89% of the 270 ELI owners and 75% of the 355 ELI renters in Laguna Beach were overpaying for housing. As shown during the discussion of housing growth needs during the 2013-2021 planning period (see Table III-11), the City’s projected growth is two housing units of which none are assigned to the ELI category.

## B. Housing Special Needs Populations

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 State Housing Element law, six household types are included within the meaning of special housing needs. The City has identified a seventh category of special needs household as very low income persons employed in Laguna Beach. Designation of this special needs population was based on a survey completed by the Housing and Human Services Committee prior to adoption of the 2000 – 2005 Housing Element. The survey was updated by the Committee in March 2013 and the results once again showed the need for affordable workforce housing in Laguna Beach. Identification of this unmet housing need resulted in the development of Alice Court in 2004, which includes 26 very-low-income studio apartments with one manager’s unit in the downtown. Since that time the City has broadened the scope to include low- and moderate-income persons employed in Laguna Beach, as discussed below. The special needs populations include:

- Disabled Persons
- Senior Citizens



- Female Headed Households
- Families and Persons in Need of Emergency Shelter (Homeless)
- Large Families
- Farmworkers
- Very low, low, and moderate-income Persons Employed in Laguna Beach

### Persons with Disabilities

Disabilities may include mental, developmental, physical, and/or medical 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 estimated that there were 1,700 persons with some type of disability in Laguna Beach, which represented approximately 7% of the City's population (Table III-5). As expected, the elderly had the highest rates of disabilities, with about 10% reporting an ambulatory difficulty.

**Table III-5 – Disabilities by Age**

Disability by Age	Persons	Percent
Under Age 5 - total persons	734	--
With a hearing difficulty	0	0.0%
With a vision difficulty	0	0.0%
Age 5 to 17 - total persons	2,972	
With a hearing difficulty	20	0.7%
With a vision difficulty	0	0.0%
With a cognitive difficulty	112	3.8%
With an ambulatory difficulty	0	0.0%
With a self-care difficulty	55	1.9%
Age 18 to 64 - total persons	14,467	
With a hearing difficulty	203	1.4%
With a vision difficulty	127	0.9%
With a cognitive difficulty	357	2.5%
With an ambulatory difficulty	308	2.1%
With a self-care difficulty	160	1.1%
With an independent living difficulty	174	1.2%
Age 65 and over - total persons	4,691	
With a hearing difficulty	199	4.2%
With a vision difficulty	78	1.7%
With a cognitive difficulty	204	4.3%
With an ambulatory difficulty	476	10.1%
With a self-care difficulty	150	3.2%
With an independent living difficulty	366	7.8%

Source: U.S. Census, 2009-2011 ACS Table S1810

Note: Totals may exceed 100% due to multiple disabilities per person

The County of Orange Health Care Agency (HCA) promotes the development of supportive transitional and permanent affordable housing opportunities for the mentally ill and recovering substance abusers. A primary concern of the HCA is the mentally disabled who are homeless and also have a substance abuse problem and/or history of incarceration for minor offenses. The lack of adequate income and related resources contributes to the significant number of homeless mentally disabled individuals. The County estimates that mental illness affects 3% of the general population. Based on that ratio and the Laguna

Beach population estimate of 23,105 persons in 2013, approximately 693 Laguna Beach residents are estimated to have been mentally ill. HCA indicates that approximately 20% to 50% of these persons are capable of living semi-independently in their own housing units with adequate support services.

### **1. Persons with Acquired Immune Deficiency**

The housing needs of people with HIV and AIDS depend largely on the stage of the person's illness. Generally, during early stages AIDS patients may live independently. However, as the disease progresses a congregate care facility may be necessary. Congregate care facilities, which offer reasonably priced housing and medical care on a regular basis, could provide relief and comfort to those who suffer from the disease.

In order to provide affordable housing that offers the services necessary for persons with AIDS, the City assisted a private, non-profit corporation in the development of a 24-unit project for persons disabled by AIDS. Hagan Place, an adaptive reuse housing development for persons with AIDS, provides housing and support services.

The City's Building Department implements and enforces State codes that require accessibility. Continued application of Building Code requirements will ensure that adequate accessibility is provided for the disabled. Every unit at Hagan Place and at Alice Court, a 26-unit very-low-income rental project in the downtown, is adaptable to the needs of the residents. Additionally, Housing Element Program 47 requires a portion of all new low- and moderate-income housing units to be physically accessible or adaptable to accommodate persons with disabilities.

### **2. Developmental Disabilities**

As defined by federal 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 22;
- 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. According to the U.S. Administration on Developmental Disabilities, an accepted estimate of the percentage of the population that can be defined as developmentally disabled is 1.5 percent. Many developmentally disabled persons can live and work independently within a conventional housing environment. More severely disabled individuals require a group living environment where supervision is provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, the first

issue in supportive housing for the developmentally disabled is the transition from the person's living situation as a child to an appropriate level of independence as an adult.

The State Department of Developmental Services (DDS) currently provides community-based services to approximately 243,000 persons with developmental disabilities and their families through a statewide system of 21 regional centers, four developmental centers, and two community-based facilities. The **Regional Center of Orange County (RCOC)** is one of 21 regional centers in the State of California that provides point of entry to services for people with developmental disabilities. The RCOC is a private, non-profit community agency that contracts with local businesses to offer a wide range of services to individuals with developmental disabilities and their families.

Any resident of Orange County who has a developmental disability that originated before age 18 is eligible for services. Services are offered to people with developmental disabilities based on Individual Program Plans and may include: Adult day programs; advocacy; assessment/consultation; behavior management programs; diagnosis and evaluation; independent living services; infant development programs; information and referrals; mobility training; prenatal diagnosis; residential care; respite care; physical and occupational therapy; transportation; consumer, family vendor training; and vocational training. RCOC also coordinates the state-mandated Early Start program, which provides services for children under age three who have or are at substantial risk of having a developmental disability. According to the RCOC, a total of 18 persons age 3 and over in Laguna Beach received services as of 2012.

The mission of the **Dayle McIntosh Center** is to advance the empowerment, equality, integration and full participation of people with disabilities in the community. The Center is not a residential program, but instead promotes the full integration of disabled persons into the community. Dayle McIntosh Center is a consumer-driven organization serving all disabilities. Its staff and board are composed of over 50% of people with disabilities. Its two offices service over 500,000 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.

In addition to these resources, the City's housing programs that facilitate development of affordable housing and transitional/supportive housing and promote fair housing, help to address the needs of those with developmental disabilities. In 2010, the Planning Commission approved a Conditional Use Permit for the establishment and operation of Glennwood House, a safe and supportive living environment for 50 developmentally disabled adults at 2130 South Coast Highway. Rehabilitation of the former assisted living facility commenced in September 2012, and the project was occupied in April 2013.

## Senior Citizens

The senior citizen 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 2010 Census, 4,163 Laguna Beach residents were age 65 years and older. This figure represents 18.3% of the total population, and is a substantial increase from the 13% share in 2000. In addition, the 55-64 age group increased 32.4% during the decade 2000-2010. The City's senior population is anticipated to more than double and could comprise over 40% of the total

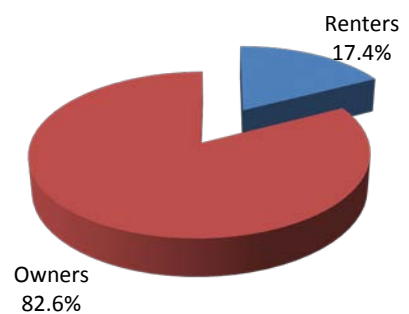


Figure 1 - Senior Citizen Households by Tenure

Laguna Beach population by 2020. The Orange County Grand Jury called attention to this issue in its 2008 report<sup>4</sup> “No County for Old Boomers.”

Of the City’s 2,089 senior citizens, 1,128 (54.0%) were living alone, and about 3% of senior households had incomes below the poverty level. Recent ACS data estimated that about 17% of Laguna Beach senior citizen households were renting, as shown in Figure 1 - Senior Citizen Households by Tenure. For comparison, about 22% of senior citizen households in Orange County as a whole were renting. The quantity and cost of housing options available, as well as the desire of senior renters to convert to homeownership, impact the percentage of senior renters.

Recent ACS data estimated that 16.7% of non-institutionalized senior citizens in Laguna Beach had some type of disability. As shown in Table III-6, the most prevalent types of disabilities among seniors were sensory, ambulatory, and independent living difficulties.

**Table III-6 – Non-institutionalized Senior Citizens by Disability Type**

Senior Disability Type	# of Senior Citizens	Percent
Sensory	403	29.2%
Ambulatory	396	28.7%
Cognitive	174	12.6%
Self-Care	90	6.5%
Independent Living	316	22.9%
<b>Total</b>	<b>1,379</b>	<b>100%</b>

Source: U. S. Census 2008-2010 ACS, Table S1810

Table III-7 reveals that only about 5% of senior households in Laguna Beach had incomes below the poverty level, which is significantly lower than non-senior households, at 26.1%.

**Table III-7 – Poverty Status – Senior Citizen Households**

Householder Above Poverty Level	# Householders	Percentage
Householder Age 65 and Above At or Above Poverty Level	2,734	95%
Householder Age 65 and Above Below Poverty Level	143	5%
<b>Total Households</b>	<b>2,877</b>	<b>100%</b>

Source: U. S. Census 2006-2010 ACS, Table B17012

The housing needs of senior citizens 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 citizen 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.

Between 1984 and 1989, three new senior citizen housing projects were developed in Laguna Beach, with assistance from the City. In each of these projects the City provided zoning relief, financial

<sup>4</sup> [http://cams.ocgov.com/Web\\_Publisher/Agenda07\\_22\\_2008\\_files/images/O00308-001631E.PDF](http://cams.ocgov.com/Web_Publisher/Agenda07_22_2008_files/images/O00308-001631E.PDF)

assistance, or monetary grants toward their development. All of the 111 units within those developments are currently affordable to senior citizens. The developments include: Vista Aliso (71 units); Mermaid Terrace condominiums (25 units); and Harbor Cove apartments (15 units). The potential loss of affordable senior citizen housing is not anticipated until 2019, when the 15 units at Harbor Cove could convert to market-rate housing. Policy HE-1.14, which states “Encourage the preservation and continued affordability of low and moderate-income housing in the City,” and related Program Action 23 calls for the preservation of at-risk, low- and moderate-income housing from conversion to market rate units.

No new senior or retirement housing developments have been constructed in recent years. The City’s Senior Center provides assistance to senior citizens seeking housing opportunities in Laguna Beach. The Senior Services Coordinator disseminates information regarding the locations and types of senior housing opportunities in the City, Section 8 certificates, shared housing opportunities and other related assistance. Laguna Beach Seniors, a non-profit organization, has recently initiated an outreach program that includes a Case Management Coordinator to help senior citizens receive necessary services, including housing-related resources.

To address the housing needs of seniors in Laguna Beach, Housing Program 36 requires the formation of a task force, as a high priority, to provide recommendations to the Planning Commission regarding 1) senior citizen housing options (including but not limited to residential care homes, assisted living facilities and congregate care facilities) and 2) housing-related services (including but not limited to “non-medical home assistance” and “home health care”), to enable Laguna Beach seniors to live independently in their homes with necessary services. Housing Program Action 36 requires the formation of a task force to review the City’s Reasonable Accommodation Ordinance to ensure that it adequately addresses the access and mobility issues of seniors and persons with disabilities, and provide recommended modifications to the Planning Commission. The primary intent is to satisfy an important unmet need of locating assisted living opportunities and related services for the elderly in Laguna Beach.

### Female-Headed Households

Recent Census estimates indicate that there were 3,282 female-headed households in Laguna Beach (Table III-8). This equates to 30.3% of the City’s total households. Of the 292 female-headed households with children under 18, 47 (16.1%) were below poverty level. Housing needs of female-headed households include affordability, proximity to schools, childcare, public transportation, services and employment.

**Table III-8 – Female-Headed Households by Poverty Status**

Type of Household	Total	Below poverty level	Percent Below the Poverty Level
Total Female-Headed Households	3,282	308	9.4%
Female-Headed Households With Related Children Under Age 18	292	47	16.1%
<b>Total</b>	<b>3,574</b>	<b>355</b>	<b>9.93%</b>

Source: U.S. Census 2006-2010 ACS, Table B17012

## 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."

### Laguna Beach Shelter Facilities

1. **Year-round Emergency and Transitional Shelter** – In 2009, the City approved a pilot emergency shelter program at the Act V parking lot in Laguna Canyon. In June of 2010, after successfully operating for a year, the shelter was relocated to a long-term site at 20652 Laguna Canyon Road. The site is owned by the City and is located in the Institutional Zone. With the opening of this alternative sleeping location for the homeless, the City's cold weather shelter program, which operated from local churches for more than 20 years, was discontinued because adequate capacity was provided for the City's homeless at the Act V site and the Friendship Shelter.

Since November of 2009, the City has tracked the number of local homeless persons accessing the alternative sleeping location. Based on records of actual counts maintained during 2013 at the City's emergency shelter alternative sleeping location (ASL), the Laguna Beach homeless population averages 44 persons. This data represents year-round conditions, including seasonal fluctuations. The shelter provides sleeping accommodations for 45 persons per night. Preference is given to homeless persons with local ties to the Laguna Beach community, and records confirm that the average overnight occupancy is 44 persons. Therefore, the City's emergency shelter capacity of 45 persons meets the shelter need of the local homeless population. Whenever fewer than 45 local homeless persons stay at the shelter, overnight accommodations are provided to transient homeless persons based on a lottery system. The City contracts with Friendship Shelter and Mercy House to operate the shelter. The shelter program was established by City policy, based on the need in the community and compatibility with the surrounding neighborhood, rather than by specific zoning standards.

According to data collected at the City's emergency shelter and Friendship Shelter, the local homeless population ranges in age from 18 to 86 years old. The majority of homeless persons are between 35 to 55 years old; 78% of the homeless are male and 22% are female. The majority of homeless are single persons and very few homeless families are found in Laguna Beach. Individuals with a disability (physical, mental health and/or substance abuse) comprise the greatest majority of Laguna's homeless at 80%, while the other 20% are considered transitional. Transitional is a type of supportive housing used to facilitate the movement of homeless individuals and families to permanent housing.

2. **Other Emergency and Transitional Housing** - Friendship Shelter, a non-profit, 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

community. The shelter is located in an apartment building on South Coast Highway in the C-1 Local Business District. Thirty-two adults reside and participate in the Laguna Beach shelter program for approximately 130 days. Friendship Shelter assists homeless persons that are able to transition to independent living, and the 130-day time period qualifies the non-profit as an emergency shelter. Residents receive housing and meals in addition to vital support services and counseling, including legal and financial counseling and life-skills coaching to help rebuild their lives. These services provide a transition from homelessness to the ability to seek employment and long-term housing opportunities. Residents must be sober and free of drugs and are required to work and save money. All services are free to admitted residents of Friendship Shelter, and there is typically a three- to four-week waiting period prior to entering the program. 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.

3. **Youth Shelter** - The Community Services Program Youth Shelter, also an emergency shelter, is located in a residence the R-2 Medium Density Residential Zone. The City has provided in-lieu housing funds to support the Community Services Program (CSP) Youth Shelter, which 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 three weeks. Adolescents in the program are provided food, tutoring, and individual, group, and family therapy. The City allocates community assistance funds to the Shelter from its annual budget. The Youth Shelter is an asset to the community and is compatible with neighborhood.
4. **Homeless and Low-Income Household Services** - In 1993 the Laguna Relief and Resource Center (LRRC), a non-profit organization, was organized to provide emergency food to families who were displaced by the 1993 fire that destroyed or damaged nearly 300 Laguna Beach homes. Today the LRRC operates the Laguna Food Pantry to provide food to needy families and individuals.

Senate Bill 2 (SB 2) 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. Section 65583(a)(4)(C) of the *California Government Code* states that a local government that can demonstrate the existence of one or more year-round emergency shelters within its jurisdiction that can accommodate the jurisdiction's need for emergency shelters may comply with the requirement of SB 2 to identify a zone or zones where emergency shelters are allowed without a conditional use permit or other discretionary review. Friendship Shelter provides 32 emergency/transitional shelter beds and 45 beds are provided at the emergency shelter in Laguna Canyon. In March of 2013, the City amended the Institutional Zone to comply with SB 2.

In combination, the City's emergency shelter in Laguna Canyon and Friendship Shelter on South Coast Highway exceed the number of beds needed to accommodate the homeless population in Laguna Beach.

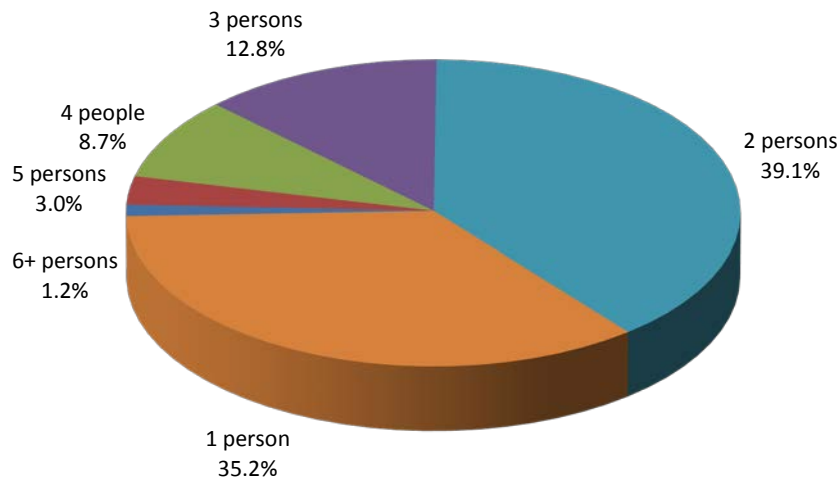
Senate Bill 2 also requires zoning to allow transitional and supportive housing as a residential use, subject only to the restrictions that apply to other residential uses of the same type in the same zone.

1. **Transitional housing**, as defined in §50675.2 of the *California Health and Safety Code*, is rental housing for homeless individuals and families to live between six months and two years. Transitional housing may include supportive services to assist the formerly homeless to gain necessary life skills to attain independent living.
2. **Supportive housing**, as defined in §Section 50675.14 of the *California Health and Safety Code*, has no length of stay limit and includes on-site or off-site services. Supportive housing is occupied by a target population which includes the following persons: low income with mental disabilities, AIDS, substance abuse or chronic health conditions, or persons whose disabilities originated prior to attaining age 18.

Transitional and supportive housing are permitted as residential uses, subject to the same regulations as apply to other residential uses of the same type in the same zone, in compliance with SB 2.

### Large Families

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 - Household Size, Persons per Unit - 2010**

Figure 2 above reveals that nearly three-quarters of Laguna Beach households have only one or two persons. Data from the 2010 Census indicates that only 4.2% of the City’s households are considered “large households.”

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 Chapter 2 (Table II-6), the incidence of overcrowding in Laguna Beach is very low compared to other areas of the county.



## **Farm Workers**

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 presently no commercial agricultural activities conducted on these properties. The lack of farming employment opportunities in Laguna Beach has resulted in few farmworkers seeking housing opportunities in the City. Due to the limited and diminishing number of farming opportunities in the immediate vicinity, there is not a significant housing need for farmworkers in Laguna Beach.

## **Extremely Low, Very Low, Low, and Moderate Income Persons Employed in Laguna Beach**

In 2013 the Housing & Human Services Committee updated a survey that was previously conducted by the Committee in 1997 for the purpose of determining how many full- and part-time employees had salaries equal to or less than the very-low income rate of \$16.22 per hour. Of the 108 Laguna Beach businesses responding to the survey it was determined that there were 654 full time employees and 446 part-time employees for a total of 1,100 employees. The survey results indicate that 57% of full-time employees earned salaries at or below the very-low income range and 85% of part-time employees earn very low income wages. The purpose of the survey was to determine the affordable housing need for individuals employed in Laguna Beach. The results also concluded that only 254 persons or 23% of the very-low income Laguna Beach wage earners actually lived in the City at that time. Based on the outcome of the survey, housing for extremely-low and very low-income Laguna Beach wage earners has been targeted by the City as a high priority.

In-lieu housing fees collected from the Treasure Island reuse project were used by the City toward the purchase of a property located at 450 Glenneyre. The development of 26 apartments (Alice Court) in 2004 increased residential opportunities for extremely low-income and very-low income persons working in Laguna Beach.

In 2005 Soka University of America, located in Orange County, prepared an economic report for South Orange County. The study evaluated employment, the business climate, the housing market, and population data. Part of the study evaluated the average weekly pay for persons employed within South County cities, as reported by the California Employment Development Department. The cities evaluated in the study included Aliso Viejo, Dana Point, Irvine, Laguna Beach, Laguna Hills, Laguna Niguel, Lake Forest, Mission Viejo, Newport Beach, Rancho Santa Margarita, San Clemente, and San Juan Capistrano. The study found that the average weekly salary in Laguna Beach was \$676. As noted in Table III-9, Laguna Beach's salary was eleventh out the 12 cities evaluated. Dana Point was the only south county city to have a lower average weekly salary, which was \$630. Newport Beach had the highest average weekly salary of \$1,203, which was 56% higher than the average weekly salary in Laguna Beach.

**Table III-9 – Average Weekly Pay in South County Cities, 2005**

South County City	2005 Average Weekly Pay
Newport Beach	\$1,203
Irvine	\$1,157
Aliso Viejo	\$1,067
Lake Forest	\$898
San Clemente	\$867
Laguna Niguel	\$809
Rancho Santa Margarita	\$799
San Juan Capistrano	\$784
Mission Viejo	\$774
Laguna Hills	\$766
<b>Laguna Beach</b>	<b>\$676</b>
Dana Point	\$630

Source: Soka University Report; State of California, Employment Development Department

A salary of \$676 equates to a monthly salary of \$2,929 and an annual salary of \$35,152. According to the 2005 income limits established by HUD, a salary of \$38,400 was very-low income for a family of four, and a salary of \$34,550 was very-low income for a family of three. Additionally, the Soka University report showed that in 2006 Laguna Beach had the highest median home price (\$1,863,500) of the 12 South County cities evaluated, as shown in Table III-10. The high real estate values in Laguna Beach are a significant constraint to housing the employees of local businesses. Although there was a decline in recent housing values due to the “great recession”, housing values in Laguna Beach began trending upward in the Spring of 2013 and will continue to be relatively high due to the scarcity of developable land, high desirability of the coastal community and limited housing supply.

**Table III-10 – Median Home Prices in South County Cities, 2006-2012**

South County City	2006 Median Home Price	2012 Median Home Price
Laguna Beach	\$1,863,500	1,230,000
Newport Beach	\$1,710,000	1,100,000
San Clemente	\$945,000	632,500
Dana Point	\$926,500	617,000
Laguna Niguel	\$922,500	510,000
Irvine	\$818,500	560,000
Aliso Viejo	\$815,000	365,000
Laguna Hills	\$765,000	438,500
Lake Forest	\$735,000	390,000
Mission Viejo	\$720,000	448,000
Rancho Santa Margarita	\$719,750	355,000
San Juan Capistrano	\$675,000	461,500

Source: Soka University Report; DataQuick

Another population the City Council considers in need of affordable housing is City of Laguna Beach employees. The City has determined it imperative that certain safety personnel and other employees live near City Hall to respond to emergencies in a timely manner. To address this housing need, the City has established a program of equity sharing to house necessary emergency and public works personnel. The City Council has determined that a program to subsidize housing for local workers is necessary to attract and retain qualified workers who also share a vested interest in the community. Other employers with similar concerns regarding the ability of employees to live in Laguna Beach include the School District,

and Mission Hospital. According to the 2013 income limits established by HUD, the Orange County area median-income was \$87,200 for a family of four and \$104,650 for a moderate-income family of four.

Since the data concludes that the average salary in Laguna Beach has remained relatively low with Laguna Beach housing prices significantly higher than the rest of the County, the designated special needs population has been expanded from very-low income individuals to include low- and moderate-income individuals employed in Laguna Beach.

The City is committed to meeting its projected needs for extremely-low, very-low, low and moderate income housing through the policies and actions set forth in the Housing Program in Chapter VII of this Element. The Housing Program encourages the production of affordable housing including, but not limited to, the establishment of an inclusionary housing policy and related in-lieu housing fee to provide funding for such housing, 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, and expediting affordable housing applications.

### **C. Regional Housing Needs**

The primary intent of Housing Element legislation is to attain State housing goals through cooperation of government entities, such as the City of Laguna Beach. Multi-jurisdictional agencies or Councils of Governments (COGs) are given the responsibility of distributing the State's housing needs in an equitable manner that attempts to avoid the disproportionate distribution of very-low and low-income households. This "fair share" allocation concept attempts to ensure that each jurisdiction is responsible for the housing needs of its resident populations as well as for the jurisdiction's projected share of regional housing growth for all income categories.

The City of Laguna Beach is within the jurisdiction of two Councils of Government: the larger Southern California Association of Governments (SCAG) and the Orange County Council of Governments (OCCOG). Through a cooperative process, SCAG and the State of California produced a Regional Housing Needs Assessment (RHNA). The RHNA represents the amount of new housing construction each community is required to plan for through the identification of adequate sites with appropriate zoning that are available for development during the Housing Element planning period. SCAG considers the following factors in allocating the region's future housing needs to each jurisdiction: 1) market demand for housing; 2) employment opportunities; 3) availability of suitable sites and public facilities; 4) commuting patterns; 5) type and tenure of housing; 6) loss of units in assisted housing developments; 7) over-concentration of lower income households; and 8) geological and topographical constraints. The RHNA establishes each jurisdiction's construction need by income category.

### **Income Group Goals**

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. The household income groups are defined according the HUD Area Median Income (AMI) as: Extremely-low (0-30%), Very-low (31-50%) of AMI, Low or Lower (51-80% of AMI), Moderate (81-120% of AMI) and Above-moderate (greater than 120% of AMI).

## Construction Needs

Construction needs are derived from State household growth projections, vacancy need, and replacement need. The income group proportions are applied toward the construction need, which results in a goal for the quantity of housing units, by income group, for each jurisdiction. Between 2014 and 2021, the City of Laguna Beach has been allocated a construction need of 2 housing units: one very-low income unit and one low income unit (Table III-11).

**Table III-11 – RHNA Income Group Goals (2014-2021)**

Income Category	Percentage	Construction Need
Extremely low	-	0 Units
Very-low	50%	1 Units
Low or Lower	50%	1 Units
Moderate	-	0 Units
Above-moderate	-	0 Units
<b>Total</b>	<b>100%</b>	<b>2 Units</b>

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## IV. Resources and Constraints

### A. Land Inventory and Site Availability

Laguna Beach is very near build-out, 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, in order to preclude environmentally damaging development, or R/HP Residential/Hillside Protection, which allows limited residential development opportunities.

State Housing Element law requires each city to provide a summary of the sites suitable for residential development within the planning period of the Housing Element. The following table identifies land in Laguna Beach, which is comprised of individual in-fill lots that are suitable for residential development during the 2013-2021 planning period. The following residential land inventory is based on aerial photographs, the City's Geographic Information Systems (GIS), Community Development property files, and projects that are in the planning, development and/or rebuilding processes. In addition to the sites identified on Table IV-1 and Table IV-2, there is the potential for the development of residential units in mixed-use commercial developments, as well as second residential units in the R-1 and R/HP single-family residential zones and artists' work/live units in several zones throughout the City.

**Table IV-1 – Sites Suitable for Residential Development**

Zoning/Permitted Type of Housing	Property Size	Density Range (units/acre)	Total Acreage	Income Group	Availability of Services and Facilities (e.g., infrastructure)	Dwelling Unit Capacity
R-1 Zone Single-Family	Average lot size 11,548 s.f.	1 – 7 DU/Acre	134 building sites (36 acres)	Above Moderate	Infill - Services/Facilities Available	134 units
R-2 Zone Two-Family	Average lot size 12,819 s.f.	1 - 22 DU/acre (Max. 2 units/lot of 4,000 s.f. or more)	8 building sites (2.06 acres)	*Moderate to Above Moderate	Infill - Services/Facilities Available	15 Units
R-3 Zone Multi-Family	Average lot size 15,028 s.f.	15 – 22 DU/Acre	2 building sites (0.69 acre)	*Low, Moderate, & Above Moderate	Infill - Services/Facilities Available	14 Units
R/HP Zone	Average lot size 221,342 s.f.	1 unit/14,500 s.f. (Approx. 3 DU/acre)	22 building sites (112 acres)	Above Moderate	Infill - Services/Facilities Available	22 Units
Arch Beach Heights Specific Plan	Average lot size 3,751 s.f.	3 – 7 DU/acre	31 building sites (2.7 acres)	Above Moderate	Infill - Services/Facilities Available	31 Units
Three Arch Bay Zone	Average lot size 9,566 s.f.	3 – 7 DU/acre	8 building sites (1.76 acres)	Above Moderate	Infill - Services/Facilities Available	8 Units
Village Community Zone	Average lot size 4,077 s.f.	8 – 10 DU/acre	10 building sites (.94 acre)	Above Moderate	Infill - Services/Facilities Available	10 Units
Diamond Crestview Specific Plan	Average lot size 6,538 s.f.	3 – 7 DU/acre	30 building sites (4.5 acres)	Above Moderate	Infill - Services/Facilities Available	30 Units
Sarah Thurston Park Specific Plan	Average lot size 3,502 s.f.	3 – 7 DU/acre	1 building site (.08 acre)	Above Moderate	Infill - Services/Facilities Available	1 Units
<b>Total Potential</b>			Approx. 161 acres			265 Units

\*Development of low and moderate-income housing is feasible in the R-2 and R-3 Zones with the implementation of the Housing Program policies and actions that offer incentives such as fee reductions/waivers and assistance with applications for federal and State funding, and financial assistance from the City's In-lieu Housing Fund, as described in Chapter VII.

Source: City of Laguna Beach, Community Development Department

Based on an estimate of 161 acres, there is the potential for development of up to 265 residential units within various residential zoning districts during 2013-2021, exclusive of Second Residential Units.

**Table IV-2 – Sites Suitable for Low and Moderate Income Residential Development**

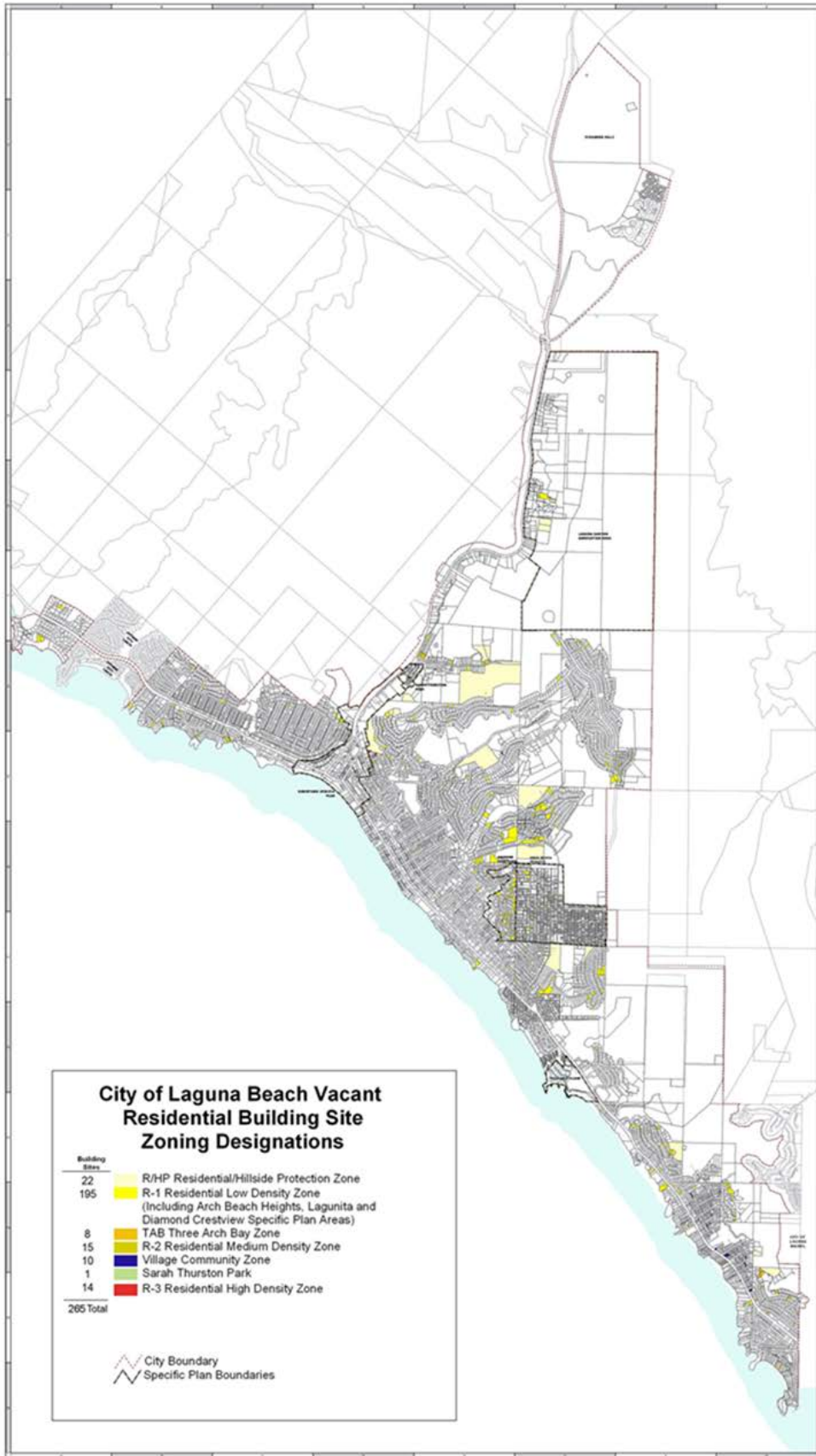
Zoning/Permitted Type of Housing	Property Size	Density Range (units/acre)	Total Acreage	Income Group	Availability of Services and Facilities (e.g., infrastructure)	Dwelling Unit Capacity
R-2 Zone Two-Family	Average lot size 12,819 s.f.	1 - 22 DU/acre Rental Units (Max. 2 units per lot of 4,000 s.f. or more)	8 building sites (2.06 acres)	*Moderate to Above-Moderate	Infill Services/Facilities Available	15 Units
R-3 Zone Multi-Family	Average lot size 15,028 s.f.	1 – 22 DU/acre	2 building sites (.69 acre)	*Low, Moderate & Above Moderate	Infill Services/Facilities Available	14 Units
M-1A Zone Artists' Live/Work	7,250 s.f.	N/A	1 building site approved for Artists' Live/Work	1 Low-Income; 3 Above Moderate	Infill Services/Facilities Available	1 Unit
Second Residential Units	Min. 6,000 s.f.	N/A	3,774 Potential Building sites	Low, Moderate and Above-Moderate	Infill Services/Facilities Available	10 Second Units (7* low/mod. income) (projected development)
<b>Total Potential</b>						<b>*37 Units</b>

\*Development of low and moderate-income housing is feasible in the R-2, R-3 and Commercial Zones with the implementation of the Housing Program policies and actions that offer incentives such as fee reductions/waivers and assistance with applications for federal and State funding, project fast-tracking, and financial assistance from the City's In-lieu Housing Fund, as described in Chapter VII.

Source: City of Laguna Beach, Community Development Department

Based on an estimate of 2.75 acres in the R-2 and R-3 Zones, there is the potential for development of up to 29 low-to-moderate income residential units within those Zoning Districts, up to ten second residential units with seven estimated as low/moderate income based on second residential unit approval/development during the prior Housing Element planning period, and one low-income artists' live/work unit in the M-1A Zone, for a total low- and moderate-income housing capacity of 37 units.

**Figure 1 Vacant Residential Building Site Zoning Designations**





## **B. New Housing Development Opportunities**

Laguna Beach is a highly desirable coastal community. The demand to live in Laguna Beach, combined with the lack of housing supply, has created land values that are considerably higher than most Orange County cities. Limited housing growth is a result of the decreasing quantity of vacant residential property available for development. The low supply of vacant developable land and high land values in Laguna Beach, have contributed to a decline in the quantity of new low- and moderate-income housing being produced.

### **R-1 and Other Single-Family Residential Zones**

The majority of the City's undeveloped residential building sites are located in the hillside areas of the City. The R-1 Residential Low Density Zone provides the greatest potential for new residential development in Laguna Beach. As of June 2013, the R-1 Zone consists of 134 undeveloped building sites. Some of these lots are encumbered by environmentally sensitive conditions, which may include steep terrain, riparian habitat, natural watercourses, and rock outcroppings. Additionally, many of the lots offer the potential for ocean and city-lights views. In combination, these physical site constraints and amenities render affordable housing development opportunities infeasible in the R-1 Zone.

Another zone offering very limited residential development opportunities is the R/HP Residential/Hillside Protection Zone, with 22 building sites as of June 2013. The intent of the R/HP Zone is to allow for low-intensity residential development that is designed to protect public health and safety and is sensitive to the environmental constraints of the undeveloped hillsides. The R/HP Zone encompasses a substantial amount of the City's undeveloped hillsides. Environmental constraints that require the more protective zoning standards adopted for the zone include sensitive biological habitats, unique landforms, scenic hillsides, potential danger from fire, slope failure and erosion, and difficulty of emergency evacuation. Protection of the physical environment, public views, and aesthetics qualities associated with undeveloped hillside lands located in the R/HP Zone is of critical importance to Laguna Beach.

Design Review is the only discretionary review for single-family residences in the R-1 and R/HP Zones that are not part of a new subdivision. For a complete analysis of the City's Design Review process, refer to Governmental Constraints (Section IV.D).

### **Second Residential Units**

The City's Second Residential Unit Ordinance offers the potential for increased density within zoning districts limited to single-family residential development. Second units are allowed in the R-1 and R/HP residential zoning districts, subject to a minimum lot size, a maximum second unit size, and the provision of parking. Laguna Beach has 3,689 building sites of 6,000 square feet or more in the R-1 and R/HP Zones, which is the minimum lot size for the development of second residential units. Three second residential units were developed during the 2006-2013 Housing Element planning period; nine have been approved and two were under construction as of June 2013. Based on the last planning period, the City anticipates the approval and potential development of 10 second residential units during the 2013-2021 Housing Element planning period. Comparable rental data of studio and one bedroom units leased in Laguna Beach between January and August of 2009, showed that 20 rental units of 640 square feet or less had monthly rents between \$700 (very-low income) and \$1,695 (moderate income), with an average rent of \$1,230 per month (low income).

The City also conducted a survey of existing second residential units in 2012. Of 85 surveys mailed to second residential unit owners, 31 (36%) were completed and returned to the City. Of those returned, 3 second-residence units are used as guest units or have never been occupied. Of the 29 second-residence units that have been or are currently occupied by residents, 18 or 62% are/were rented for monthly rates that fall into the extremely-low- to low-income rate; 3 or 10% are/were rented for monthly rates that fall into the moderate-income rate; and 7 or 24% were rented for monthly rates that were above-moderate. The units rented at above-moderate income rates are located predominantly in highly desirable locations, such as on larger lots and/or those with views. Based on these percentages, the City estimates that approximately 70% of new second units would be affordable at low- and moderate-income rents.

In 2012, the City Council amended the City's Second Residential Unit Ordinance to encourage the development of second residential units as lower-cost housing in the community. In addition to removing the requirement for Design Review, lowering the on-site parking requirement to one space that may be uncovered, and lowering the minimum lot size for detached second residential units, the amended Ordinance also provides incentives for the provision of deed-restricted (55 years), long-term low- and moderate-income units. By eliminating the on-site parking requirement and refunding planning and building fees, the City anticipates a continuing source of deed-restricted low- and moderate-income housing.

In combination, the Laguna Beach rental housing data from local brokers, the City's second residential unit survey, and adopted incentives to encourage the development of low- and moderate-income second residential units substantiate rental rates that fall into the low- and moderate-income categories and provide rental housing opportunities for households of extremely-low to above-moderate income.

Potential in-fill and redevelopment opportunities within other low-density residentially-zoned areas are very few, and many have similar characteristics found in the Diamond Crestview Specific Plan (DCSP) area. The neighborhood of Diamond Crestview supports many natural features including natural watercourses, riparian habitats, prominent rock outcroppings and scenic vistas. The DCSP contains 161 building sites, 45 of which are undeveloped. Land values in the Canyon Acres and Sarah Thurston Park neighborhoods are lower than those in other residential zones, due to the lack of view opportunities. However, neither neighborhood offers opportunities for low- and moderate-income housing, with the exception of potential second units in the R-1 and R-HP Zones.

Other single-family residential zones include Treasure Island Specific Plan, Arch Beach Heights, Three Arch Bay, Lagunita, Sarah Thurston Park and the Village Community Zones. Based on aerial photographs from the City's Geographic Information Systems website of these planning areas, all five are built-out neighborhoods with minimal opportunities for housing development on vacant, subdivided in-fill lots.

The **Arch Beach Heights Specific Plan** is located in a hillside area, northeast of Coast Highway, in central Laguna Beach. The 95-acre residential district has a General Plan designation of Village Low Density (3-7 DU/acre). The original subdivision of the Arch Beach Heights area in 1911 created approximately 1,800 25 x 100-foot parcels. The 103-acre grid subdivision does not coincide with the steep topography and related inaccessibility, which renders more than 200 lots unbuildable. Only those vacant lots abutting streets that are improved to the City's standards are building sites. Due to the complexity of the hillside terrain, environmental sensitivity of the land and small, narrow lots, a specific plan was adopted for this planning area in 1974. Many of the lots

feature ocean and/or canyon views and therefore, command prices in the above-moderate income range. Arch Beach Heights is considered built-out, as most of the remaining vacant lots are non-building sites or part of contiguous building sites. As of June 2013, 31 in-fill building sites remain undeveloped.

The **Three Arch Bay Zone** is an 88-acre gated community located in South Laguna. The General Plan designation is Village Low Density (3-7 DU/Acre). Upper Three Arch Bay is located on the northeast side of Coast Highway and lower Three Arch Bay is located on the coastal side of Coast Highway. The Three Arch Bay Zone provides low-density, single-family residences within a hillside setting. Like Arch Beach Heights, many of the lots capture ocean and city lights views, and Three Arch Bay includes ocean-front lots. The desirable coastal location and amenities of Three Arch Bay has resulted in above-moderate income housing prices. Developed primarily in the 1950s and 1960s, Three Arch Bay has been a built-out community for a number of years, and has the development capacity of 8 building sites as of June 2013.

**Sarah Thurston Park (STP)** is located one mile from the Pacific Ocean, on the east side of Laguna Canyon Road. STP comprises a 27-space mobile home park and a mixture of single-family and 44 small multi-family residential units (four units or less). The Sarah Thurston Park Specific Plan was adopted in 1983 for an area that was originally subdivided by the County in the 1930s as a campsite. The purpose of the Specific Plan is to address problems related to the unique campsite subdivision including: 1) smaller lots; 2) six-foot paths or lanes, rather than streets; and 3) potential flooding and liquefaction hazards. Notwithstanding the physical and environmental constraints, a strong pedestrian orientation and natural setting have increased the desirability of the STP neighborhood over the years. One in-fill lot remains undeveloped in June 2013, with an average lot size of 3,502 square feet. Although some of the smaller, multi-family units would rent for low-to-moderate income rental rates, sales prices of single family residences and multi-family units are within the above-moderate income range.

The **Village Community Zone** is located on the northeast side of Coast Highway in South Laguna. The 42-acre residential district was developed in the 1930s and 1940s and is characterized by moderately sloping lots that vary in size. The General Plan designation is Village Medium-Low Density (8 – 10 DU/Acre). The lots are accessed by narrow, private streets. Although higher in density and more affordable than residences in Arch Beach Heights and Three Arch Bay, the single-family housing within the Village Community Zone, like the majority of housing in Laguna Beach, sells for above moderate-income prices. The Village Community Zone is built-out with 10 development opportunities on vacant in-fill lots as of June 2013.

Design Review is the only discretionary review for single-family residences in the Arch Beach Heights, Three Arch Bay, Sarah Thurston Park, and Village Community Zones that are not part of a new subdivision. For a complete analysis of the City's Design Review process, refer to Governmental Constraints under Section IV in this Chapter. Most residential building sites in Laguna Beach that have not been developed are unimproved due to various site constraints. Therefore, potential housing development could be quite costly and not appropriate for the provision of low-income housing. There are potential opportunities to increase the City's housing stock in situations where older homes were built across more than one lot. However, recent pressures for the development of larger, more expensive homes may hinder potential development of smaller homes on smaller lots.

## R-2 Residential Medium Density Zone

There are very limited vacant R-2 zoned lots remaining in Laguna Beach. A maximum of two units are allowed on each lot in the R-2 Zone. Based on the “duplex” zoning of one unit per 2,000 square feet of lot area, the eight remaining vacant building sites would yield a maximum of 15 new units (Table IV-3).

**Table IV-3 – Vacant Building Sites in the R-2 Zone**

Address / Assessor's Parcel No.	Lot Size	Potential Units
Anita Street (644-097-58)	7,512 square feet	2
Arroyo Drive (641-181-59)	7,311 square feet	2
Calliope Street (644-221-73)	7,021 square feet	2
Canyon Acres Drive (641-181-01)	12,172 square feet	2
Canyon Acres Drive (641-201-21)	31,438 square feet	4
Canyon Acres Drive (641-181-60)	21,164 square feet	2
Nyes Place (656-161-09)	3,407 square feet	1
Totals		15

Water and sewer services are available to each of these in-fill properties, and housing development within established neighborhoods within the Residential Medium Density zone would not create environmental impacts. Design Review approval is required prior to issuance of a building permit for development on vacant lots. Although land prices in the R-2 Zone are in the above-moderate income range, a number of housing policies and actions, outlined in Chapter VII, will help to subsidize and facilitate the development of extremely-low-, very-low- and low-income residential units if desired by the property owners. Program 24 requires the provision of incentives such as fees reductions/waivers, density bonuses, developer assistance with federal and other funding applications, and In-lieu Housing Fund contributions for the development of extremely-low-, very-low- and low-income housing that offers long-term affordability. Program 25 directs the City to identify a non-profit housing developer or Housing Trust to develop, acquire, and retain long-term affordable housing.

In compliance with these policies, the City has prepared a Housing Assistance Information Guide that outlines City incentives available to developers of affordable housing. The RHNA requires the City to plan for the provision of one -very low- and one low-income residence, and the City has adopted policies and actions to accommodate this housing need in the R-2 and R-3 Zones, as well as through second residential units. Additionally, housing units in the R-2 Zone are allowed by-right, pursuant to California Housing Element Law, *California Government Code*, §65583.2(i), which does not exempt the use from Design Review.

A considerable percentage of property zoned for the development of two units is currently underutilized, supporting just one unit on parcels larger than 4,000 square feet. Policy HE-1.8 carries forward in the requirement to replace or pay an in-lieu housing fee for the removal or conversion of two-family residential units that comply with the density standard of the R-2 Zone. This policy has resulted in the retention of rental housing in the community. Design Review is the only discretionary review for two-family residences that are not part of a new subdivision in the R-2 Zone. For a complete analysis of the City’s Design Review process, refer to Governmental Constraints under Section IV.D.

### R-3 Residential Medium Density Zone

The majority of new residential units in the R-3 Zone will consist of expanding development opportunities on underutilized lots. The R-3 Zone allows one unit for every 2,000 square feet of lot area, in addition to the provision of open space, setback and parking standards. There are currently two undeveloped parcels located in the R-3 Zone, with the development capacity of 14 units.

Water and sewer services are available to these vacant sites. Design Review approval is required prior to issuance of a building permit for development on vacant lots. Although land prices are within the above-moderate income range, a number of housing policies and actions within Chapter VII will help facilitate the development of extremely-low- and very-low-income residential units in the R-3 Zone. Policy 2-8 calls for the provision of incentives such as reduced or waived fees, density bonuses, developers' assistance with federal and other funding applications, and In-lieu Housing Fund contributions for the development of extremely-low-, very-low- and low-income housing that offers long-term affordability. Program 25 directs the City to identify a non-profit housing developer or Housing Trust to develop, acquire, and retain long-term affordable housing. In compliance with these policies, the City has prepared a Housing Assistance Information Guide that outlines the City's incentives available to developers of affordable housing.

As noted in the discussion of the R-2 Zone above, the R-3 Zone also provides opportunities to address the City's RHNA allocation for lower-income housing. As shown in Table IV-4 below, there are two vacant R-3 zoned sites with capacity for 14 lower-income units (excluding any density bonus), based on the land use designation of Village High Density (VHD), which allows up to 22 dwelling units per acre. Approval of a 30% density bonus would allow the development of 18 units on these parcels.

**Table IV-4 – Vacant Building Sites in the R-3 Zone/VHD Land Use Designation**

Address / Assessor's Parcel No.	Lot Size	Potential Units
Cliff Drive / 053-162-12	24,916 square feet	12
Y Place / 641-272-11	5,039 square feet	2
Totals		14

### Commercial Zones

Residences located within mixed-used developments are permitted in most commercial zones of the City, subject to a Conditional Use Permit and Design Review approval. Water and sewer services are provided to existing building sites. Unfortunately, the relatively small size of the City's commercially zoned land limits new development potential, and in turn, potential residential development. Many improved commercially zoned properties do not comply with current zoning standards, including parking requirements. Since redevelopment of these sites would require compliance with the current zoning standards, such opportunities are minimized. Application of Density Bonus law is supported by the City to encourage the development of extremely-low- to moderate-income residences in mixed-use developments. Housing policies and actions within Chapter VII, such as Program 24 described in the affordable housing discussion regarding development in the R-2 and R-3 Zones, will also help facilitate the development of extremely-low- to moderate-income housing in commercial zones. Artists' joint living and working units and efficiency units or Single Room Occupancy (SRO) units, as lower-cost housing, are also encouraged in commercial zones. Efficiency/SRO units in commercial zones require a

Conditional Use Permit, Coastal Development Permit, and Design Review, with the exception of the CBD Office District in the Downtown Specific Plan area, which requires only Design Review and a Coastal Development Permit. The City waived project fees, provided In-lieu housing funds, and granted a 29% density bonus for Alice Court, a 27-unit extremely-low-income efficiency unit apartment development. The City also donated the land for development, which was constructed in 2004. Project entitlements included a Coastal Development Permit and Design Review for a new structure in the CBD Office District of the City's Downtown Specific Plan. In combination, the parking reduction, density bonus, fee waivers, land donation, and fast-tracking the entitlements facilitated the development of this project for long-term (55-year) affordability.

### **M-1A Light Industrial Zone**

Residential use is not permitted in the light industrial zone; however, artists' joint working and living units are allowed in the M-1A Zone, subject to approval of a Conditional Use Permit, Coastal Development Permit, and Design Review. The City, as an artist colony, encourages artists' work/live units as a method of providing lower-cost housing opportunities for artists. Laguna Beach also offers affordable housing incentives to developers of low-income artists' work/live units throughout the City. For example, Program 24 requires the provision of incentives such as reduced or waived fees, density bonuses, developers assistance with federal and other funding applications and In-lieu Housing Fund contributions for the development of extremely-low, very-low and low income housing that offers long-term affordability.

In 2011, the City Council approved a Tentative Parcel Map, Coastal Development Permit, Conditional Use Permit, Design Review and a Variance from the rear yard setback for a four-unit artists' live/work condominium subdivision, which includes one unit that was reserved for low-income artists' households for a minimum of 55 years. As incentives for the provision of a long-term low-income unit, the project was fast-tracked and planning and building fees related to the low-income unit and the Variance were waived by the City Council.

### **C. Retention of Lower Cost Housing**

Due to the limited availability of affordable housing sites, it is essential that the City consider measures to assist in the retention of the existing low-income housing stock. The Section 8 senior citizen apartments in Harbor Cove will be eligible to convert to market-rate housing in 2019. To minimize the potential for conversion of the City's low income housing stock, Policy HE 1.13 has been adopted to "Preserve existing extremely-low- to moderate-income housing for long-term affordability." A housing program action requires the identification of affordable housing subsidy programs and funding sources to preserve "at-risk" low- and moderate-income housing from converting to market-rate, and to work with property owners toward extending the existing affordability. Following is a list of potential financial resources that may be utilized to retain the City's affordable housing stock, as well as to provide new affordable housing in the community.

1. **HOME Program** – The HOME Program was created under Title II of the Cranston-Gonzales National Affordable Housing Act enacted in November, 1990. HOME funds are made available on an annual competitive basis through the California Department of Housing and Community Development (HCD) small cities program. HOME funds are available to develop and support affordable rental housing and home ownership affordability. Activities include acquisitions, rehabilitation, construction, and rental assistance.

2. **Community Development Block Grant (CDBG) Funds** – 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. CDBG funds may be used for rental and owner housing rehabilitation activities, infrastructure, public facilities, and public services. Proceeds from those activities are deposited into a revolving loan fund established from low-interest loans for rehabilitation and could be a resource for preservation activities.
3. **Community Reinvestment Act (CRA)** – Federal law requires that banks, savings and loans, thrifts and their affiliated mortgaging subsidiaries, annually evaluate the credit needs for public projects in communities where they operate. Part of the City’s efforts in developing preservation programs will be to meet with local lenders to discuss future housing needs and the applicability of the CRA. Although the CRA is an unpredictable resource, it is important that the City establish a working relationship to acquire whatever potential funding sources may be available to preserve low-income housing in the community.
4. **Low-Income Housing Tax Credit Program (LIHTC)** – The LIHTC Program provides Federal and State tax credits for private developers and investors who agree to set aside all or an established percentage of their rental units for low-income households for a minimum period of 30 years. Tax credits are also available for rehabilitation, thereby enhancing the City’s preservation program. Developers and investors begin the LIHTC process by applying for an allocation of tax credits from the California Tax Credit Allocation Committee (CTCAC). Tax credits are awarded on a competitive basis at varying times. Compliance is monitored according to the rules and regulations of the Internal Revenue Service (IRS).
5. **The Affordable Housing Program (AHP) and Community Investment Program (CIP)** are facilitated by the Federal Home Loan System for the purpose of expanding the affordable housing supply. Local service is provided by the San Francisco Federal Home Loan Bank District. Subsidies are awarded on a competitive basis, usually in the form of low-interest loans, which must be used to finance the purchase, construction, and/or rehabilitation of rental housing.
6. The **Predevelopment Loan Program (PDLP)**, conducted through the State Department of Housing and Community Development (HCD), provides the funds to pay the initial costs of preserving affordable housing developments for the existing tenants. Priority is given to projects that acquire and preserve existing government-assisted rental housing at-risk of conversion to market rate.
7. The **Multi-family Housing Program (MHP)** is conducted through HCD and provides deferred payment loans for new construction, acquisition and rehabilitation, preservation or conversion of non-residential structures for affordable rental housing. Assistance is in the form of low interest permanent loans. Local government agencies, private non-profit and for-profit organizations are eligible applicants.
8. The **CalHome Program** provides grants and loans to public agencies and non-profit organizations for homeownership assistance to very-low- and low-income households.

Financial assistance programs administered by the California Department of Housing and Community Development change periodically according to funding availability. Current program information is posted on HCD's website at: <http://www.hcd.ca.gov/fa/>.

#### **D. Housing Supply Constraints: Governmental and Non-Governmental**

The purpose of this section is to analyze potential and actual governmental and non-governmental constraints on the maintenance, improvement, and development of housing in the City of Laguna Beach. The following summarizes the City's efforts to remove constraints, as well as efforts to promote energy conservation.

##### **Governmental Constraints**

Governmental regulation of housing development protects the public welfare and is intended to maintain a particular standard or quality of development within the community. Governmental regulations may also result in constraints on the maintenance, improvement, and development of housing. Those impacts are examined below:

1. **Land Use Controls** – 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.

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.

The types and quantity of housing units permitted in the City's various zones are dependent upon zoning standards and land use density designations (Table IV-5). Density limitations and development standards impact the cost of housing since 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 Second Residential Unit Ordinance. Although open space is necessary for recreation and to maintain public health and safety, such reduction in building area further constrains the provision of affordable housing. No development within the City is subject to growth controls, and the minimum residential unit size is approximately 300 square-feet or the minimum size of an efficiency unit.



**Table IV-5 – Types of Housing Permitted by Zoning District**

Residential Use	R-1 and SFR <sup>1</sup> Zones	R-2	R-3	Mobile Home
SF detached	DR; CDP	DR; CDP	DR; CDP	NA
SF attached	NA <sup>2</sup>	DR; CDP	DR; CDP	NA
2 dwelling units	NA <sup>2</sup>	DR; CDP	DR; CDP	NA
3 or more dwelling units	NA <sup>2</sup>	NA	DR; CUP/CDP	NA
Second residential units	CDP	NA	NA	NA
Manufactured housing	DR; CDP	DR; CDP	DR; CDP	CPNR
Mobile homes	NA	NA	NA	CPNR

DR = Design Review; CDP = Coastal Development Permit; CUP – Conditional Use Permit; CPNR – City Permit Not Required; NA – Not allowed

<sup>1</sup> SFR zones include R-1, Residential Hillside Protection (R/HP), Arch Beach Heights, Diamond Crestview, Village Community, Three Arch Bay, Lagunita, Sarah Thurston Park, and Resort Development

<sup>2</sup> Exception: Attached and multiple SFRs are allowed in Planned Residential Developments (PRDs), subject to a CUP, CDP and subdivision on properties in the R-1 and R/HP Zoning Districts.

Following are the typical project processing timeframes by project type from zoning plan check through Design Review/Coastal Development Permit, Conditional Use Permit and Tentative Map review, building plan check, and issuance of a building permit.

**Table IV-6 – 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

In response to potential development constraints Policy HE-2.7 has been adopted to “Encourage the production of privately-sponsored low- and moderate-income housing in residential and mixed-use developments.” Housing Program 24 requires the City to “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.” These incentives are outlined in a Housing Assistance Information Guide available on the City’s website and at the Planning Counter.

Table IV-7 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 and/or incentives for the long-term provision of affordable housing.

**Table IV-7 – Development Standards by Residential 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 s.f.	1 DU/6,000 s.f.; 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 s.f.	1 DU/2,000 s.f.; maximum 2 DU	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 s.f.	1 DU/2,000 s.f. 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 s.f.	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 s.f.	1 DU/5,000 s.f.; 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 s.f.	1 DU/6,500 s.f.; 3-7 DU/acre	50% building site coverage; up to 5,500 s.f.	Based on % slope; 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 s.f.	1 DU/4,375 s.f.; 8-10 DU/acre	1.5 × building site coverage allowed or for lots ,1,106 s.f. .1.7 × building site coverage	Based on % slope of lot; 15-30 feet	5-20 feet	5-25 feet	5 feet per side	35%-53%
Three Arch Bay	6,000 s.f.	1 DU/6,000 s.f. 3-7 DU/acre	1.5 × building site coverage allowed	Based on slope; 12-29 feet	20 feet	25 feet	5 feet per side	35%-44%
Lagunita	6,000 s.f.	1 DU/6,000 s.f.; 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	Minimum 4 feet	35%-40%
STP Mobile Homes*	NA	27 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 s.f.	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
Second Units (R1 and RHP only)	6,000 s.f.	1 second unit per site	7% of lot area up to 540 s.f. (minimum 275 s.f.)	12 feet	Subject to standards of applicable zone	Subject to standards of applicable zone	Subject to standards of applicable zone	Subject to standards of applicable zone

Source: Laguna Beach Zoning Ordinance  
\*Specific Plan Area

**Types of Housing Permitted by Zoning District**

Residential Use	R-1 and *SFR Zones	R-2	R-3	Mobile Home
SF Detached	DR; CDP	DR; CDP	DR; CDP	N/A
SF Attached	** N/A	DR; CDP	DR; CDP	N/A
2 DUs	** N/A	DR; CDP	DR; CDP	N/A
3 or more DUs	** N/A	N/A	DR; CUP; CDP	N/A
Second Residential Units	CDP	N/A	N/A	N/A
Manufactured Housing	DR; CDP	DR; CDP	DR; CDP	CPNR
Mobile Homes	N/A	N/A	N/A	CPNR

DR = Design Review; CDP = Coastal Development Permit; CUP = Conditional Use Permit;  
CPNR = City Permit Not Required; N/A = Not allowed

\*SFR Zones include R-1, Residential Hillside Protection (R/HP), Arch Beach Heights, Diamond Crestview, Village Community, Three Arch Bay, Lagunita, Sarah Thurston Park, and Resort Development  
\*\*Exception: Attached and multiple SFRs are allowed in Planned Residential Developments (PRDs), subject to a CUP, CDP and subdivision on properties in the R-1 and R/HP Zoning Districts.

Following are the typical project processing timeframes by project type from zoning plan check through Design Review/Coastal Development Permit, Conditional Use Permit and Tentative Map review, building plan check and issuance of a building permit.

**Typical Project Processing Timeframes by Project Type**

Single Family & Two-Unit	Subdivision	Multi-family	Second Units
Zoning Plan Check DR/CDP	Tentative Map Review Planning Comm. Review (Map, CDP, DR, Env.)	Zoning Plan Check Planning Comm. Review (CUP/DR/Env.)	Zoning Plan Check CPD
Building Plan Check	City Council Review (Final Map) Building Plan Check	Building Plan Check	Building Plan Check
6 Months	6 – 9 Months	6 – 8 Months	3 – 4 Months

The City’s commercial zoning districts also promote housing opportunities. For example, residential use within mixed-use developments is promoted in several commercial zoning districts, while artists’ work/live units are promoted in residential, commercial and light-industrial zoning districts.

Mobilehomes 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 are 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.
2. **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 *California Building Code* (CBC) and Title 14 of the Laguna Beach Municipal Code. 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.  
  
In order 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. **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. The costs of these improvements 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 also 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.
  4. **Local Entitlement and Processing Fees** – 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, and plumbing codes. Related fees are collected by the City in order to cover the costs of application processing and inspections.

Two aspects of local government have been cited as placing undue burdens on the ability of the private sector to build affordable housing. Those aspects include: 1) fees or other exactions required to obtain project approval; and 2) time delays caused by the review and approval process. Critics contend that lengthy review periods increase financial and carrying costs and that fees and exactions increase expenses.

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 (with the exception of second residential units), residential building additions of 50% or more, and height increases more than 15 feet above grade in all residential zones. The intent of the Design Review process is to: 1) ensure that development complies with applicable development standards and design guidelines and criteria; 2) to focus on quality designs within neighborhoods; and 3) to minimize potential view impacts to neighboring properties. All new structures and building remodels in commercial zones require approval of the Design Review Board.

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 Ordinance and Residential Design Guidelines are available on the City's website, at the public counter, and 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 provides direction regarding the design of new residences and remodels to compliment 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 Design Guidelines and Design Review process has been refined over time to reduce development constraints and establish objective criteria. Additionally, proposals for long-term low- to moderate-income and other special needs housing is subject to the incentives outlined in Program 24 and will be given priority handling through the entitlement process.

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 City Council include Tract and Parcel Maps, Planned Residential Developments, Road Extensions, Zone Changes and General Plan Amendments.

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

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

- Single-family or two-family residence: 2 covered parking spaces, plus an extra space for 3,600 square feet or more; Arch Beach Heights & Three Arch Bay Zones require 4 parking spaces – 2 covered and 2 in the driveway.
- 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.
- Mobilehomes: 2 covered parking spaces (only one must be covered).
- Second Units: 2 parking spaces (one covered)

The residential zones of Arch Beach Heights and Three Arch Bay require four parking spaces with two spaces in a garage and two spaces in the driveway, due to minimal on-street parking in those neighborhoods. To accommodate two vehicles a driveway must be at least 17'4" wide by 18' deep. Most of the building sites in Arch Beach Heights are 25 feet wide, which allows only for on-site parking and precludes on-street parking in front of the residence. In the Three Arch Bay Zone two parking spaces are required in each driveway because a portion of each residential driveway is located within the private right-of-way, thereby reducing the availability of on-street parking. There is no impact of the Arch Beach Heights and Three Arch Bay parking requirements on the cost and supply of housing, as the additional two parking spaces are provided within a driveway located in the required front yard.

The parking requirement for multi-family development is 1.5 spaces for each studio or one bedroom unit and 2 spaces for each unit with two or more bedrooms. Housing Program 31 is included in Chapter VII to evaluate the typical number of occupants in these smaller units to determine if this parking standard should be lowered to encourage the development of multi-family residences. Although the City's parking standards could impede affordable housing development, the Parking Ordinance allows the City Council to grant a Conditional Use Permit to reduce the quantity of parking required for extremely-low-, very-low- or low-income housing, or housing for persons with disabilities. This incentive was adopted to encourage the production of special needs housing.

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 also 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 and the fee averages approximately \$12,637 per acre. 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 or not 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 non-profit 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 revised fee is approximately \$154,884 for each required affordable rental unit or \$260,249 for each affordable for-sale lot or unit. The In-lieu housing fee adjusts annually, and the calculation is explained in Chapter V, Section C of this Housing Element.

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 located 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 one and one-quarter percent of the total project valuation. Low-income housing construction, remodel, repair, or reconstruction projects are exempt from the Art in Public Places Ordinance.

Table IV-8 depicts the fees applicable to development applications in the City of Laguna Beach.

**Table IV-8 –Development Fee Summary**

Fee Category	Single-Family <sup>1</sup>	Multi-Family	Second Residential Units <sup>2</sup>
Zoning submittal	\$525	\$525	\$525
Landscape review	\$420	\$420	\$420
Coastal Development Permit	\$744	\$1,007	\$250
Design review	\$2,595	\$3,505	-
Concept (D/C)	\$500	-	-
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	-
<b>Estimated Total Fees</b>	<b>\$31,320</b>	<b>\$37,201</b>	<b>\$10,372</b>
Est. % of total development cost	2%	2%	12%

Notes:

1. Based on a 2,500 s.f. house on an existing lot valued at \$1.5 million
2. Based on a 3,500 s.f. duplex on an existing lot valued at \$1.6 million
3. Based on a 640 s.f. second residential unit valued at \$132,000



5. **Constraints on 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. 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 *California Building Code* handicapped access and use requirements into the Laguna Beach Building Code and a portion of all new affordable housing units are designed to be either 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. However, handicapped access is carefully considered during the Design Review process, and if compliance with the zoning standards is not possible to achieve the proposed access improvements and there are no feasible alternatives, variances may be granted in support of reasonable accommodation. The Parking Chapter of the Zoning Ordinance currently allows the City Council to grant a conditional use permit to reduce parking standards for disabled housing.

In compliance with the Lanterman Developmental Disabilities Services 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. Residential care facilities or rest homes serving seven or more individuals require a Conditional Use Permit.

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. The City has no maximum concentration requirements for residential care facilities, nor any 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.

6. **Priority Water and Sewer Service Procedures for New Housing for Lower Income Households** – Senate Bill 1087 requires all local governments to distribute their updated Housing Element to area water and sewer providers to ensure that such providers grant priority to proposed housing developments for lower-income housing in their current and future resource or service allocations. The City of Laguna Beach Public Works Department

provides sewer services to the City. In conjunction with submittal of the Housing Element to water service providers, the City will include a letter citing the requirements of *Government Code* §65589.7.

Table IV-9 serves as an easy reference for property owners and developers who are considering various types of residential development, conversion, or demolition in Laguna Beach.

**Table IV-9 – Rental Housing and Low/Moderate Income Housing Requirements**

Proposed Development Condition	Housing Requirements
Residential subdivision of two (2) or more lots or units or residential developments of three (3) or more units on existing building sites. (Housing Element Policy 2.4).	Require that 25% of the new lots or units be designated as low or moderate income units, <b>OR</b> if the development has ten or fewer units, the applicant may pay an established in-lieu housing fee, based on 30% of the number of lots/units in the subdivision or development.
Conversion or demolition of any low or moderate income housing units in two-family or multi-family developments in the Coastal Zone (Mello Act).	Require the replacement of an equivalent number of low or moderate income housing units in the City at the same time such conversion or demolition is taking place, <b>OR</b> if replacement is determined infeasible, require the payment of an in-lieu housing fee for each residence that is being removed or converted, based on the square footage of the residences being removed/converted. Such fee shall be equal to the most current building valuation fee as established by the ICBO Building Standards Building Valuation Data.
Condominium conversion of existing rental housing units or new condominiums on sites previously occupied by rental units (Housing Element Policy HE-1.12).	Prohibit the conversion of existing residential rental units, unless an equivalent number of rental units are replaced within the City during the same time as the conversion, or a fee may be paid in-lieu of providing replacement rental housing.
Density Decrease – Removal or conversion of one or more residential units within an existing two-family or multi-family development, located in a zone that allows medium or high-density housing development. (If residence(s) are determined to be low or moderate income, they are subject to the Mello Act.)	Prohibit the removal or conversion unless an equivalent number of housing units are replaced, <b>OR</b> require the payment of an in-lieu housing fee for each residence that is being removed or converted, based on the square footage of the residence(s) being removed/converted. Such fee shall be equal to the most current building valuation fee as established by the ICBO Building Standards Building Valuation Data.
Removal or conversion of one or more residential units in a mixed-use development that is located in a commercial zone. (If residence(s) are determined to be low or moderate income, they are subject to the Mello Act.)	Prohibit the removal or conversion unless an equivalent number of housing units are replaced, <b>OR</b> require the payment of an in-lieu housing fee for each residence that is being removed or converted, based on the square footage of the residence(s) being removed/converted. Such fee shall be equal to the most current building valuation fee as established by the ICBO Building Standards Building Valuation Data.

Sources: City of Laguna Beach General Plan and State Coastal Zone Law (Mello Act).

- 7. State and Federal Policies** – 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 and Water Pollution Control Acts 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 combined to lengthen the permit approval process for housing in areas under its jurisdiction. Other statutes such as the California Environmental Quality Act 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 a number of regulatory and approval powers which directly impact residential development within their respective jurisdictional boundaries. These powers establish the location, intensity, and type 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 response to all potential governmental constraints on the development of affordable housing, Policy HE-2.7 has been adopted to "Encourage the production of privately-sponsored low- and moderate-income housing in residential and mixed-use developments." Housing Program 24 requires the City to "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." These incentives are outlined in a Housing Assistance Information Guide available on the City's website and at the Planning Counter.

### **Non-Governmental Constraints**

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.

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 have 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, underwriting standards have become extremely strict and borrowers with lower credit scores find that mortgages are very difficult to obtain.

2. **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. Based on developed residential land sales in 2012, the average cost of residentially-zoned developed land was \$2,672,000 per acre in Laguna

Beach. This represented a \$1,728,000 reduction over the 2007 average land value due to the drop in sales prices during the recession.

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. In order to counteract limited land availability, the City promotes innovative housing concepts such as mixed-use development, second units, artists' live/work quarters, mobile homes, and the rehabilitation of existing historic homes.

3. **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 2012 construction cost index stood at 98.4 compared to the 2005 benchmark index of 100.

Product design and consumer expectations also influence the types and styles of units being constructed in this area. Today's new homes are quite different than those produced in the 1960s. Numerous interior and exterior design features make it difficult to make direct comparisons in costs over the years. In a highly competitive and sophisticated market such as Southern California, many consumers consider the "extra touches" as necessities when buying a new home. Due to the use of upgraded building materials and design features in most Laguna Beach homes, the City has modified the ICC average, thereby establishing construction value as \$205.82 per square foot for habitable area and \$77.30 per square foot for decks and garages.

### **Constraint Removal Efforts**

The City's primary constraint removal effort is to process development applications 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, there is little opportunity for the reduction of processing fees in order to reduce housing costs. Development of low-income housing, however, may qualify for fee reductions and/or waivers, as determined appropriate by the City Council.

### **E. Opportunities for Energy Conservation**

There are two basic and interrelated approaches to creating energy conservation opportunities. Those two approaches are conservation and development.

1. **Conservation** – Conservation can be accomplished by reducing the use of energy-consuming items, or by physically modifying existing structures and land uses. In 1978, the California Energy Commission first adopted energy conservation standards for new construction. The standards, which are contained in Title 24 of the *California Administrative Code*, contain specifications relating to insulation, glazing, heating and cooling systems, water heaters, swimming pool heaters, and several other items, and are updated periodically.

Specific design provisions differ throughout the State, depending upon local temperature conditions. Because of Laguna Beach's mild coastal climate, some of the insulation and heating standards are significantly less stringent.

Conventional building construction and the manufacturing of building materials have numerous impacts on the environment, including electricity consumption, greenhouse gas emissions, raw materials use, landfill waste and water consumption. All levels of government are attempting to address these construction-related environmental impacts. In 2004, the State adopted legislation requiring LEED (Leadership in Energy and Environmental Design) certification for new and renovated public buildings to incorporate "green" or sustainable building technology. A green building program addresses a broad range of issues including community and site design, energy efficiency, water conservation, resource-efficient material, indoor environmental quality, construction management, and building maintenance. A comprehensive green building program ensures that buildings minimize the use of resources, are healthier for people who inhabit them, and minimize impacts to the environment. LEED certification is one part of a coordinated green building program. Some cities have adopted LEED regulations for public buildings, as well as LEED certification for larger commercial and residential developments. The approved Laguna Beach Community and Senior Center has been designed to achieve a minimum LEED certification level of 26 points. The City is attempting to achieve 33 points during building construction, which is equivalent to the LEED Silver Certification level.

The consumption of energy for transportation is also impacted by land use policies. The historic pattern of growth and development in Southern California, creating urban sprawl, has made necessary an intricate network of freeways and surface streets. As the region becomes more decentralized, residences and places of employment have become more scattered over large areas and mass public transit (e.g., trains, subways, buses) have become less feasible. Such a land use pattern renders the automobile a necessity.

Although the regional pattern has already been established, opportunities still exist for energy sensitive land use and transportation decisions on a local level. The concentration of higher density housing and employment centers along major transportation corridors increases the convenience of public transit and may encourage reduced use of automobiles and a corresponding reduction in vehicular fuel consumption. Mixed-used developments provide the opportunity for people to live within walking distance of employment and/or shopping. Mixed-use development is most feasible and effective when applied to large parcels of land, which do not exist in the commercial zones of Laguna Beach.

2. **Development** – The incorporation of LEED certification and green building techniques extends to development as well as conservation, as discussed above. The selection of sustainable construction materials and products, such as recycled materials, zero or low off-gassing or harmful air emissions, zero or low toxicity, sustainable harvested materials, durability, longevity, and local production, all promote resource conservation and efficiency. The use of recycled-content products creates markets for recycled materials that are diverted from California's landfills, as mandated by the Integrated Waste Management Act. Water efficiency can be obtained by use of ultra-low-flush toilets, low-flow shower heads and other water conserving fixtures, recirculating hot water systems, point-of-use hot water heating systems for more distant locations, micro-irrigation (which excludes sprinklers and high-pressure sprayers) to supply water to non-turf areas, and use of state-of-the-art irrigation controllers and self-closing nozzles on hoses.

Solar energy is a viable energy source in Laguna Beach. There are two basic types of solar systems; active and passive. In passive solar systems, the structure itself is designed to collect the sun's energy, then store and circulate the resulting heat similar to a greenhouse. Passive buildings are typically designed with a southerly orientation to maximize solar exposure, and are constructed with dense material such as concrete or adobe to better absorb heat. Properly placed windows, overhanging eaves, and landscaping can all be designed to keep a residence cool.

Active solar systems collect and store energy in panels attached to the exterior of a residence. This type of system utilizes mechanical fans or pumps to circulate the warm/cool air, while heated water flows directly into the hot water system of the residence. Solar cells absorb the sun's rays, which generate electricity and result in a lower electric bill. Technology has made the cells increasingly efficient and has reduced their cost to a level that may make them more popular with the average consumer. Although passive solar systems generally maximize use of the sun's energy and are less costly to install, active systems have greater potential application to both cool and heat a residence as well as to provide hot water and electricity. In 2007 the City Council waived the permit fees related to solar energy installations for residences and businesses in Laguna Beach.

Additional 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 hand-outs at the Building Counter.

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## **V. Housing Issues and Trends**

The intent of this chapter is to identify State, regional and local housing issues and trends, which set forth a foundation for the City's housing program.

### **A. State Issues and Policies**

As discussed in Section I of this document, the State of California amended the *Government Code* in 1980, by enacting Article 10.6 pertaining to Housing Elements. This statute established the highest priority of decent housing for every California family, and required cooperative participation of the government and private sector in attaining the state's housing needs.

State housing element law establishes detailed requirements for the content and procedure for establishing regional housing needs and the preparation of local housing elements.

### **B. Regional Housing Policies**

The Southern California Associate of Governments (SCAG) is responsible for the development of regional housing policies for the six-county Southern California region. The Regional Housing Needs Assessment (RHNA) directly affects local housing elements by providing an analysis of area-wide needs as well as a "fair-share" distribution mechanism to assign responsibility for accommodating housing needs for all economic segments of the community.

Under SB 375 of 2008, the RHNA must be consistent with the Regional Growth Forecast and the Regional Transportation Plan/Sustainable Communities Strategy. The RHNA allocation for Laguna Beach is consistent with these regional planning documents, and is discussed in Chapter III, Housing Needs.

### **C. Laguna Beach Housing Trends and Strategies**

#### **Trends**

The following summarizes the housing trends in Laguna Beach:

- Over the previous Housing Element cycle, the housing program was effective in addressing the City's mandated housing goals.
- Laguna Beach has provided additional affordable housing opportunities, even though the City's population has grown slowly due to its near build-out status.
- Providing new affordable housing opportunities will continue to present a challenge as the City approaches build-out and land values continue to remain high. As sites available for residential development continue to become scarcer, several issues are presented, including high housing prices and intensification pressure.

Six trends impacting housing supply and affordability in Laguna Beach are:

1. High property values and rental rates that exceed the median household income.
2. Increased demand for larger housing, resulting in expensive remodels and/or rebuilding of older, lower-cost housing.



3. Market pressure to convert two and three unit properties into single-family residences, reducing the City's overall housing stock and exacerbating escalating housing costs that reflect supply and demand pressures, necessitating continuance of the City's policy to require replacement or the payment of in-lieu housing fees for rental housing conversion.
4. Market pressure to convert more affordable housing located in mixed-use developments to office or other commercial uses. This necessitates that the City continue its policy to require replacement or the payment of in-lieu housing fees for the conversion of housing in mixed-use developments.
5. Market pressure to convert rental housing units to condominiums or tenants-in-common ownership, necessitating that the City continue and expand its policy to require replacement rental housing to tenants-in-common ownership of five (5) or more units, as well as condominium conversions.
6. Many employees of Laguna Beach businesses, including but not limited to the City, Laguna Beach Unified School District, and South Coast Medical Center, are unable to live in Laguna Beach due to high housing prices and rental rates.

## Strategies

Prior to the development of a program-specific housing strategy, it is necessary to establish the relative priorities of the identified housing needs and to assess the nature and extent of the City's existing housing programs. The process of prioritizing housing needs requires the identification of target households, as well as a preliminary analysis of the most appropriate housing programs and/or resources to meet those needs.

## Target Households

The diminishing availability of vacant land, combined with high land values and construction costs, impede the expansion of the City's housing stock. Therefore, preservation and enhancement of the existing density and affordable housing stock is vital to the community. Based on recommendations of the City's Housing & Human Services Committee, and a 2005 study by Soka University indicating that the average weekly pay in Laguna Beach is the 11<sup>th</sup> lowest out of 12 South County cities, the City Council has identified the households most in need of affordable housing opportunities as follows: 1) very-low-, low- and moderate-income persons employed in Laguna Beach; 2) emergency City employees and City employees that need to live in close proximity to City facilities; 3) senior citizens; and 4) other special needs persons and households, including disabled persons and persons with a mental health diagnosis who are not capable of independent or semi-independent living in their own units.

## Existing Housing Programs/Resources

A number of affordable housing opportunities have been provided and/or housing has been preserved due to the programs implemented by the City. Those programs include:

1. 25% inclusionary housing requirement or payment of an in-lieu housing fee (applicable to new subdivisions of two or more lots or units and three or more new residential units on existing building sites);

2. Replacement of or payment of an in-lieu housing fee for removal of low- and moderate-income housing in the Coastal Zone, and removal of rental housing;
3. Second Residential Unit Ordinance;
4. Density Bonus provisions;
5. CDBG and other federal funding;
6. Historic Preservation Ordinance;
7. Mixed-use development;
8. Artists' Work/Live Ordinance;
9. Support for local shelters; and
10. Senior Services Coordinator to assist senior citizens with housing-related needs.

### **Program Guidelines for the Inclusionary Housing Requirement/In-Lieu Housing Fund**

Laguna Beach Housing Element policy HE-2.4 requires 25% of the residential units within new subdivisions of two or more lots or units, and new residential development of three or more units on existing building sites, to be affordable to households of low or moderate income. A developer of a residential project with ten or fewer lots or units may, as an alternative, pay a pre-determined fee for each affordable unit in the project into the City's in-lieu housing fund, based on 30% of the units within the development. For example, the subdivision of two unimproved residential lots into six lots, which would allow the development of six residences, requires the provision of two extremely-low- to moderate-income units. The developer/subdivider may either construct the units or pay an in-lieu housing fee based on 30% of the number of units in the development (e.g., 1.8 units). As discussed in Section IV.D, the in-lieu housing fee for 2013 is \$154,884 for each "affordable" rental unit and \$260,249 per "affordable" for-sale lot or unit based on the financing gap fee, which is the equivalent of the subsidy that would have been provided by a developer that constructs and manages affordable housing. For example, a six-unit subdivision that does not include two affordable housing units would be assessed \$468,448, which represents the subsidy that would be paid for 1.8 units or 30% of the six-unit subdivision. The fee is based on the average weighted value of vacant residential land sales for the prior 12 month period (land sales price based on lot size).

In order to apply an appropriate in-lieu housing fee, numerous factors involved in developing affordable units were analyzed and discussed with local realtors and architects. Under California law, there are two types of development costs that the City is able to directly subsidize for the development of affordable housing: land costs and improvement costs. The inclusionary In-lieu Housing fee during the 2000-2005 Housing Element cycle was based only on residentially-zoned unimproved land. Because of this, the fee did not reflect the cost of both on-site improvements and land values. Additionally, in recent years much of the remaining undeveloped land does not constitute building sites, as defined by the Municipal Code. In years where there are a number of sales of non-building sites the resulting in-lieu fee is disproportionately lower than values of developable residential land. For this reason it was determined that the inclusionary in-lieu housing fee should represent both land and construction costs.

In October 2008, the City contracted with Economic & Planning Systems, Inc. to prepare an In-Lieu Housing Fee Analysis to determine whether or not the In-lieu housing fees accurately reflect the cost of providing affordable housing in Laguna Beach. Based on the evaluation of five different fee methodologies, including the land cost methodology that the City had been implementing, it was determined that the Financing Gap Fee was the most accurate as it includes both land and construction costs, as well as the "gap" or subsidy that would have been provided by

a developer had the affordable housing units been constructed either on or off-site in Laguna Beach. The analysis assumes all affordable housing will be multi-family rather than single-family units, due to the cost variables in the different types of structures. Based on the In-lieu Housing Fee Analysis, the City Council revised the fee to the Financing Gap methodology, as explained below.

### **Financing Gap Inclusionary In-Lieu Housing Fee**

The In-lieu inclusionary housing fee is based on the subsidy required to construct multi-family units of the same tenure (rent vs. sale) as the market-rate units being developed. The subsidy is the net difference between total development costs (land acquisition, labor, materials, architecture, entitlement, marketing, etc.) and the prices that income-qualified households can afford to pay. The result is two fees, one for for-sale housing and the other for rental housing. The fee is based on the subsidy required for a single unit type (multi-family or single family housing).

The Financing Gap Fee is also calculated based on the following **assumptions**:

1. It is assumed that fees from rental developments are used to subsidize rental units, while fees from for-sale developments are used to subsidize for-sale units. Because of different development costs and unit values for rental and for-sale units, this assumption results in different in-lieu fees depending on the type of market-rate project.
2. Multi-family parking is assumed to be at-grade with a requirement of 2.25 spaces, which includes guest parking.
3. The average unit size in a multi-family project is assumed to be 1,100 square feet (net size 950 square feet subtracting shared lobbies, hallways, etc.) with two bedrooms suitable for three people, and a density of 30 units per acre (which includes a 35% density bonus thereby increasing the maximum R-3 density of 22 units per acre to 30).
4. To calculate values of the affordable units, assumptions must be made regarding the applicable income level (extremely-low, very-low, low and moderate) and the percent of income spent on housing costs). Additionally, translating these assumptions into unit prices and values requires estimates of operating expenses, capital reserves, capitalization rates, and for-sale financing factors (such as mortgage interest rates, repayment period, and down payments). The income levels assumptions are: Extremely Low Income = 30% of the Area Median Income (AMI); Very Low Income = 50% of AMI; Low Income = 65% of AMI; Moderate Income = 100% of AMI. The assumed maximum allowable payment of gross household income is 30% for all affordable income levels. The assumed housing costs for for-sale units includes mortgage, \$4,800 annual homeowner's association fee, and property taxes at 1% of the unit cost. Assumed mortgage terms are a 30-year fixed mortgage, 6.5% interest rate, and 5% down-payment. Assumed housing costs for rental units is 30% of the gross household income, excluding utilities.

### Financing Gap Fee Calculation

As described above, both affordable rental and for-sale unit models have been used to calculate the fee. Four main steps have been followed to calculate the in-lieu fee using these models.

1. Unit value analysis per rental and for-sale product types: Based on the development program and revenue-based assumptions described above, the unit value analysis calculated a total unit value per affordable income level based on the capitalized value of the calculated net operating income for rental units, and the supportable sale price (mortgage plus down payment) calculated for for-sale units.
2. Development cost analysis per rental and for-sale product types: Based on the development program and cost assumptions described above, the development cost analysis determined a total unit development cost per rental and for-sale product types.
3. Financing gap pro-forma analysis: The financing gap represents the per-unit subsidy that a developer would contribute toward the development and operation of the required affordable units. By comparing the estimates of unit value to the estimates of development costs, the total financing gap per housing type and income level has been calculated. A financing gap has been calculated for both the for-sale product type and the rental product type as provided in Table V-1.
4. Calculation of in-lieu fees: The inclusionary housing requirement for affordable units is 25% if the units are provided within the development or at another site within the City. The affordable requirement is 30% of the number of units in the development if the developer will be paying fees in-lieu of developing the required affordable housing. The 30% requirement assumes that 5% of the units will be affordable to extremely-low income households, 7% of the units will be affordable to very-low income households, 8% of the units will be affordable to low income households, and 10% of the units will be affordable to moderate income households.

Table V-1 provides the financing gap fee calculation for both for-sale and rental housing based on the weighted average financing gap for extremely-low, very-low, low, and moderate incomes.

**Table V-1 – 2012 In-Lieu Housing Fee Calculations Based on Financing Gap Methodology**

	30% Requirement For-Sale Housing	30% Requirement Rental Housing
<b>Development Program Assumptions</b>		
Density/Acre	30 Units	30 Units
Average Gross Unit Size	1,100 s.f.	1,100 s.f.
Average Net Unit Size (excluding garage)	950 s.f.	950 s.f.
Average Number Bedrooms	2	2
Average Number Persons per Household	3	3
Parking Spaces/Unit	2.25	2.25
<b>Cost Assumptions</b>		
Land/Acre (1)	\$2,671,970	\$2,671,970
Land/Unit	\$89,066	\$89,066
	30% Requirement For-Sale Housing	30% Requirement Rental Housing

	30% Requirement For-Sale Housing	30% Requirement Rental Housing
<b>Direct Costs</b>		
Direct Construction Costs/Gross S.F.	\$150	\$142.50
Direct Construction Costs/Unit (2)	\$165,000	\$156,750
Parking Construction Costs/Space	\$18,000	\$18,000
Parking Construction Costs/Unit	\$40,500	\$40,500
Subtotal, Direct Costs/Unit	\$205,500	\$197,250
Indirect Costs as a % of Direct Costs (3)	35%	35%
Indirect Costs/Unit	\$71,925	\$69,038
Developer Profit Margin (% of all costs)	12%	Not Applicable
Developer Profit	\$43,979	Not Applicable
<b>Total Cost/Unit</b>	<b>\$410,470</b>	<b>\$355,353</b>
<b>Maximum Supported Home Price</b>		
Household Income (4)	\$57,435	\$57,435
Income Available for Housing Costs/Year (5)	\$17,231	\$17,231
Less Annual HOA Fees	\$4,800	Not Applicable
Less Property Taxes (1%)	\$1,502	Not Applicable
Income Available for Mortgage	\$10,928	Not Applicable
Mortgage Interest Rate	4.5%	Not Applicable
Mortgage Repayment Period (years)	30	Not Applicable
Present Value of Income Available for Mortgage	\$142,709	Not Applicable
Down Payment (6)	\$7,511	Not Applicable
Operating Expenses per unit/year	Not Applicable	\$4,200
Capitalization Rate	Not Applicable	6.5%
Total Supportable Unit Value	\$150,220	\$200,469
Financing Gap/In-lieu Housing Fee per Affordable Unit	\$260,249	\$154,884

(1) Based on 2012 weighted avg. sale price per s.f. for developed residential land sales in Laguna Beach.

(2) Includes costs for labor and materials. Assumes Direct Construction Costs for rentals are 5% less than for-sale housing.

(3) Includes costs for architecture and engineering; entitlement and fees; project management, marketing, commissions and general administration; financing and charges; insurance and contingency.

(4) Based on the 2012 State income limits for Orange County (weighted average of extremely- low to moderate incomes).

(5) Assumes Housing Costs to be 30% of household income.

(6) Assumes 5% down payment.

Source: Economic & Planning Systems, Inc. and Laguna Beach Department of Community Development

Inclusionary housing programs typically result in higher cost and a lower supply of housing. Due to the limited availability of developable land and high desirability of Laguna Beach, property values remain high and property owners have not been dissuaded by the inclusionary housing policy from developing the limited remaining land. To encourage the development of low- and moderate-income housing within new developments the City offers a number of incentives, including fee reductions, etc., as outlined in Housing Program 24.

### Year 2000 Amendment to In-Lieu Housing Fund Requirements

Prior to adoption of the 2000-2005 Housing Element, the City had experienced the loss of its housing stock from the conversion of two and three-unit residential units into fewer units, as well as the conversion of existing residential units in mixed-use developments into commercial uses. Although this loss had not created a significant impact on the City's housing supply, the continuation of this trend would have created cumulative impacts.

A prior Housing Element policy had prohibited condominium conversions unless an equal number of rental units were constructed to replace the rental units lost since 1985; however, Policy

HE 1.10 was amended to allow the payment of an In-lieu housing fee rather than requiring replacement housing. In addition to preserving rental housing, it is imperative that the City preserve housing stock that conforms to the density standards of the zone. This is of particular importance in zoning districts that allow higher density and mixed-use developments, as higher-density housing is more affordable than single-family housing. Additionally, there is less land zoned for medium and high density housing in Laguna Beach, than land zoned for low density or single-family residences.

Due to cumulative impacts upon the City's housing stock created by the removal of existing housing units, the 2000 Housing Element established policies that discourage the depletion of existing housing stock while attempting to provide for future replacement of the housing removed. Policies HE-1.8 and HE-1.9 require the payment of an in-lieu housing fee to subsidize the replacement of housing that is removed from zones that allow medium and high-density development, as well as housing that is removed from existing mixed-use developments in commercial zones. During the 2000-2005 Housing Element planning period, it is estimated that Policies HE-1.8 and HE-1.9 effectively protected approximately 25 housing units from conversion to fewer units or other uses, based on property owner and real estate sales person discussions with Planning Division staff.

Another modification to the In-Lieu Housing Fund in the 2000-2005 Housing Element was the establishment of two separate fees. As discussed above, the inclusionary In-lieu housing fee methodology was changed to the Financing Gap methodology. The fee represents the significant increase in Laguna Beach land values over the past Housing Element planning period. Although the provision of affordable housing or such fees are considered a constraint to potential housing development, they are necessary for the City to meet its State affordable housing requirements set forth by the California Coastal Act and the Regional Housing Needs Assessment (RHNA), which require the provision of affordable housing opportunities and will increase in the City's affordable housing stock on very limited land remaining for residential development.

The revised replacement housing fee is also based on the Financing Gap methodology used to calculate the inclusionary housing fees. This fee is based on the Financing Gap weighted average of extremely-low- to moderate-income units. In 2013 a replacement housing fee of \$141 per square-foot of the unit to be removed or converted is applied to the following types of housing demolition and development.

1. Removal or conversion of any low- or moderate-income housing units, whenever it is determined infeasible to replace such housing one-for-one in the City, during the same time as the proposed removal or conversion.
2. Density Decrease - Removal or conversion of one or more residential units within an existing two-family or multi-family development that is located in a medium- or high-density zone, whenever the property owner elects not to replace the removed or converted units at another location in the City during the same time as the removal/conversion.
3. Removal or conversion of one or more residential units in a mixed-use development that is located within a commercial zone, whenever the property owner elects not to replace the removed or converted units at another location in the City during the same time as the removal/conversion.

4. Removal or conversion of any residential units on sites that contained two or more units, for the purpose of creating condominiums.

Application of the preceding fees is also described in Section IV.

### **Anticipated In-lieu Housing Fund Revenues 2013-2021**

As of July 2013, the In-lieu Housing Fund was approximately \$352,930, as the majority of In-lieu housing funds were used toward the development of 26 very-low income apartments at Alice Court. The In-lieu Housing fees are based primarily on approved subdivisions and are collected by the City at the time the subdivider files the Final Map. It is difficult to project how much the In-lieu Housing Fund will increase between 2013 and 2021, as the City is essentially built-out, there are very few subdivisions of three or more lots or units, and future development is subject to market fluctuations. Based on potential future subdivisions and fees paid in-lieu of replacing converted low income and/or rental housing, it is anticipated that the In-lieu Housing Fund will increase to approximately \$466,000 by 2014.

## **VI. 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, county or city and county in implementation of the Housing Element.

### **Appropriateness of Goals, Objectives and Policies**

In the process of administering the previous Housing Element and preparing the 2013-2021 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. Housing programs and policies that have not been effective have been modified or replaced with new programs.

### **Effectiveness of the Housing Element**

Table VI-1 describes the City's accomplishments for each of the program actions contained in the prior Housing Element, and Table VI-2 shows the progress toward the quantified objectives established in the prior element.



**Table VI-1 – Housing Element Program Evaluation - City of Laguna Beach, 2008 – 2013**

Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
<b>Goal HE-1: Preserve And Enhance Existing Housing And Neighborhoods</b>			
<p><b>Action 1.1.1:</b> Enforce existing Municipal Code provisions relating to the property use and development of properties throughout the City. This action includes, but is not limited to, responding to and investigating alleged zoning violations such as illegal uses, outdoor storage, and illegal structures/construction in residentially zoned districts.</p>	<p>Prevent deterioration of existing residential neighborhoods. Ongoing; Continuation of an existing program.</p>	<p>Status – Compliance achieved through July 2013.</p>	<p>This program is successful and should be continued.</p>
<p><b>Actions 1.1.2 and 1.2.1:</b> Review development proposals within or adjacent to existing residential neighborhoods for potential conflicts (intrusive, disruptive or incompatible land uses and/or activities).</p>	<p>Protect residential uses from intrusive, incompatible or potentially disruptive land uses and/or activities. Ongoing - continuation of an existing program.</p>	<p>Status – Compliance achieved through July 2013.</p>	<p>This program is successful and should be continued.</p>
<p><b>Action 1.3.1:</b> Continue the provision of funding to support adequate staff to oversee code enforcement and related programs.</p>	<p>Prevent deterioration of existing residential neighborhoods. Ongoing.</p>	<p>Status – Compliance achieved through July 2013.</p>	<p>This program is successful and should be combined with Action 1.1.1</p>
<p><b>Actions 1.4.1, 1.7.2 and 1.12.1:</b> 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.</p>	<p>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 by December 31, 2014. Provide Housing Assistance information guides at the public counter and on the City's website by August 31, 2011. Ongoing – continuation of an existing program.</p>	<p>Status – Compliance achieved December 2010 (Building Department Reference Documents, Housing Assistance Information Guide, and Sustainability Chapter of Design Guidelines published) and through July 2013.</p>	<p>This program is successful and should be continued.</p>
<p><b>Action 1.4.2:</b> 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.</p>	<p>To enable Laguna Beach senior citizens to remain in their homes for as long as possible. Prepare a Housing Assistance Information Guide for availability at the front counter, on the City's website, and at the Laguna Beach Senior Center by December 31, 2010.</p>	<p>Status – Compliance achieved November 2010 (Housing Assistance Information Guide published) and through July 2013.</p>	<p>This program is successful and should be continued.</p>

Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
<p><b>Actions 1.5.1 and 2.2.4:</b> 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 for historic preservation activities. Give priority assistance to historic home projects that are occupied by extremely-low to moderate-income households.</p>	<p>Preservation and rehabilitation of at least one historically significant home by December 2014.</p> <p>Prepare and publish a Heritage Month press release in May of each year. Continue to provide a Historic Preservation Information Guide on the City's website and at the Planning Counter.</p>	<p>Status – More than one historically significant home has been rehabilitated and preserved. Compliance achieved through July 2013.</p>	<p>This program is successful and should be continued.</p>
<p><b>Actions 1.6.1, 2.15.1 and 3.6.4:</b> Encourage the preservation of mixed-use projects that include residential units in commercial zones.</p>	<p>Preserve the City's housing in mixed use developments.</p> <p>Planning and Zoning staff shall continue to promote preservation of residential units within mixed use developments by providing rehabilitation information on the City's website, at the Planning and Building counter, and requiring replacement housing or the payment of in-lieu fees for the removal of such housing.</p> <p>Ongoing - continuation of an existing program to inform property owners of programs to provide rehabilitation information in a Housing Assistance Information Guide that is published on the City website and is available at the Planning Counter and Senior Center.</p>	<p>Status – Compliance achieved through July 2013.</p> <p>Housing Policies to preserve rental housing have been effective in the retention of residential units in mixed-use projects.</p>	<p>This program is successful and should be continued.</p>
<p><b>Actions 1.6.2, 2.15.2 and 3.6.5:</b> Encourage the preservation of artists' joint work/live units as allowed in various zoning districts throughout the City.</p>	<p>Preserve lower-cost housing opportunities for artists.</p> <p>Continue to encourage the preservation of artists' work/live units in various zones throughout the City by providing rehabilitation information on the City's website and at the Planning and Building counter by December 31, 2011.</p>	<p>Status – Compliance achieved 2006 – July 2013; Amendment to Artists' Work/Live Ordinance adopted in 2012 and a Housing Assistance Information Guide with rehabilitation information is available on the City website and at the Planning Counter and Community/Senior Center.</p>	<p>This action is successful and should be combined with 2.15.2 and 3.6.5.</p>

Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
<p><b>Actions 1.6.3 and 1.7.1, 2.11.1 and 3.3.1:</b> Provide information to local landlords regarding participation in the HUD Section 8 rent subsidy program, and information regarding low-interest rehabilitation loans.</p>	<p>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.</p> <p>Continue to refer interested parties to the County of Orange and publish a Housing Assistance Information Guide for availability at the Planning Counter and on the City's website by December 31, 2010.</p> <p>Ongoing – continuation of an existing program.</p>	<p>Status – Compliance achieved (Housing Assistance Information Guide published in November 2010) and through July 2013.</p>	<p>This program is successful and should be continued.</p>
<p><b>Action 1.6.4:</b> Encourage the preservation of neighborhoods that provide extremely-low to moderate-income housing opportunities through flexible zoning provisions such as allowing mixed-uses, second residential units and artists' work/live units.</p>	<p>Potential maintenance and expansion of existing affordable housing opportunities.</p> <p>Ongoing – continuation of an existing program. Continue to publish the Housing Element polices that preserve rental housing and the Zoning Ordinance on the City's website, and provide both documents at the Planning Counter for public review and discussion with Planning Staff.</p>	<p>Status – Compliance achieved through July 2013.</p>	<p>This program is successful and should be combined with 3.6.7.</p>
<p><b>Action 1.6.5:</b> Review the Short-Term Lodging Ordinance for potential conflicts with rental housing preservation policies, and amend if determined necessary.</p>	<p>Ensure that the City's limited rental housing supply is not negatively impacted by the potential conversion to short-term lodging.</p> <p>Review Short-Term Lodging Ordinance and propose any necessary zoning modifications to the City Council by December 31, 2014.</p>	<p>The Short-Term Lodging Ordinance was scheduled for review by December 2014 and will be carried forward in the 2013 – 2021 Housing Element update.</p>	<p>Carry forward in HE update.</p>
<p><b>Actions 1.8.1, 1.9.1 and 2.1.1:</b> The City shall maintain an In-lieu Housing Fund. Payment into the fund shall provide an alternative to the provision of extremely-low-to-moderate-income housing in new housing developments, whenever the provision of such housing is deemed infeasible. Payment of an in-lieu housing fee shall also be required for conversion of two-family and multi-family developments into fewer residences, whenever such residences are located in medium or high density zones and conform to the density standards of such zones. Such fee shall also be required for demolition or conversion of residential units located in mixed-use developments in commercial zones, and for removal of extremely-low-to-moderate income housing in the Coastal Zone,</p>	<p>Accumulate funding that will assist in the production of a minimum of three (3) extremely-low, four (4) very-low income housing units, five (5) low income housing units, and six (6) moderate income housing units by 2014.</p> <p>Ongoing – continuation of an existing program.</p>	<p>Status – As of August 2013 there was \$352.93 in the In-Lieu Housing Fund.</p>	<p>This program is successful and should be continued, until a dedicated funding source has been identified and implemented.</p>

Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
<p>which comprises the entire City with the exception of the Sycamore Hills area off El Toro Road. The fund may be expended for any costs directly related to the production or preservation of extremely-low, very-low, low and moderate income housing and special needs housing/facilities in the City of Laguna Beach, including the following: 1) site improvements and infrastructure facilities; 2) acquiring suitable sites or writing down land costs for sites; 3) planning and engineering services; 4) grants; and 5) other costs such as subsidies, as deemed appropriate by the City Council.</p>			
<p><b>Actions 1.8.2 and 1.9.4:</b> Establish criteria by which the City Council shall determine whether or not a fee may be paid in-lieu of providing extremely-low, very-low, low and moderate income housing in new developments, or for the replacement of rental housing that has been removed or converted to another use.</p>	<p>To develop a consistent method of determining when affordable housing units should be provided, versus allowing payment into the In-lieu Housing Fund.</p> <p>The Planning Commission and City Council shall adopt criteria for allowing the payment of a fee, in-lieu of providing the required housing in new developments or removal or conversion of rental housing, by October 30, 2009.</p>	<p>Status – Compliance achieved October 2009, in conjunction with the City Council amendment of the In-lieu Housing fees.</p>	<p>This program was completed and is no longer necessary.</p>
<p><b>Actions 1.8.3, 1.9.2 and 2.4.1:</b> Evaluate the inclusionary and replacement housing fee structures to determine whether or not they should be amended to more accurately reflect the cost of providing very-low, low, and moderate income housing and replacement housing.</p>	<p>Ensure that in-lieu housing fees are adequate to provide the required inclusionary housing and replacement housing.</p> <p>The Planning Commission and City Council shall evaluate, and if applicable, amend the in-lieu housing fees by October 30, 2009.</p>	<p>Status – Compliance achieved October 2009; In-lieu Housing fees evaluated and amended by the City Council.</p>	<p>This program was completed and is no longer necessary.</p>
<p><b>Actions 1.8.4, 1.9.3 and 2.1.2:</b> 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.</p>	<p>To provide clarification of the City's affordable and special needs housing policies.</p> <p>Planning staff shall draft a Housing Ordinance for Planning Commission and City Council review and approval by June 30, 2013.</p>	<p>Status – Housing Ordinance drafted and pending potential adoption of State legislation addressing low-income rental housing requirements based on the Palmer case.</p>	<p>Carry forward in HE update.</p>

Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
<p><b>Action 1.10.1:</b> Actively enforce the rental housing replacement policy for the conversion of rental units in the City to condominiums.</p>	<p>Preserve the City's limited rental housing stock. Ongoing; continuation of an existing program. Planning staff shall verify that all proposed condominium subdivision applications include a plan to replace the rental housing units to be converted or removed at the time of project review.</p>	<p>Status -. Compliance achieved through July 2013 by applying the policy to the removal of rental housing.</p>	<p>This program is successful and should be continued.</p>
<p><b>Action 1.11.1:</b> 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.</p>	<p>Maintain aesthetic compatibility within residential neighborhoods. Prepare and adopt Residential Design Guidelines by December 31, 2010.</p>	<p>Status – Compliance achieved December 2010 (Residential Design guidelines prepared and adopted), and through July 2013 with implementation of the Design Guidelines.</p>	<p>This program is successful and should be revised to reflect accomplishment of Residential Design Guidelines adoption and continued.</p>
<p><b>Action 1.12.2:</b> Adopt standards and establish 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.</p>	<p>Improve energy efficiency in new and rehabilitated housing by December 2014. Planning staff shall prepare for Planning Commission and City Council review and adoption, standards and guidelines related to best current practices in energy conservation and emission reduction in the construction and rehabilitation of housing by December 31, 2012.</p>	<p>Status – Compliance achieved December 2010 (Building Department Reference Documents, Housing Assistance Information Guide, and Sustainability Chapter of Design Guidelines).</p>	<p>This program should be revised to reflect prior accomplishments and continuation of energy conservation/sustainability efforts.</p>
<p><b>Action 1.13.I:</b> 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.</p>	<p>Provide new sources of financing to create and preserve affordable housing opportunities, and establish a program to preserve "at-risk" affordable housing beyond the affordability expiration date. Of the six affordable housing developments in Laguna Beach, none were at-risk for conversion to market rate housing during this Housing Element planning period. Harbor Cove, a 15 low-income senior unit complex on Broadway, will not be at-risk for conversion to market rate until 2019. Planning staff shall contact the Harbor Cove property owner to discuss long-term affordability options by December 31, 2014.</p>	<p>Status – Affordable housing financing opportunities monitored by staff on an ongoing basis.</p>	<p>This program is successful and should be updated to reflect current circumstances and continued.</p>

Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
<p><b>Actions 1.14.1 and 2.4.2:</b> 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. Such conditions may include the selection of a monitoring agency, or management by a non-profit development corporation, a Housing Trust or a community-based housing development organization to implement the affordable housing rents/prices and related affordability conditions.</p>	<p>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.</p> <p>Ongoing – continuation of an existing program.</p>	<p>Status – One deed-restricted long-term low-income artist' live/work unit was approved in October 2011.</p>	<p>This program is successful and should be continued.</p>
<p><b>Action 1.14.2:</b> 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.</p>	<p>Ensure long-term affordability of the City's extremely-low, very-low, low and moderate income housing.</p> <p>Ongoing – continuation of an existing program.</p>	<p>Status – One deed-restricted long-term low-income artist' live/work unit was approved in October 2011 with the required condition.</p>	<p>This program is successful and should be combined with 1.14.1.</p>
<p><b>Goal HE-2: Provide and Maintain Housing Diversity and Affordability</b></p>			
<p><b>Actions 2.2.1, 2.5.1 and 2.9.1:</b> 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.</p>	<p>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.</p> <p>Ongoing – continuation of an existing program to inform developers of affordable housing incentives, including State and federal funding, whenever housing development is proposed.</p>	<p>Status – Affordable housing financing opportunities monitored by staff on an ongoing basis. A Housing Assistance Information Guide was provided on the City website and available at the Planning Counter in November 2010.</p>	<p>This program is successful and should be continued.</p>
<p><b>Actions 2.2.2, 2.6.3, 2.7.1, 2.8.1, 2.9.2 and 2.12.2:</b> 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. Emphasize the establishment of new Section 8 units through the program.</p>	<p>Encourage the development of extremely-low, very-low, low and moderate-income housing on a continual basis.</p> <p>Ongoing; continuation of an existing program to inform housing developers of affordable housing incentives whenever housing development is proposed.</p>	<p>Status – City approval of one low-income artists' live/work unit, which included incentives such as fee waivers and expedited process, was approved in October 2011.</p>	<p>This program is successful and should be continued.</p>

Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
<p><b>Action 2.3.1:</b> 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.</p>	<p>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 Ownership Program (MPOP).</p> <p>Ongoing – continuation of an existing program.</p>	<p>The City's mobile home parks (Sarah Thurston Park and Laguna Terrace continue to provide an alternative form of housing.</p>	<p>This program is successful and should be continued.</p>
<p><b>Action 2.6.1 and 2.7.2:</b> Identify a community non-profit housing developer or Housing Trust to develop or acquire and retain long-term affordable housing within Laguna Beach.</p>	<p>To increase the quantity of low and moderate income housing opportunities in Laguna Beach.</p> <p>Invite non-profit housing developers to speak at Housing and Human Services Committee meetings annually to discuss the organization's role in the production and preservation of affordable housing, and to assist the City in identifying a source for the development, acquisition, and retention of long-term affordable housing. Identify a non-profit or housing trust to work with the City by December 31, 2011.</p>	<p>Status – Compliance achieved by inviting non-profit housing developers, including Jamboree Housing, Friendship Shelter and Habitat for Humanity of Orange County, to speak at Housing and Human Services Committee meetings 2006-2013.</p>	<p>This program should be amended to "attempt" to identify a community non-profit housing developer or Housing Trust.</p>
<p><b>Actions 2.6.2 and 2.10.3:</b> Planning staff shall solicit involvement of the Laguna Board of Realtors, the Architectural Guild, and private and non-profit developers to advise the City of potential low and moderate income housing sites and development opportunities.</p>	<p>Utilize the expertise of real estate, development and design professionals to educate the City regarding potential affordable housing development opportunities.</p> <p>Invite local realtors and architectural guild members to speak annually at Housing and Human Services Committee meetings.</p>	<p>Status – Compliance achieved through July 2013 as local realtors and architects attended Committee meetings to discuss potential affordable housing sites and opportunities.</p>	<p>This program is successful and should be continued.</p>

Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
<p><b>Action 2.10.1:</b> Pursue selection of sites suitable for extremely-low, very-low, low and moderate income housing units, in conjunction with a non-profit organization and/or private developer. Consideration should also be given to rehabilitating units that are suitable for low-income housing.</p>	<p>Potential development of a minimum of three (3) extremely-low, four (4) very-low income, five (5) low income, and six (6) moderate income housing units by 2013, as funding and related resources allow.</p> <p>Planning staff shall advise local affordable housing developers of the City's housing policies that provide incentives for the development of affordable housing. In conjunction with a non-profit housing corporation or private developer, staff shall identify a potential site(s) by June 2012 for the development of 18 or more housing units by December 30, 2013, as funding and related resources allow. Such potential developer or non-profit housing corporation shall participate in the attainment of funding, land acquisition, development, ownership, and ongoing management of the extremely-low to moderate income housing.</p> <p>Ongoing – continuation of an existing program.</p>	<p>Status – The City has identified adequate sites to accommodate the City's RHNA allocation.</p>	<p>This program was completed and is no longer necessary.</p>
<p><b>Action 2.10.2:</b> 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.</p>	<p>Potential expansion of extremely-low, very-low, low and moderate-income housing opportunities.</p> <p>The City shall acquire appropriately zoned land for extremely-low to moderate income housing as it becomes available and as City resources allow.</p> <p>Ongoing – continuation of an existing program.</p>	<p>Status – The City continues to seek opportunities to acquire land if it becomes available and as resources allow. There have been no opportunities for the purchase of land suitable for low and moderate income housing during the current Housing Element planning period.</p>	<p>This program should be continued.</p>
<p><b>Action 2.12.1:</b> Evaluate the feasibility of adaptive reuse of vacant commercial or industrial buildings for housing, as proposed by an applicant.</p>	<p>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.</p> <p>Ongoing; evaluate sites as adaptive reuse projects are proposed.</p>	<p>Status – No adaptive reuse projects have been proposed between 2006 and 2013.</p>	<p>This program should be continued.</p>
<p><b>Actions 2.13.1 and 3.2.5:</b> Continue the City program to subsidize housing for City personnel in positions that require close proximity to City Hall and/or City facilities.</p>	<p>Maintain public health, safety and welfare in the community.</p> <p>Ongoing – continuation of an existing program.</p>	<p>Status – Compliance achieved through 2013 to subsidize housing for Public Safety and other essential personnel within the City.</p>	<p>This program is successful and should be continued.</p>



Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
<p><b>Action 2.14.1:</b> Apply the HUD/State income limits established for Orange County, rather than the income limits prepared and published by Orange County, to proposed extremely-low to moderate income housing in Laguna Beach.</p>	<p>Maintain consistency in establishing extremely-low, very-low, low and moderate-income resident qualifications, and achieve compliance with federal funding requirements, such as CDBG and other federal funding sources that are frequently used to subsidize affordable housing.</p> <p>Ongoing.</p>	<p>Status – Compliance achieved and ongoing; the sales price or rental rate of an approved low-income artists' live/work unit will be based on the State income limits.</p>	<p>This program is successful and has been incorporated into the City's standard operating procedures.</p>
<p><b>Actions 2.15.3, 3.3.2 and 3.6.6:</b> Encourage the development of Second Residential Units by providing the Second Residential Unit Ordinance on the City's website and at the Planning counter, and consider a potential amendment to the development standards including, but not necessarily limited to: 1) reducing the minimum lot size; 2) consider a sliding scale that would limit detached unit sizes to less than 640 square feet on lots less than 9,000 square feet; 3) reducing the required parking; and 4) providing expedited processing for second unit applications</p>	<p>Increase potential affordable housing opportunities for senior citizens and small households, through the approval/development of 11 second residential units to meet the low/moderate income RHNA construction need by December 2014.</p> <p>Ongoing – continuation of an existing program. Present recommended Second Unit Ordinance revisions to the Planning Commission by December 31, 2012 to meet the City's low and moderate income RHNA requirements.</p>	<p>Status achieved –Amended Second Residential Unit Ordinance adopted in 2012, and several new second residential units have been approved since its adoption.</p>	<p>This program is successful and should be continued and revised to reflect current circumstances.</p>
<p><b>Actions 2.15.4 and 3.6.1:</b> Evaluate zones throughout the City, with particular emphasis on the M-1A and M-1B Zones, to potentially allow mixed-use development that includes residential units.</p>	<p>To increase the quantity of housing opportunities in Laguna Beach.</p> <p>Evaluate potential rezoning by December 31, 2014.</p>	<p>Implementation of this program has been delayed due to staffing limitations.</p>	<p>Revise program to change M-1A and M-1B Zones to the Downtown Central Business District.</p>
<p><b>Action 2.15.5:</b> Evaluate the parking standards applicable to studio and one-bedroom units in multi-family developments to determine if the required parking ration of 1.5 spaces per unit should be lowered and amend the parking standard if applicable.</p>	<p>To lower the cost of multi-family housing by increasing the developable land area.</p> <p>Evaluate and, if applicable, amend the studio and one-bedroom parking standards by December 31, 2014.</p>	<p>Implementation of this program has been delayed due to staffing limitations.</p>	<p>Carry forward in HE update.</p>
<p><b>Goal HE-3: Enhance Housing Opportunity and Accessibility</b></p>			
<p><b>Action 3.1.1:</b> 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).</p>	<p>Continued provision of fair housing services to Laguna Beach residents.</p> <p>Ongoing – continuation of an existing program. Publish a Housing Assistance Information Guide informing community members of the Orange County Fair Housing Council and its oversight of fair housing practices, for availability on the City's website and at the Planning counter by December 31, 2010.</p>	<p>Status – Compliance achieved through 2013; Housing Assistance Information Guide published in November 2010.</p>	<p>This program is successful and should be combined with 3.1.2.</p>

Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
<p><b>Action 3.1.2:</b> City staff shall continue to advise the community and to refer people with issues regarding unfair housing practices to the Orange County Fair Housing Council (OCFHC).</p>	<p>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.</p> <p>Ongoing – continuation of an existing program. Prepare and Information Guide advising community members of the Orange County Fair Housing Council and its oversight of fair housing practices, for availability on the City’s website and at the Planning Counter by December 31, 2010.</p>	<p>Status – Compliance achieved in November 2010 with the publication of a Housing Assistance Information Guide, and through 2013.</p>	<p>This program is successful and should be combined with 3.1.1.</p>
<p><b>Action 3.1.3:</b> 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.</p>	<p>Enable housing agencies to inform Laguna Beach residents of special protections afforded them under the Sexual Orientation Discrimination Ordinance.</p> <p>Ongoing – continuation of an existing program.</p>	<p>Status – Compliance achieved through 2013.</p>	<p>This program is successful and should be continued.</p>
<p><b>Action 3.1.4:</b> Identify local barriers to the development of housing for individuals with disabilities and adopt a reasonable accommodation procedure to streamline requests for deviation from development standards that may impede handicapped access.</p>	<p>Remove barriers to the provision of handicapped access in housing.</p> <p>Prepare and adopt a Reasonable Accommodation Ordinance by December 31, 2010.</p>	<p>Status – Compliance achieved in July 2010 with the City’s adoption of a Reasonable Accommodation Ordinance.</p>	<p>This program should be revised to evaluate the ordinance to ensure that it adequately addresses the access and mobility issues of seniors and persons with disabilities.</p>
<p><b>Action 3.2.1, 3.4.1:</b> 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.</p>	<p>Provide for the physical and locational needs of senior citizens and other special needs households, in conjunction with the provisions of low-income housing.</p> <p>Ongoing – continuation of an existing program.</p>	<p>Status – Compliance achieved with the evaluation of the low-income artists’ work/live unit in September 2011.</p>	<p>This program should be continued.</p>

Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
<p><b>Actions 3.2.2, 3.6.2:</b> Grant public incentives to extremely-low to moderate-income housing projects that are designed for senior citizens and other special needs individuals and households. Potential incentives include density bonuses, improvement cost write-downs, fee reductions or waivers, assistance with federal and other funding applications, and relaxation of zoning standards.</p>	<p>Create enhanced opportunities for the development of extremely-low, very-low, low and moderate-income housing for special needs persons and households.</p> <p>Ongoing – continuation of an existing program to inform developers of new housing about incentives available for the provision of affordable housing.</p>	<p>Status – Compliance achieved in November 2010 with the publication of a Housing Assistance Information Guide.</p>	<p>This action should be continued and combined with Action 2.2.2</p>
<p><b>Actions 3.2.3 and 3.6.3</b> Priority shall be given to senior citizen projects that offer congregate care where supervision, meals and nursing service may be available. Potential incentives include density bonuses, improvement cost write-downs, fee reductions or waivers, assistance with federal and other funding applications, and relaxation of zoning standards.</p>	<p>Development of extremely-low, very-low, low and moderate-income congregate care facilities for senior citizens.</p> <p>Ongoing – continuation of an existing program.</p>	<p>Potential senior housing developers/providers are informed incentives in the City's Housing Assistance Information Guide published in 2010.</p>	<p>This program should be continued.</p>
<p><b>Actions 3.2.4 and 3.4.2:</b> In conjunction with Laguna Beach Seniors, Inc., disseminate information and take other actions to make senior citizens more aware of available housing assistance.</p>	<p>Increase senior citizen participation in housing assistance programs with associated fulfillment of housing provision and affordability needs.</p> <p>Ongoing – continuation of an existing program; prepare and publish a Housing Assistance Information Guide to be available on the City's website, at the Senior Center, and at the Planning counter by December 31, 2010.</p>	<p>Status – Compliance achieved in November 2010 with the publication of a Housing Assistance Information Guide.</p>	<p>This program should be continued.</p>
<p><b>Action 3.2.6:</b> Amend the Institutional Zone to allow emergency shelters, subject to a Conditional Use Permit, in compliance with Senate Bill 2.</p>	<p>Laguna Beach currently provides a shelter to accommodate its homeless population in Laguna Canyon, and Friendship Shelter, a non-profit in Laguna Beach also provides beds for the homeless. In combination, the Laguna Beach shelters comply with the requirements of Senate Bill 2. The City intends to adopt zoning, General Plan and Local Coastal Program amendments, as necessary to allow additional emergency and transitional shelters in the Institutional Zone, subject to a Conditional Use Permit, within one year of State certification and City Council adoption of the 2006 – 2014 Housing Element, as required by Senate Bill 2.</p>	<p>Status – Program achieved Zoning Amendment adopted in 2013.</p>	<p>This program was completed and should be revised to reflect current circumstances.</p>

Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
	<p>Adopt zoning and Local Coastal Program amendments to allow emergency shelters in the Institutional Zone, subject to a Conditional Use Permit, within one year of State certification and City Council adoption of the 2006-2014 Housing Element.</p>		
<p><b>Action 3.2.7:</b> Distribute copies of the adopted 2006 – 2014 Housing Element to the Laguna Beach County Water District and the South Coast Water District, in compliance with Senate Bill 1087.</p>	<p>To advise local water service providers of potential areas that lower-income housing could be developed, for the purpose of granting priority service hook-ups to lower-income housing developments.</p> <p>Distribute the Housing Element to local Water Districts within one month of Housing Element certification and adoption.</p>	<p>Status – Achieved – 2006 – 2014 Housing Element distributed to the Water Districts.</p>	<p>This program was completed and is now part of standard procedures for General Plan amendments.</p>
<p><b>Action 3.2.8:</b> Amend the Institutional Zone to allow transitional and supportive housing, subject to the same approval required for any residential uses allowed in those zones, in compliance with Senate Bill 2.</p>	<p>To encourage transitional and supportive housing for the formerly homeless and to prevent homelessness, in compliance with Senate Bill 2.</p> <p>Adopt Zoning and Local Coastal Program amendments to allow transitional and supportive housing in the Institutional Zone within one year of State certification and City Council adoption of the 2006-2014 Housing Element.</p>	<p>Status – Achieved – with Zoning Amendment in 2013.</p>	<p>This program was completed and should be revised to reflect current circumstances.</p>
<p><b>Actions 3.3.3 and 3.4.3:</b> Maintain the responsibility of the City’s Housing &amp; 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.</p>	<p>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.</p> <p>Annual update – continuation of an existing program.</p>	<p>Status – Compliance achieved through 2013.</p>	<p>This program should be continued.</p>
<p><b>Action 3.4.4:</b> Support existing shelters for individuals with special needs.</p>	<p>Maintenance of existing facilities that provide shelter for special needs individuals.</p> <p>Ongoing – continuation of an existing program.</p>	<p>Status – Compliance achieved through July 2013. (The City maintains a homeless shelter in Laguna Canyon and provides community services grants to the Friendship Shelter.)</p>	<p>This program should be combined with 3.2.6.</p>
<p><b>Action 3.5.1:</b> Require a portion of extremely-low to moderate-income housing units (both publicly and privately sponsored) to be physically accessible or adaptable to disabled persons.</p>	<p>Provide disabled access or adaptability for disabled access in a minimum of two new low-income units.</p> <p>Ongoing – continuation of an existing program.</p>	<p>Status – Compliance achieved through July 2013. The approved low-income artists’ work/live unit will be handicap adaptable.</p>	<p>This program should be continued.</p>

Action Program	Objectives and Schedule	Accomplishments	Future Policies and Actions
<p><b>Action 3.6.7:</b> Encourage the preservation and creation of neighborhoods that provide extremely-low to moderate-income housing opportunities through flexible zoning provisions such as allowing mixed-uses, second units and artists' live/work units.</p>	<p>Potential maintenance and expansion of existing affordable housing opportunities. Ongoing – continuation of an existing program.</p>	<p>Status – Compliance achieved through 2013; Housing Element policies and zoning provisions are published on the City's website and available at the Planning counter. An application for a four-unit artists' live/work development, including one low income artists' live/work unit, was approved in 2011.</p>	<p>This program is successful and should be combined with 1.6.4.</p>
<p><b>Action 3.6.8:</b> To the extent feasible, expedite residential development applications to reduce processing time, which in turn reduces development costs.</p>	<p>Produce a minimum of 73 above-moderate income housing units. Ongoing; complete construction of a minimum of 73 above-moderate income housing units by December 31, 2014.</p>	<p>Status – Compliance achieved.</p>	<p>This program is successful and should be continued and updated to reflect current circumstances.</p>
<p><b>Action 3.6.9:</b> Consider amendment of the General Plan land use designations on all lots zoned R-2-Residential Medium Density to the land use designation of Village Medium Density and R-3-Residential High Density to the land use designation of Village High Density.</p>	<p>To maintain consistency in the R-2 and R-3 Zones, and to allow the potential construction of additional housing units on sites currently Zoned R-2 Residential Medium Density and R-3-Residential High Density. Amend the General Plan and submit a Local Coastal Program amendment for Coastal Commission certification by June 30, 2010.</p>	<p>Status – Compliance achieved in 2009 with amendment of the City's Local Coastal Program, General Plan and Zoning Ordinance, and Coastal Commission certification of the Local Coastal Program amendment in 2012.</p>	<p>This program was completed and is no longer necessary.</p>

**Table VI-2 – Progress Toward Quantified Objectives 2006-2013 - City of Laguna Beach**

Program Category	Quantified Objective	Progress
New Construction*		
Extremely Low	3	
Very Low	4	
Low	5	
Moderate	6	4
Above Moderate	73	66
Total	91	70
Rehabilitation		
Extremely Low	-	
Very Low	-	
Low	-	
Moderate	-	
Above Moderate	2	2
Total	2	2
Preservation**		
Extremely Low	-	
Very Low	-	
Low	-	
Moderate	-	
Above Moderate	1	1
Total	1	1

\*2006-2014 per the RHNA projection period

\*\*Historical structure

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## **VII. Housing Program**

The intent of this Housing Action Plan is to develop policies and programs to assist the City in achieving its goals of preserving, improving, and developing housing in Laguna Beach. The housing program includes many components, such as the establishment of goals, objectives and programs, which in combination provide a foundation upon which housing activities can be developed and implemented. State Housing Element law requires that objectives be quantified.

### **A. Goals and Policies**

The housing goals and policies of the Laguna Beach General Plan are as follows:

#### **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.

#### **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.

#### **Goal HE-3: Enhance Housing Opportunity and Accessibility**

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.

Table VII-1 contains the City's policy statements that provide more specific direction in furtherance of these goals.

### **B. Program Actions**

Table VII-2 describes the specific program actions the City intends to pursue during the 2013-2021 planning period. This table also identifies the goals and policies that the program action is intended to implement.



**Table VII-1 – Housing Element Policy Summary**

Goal	Policy
HE-1	<b>Preserve and Enhance Existing Housing and Neighborhoods</b>
	Policy HE 1.1 Protect existing residential neighborhoods from the encroachment of incompatible land uses/or activities. (Program 1)
	Policy HE 1.2 Discourage the removal and/or replacement of existing residential uses with non-residential uses throughout the City. (Program 40)
	Policy HE 1.3 Provide adequate funding and staffing to support code enforcement programs. (Programs 1, 44)
	Policy HE 1.4 Encourage ongoing maintenance and repair of sound residential units, and encourage rehabilitation of deteriorated residential units. (Program 44)
	Policy HE 1.5 Encourage the preservation, rehabilitation, and maintenance of the original architectural integrity of historically significant homes. (Programs 2, 4, 21)
	Policy HE-1.6 Encourage the preservation of rental housing opportunities in the City. (Programs 7, 9, 10, 12, 20)
	Policy HE-1.7 Collect information regarding public funding opportunities for housing rehabilitation and disseminate to homeowners and the private sector. (Program 41)
	Policy 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 and if the existing number of residences comply with the density standards of that zone. As an alternative, the same property owner 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. Artists' live/work units shall not be considered to be replacement residential rental units unless they are replacing artists' live/work units. (Programs 9, 12, 18, 19)
	Policy 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. Artists' live/work units shall not be considered to be replacement residential rental units. (Programs 7, 9, 12, 18, 19)
	Policy 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. Artists' live/work units shall not be considered to be replacement residential rental units unless they are replacing artists' live/work units. Under no circumstances shall a conversion be allowed that does not comply with existing development standards. (Programs 12, 19, 20)
	Policy HE-1.11 Ensure that new housing will be aesthetically compatible with the surrounding environment and consistent with the size, scale and character of development in the neighborhood in which it is located. (Program 21)
	Policy HE-1.12 Encourage the utilization of energy conservation in the construction of new housing and in the rehabilitation of existing housing. (Programs 21, 22)
	Policy HE-1.13 Preserve existing extremely-low- to moderate-income housing for long-term affordability. (Program 12)
	Policy HE 1.14 Encourage the preservation and continued affordability of extremely-low- to moderate-income housing in the City. (Programs 12, 19)
HE-2	<b>Provide and Maintain Housing Diversity and Affordability</b>
	Policy 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. (Programs 7, 10, 18, 19, 23)
	Policy 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. (Programs 3, 15, 16, 17, 19)

Goal	Policy
	Policy HE-2.3 Encourage preservation of mobile homes and manufactured housing as an affordable alternative. (Program 5)
	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 exiting 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 square-foot of developed residential land sales in Laguna Beach within the prior 12-month period, and such fee may be adjusted as determined in accordance with the implementation of Action 1.8.3, Action 1.9.2 and Action 2.4.1. (Programs 7, 9, 13, 19)
	Policy HE-2.5 Pursue CDBG or other governmental funding to subsidize design and improvement costs for low- and moderate-income housing projects in zones that allow residential use. (Programs 8, 14, 15, 16, 17, 19, 33, 36)
	Policy HE-2.6 Encourage the participation and financial commitment of the private sector in meeting the housing needs of the City. (Programs 8, 9, 11, 15, 16, 17, 23, 25, 30, 36, 41)
	Policy HE-2.7 Encourage the production of privately-sponsored low- and moderate-income housing projects in residential and mixed-use developments. (Programs 6, 7, 8, 25, 30, 41)
	Policy 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. (Programs 8, 9, 10, 13, 14, 19, 23, 24, 25, 27, 30, 31, 33, 34, 36, 40, 41)
	Policy HE-2.9 Support the continuation of federal housing assistance programs for extremely-low-, very-low-, low- and moderate-income households. (Programs 11, 15, 16, 17, 19, 23, 33, 36)
	Policy HE-2.10 Pursue opportunities for acquisition of a site or sites suitable for low- and moderate-income housing projects. (Programs 25, 26, 27, 36)
	Policy HE-2.11 Encourage increased participation by owners of multi-family units in the Section 8 rent subsidy program. (Programs 11, 23, 36)
	Policy HE-2.12 Encourage adaptive reuse of vacant buildings for housing. (Programs 7, 8, 9, 10, 26, 28)
	Policy HE-2.13 Provide mortgage assistance to City personnel who are employed in positions that require close proximity to City Hall and/or City facilities. (Program 29)
	Policy HE-2.14 Utilize the income limits established by the U.S. Department of Housing and Urban Development (HUD), pursuant to California Health and Safety Code §50079.5 and §50105 to establish income limits for all low- and moderate-income housing in Laguna Beach. (Programs 13, 30)
	Policy HE-2.15 Encourage the expansion of rental housing opportunities in the City. (Programs 6, 7, 8, 9, 11, 15, 16, 17, 26, 30, 40, 41)
<b>HE-3</b>	<b>Enhance Housing Opportunity and Accessibility</b>
	Policy HE-3.1 Prohibit discriminatory housing practices in the City. (Programs 44, 45)
	Policy 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. (Programs 17, 27, 34, 35, 36, 38, 41, 42, 43, 46, 47)
	Policy HE-3.3 Promote increased awareness of the housing needs of all special needs households. (Programs 17, 32, 35, 36, 37, 38, 42, 43)
	Policy HE-3.4 Continue to assess the particular needs and constraints related to housing opportunities for senior citizens and other special needs households, in an attempt to address and resolve such issues. (Programs 17, 36, 37, 46)
	Policy HE-3.5 Promote the provision of housing that meets the physical needs of disabled persons. (Programs 17, 32, 34, 45, 36, 39, 46, 47)
	Policy HE-3.6 Promote the expansion of housing opportunities throughout the City. (Programs 17, 32, 34, 35, 36, 38, 41, 42, 43, 46, 48)

**Table VII-2 – Housing Program Summary**

Action Program	Objectives	Applicable Goals/Policies	Funding Source	Responsible Agencies/ Departments	Implementation Schedule
<b>Program 1 – Code Enforcement:</b> Continue to enforce existing Municipal Code provisions relating to the property use and development of properties throughout the City. This action includes, but is not limited to, responding to and investigating alleged zoning violations such as illegal uses, outdoor storage, and illegal structures/construction in residentially zoned districts.	Prevent deterioration of existing residential neighborhoods.	Goal 1 Policies HE 1.1 & 1.3	Community Development Department budget	Community Development Department and City Attorney	Ongoing; Continuation of an existing program.
<b>Program 2 – Housing Rehabilitation Assistance:</b> 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.	Goal 1 Policy 1.5	Community Development Department budget	Community Development Department, Planning and Building Division Staff	Continue to provide a Housing Assistance Information Guide at the public counter and on the City's website throughout the planning period.
<b>Program 3 – Senior Housing Rehabilitation Assistance:</b> 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.	Goal 2 Policy 2.2	Community Services Department budget	Housing & Human Services Committee; Senior Services Coordinator	Continue to provide a Housing Assistance Information Guide at the Planning counter, on the City's website, and at the Laguna Beach Senior Center.
<b>Program 4 – Historic Preservation:</b> 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.	Goal 1 Policy 1.5	Laguna Beach Department budgets, State of California and/or other governmental agencies and private funding sources	Community Development Department, Zoning Division Staff, Laguna Beach Heritage Committee	Prepare and publish a Heritage Month press release in May of each year. Continue to provide a Historic Preservation Information Guide on the City's website and at the Planning Counter.

Action Program	Objectives	Applicable Goals/Policies	Funding Source	Responsible Agencies/ Departments	Implementation Schedule
<b>Program 5 – Mobile Home Preservation:</b> 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).	Goal 2 Policy 2.3	Community Development Department budget	Community Development Department, Planning Division	Ongoing – continuation of an existing program.
<b>Program 6 - Multi-Family Housing in R-3 Zone:</b> 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. (New)	Reduce development costs for affordable units through streamlined permit processing.	Goal 2 Policies HE 2.7 & 2.15	Community Development Department budget	Community Development Department, Planning Division	Initiate a Zoning Code amendment by June 30, 2015.
<b>Program 7 – Mixed-Use:</b> 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.	Goal 2 Policies 1.6, 1.9, 2.1, 2.4, 2.7, 2.12 & 2.15	Community Development Department budget	Community Development Department, Planning and Zoning Division Staff	Continue 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.
<b>Program 8 – Encourage Affordable Units in Mixed-Use Developments:</b> 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. (New)	Facilitate the production of affordable units in mixed-use developments.	Goal 2 Policies 2.5, 2.6, 2.7, 2.8, 2.12 & 2.15	Community Development Department budget	Community Development Department, Planning/Zoning Divisions	Consider an amendment to zoning regulations for affordable housing units in mixed-use developments by December 2015.
<b>Program 9 – Artist Work/Live Housing:</b> 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.	Goal 2 Policies 1.6, 1.8, 1.9, 2.4, 2.6, 2.8, 2.12 & 2.15	Community Development Department budget	Community Development Department, Planning Division, Housing & Human Services Committee, Arts Commission	Continue to encourage the preservation and development of artists' joint living and working units by providing information regarding incentives for rehabilitation and development on the City's website and at the Planning counter.

Action Program	Objectives	Applicable Goals/Policies	Funding Source	Responsible Agencies/ Departments	Implementation Schedule
<p><b>Program 10 – Flexible Zoning:</b> 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’ live/work units.</p>	<p>Potential maintenance and expansion of existing affordable housing opportunities.</p>	<p>Goal 2 Policies 1.6, 2.1, 2.8, 2.12</p>	<p>Community Development Department budget</p>	<p>Community Development Department, Planning Division</p>	<p>Continue to publish the Housing Element polices that preserve rental housing and the Zoning Ordinance on the City’s website, and provide both documents on the City website and at the Planning Counter for public review and discussion with Planning Staff.</p>
<p><b>Program 11 – Section 8 Rental Assistance:</b> 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.</p>	<p>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.</p>	<p>Goal 2 Policies 2.6, 2.9, 2.11 &amp; 2.15</p>	<p>Community Development Department budget</p>	<p>Community Development Department, Planning Division Staff</p>	<p>Continue to refer interested parties to the County of Orange and to provide a Housing Assistance Information Guide at the Planning Counter and on the City’s website.</p>
<p><b>Program 12 – In-Lieu Housing Fund:</b> The City shall maintain an In-lieu Housing Fund. Payment into the fund shall provide an alternative to the provision of extremely-low- to moderate-income housing in new developments, whenever the provision of such housing is deemed infeasible. Payment of an in-lieu housing fee shall also be required for conversion of two-family and multi-family developments into fewer residences, whenever such residences are located in medium- or high-density zones and conform to the density standards of such zones. Such fee shall also be required for demolition or conversion of residential units located in mixed-use developments in commercial zones, and for removal of extremely-low- to moderate-income housing in the Coastal Zone, which comprises the entire City with the exception of the Sycamore Hills area off El Toro Road. The fund may be expended for any costs directly related to the production or preservation of extremely-low-, very-low-, low- and moderate-income housing and special needs housing/facilities in the City of Laguna Beach, including the following: 1) site improvements and infrastructure facilities; 2) acquiring suitable sites or writing down land costs for sites; 3) planning and</p>	<p>Accumulate funding that will assist in the production of a minimum of three (3) extremely-low-income units, four (4) very-low income units, five (5) low-income units, and six (6) moderate-income units by 2021.</p>	<p>Goal s 1 &amp; 2 Policies 1.6, 1.8, 1.9, 1.10, 1.13, 1.14, 2.1, 2.4 &amp; 2.8</p>	<p>In-lieu Housing Fund</p>	<p>Department of Community Development, Planning Division Staff</p>	<p>Ongoing – continuation of an existing program.</p>

Action Program	Objectives	Applicable Goals/Policies	Funding Source	Responsible Agencies/ Departments	Implementation Schedule
engineering services; 4) grants; and 5) other costs such as subsidies, as deemed appropriate by the City Council.					
<b>Program 13 – Affordability Covenants:</b> 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. Such conditions may include the selection of a monitoring agency, or management by a non-profit development corporation, a Housing Trust or a community-based housing development organization to implement the affordable housing rents/prices and related affordability conditions.	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.	Goal 2 Policies 2.4, 2.8 & 2.14	Community Development Department budget	Community Development Department, Planning Division Staff	Ongoing – continuation of an existing program.
<b>Program 14 – Pursue Grant Funding for Affordable Housing:</b> 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.	Goal 2 Policy 2.5 & 2.8	Federal/State funds	Community Services Department Director, Community Development Department, Planning Division Staff	Continue to provide a Housing Assistance Information Guide at the Planning Counter and on the City website. Contact non-profit housing organizations annually or as funding opportunities arise.
<b>Program 15 – Dedicated Affordable Housing Funding Source:</b> 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 partnership with a foundation or non-profit and other potential funding sources). (New)	Identify or establish a local dedicated funding source to support development of affordable housing on a continual basis by December 30, 2017.	Goal 2 Policies 2.2, 2.5, 2.6, 2.9 & 2.15	To be determined	Community Development Department, Planning Division Staff	Form a task force to research and provide recommendations to the Planning Commission regarding a dedicated funding source for affordable housing by December 30, 2017.
<b>Program 16 – Funding for Affordable Units:</b> Pursue a non-profit 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. (New)	Facilitate the production of affordable housing.	Goal 2 Policies 2.2, 2.5, 2.6, 2.9 & 2.15	Community Development Department budget	Community Development Department, Planning/Zoning Divisions	Consider interested non-profit and housing developers on an annual basis throughout the planning period.

Action Program	Objectives	Applicable Goals/Policies	Funding Source	Responsible Agencies/ Departments	Implementation Schedule
<b>Program 17 – Funding for Affordable Units:</b> 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. (New)	Identify a source of rental assistance for younger families and persons with developmental disabilities.	Goals 2 & 3 Policies 2.2, 2.5, 2.6, 2.9, 2.15, 3.2, 3.3, 3.4, 3.5 & 3.6	Community Development Department budget	Community Development Department, Planning/Zoning Divisions	Form a task force to research and provide recommendations to the Planning Commission regarding a dedicated funding source that includes affordable housing rental subsidies by December 30, 2017.
<b>Program 18 – Short-Term Lodging:</b> 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.	Goals 1 & 2 Policies 1.8, 1.9 & 2.1	Community Development budget	Community Development Department, Planning Division	Review Short-Term Lodging Ordinance and propose any necessary zoning modifications to the City Council by December 31, 2014.
<b>Program 19 – Housing Ordinance:</b> 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 <i>Palmer</i> case and state law.	Goals 1 & 2 Policies 1.8, 1.9, 1.10, 1.14.2.1, 2.2, 2.4, 2.5, 2.8 & 2.9	Community Development Department budget	Community Development Department, Planning Division	Draft a Housing Ordinance for Planning Commission and City Council review and approval by June 30, 2015.
<b>Program 20 – Condominium Conversions:</b> 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.	Goal 1 Policies 1.6, 1.10	Community Development Department budget	Community Development Department, Planning Division Staff	Continue to verify at the time of project review that all proposed condominium subdivision applications include a plan to replace the rental housing units or to pay an in-lieu housing fee for the rental units to be converted or removed.
<b>Program 21 – Design Review:</b> 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.	Goals 1 Policies 1.5, 1.11 & 1.12	Community Development Department budget	Community Development Department, Zoning Division Staff	Throughout the planning period .



Action Program	Objectives	Applicable Goals/Policies	Funding Source	Responsible Agencies/ Departments	Implementation Schedule
<p><b>Program 22 – Energy Conservation:</b> 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.</p>	<p>Improve energy efficiency in new and rehabilitated housing.</p>	<p>Goal 1 Policy 1.12</p>	<p>Community Development budget</p>	<p>Community Development Department, Planning and Building Division Staff</p>	<p>Continue 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.</p>
<p><b>Program 23 – Preservation of At-Risk Affordable Units:</b> 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.</p>	<p>Harbor Cove, a 15 low-income senior unit complex on Broadway, will be at-risk for conversion 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.</p>	<p>Goal 2 Policies 2.1, 2.6, 2.8, 2.9 &amp; 2.11</p>	<p>Community Development budget</p>	<p>Community Development Department, Planning Division, and Housing &amp; Human Services Committee</p>	<p>Evaluate financing opportunities identified within Chapter IV, as well as any other potential financing sources, including assistance from other knowledgeable sources on financing opportunities and best practices, evaluate non-profit ownership options to extend affordability, evaluate options for tenants that may be displaced by conversion of affordable housing to market-rate housing, and contact the Harbor Cove property owner to seek long-term affordability options by December 31, 2015.</p>
<p><b>Program 24 – Assist Affordable Housing Development:</b> 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.</p>	<p>Encourage the development of extremely-low, very-low, low and moderate-income housing on a continual basis.</p>	<p>Goal 2 Policy 2.8</p>	<p>Community Development Department budget, In-Lieu Housing Fund</p>	<p>Community Development Department, Planning Division Staff</p>	<p>Ongoing; Continue to provide a Housing Assistance Information Guide at the Planning counter and on the City website.</p>



Action Program	Objectives	Applicable Goals/Policies	Funding Source	Responsible Agencies/ Departments	Implementation Schedule
<p><b>Program 25 – Non-Profit Housing Ownership:</b> Identify a community non-profit housing developer or Housing Trust to develop or acquire and retain long-term affordable housing within Laguna Beach.</p>	<p>To increase the quantity of low- and moderate-income housing opportunities in Laguna Beach.</p>	<p>Goal 2 Policies 2.6, 2.7, 2.8 &amp; 2.10</p>	<p>Federal, State and local funds, such as real estate transfer tax or a special sales tax; Community donations</p>	<p>Community Development Department, Planning Division Staff</p>	<p>Identify and open negotiations with non-profit housing developers to: 1) provide affordable housing monitoring services, and 2) assist the City by identifying potential affordable housing sites and developing and rehabilitating or acquiring long-term affordable housing within the City by December 31, 2018.</p>
<p><b>Program 26 – Identify Affordable Housing Sites:</b> Planning staff shall solicit involvement of the Laguna Board of Realtors, the Architectural Guild, and private and non-profit 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.</p>	<p>Utilize the expertise of real estate, development, and design professionals to educate the City regarding potential affordable housing development opportunities.</p>	<p>Goal 2 Policy 2.10, 2.12 &amp; 2.15</p>	<p>Community Development Department budget</p>	<p>Department of Community Development – Planning Division</p>	<p>Schedule annual review by the Housing &amp; Human Services Committee of potential affordable housing development opportunities, including potential opportunities for acquisition/ rehabilitation of units in need of repair.</p>
<p><b>Program 27 – City-Owned Land:</b> 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.</p>	<p>Potential expansion of extremely-low-, very-low-, low- and moderate-income housing opportunities.</p>	<p>Goals 2 &amp; 3 Policy 2.8, 2.10 &amp; 3.2</p>	<p>General Fund</p>	<p>City Manager, Community Development Department – Planning Division; and Housing and Human Services Committee.</p>	<p>The City shall acquire appropriately zoned land for extremely-low- to moderate-income housing as it becomes available and as City resources allow.</p>
<p><b>Program 28 – Adaptive Reuse:</b> Evaluate the feasibility of adaptive reuse of vacant commercial or industrial buildings for housing, as proposed by an applicant.</p>	<p>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.</p>	<p>Goal 2 Policy 2.12</p>	<p>Community Development Department budget</p>	<p>Community Development Department, Planning Division</p>	<p>Ongoing; evaluate sites as adaptive reuse projects are proposed.</p>
<p><b>Program 29 – City Employee Housing:</b> Continue the City program to subsidize housing for City personnel in positions that require close proximity to City Hall and/or City facilities.</p>	<p>Maintain public health, safety and welfare in the community.</p>	<p>Goal 2 Policy 2.13</p>	<p>General Fund</p>	<p>City Manager</p>	<p>Ongoing – continuation of an existing program.</p>

Action Program	Objectives	Applicable Goals/Policies	Funding Source	Responsible Agencies/ Departments	Implementation Schedule
<b>Program 30 – Second Units:</b> 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.	Goal 2 Policies 2.6, 2.7, 2.8, 2.14 & 2.15	Community Development Department budget	Community Development Department, Planning Division Staff	Ongoing monitoring and annual reporting.
<b>Program 31 - Parking Standards:</b> Evaluate the parking standards applicable to studio and one-bedroom units in multi-family developments to determine if the required parking ration 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.	Goal 2 Policy 2.8	Community Development Department budget	Community Development Department, Planning Division	Evaluate and, if applicable, amend the studio and one-bedroom parking standards by December 31, 2018.
<b>Program 32 – Affordable Housing Site Selection:</b> 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	Goal 3 Policy 3.3, 3.5 & 3.6	Community Development Department budget	Community Development Department, Planning Division Staff	Throughout the planning period
<b>Program 33 – Assist Development of Senior and Special Needs Housing:</b> Grant public incentives to extremely-low- to moderate-income housing projects that are designed for senior citizens and other special needs individuals and households. Potential incentives include density bonuses, improvement cost write-downs, fee reductions or waivers, assistance with federal and other funding applications, and relaxation of zoning standards.	Create enhanced opportunities for the development of extremely-low-, very-low-, low- and moderate-income housing for special needs persons and households.	Goal 2 Policies 2.5, 2.8 & 2.9	Housing In-Lieu funds, Community Development Department budget	Community Development Department, Planning Division	Ongoing – Continue to provide a Housing Assistance Information Guide at the Planning Counter, on the city website and at the Senior Center.
<b>Program 34 – Congregate Care Senior Housing:</b> Priority shall be given to senior citizen projects that offer congregate care where supervision, meals, and nursing service may be available. Potential incentives include density bonuses, improvement cost write-downs, fee reductions or waivers, assistance with federal and other funding applications, and relaxation of zoning standards.	Development of extremely-low-, very-low-, low- and moderate-income congregate care facilities for senior citizens.	Goals 2 & 3 Policies 2.8, 3.2, 3.5 & 3.6	Community Development Department budget	Community Development Department, Planning Division	Ongoing – continuation of an existing program

Action Program	Objectives	Applicable Goals/Policies	Funding Source	Responsible Agencies/ Departments	Implementation Schedule
<p><b>Program 35 – Senior Housing Assistance</b>  <b>Information:</b> 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 in order to inform senior citizens of available housing assistance.</p>	<p>Increase senior citizen participation in housing assistance programs with associated fulfillment of housing provision and affordability needs.</p>	<p>Goal 3  Policies 3.2, 3.3, 3.5 &amp; 3.6</p>	<p>Community Services Department budget</p>	<p>Community Services Department; Senior Services Coordinator</p>	<p>Ongoing – continuation of an existing program.</p>
<p><b>Program 36 – Senior Housing Options:</b> Form a task force and provide recommendations to the Planning Commission regarding senior citizen housing options (including but not limited to residential care homes [aka board and care homes], assisted living facilities and congregate care facilities), housing-related services (including but not limited to “non-medical home assistance” and “home health care” that will enable Laguna Beach seniors to live independently in their homes with necessary services), and evaluate the City's Reasonable Accommodation Ordinance to ensure that it adequately addresses the access and mobility issues of seniors and persons with disabilities. (New)</p>	<p>Expand housing opportunities for seniors.</p>	<p>Goals 2 &amp; 3  Policies 2.5, 2.6, 2.8, 2.9, 2.10, 2.11, 3.2, 3.3, 3.4, 3.5, 3.6</p>	<p>Community Development Department budget</p>	<p>Community Development Department, Planning/Zoning Divisions</p>	<p>Establish a task force to provide recommendations by December 30, 2015.</p>
<p><b>Program 37 – Emergency Shelters and Transitional/Supportive Housing:</b> 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 two 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.</p> <p>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.</p>	<p>Laguna Beach currently provides a shelter to accommodate its homeless population in Laguna Canyon, and Friendship Shelter, a non-profit in Laguna Beach also provides beds for the homeless. In combination, the Laguna Beach shelters comply with the requirements of Senate Bill 2.</p>	<p>Goal 3  Policies 3.3 and 3.4</p>	<p>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.</p>	<p>Community Development Department</p>	<p>Reevaluate local homeless needs every two years to verify that existing capacity is sufficient.</p>

Action Program	Objectives	Applicable Goals/Policies	Funding Source	Responsible Agencies/ Departments	Implementation Schedule
<b>Program 38 – Housing Element Annual Review:</b> Maintain the responsibility of the City’s Housing & 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.	Goal 3 Policies 3.2, 3.3 & 3.6	Community Development Department budget	Community Development Department – Planning Division, Housing & Human Services Committee	Annual update – continuation of an existing program.
<b>Program 39 – Efficient Permit Processing:</b> 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.	Goal 3 Policy 3.5	Community Development Department budget	Community Development Department, Planning/Zoning Divisions	Throughout the planning period.
<b>Program 40 – Encourage Replacement of Sub-Standard Multi-Family Units:</b> 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. (New)	Facilitate the replacement of older sub-standard multi-family units.	Goals 1 & 2 Policies 1.2, 2.8 & 2.15	Community Development Department budget	Community Development Department, Planning/Zoning Divisions	Consider an amendment to zoning regulations for non-conforming multi-family developments by December 30, 2017.
<b>Program 41 – Consider New Strategies to Facilitate Affordable Housing Development:</b> Evaluate the strategies of other cities to facilitate the development of low- and moderate-income residential units, including an “equivalent dwelling unit” method. (New)	Identify new methods to facilitate the production of affordable units.	Goals 1 & 2 Policies 1.7, 2.6, 2.7, 2.8, 2.15, 3.2 & 3.6	Community Development Department budget	Community Development Department, Planning/Zoning Divisions	Evaluate new strategies and consider adoption of new programs by December 30, 2015.
<b>Program 42 – Supportive Housing:</b> Staff shall evaluate the feasibility of developing a supportive housing facility in the City, when proposed by a non-profit housing developer and/or provider. (New)	Facilitate the production of new supportive housing.	Goal 3 Policies 3.2, 3.3 & 3.6	Community Development Department budget	Community Development Department, Planning/Zoning Divisions	Provide recommendations to the Planning Commission whenever supportive housing is proposed.
<b>Program 43 –Supportive Housing for Persons with Developmental Disabilities:</b> Pursue funding sources and opportunities for housing assistance and related services for individuals with developmental disabilities and autism. (New)	Facilitate the production of supportive housing units.	Goal 3 Policies 3.2, 3.3 & 3.6	Community Development Department budget	Community Development Department, Planning/Zoning Divisions	Throughout the planning period.

Action Program	Objectives	Applicable Goals/Policies	Funding Source	Responsible Agencies/ Departments	Implementation Schedule
<p><b>Program 44– Fair Housing:</b> 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.</p>	<p>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.</p>	<p>Goals 1 &amp; 3 Policies 1.3, 1.4 &amp; 3.1</p>	<p>CDBG Funding</p>	<p>Community Services Department and Community Development Department Staff</p>	<p>Continue to publish a Housing Assistance Information 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 continue to advise the community and to refer people with issues regarding unfair housing practices to the OCFHC.</p>
<p><b>Program 45 – Sexual Orientation Discrimination:</b> 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.</p>	<p>Enable housing agencies to inform Laguna Beach residents of special protections afforded them under the Sexual Orientation Discrimination Ordinance.</p>	<p>Goal 3 Policy 3.1</p>	<p>Community Services Department budget</p>	<p>Community Services Department</p>	<p>Ongoing – continuation of an existing program.</p>
<p><b>Program 46 – Reasonable Accommodation for Persons with Disabilities:</b> 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.</p>	<p>Remove barriers to the provision of access in housing for persons with disabilities.</p>	<p>Goal 3 Policies 3.2, 3.4, 3.5 &amp; 3.6</p>	<p>Community Development Department budget</p>	<p>Community Development Department Staff</p>	<p>Form a Task Force to evaluate the Ordinance and report back to the Planning Commission by June 30, 2017.</p>
<p><b>Program 47 – Accessible Housing:</b> 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.</p>	<p>Provide disabled access or adaptability for disabled access in a minimum of two (2) new low-income units.</p>	<p>Goal 3 Policies 3.2 &amp; 3.5</p>	<p>Community Development Department budget</p>	<p>Community Development Department, Planning and Building Divisions</p>	<p>Ongoing – continuation of an existing program.</p>

Action Program	Objectives	Applicable Goals/Policies	Funding Source	Responsible Agencies/ Departments	Implementation Schedule
<p><b>Program 48 – Increase mixed-use housing opportunities:</b> 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)</p>	<p>Increase mixed-use opportunities in more commercial zones.</p>	<p>Goal 3 Policy 3.6</p>	<p>Community Development Department budget</p>	<p>Community Development Department Staff</p>	<p>Staff shall evaluate zones and provide recommendations to the Planning Commission by December 30, 2017.</p>
<p><b>Program 49 – Transitional and Supportive Housing:</b> 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. (New)</p>	<p>To ensure transitional and supportive housing are treated the same as any housing type specified in the zone.</p>	<p>Goal 2 Policy HE 2.5; 2.7; 2.10</p>	<p>Community Development Department budget</p>	<p>Community Development Department, Planning Division Staff</p>	<p>Evaluate zoning provisions and complete code amendments, if necessary, by December 30, 2015.</p>

### C. Quantified Objectives Summary

Based on the preceding objectives, approximately 31 residential units are anticipated for construction, rehabilitation, and preservation between 2013 and 2021. The provision of one very-low income unit, one low-income unit, and 19 above-moderate income units would meet SCAG's RHNA allocation for Laguna Beach. The additional rehabilitation and preservation of 10 above-moderate income units reflects the rehabilitation of nine existing residences for better energy conservation and the preservation of one historic residence.

**Table VII-3 – Quantified Objectives Summary (2013-2021)**

Income Group	New Construction	Rehabilitation	Preservation	Total
Extremely-Low	0	0	0	0
Very-Low	1	0	0	1
Low	1	0	0	1
Moderate	0	0	0	0
Above-Moderate	19	9	1	29
<b>Total</b>	<b>21</b>	<b>9</b>	<b>1</b>	<b>31</b>

## VIII. Relationship to Other General Plan Elements

State law requires that the General Plan and its elements “. . . comprise an integrated, internally consistent and compatible statement of policies . . .” Internal consistency of the General Plan serves to avoid potential policy conflicts and to provide clear policy direction for the future development, maintenance and improvement of housing in the City. There are currently eight mandated elements of the General Plan: Land Use, Housing, Safety, Circulation, Growth Management, Noise, and Open Space and Conservation. The Laguna Beach Circulation and Growth Management Elements have been combined, as well as the Open Space and Conservation Elements. *Government Code* §65302 requires local jurisdictions to include analyses and policies regarding flood hazard and flood management information in the Safety and Conservation Elements of their General Plan after January 1, 2009. Because areas of Laguna Beach are located in the 100-year floodplain and floodway, both the Safety and Open Space/Conservation Elements of the City’s General Plan, as well as the City’s Municipal Code, address flood hazards and flood management procedures. Additionally, any residentially-zoned sites identified in the Housing Element as suitable for housing development must comply with the flood management requirements of the City and the Federal Emergency Management Agency (FEMA). Therefore, the City is in compliance with *Government Code* §65302. The Laguna Beach Housing Element has been reviewed and determined to be consistent with all the City’s General Plan elements, and is particularly related to the Land Use Element. The City also ensures that internal consistency among all General Plan Elements will be maintained over the course of the 2013-2021 planning period.

**Land Use Element:** The Land Use Element establishes the quantity, location, and maximum density of land designated for residential development. The land use densities specified within the Land Use Element are consistent with the goals and policies of the Housing Element. Land Use designations were developed in recognition of the City’s established pattern of land use, with residential use as the City’s predominant land use. Land use policies have been developed using information regarding areas subject to flooding (both canyon-related and ocean-related), liquefaction, landslides, seismic zones and faults, significant wildlife corridors, habitats and resources, and other significant environmental constraints identified in the Safety and Open Space/Conservation Elements.

**Safety Element:** The Safety Element is a primary tool for identifying natural hazards that must be considered in planning the location, type and density of development in the City. In some cases, the policies of the Safety Element can serve to restrict the availability of land for housing development or add to the cost of housing by requiring special construction measures. The planning standards established in the Safety Element, however, are essential for providing safe housing and should not be compromised under any circumstances. The policies and programs of the Housing Element must fully recognize the standards of the Safety Element. Observance of the Safety Element policies will promote the construction of safe housing. Since the majority of new housing development within the City will be redevelopment and in-fill, the policies of the Safety Element will not have a significant impact on the Housing Element policies.

**Transportation, Circulation and Growth Management Element:** This Element provides basic parameters for traffic generation and flow, and establishes performance standards and growth management policies based on the regional context of the City. In order to balance new housing opportunities with remaining capacities, the Transportation, Circulation and Growth Management Element establishes policies on street capacities and acceptable service levels. Such policies are not anticipated to have a restrictive effect upon new affordable housing development, since the majority of housing development opportunities are redevelopment, with fewer in-fill opportunities.



**Noise Element:** The City's goal for noise control is to promote, conserve, and restore natural quiet and tranquility for the preservation and enhancement of the environment, and for the health and enjoyment of present and future residents. Noise impacts on residential and other noise sensitive areas are addressed in the Noise Element and traffic is cited as one of the leading contributors to noise. The Noise Element specifies that residential projects located within a contour of 60 CNEL or higher should be reviewed for compliance with interior noise level standards. Mitigation measures incorporated to decrease noise levels may be necessary to reduce interior noise. This could incrementally add to the cost of housing construction, primarily within mixed-use projects along Coast Highway. However, these costs are unavoidable and are not likely to have a significant impact on overall housing prices.

**Open Space/Conservation Element:** The Open Space/Conservation Element sets forth goals and policies to protect and preserve the City's sensitive hillside and coastal open space areas. The Open Space/Conservation Element includes specific recommendations for the use of the City's significant open space areas, including beaches, parkland and other recreational resources, and identifies significant resources to be protected, restored, or enhanced. While open space preservation does affect the amount of land available for housing production, local areas of high open space value are not generally suitable as sites for affordable housing development. Therefore, the goals and objectives of the Housing Element are consistent with the Open Space/Conservation Element.

## Appendix A – Public Participation Summary

Public participation is an important component of the Housing Element update. *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 formulation and refinement of the City’s housing goals and policies and in the development of a Land Use Plan that determines the extent and density of future residential development in the community.

City residents and other interested parties were given numerous opportunities to identify housing issues of concern, recommend strategies, review the draft element, and provide recommendations to decision-makers on the 2013 Laguna Beach Housing Element update.

The notification list for all meeting notices is shown in Exhibit A-1. 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.

Listed below are the meetings and public hearings held during the preparation of the 2013 Housing Element. Exhibit A-2 summarizes the comments offered during these meetings along with a brief explanation of how the comments have been addressed in the Housing Element.

February 6, 2013	Housing and Human Services Committee meeting
March 6, 2013	Joint Planning Commission/Housing and Human Services Committee meeting
April 24, 2013	Planning Commission meeting
September 25, 2013	Planning Commission meeting
October 15, 2013	City Council meeting
December 16, 2014	Planning Commission meeting
January 21, 20014	City Council meeting

**Exhibit A-1**  
**Public Meeting Notification List**

Jackie Kerze Regional Center of Orange County	<a href="mailto:jkerze@rcocdd.com">jkerze@rcocdd.com</a> (714) 345-2503	P.O. Box 22010 Santa Ana, CA 92702-2010
Linda Tang The Kennedy Commission	<a href="mailto:kencomlt33@gmail.com">kencomlt33@gmail.com</a> (949) 250-0909	17701 Cowan Ave., Suite 200 Irvine, CA 92614
Cesar Covarrubias The Kennedy Commission	<a href="mailto:CesarC@kennedycommission.org">CesarC@kennedycommission.org</a>	
Friendship Shelter	<a href="mailto:office@friendshipshelter.org">office@friendshipshelter.org</a>	P.O. Box 4252 Laguna Beach, CA 92652
Colin Henderson Friendship Shelter	<a href="mailto:echenderson@cox.net">echenderson@cox.net</a>	1364 Katella Street Laguna Beach, CA 92651
Marshall Innins Friendship Shelter	<a href="mailto:sininns@aol.com">sininns@aol.com</a>	
Shauna Bogert, Executive Director Glennwood Housing Foundation	<a href="mailto:shauna@glennwoodhousing.org">shauna@glennwoodhousing.org</a>	101 Pacifica #255 Irvine, CA 92618
Dayle MacIntosh Center		20412 Calle De La Plata, #100 Laguna Hills, CA 92653
Laura Archuleta Jamboree Housing Corp.	<a href="mailto:larchuleta@jamboreehousing.com">larchuleta@jamboreehousing.com</a>	17701 Cowan Ave. #200 Irvine, CA 92614
Sharon Ellis Habitat for Humanity of O.C.	<a href="mailto:sharon@habitatoc.org">sharon@habitatoc.org</a>	
Shauna Bogert Glennwood Housing Foundation	<a href="mailto:shauna@glennwoodhousing.org">shauna@glennwoodhousing.org</a>	
O.C. Community Housing Corp.	<a href="mailto:occhc@occhc.org">occhc@occhc.org</a>	2024 N. Broadway, 3 <sup>rd</sup> Floor Santa Ana, CA 92706-2623
O.C. Health Care Agency	<a href="mailto:mrefowitz@ochca.com">mrefowitz@ochca.com</a>	333 W. Santa Ana Blvd. Santa Ana, CA 92701
Public Law Center	<a href="mailto:info@ochp.org">info@ochp.org</a>	601 Civic Center Dr. West Santa Ana, CA 92701-4002
Shelly Amendola O.C. Housing Providers	<a href="mailto:shelly@talleyassoc.com">shelly@talleyassoc.com</a>	25241 Paseo de Alicia #120 Laguna Hills, CA 92653
Fair Housing Council of O.C.	<a href="mailto:info@fairhousingoc.org">info@fairhousingoc.org</a>	201 S. Broadway Santa Ana, CA 92701-5633
Laguna Relief & Resource Center/ Laguna Food Pantry	<a href="mailto:andysiegenfeld@gmail.com">andysiegenfeld@gmail.com</a>	20652 Laguna Canyon Road Laguna Beach, CA 92651
Andy Siegenfeld		

David Peck Cross Cultural Council	<a href="mailto:DPeck89274@aol.com">DPeck89274@aol.com</a>
Chris Quilter	<a href="mailto:cmquilter@cox.net">cmquilter@cox.net</a>
Patty Quilter Laguna Beach Senior Center	<a href="mailto:pquilter@lagunabeachcity.net">pquilter@lagunabeachcity.net</a>
Jane Manolakas	<a href="mailto:jmanolakas@aol.com">jmanolakas@aol.com</a>
Jeff Taftly	<a href="mailto:kellytucker1@hotmail.com">kellytucker1@hotmail.com</a>
Lance Polster, Architect	<a href="mailto:lpaarchitets@aol.com">lpaarchitets@aol.com</a>
Morris Skenderian, Architect	<a href="mailto:morris@msaarchitects.com">morris@msaarchitects.com</a>
Shary Seltzer	<a href="mailto:schmata@aol.com">schmata@aol.com</a>
Stuart Wilson	<a href="mailto:koreyj53@hotmail.com">koreyj53@hotmail.com</a>

**Exhibit A-2**  
**Public Comments**  
**Laguna Beach 2013-2021 Housing Element Update**

Comment	Response
The Kennedy Commission appreciates the City's invitation to participate in the Housing Element update process. Rents are rising again in Orange County, and it is important for cities to support affordable housing.	The City appreciates the continued involvement of the Kennedy Commission.
The Regional Center of Orange County assists persons with developmental disabilities and encourages the City to prioritize the production of affordable housing so that low-income persons, including those with disabilities, can stay in their community. Housing is especially critical for special needs kids and young adults, and the cost of supportive housing is extremely high.	The involvement of the Regional Center is very much appreciated. The City facilitates the provision of housing for persons with disabilities through recent amendments to the Municipal Code regarding reasonable accommodation, transitional housing and supportive housing, as well as through assistance to developments such as Alice Court.
Are affordability standards adjusted for family size?	Yes, the state Department of Housing and Community Development publishes affordability standards each year adjusted for household size on its website at: <a href="http://www.hcd.ca.gov/hpd/hrc/rep/state/inc2k13.pdf">http://www.hcd.ca.gov/hpd/hrc/rep/state/inc2k13.pdf</a>
How does the trend in age distribution for Laguna Beach compare to the state and nation as a whole?	The broad trend is the aging of the population as the Baby Boom generation (those born between 1946 and 1964) reaches retirement age. In addition, there has been a trend toward smaller families and more single persons living alone.
What is included in housing cost and affordability data?	Housing affordability includes the cost of rent or mortgage plus property taxes, insurance, homeowner association dues and utilities.
What population segment has the greatest need in Laguna Beach? Seniors, families?	The greatest obstacle to finding suitable affordable housing in Laguna Beach is household income level. As with most beach communities in Southern California, housing costs are high, and therefore persons of modest means have difficulty finding suitable housing at affordable cost. It is difficult to identify any particular group that is disproportionately affected by high housing cost, although low-wage service workers are especially affected by high housing cost.
What incentives can the City offer for affordable housing?	City incentives can include streamlined permit processing, administrative assistance with grant funding applications, deferral or waiver of permit fees, density bonus and modified development standards, and direct cash subsidies.
Could the City limit unit size to increase affordability?	In some circumstances, limits on unit size may be appropriate, such as for second units, although unit size is primarily determined by market conditions (for market-rate housing) and housing subsidy programs (for assisted housing). Allowing smaller units (e.g., SROs) could expand affordable housing opportunities.
Is adaptive reuse a good option?	Conversion of non-residential buildings to residential use can help to create new housing opportunities in cities with limited developable land.
The long-term homeless utilize most of the shelter capacity.	Recent studies confirm that there is a greater need for shelter than available capacity. Laguna Beach has facilitated the provision of a permanent emergency shelter at the Friendship Shelter in Laguna Canyon.

Comment	Response
<p>The Housing Element needs assessment should be based on a data-driven analysis.</p>	<p>The updated needs assessment includes a wide range of data from the 2010 Census, the American Community Survey, the state Department of Finance, the state Employment Development Department, the Southern California Association of Governments, and private sources.</p>
<p>Could the City prohibit car ownership in some developments as a way of reducing cost?</p>	<p>Some cities (e.g., San Francisco) have adopted regulations that limit off-street parking in order to encourage transit usage. While it is possible to restrict parking, such regulations could be difficult to enforce and could have unintended consequences such as spillover parking in adjacent neighborhoods.</p>
<p>What are other cities doing to assist the production of affordable or special needs housing?</p>	<p>The most common means to assist affordable housing are 1) administrative assistance (e.g., fast-track processing and assistance with grant applications); 2) regulatory relief (e.g., density bonus, modified development standards, mixed use zoning); 3) inclusionary requirements (i.e., requiring new developments to include affordable units or pay in-lieu fees); and 4) direct financial subsidies or donation of land. A few cities have established a "land trust" that provides land for affordable housing on a long-term ground lease.</p>

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## Appendix B – Housing Element Glossary

### Acronyms

**ACS** – American Community Survey  
**AMI** – Area median family income  
**ASL** – Laguna Beach Alternative Sleeping Location  
**BMR** – Below-market rate [dwelling unit]  
**BSC** – Building Site Coverage  
**CalHFA** – California Housing Finance Agency  
**CBC** – California Building Code  
**CBD** – Central Business District  
**CC&Rs** – Covenants, Conditions and Restrictions  
**CDBG** – Community Development Block Grant  
**CEQA** – California Environmental Quality Act  
**CHAS** – Comprehensive Housing Affordability Strategy  
**CIP** – Capital Improvement Program  
**COG** – Council of Governments  
**DDS** – California Department of Developmental Services  
**DOF** – California Department of Finance  
**DSP** – Downtown Specific Plan  
**DU** – Dwelling unit  
**EDD** – California Employment Development Department  
**FEMA** – Federal Emergency Management Agency  
**GIS** – Geographic Information Systems  
**HCA** – County of Orange Health Care Agency  
**HCD** – Department of Housing and Community Development (State of California)  
**HUD** – U.S. Department of Housing and Urban Development  
**IBC** – International Building Code  
**ICBO** – International Congress of Building Officials  
**LAFCO** – Local Agency Formation Commission  
**MLS** – Multiple Listing Service  
**OCCOG** – Orange County Council of Governments  
**PRD** – Planned Residential Development  
**RCOC** – Regional Center of Orange County  
**RHNA** – Regional Housing Needs Assessment  
**SCAG** – Southern California Association of Governments  
**SRO** – Single Room Occupancy  
**UHC** – Uniform Housing Code

### Definitions

1. **Action** – An activity or strategy to be carried out in response to an adopted policy set forth to achieve a goal. Whenever possible, actions should be quantifiable and identify an implementation time frame.
2. **Above-Moderate Income Housing** – A household with an annual income usually greater than 120 percent of the area Median Family Income adjusted by household size, as determined by a survey of incomes conducted by a city or county, or in the absence of such



survey, based on the latest available eligibility limits established by the U.S. Department of Housing and Urban Development (HUD) for the Section 8 housing program.

3. **Action/Action Program** – An activity or strategy to be carried out in response to an adopted policy which is set forth to achieve a goal. Whenever possible, actions/action programs should be quantifiable and time specific.
4. **Adaptive Reuse** – The conversion of obsolescent or historic buildings from their original or most recent use to a new use – for example, the conversion of the GTE facility at the southwest corner of Third Street and Mermaid in Laguna Beach, to low-income housing.
5. **Affordable Overnight Accommodations** – Overnight visitor facilities – including, but not limited to hotels, motels, campgrounds, recreational vehicle parks and hostels – that offer low to moderate cost accommodation rates.
6. **Affordable Housing** – For-sale or rental housing that is reserved for occupancy by extremely- low, very-low, low, median and moderate income households. Income guidelines are established annually by the state and based on the median income for the County of Orange. Each income category is adjusted based on the household size from one to eight persons. To be affordable, housing must be purchased or rented at a cost of no more than 30% of a household’s monthly income (mortgage payment including principal and interest, taxes, insurance and association dues for ownership housing, or monthly rent).
7. **Agriculture** – Use of land for the production of food and fiber, including the growing of crops.
8. **Annex** – To incorporate a land area into an existing district or municipality, with a resulting change in the boundaries of the annexing jurisdiction.
9. **Architectural Features** – Projections or appurtenances on buildings that provide visual variation and/or relief but do not serve as living or working space.
10. **Artists’ Working and Living Unit** – A unit that has both working space and residential dwelling area for an artist. The working space and residential dwelling area may be physically connected and may be structurally modified or designed to accommodate ancillary residential occupancy with the primary use for working activity. The residential dwelling area shall be entirely within the unit and shall have habitable area for residential living, including a complete kitchen space, studio or bedroom sleeping areas and bathroom and sanitary facilities.
11. **Below-market rate** – A housing unit specifically priced to be sold or rented to low or moderate-income households for an amount less than its fair-market value. Both the State of California and HUD set standards for determining which households qualify as “low-income” or “moderate-income.” The financing of housing at less than prevailing interest rates.
12. **Build-out** – That level of urban development characterized by full occupancy of all developable sites in accordance with the General Plan; the maximum level of development envisioned by the General Plan. Build-out does not assume that each parcel is developed to include all floor area or housing units possible under zoning regulations.

13. **California Building Code** – California standard building code that sets forth minimum standards for construction.
14. **Community Development Block Grant (CDBG)** – A grant program administered by the U. S. Department of Housing and Urban Development (HUD) on a formula basis for entitlement communities and by the State Department of Housing and community Development (HCD) for non-entitled jurisdictions. This grant allots money to cities and counties for housing rehabilitation and community development, including public facilities and economic development.
15. **Conditional Use** – A land use that is not permitted by right but may be appropriate in a given zoning district under certain circumstances. The use may occur only upon approval of a Conditional Use Permit, pursuant to the procedures set forth in the Laguna Beach Municipal Code.
16. **Condominium** – A structure of two or more units, the interior spaces of which are individually owned while the balance of the property (both land and building) is owned in common by the owners of the individual units.
17. **Condominium Conversion** – A residential project in which the applicant proposes to convert rental housing units to condominiums pursuant to the Subdivision Map Act as may be amended from time to time.
18. **Covenants, Conditions and Restrictions (CC&Rs)** – Restrictive limitations that may be placed on property and its use and usually are made as conditions of holding title or lease.
19. **Density Bonus** – The allocation of development rights that allows a parcel to accommodate additional square footage or additional residential units beyond the maximum for which the parcel is zoned in return for the long-term restriction of certain percentages of units for very-low- or low-income households or senior citizen households.
20. **Density, Residential** – The number of permanent residential dwelling units per acre of land. Densities specified in the General Plan are in units per acre, rounded down.
21. **Design Review** – A discretionary review process adopted by the City that is intended to provide the following: 1) that development projects comply with the applicable standards and design guidelines and criteria; 2) that development projects focus on quality designs within a neighborhood context that results in creative design solutions for the City; 3) that development occur with an orderly and harmonious appearance, including associated facilities such as signs, landscaping and parking areas; 4) that public and private views are considered; 5) that public health, safety and general welfare throughout the City are considered; and 6) that there is effective implementation of the applicable General and Specific Plan policies that encourage the preservation and enhancement of the particular character and unique assets of the City.
22. **Dwelling/Dwelling Unit** – A building or portion thereof that includes a single kitchen and is designed or used exclusively for residential occupancy as a separate living quarters, including one family, two-family and multi-family housing, in addition to second residential units, artists' work/live units, efficiency units/single room occupancy units, mobile homes and modular housing. (*See "Housing Unit."*)

23. **Efficiency Unit** – As defined by *Health and Safety Code* §17958.1, an efficiency unit is a dwelling containing one habitable room of not less than 220 square feet of floor area, plus an additional 100 square feet of floor areas for each occupant in excess of two. The dwelling shall include a separate bathroom containing a toilet, lavatory and bathtub or shower, a separate closet and a kitchen sink including cooking appliance and refrigeration facilities, each having a clear working space of no less than 30 inches in front. Light and ventilation conforming to the Uniform Building code shall be provided.
24. **Emergency Shelter** – Housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual may be denied emergency shelter because of an inability to pay. (*California Health and Safety Code* §50801(e).
25. **Extremely-low income Household** – A household with an annual income less than 30% of the area median family income adjusted by household size, as determined by a survey of incomes conducted by a city or county, or in the absence of such a survey, based on the latest available eligibility limits established by the U.S. Department of Housing and Urban Development (HUD) for the Section 8 housing program.
26. **Fair Market Rent** – Residential rent, including utility allowances, determined by the U.S. Department of Housing and Urban Development (HUD) for purposes of administering the Section 8 Housing Program.
27. **Goal** – A general, overall and ultimate purpose, aim, or end toward which the City directs effort, as set forth in the General Plan.
28. **Household** – All persons, related or unrelated, who occupy a single housing unit.
29. **Housing Payment** – For ownership housing, this is defined as the mortgage payment, property taxes, insurance, homeowners’ association fees, and utilities. For rental housing this is defined as rent and utilities.
30. **Housing Unit** – A building or portion thereof that includes a single kitchen and is designed or used exclusively for residential occupancy as a separate living quarters, including one family, two-family and multi-family housing, in addition to second residential units, artists’ work/live units, efficiency units/single room occupancy units, mobile homes and modular housing. (*See “Dwelling/Dwelling Unit.”*)
31. **Impact Fee** – A fee, also called a development fee, levied on a developer of a project by a public agency as compensation for otherwise-unmitigated impacts the project would produce. *Government Code* §66000, et seq., specifies that development fees shall not exceed the estimated reasonable cost of providing the services for which the fee is charged. To lawfully impose a development fee, the public agency must verify its method of calculation and document proper restrictions on use of the fund.
32. **Inclusionary Housing** – Provisions established by a public agency to require that a certain percentage of housing units in a new a new housing development or subdivision to be reserved for occupancy by extremely-low, very-low-, low- and/or moderate-income households for a specified period. A fee may be paid in lieu of providing the required affordable housing, subject to Housing Element Policy.

33. **Infill Development** – Development of unimproved building sites in areas that are largely developed.
34. **In-lieu Fee** – A payment that may be required of a subdivider or property owner as an alternative to dedicating park/recreation land, providing art in public places, or providing extremely-low to moderate-income housing or replacement of rental and/or extremely-low to moderate income housing, in conjunction with new development of removal/conversion of rental and/or extremely-low to moderate income housing.
35. **In-lieu Housing Fund** – A City fund in which payment of In-lieu Housing Fees are deposited as an alternative to the provision of extremely-low, very-low, low and moderate income housing in new developments, or for the replacement of rental and/or low or moderate income housing.
36. **Local Agency Formation Commission (LAFCO)** – A commission within each county that reviews and evaluates all proposals for formation of special districts, incorporation of cities, annexation to special districts or cities, consolidation of districts, and merger of districts with cities.
37. **Low Income Household** – A household with an annual income usually no greater than 80% of the area median family income adjusted by household size, as determined by a survey of incomes conducted by a city or a county or, in the absence of such a survey, based on the latest available eligibility limits established by HUD for the Section 8 housing program.
38. **Manufactured Housing** – Residential structures that are constructed entirely in the factory and that, since June 15, 1976, have been regulated by the federal Manufactured Home Construction and Safety Standards Act of 1974 under the administration of HUD. Manufactured housing includes “mobilehomes” and “modular units.”
39. **Mixed-Use** – Properties on which various uses such as office, commercial, institutional and residential are combined in a single building or on a single site in an integrated development with significant functional interrelationships and a coherent physical design.
40. **Moderate-Income Household** – A household with an annual income between the lower income eligibility limits and 120% of the area median family income adjusted by household size, usually as established by HUD for the Section 8 housing program.
41. **Multi-family Housing/Dwelling** – A single building designed and used exclusively as three or more separate living quarters.
42. **Ordinance** – A law or regulation set forth and adopted by a city or county.
43. **Persons with Disabilities** – Persons determined to have a physical impairment or mental disorder expected to be of long or indefinite duration. Many such impairments or disorders are of such a nature that a person’s ability to live independently can be improved by appropriate housing conditions.
44. **Policy** – A specific statement of principle or of guiding actions that implies clear commitment to achieving a goal of the General Plan. A policy is a general direction that a governmental agency establishes prior to setting forth an action program.
45. **Planned Residential Development (PRD)** – A type of subdivision development characterized by comprehensive, detailed planning for a project as a whole that usually

involves the clustering of dwelling units either as single-family detached or attached units, where the density does not exceed that permitted in the zone and where the subdivision is in compliance with the standards of development outlined in Laguna Beach Municipal Code Chapter 21.14.

46. **Poverty Level** – As used by the U. S. Census, families and unrelated individuals are classified as being above or below the poverty level based on a Poverty Index that provides a range of income cutoffs or “poverty thresholds” varying by size of family, number of children, and age of householder. The income cutoffs are updated each year to reflect the change in the Consumer Price Index (CPI).
47. **Redevelop** – To demolish existing buildings and rebuild or to increase the overall floor area existing on a property or both, irrespective of whether a change in land use occurs.
48. **Regional Housing Needs Assessment (RHNA)** – A quantification by a COG or by the HCD of existing and projected housing need by household income group, for all localities within a region.
49. **Rehabilitation** – The repair, preservation, and/or improvement of substandard housing.
50. **Rental Housing, Replacement** – Replacement rental housing is required with the conversion or removal of any rental housing as specified in the Housing Element. Replacement rental housing is the development of new rental housing on a vacant or underdeveloped site (e.g., an R-3 lot that is redeveloped from a single-family residence to three multifamily rental units). A property owner converting or removing rental housing may not designate a site that is improved with rental housing as replacement housing.
51. **Rental Housing Unit** – A dwelling unit that could be rented or leased for residential occupancy. The following dwellings are not considered “rental housing units” for which rental housing preservation policies would apply: 1) Single-family dwellings in any zone, provided that there are no other dwelling and/or commercial development on the same building site; 2) residential condominium units or any residential unit that is owned individually and located in a two- or multifamily development; and 3) second residential units approved pursuant to Zoning Ordinance Chapter 25.17 and those approved in conjunction with the annexation of South Laguna.
52. **Residential Housing, Special Needs** – Dwelling units that accommodate specific demographic or occupational groups which 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, as defined in the City’s Housing Element. (*Laguna Beach Municipal Code, Chapter 25.08.*)
53. **Second Residential Unit** – An attached or detached dwelling unit that provides complete and independent living accommodations and facilities for one or more persons on a parcel zoned for single-family residential use and ancillary to the main residential building. A second residential unit that conforms to the requirements of the Zoning Ordinance shall not be considered to exceed the allowable density for the parcel upon which such unit is proposed to be established and shall be deemed a residential use that is consistent with the General Plan and zoning designations for the subject parcel.
54. **Single Room Occupancy (SRO)** – See “Efficiency Unit.”

55. **Special Needs Housing** – See “Residential Housing, Special Needs.”
56. **Subdivision** – The division of a real property into defined parcels or lots, either improved or unimproved that can be separately conveyed by sale or lease and can be altered or developed. “Subdivision” includes a condominium project as defined in §1350 of the *California Civil Code* and a community apartment project as defined in §1104 of the *Business and Professions Code*, which may be a one-lot subdivision for more than one unit.
57. **Supportive Housing** – Housing with no limit on length of stay, that is occupied by the target population as defined in *California Health and Safety Code* §53260(d), and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. “Target population” means adults with low incomes having one or more disabilities, including mental illness, HIV or AIDS, substance abuse, or other chronic health conditions, or individuals eligible for services provided under the Lanterman Developmental Disabilities Services Act and may, among other populations, include families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, or homeless people. (*California Health and Safety Code* §50675.14 and §53260(d).)
58. **Transitional Housing** – As defined in *California Health and Safety Code* §50675.2, transitional housing is rental housing for homeless individuals and families to live between six months and two years. Transitional housing may include supportive services to assist the formerly homeless to gain necessary life skills to attain independent living.
59. **Uniform Building Code (UBC)** – A national standard building code that sets forth minimum standards for construction.
60. **Uniform Housing Code (UHC)** – State housing regulations governing the condition of habitable structures with regard to health and safety standards and providing for the conservation and rehabilitation of housing in accordance with the Uniform Building Code (UBC).
61. **Very-Low-Income Household** – A household with an annual income usually no greater than 50% of the area median family income adjusted by household size, as determined by a survey of incomes conducted by a city or county or, in the absence of such a survey, based on the latest available eligibility limits established by HUD for the Section 8 housing program.

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