



CITY COUNCIL AGENDA REPORT

City of Anaheim PLANNING AND BUILDING DEPARTMENT

DATE: MARCH 21, 2017
FROM: PLANNING AND BUILDING DEPARTMENT AND
COMMUNITY AND ECONOMIC DEVELOPMENT
DEPARTMENT
SUBJECT: ANNUAL HOUSING ELEMENT STATUS REPORT FOR THE
2016 REPORTING PERIOD

ATTACHMENT (Y/N): YES **ITEM #** 04

RECOMMENDATION:

That the City Council, by Motion, accept the 2016 Annual Housing Element Progress Report and direct the Planning and Building Director to submit the report to the Governor's Office of Planning and Research (OPR) and the California Department of Housing and Community Development (HCD).

DISCUSSION:

The City's 2014-2021 Housing Element was adopted by the City Council and certified by HCD in early 2014. State planning law requires general law cities to file a Housing Element status report to HCD and OPR by April 1 of each year. Although Anaheim is a charter city and therefore exempt from the annual reporting requirement, the City has historically submitted an annual report to demonstrate Anaheim's notable progress towards meeting its adopted housing goals and to position itself to receive related State grant funding. State law requires these reports to be considered by the City Council during a public meeting so that members of the public may provide oral testimony or written comments.

The report identifies Anaheim's Regional Housing Needs Assessment (RHNA) allocation, the City's self-stated housing production goals (referred to as the "Quantified Objective"), and the progress made towards meeting these goals. The report also describes the status of other action items outlined in the Housing Element's Implementation Program. This is the third reporting year for the 2014-2021 Housing Element.

The City's RHNA allocation represents the number of housing units that the Southern California Association of Governments (SCAG) has determined will be needed to accommodate the City's projected population growth for the 2014-2021 planning period, which was 348,305 in 2014 and projected to grow to 370,183 by 2021.

SCAG establishes the RHNA allocation for cities and counties during each Housing Element cycle. While jurisdictions are not required to ensure the construction of their entire RHNA allocation, they are required to demonstrate that there are adequate sites with the appropriate zoning in place to accommodate the number of housing units included in the RHNA allocation. The Housing Element identifies these sites, commonly referred to as the City’s Housing Opportunity Sites.

In addition to reporting progress made towards meeting Anaheim’s RHNA allocation, the report illustrates the City’s progress towards achieving its Quantified Objective, an important component of the Housing Element. The Quantified Objective represents what the City has determined to be a reasonable number of housing units that can be produced during the planning period, while taking into consideration factors such as available funding, infrastructure, and current market conditions. The Quantified Objective is reviewed by HCD as part of its Housing Element certification review.

The following table lists the City’s RHNA allocation, its Quantified Objective for each income category, the number of building permits that have been issued from 2014 through 2016, and the remaining number of units that would need to be built to meet both the City’s RHNA allocation and its Quantified Objective. As noted in the table below, the City has made significant progress during the first three years of reporting.

Table 1: Building Permits Issued					
Income Category	RHNA Allocation for 8-Year Planning Period	Quantified Objective for 8-Year Planning Period	Permits Issued 2014-2016 (3 years)	Remaining RHNA Allocation (5 years to complete)	Remaining Quantified Objective (5 years to complete)
Very Low Income (up to 50% of MFI)*	1,256	83	79	1,177	4
Low Income (51% to 80% of MFI)	907	367	111	796	256
Moderate Income (81% to 120% of MFI)	1,038	36	45	993	(9)
Above Moderate Income (more than 120% of MFI)	2,501	3,872	3,757	(1,256)	115
TOTAL	5,702 units	4,358 units	3,992 units	2,966 units	375 units

*Orange County’s current Median Family Income (MFI) for a family of four is \$87,200

During the first three years of reporting, the City rehabilitated 210 residential units that could have otherwise been converted to market rate units. The figures provided in the table above exclude 110 of these units, as they do not qualify to be counted towards the RHNA allocation or the City’s Quantified Objective amounts based on certain State-established criteria. Nonetheless, the rehabilitation of at-risk units is an important component of the Housing Element’s

Implementation Program. Attachment 1 provides a detailed breakdown of the all affordable housing projects completed during the first three years of reporting.

Several factors have made the production of affordable housing much more challenging than in the past. Most notably, the demise of Redevelopment in California has resulted in a significant and undeniable negative impact on the City's ability to assist in creating and maintaining affordable housing. As a result, affordable housing developers now have limited ability to utilize local government funding and assistance to help create viable development opportunities. The City continues to evaluate alternative sources and methods of funding and financing to bridge the funding gap created by the loss of Redevelopment. Although there have been several attempts by the state legislature to establish a permanent source of funding for affordable housing, nothing is currently in place at the local or state level. Despite funding reductions resulting from the elimination of the Anaheim Redevelopment Agency and the continued reduction in federal entitlement program funds (e.g., Community Development Block Grant and HOME Funds), the City continues to make every effort to implement the goals and policies of the Housing Element. These efforts and successes demonstrate the City's continued commitment towards ensuring that the housing needs of its residents are recognized and effectively addressed.

In addition to housing production targets, the Housing Element includes a Housing Policy Program that identifies a variety of policy actions necessary to ensure that the City meets its present and future housing needs. The emphasis of the Policy Program is on actions relating to housing policies, including those related to fees and programs, which affect the City's ability to produce housing. The attached Housing Element Implementation Status Document illustrates the progress towards achieving various policies and programs.

The following list highlights key housing accomplishments achieved in 2016, and summarizes efforts currently underway that may be realized in 2017:

- Construction of the Rockwood Apartments (Formerly Lincoln Avenue) Special Needs Apartment Complex located at 1270 E. Lincoln Avenue was completed in 2016. This project provides 70 rental units, including 48 units for homeless persons, 15 units for homeless persons with mental illness and 7 general affordable units. As an example of this project's many success stories, it provided the opportunity for a family of four who was living in the Santa Ana River bed to be housed in a permanent healthy living environment. In addition, the project was able to take over 150 children and their families off the street into a quality living environment.
- The Anaheim Housing Authority approved the issuance of bonds for several existing affordable housing projects to assist with the rehabilitation of the properties, currently underway and extending the term of affordability to 55 years for 631 very-low and low income units. The projects are as follows:
 - Hermosa Village Phase I Apartments, a 297 unit family rental apartment project
 - Miracle Terrace Apartments, a 179 unit senior rental apartment project
 - Cobblestone Apartments, a 64 unit family apartment project
 - Sea Wind Apartments, a 91 unit family apartment project

- Acquisition of the former Sandman Motel located at 1248 E. Lincoln Avenue is currently underway to develop a 54-unit senior housing project with all units targeted towards extremely low, very low and low-income level residents.
- The City will be issuing a Request for Proposals (RFP) in 2017 to develop a housing project for homeless veterans on a Housing Authority-owned site.
- The City is currently in negotiations with the owner of the properties located at 100 – 130 S. Beach Boulevard and 2970 W. Lincoln Avenue to acquire them and develop a mixed-use affordable housing project on 5.5 acres that would include a City-owned site once occupied by the Silver Moon Hotel.
- The City is continuing efforts to revitalize the Avon Dakota Neighborhood involving the acquisition of market-rate apartments for the purposes of rehabilitating and converting to long term affordable housing. The City recently acquired a 4-unit apartment complex adding to the 27-units currently owned by the City and is working with the Related Companies to conduct a future rehabilitation project.

IMPACT ON BUDGET:

Funding for the preparation of the Housing Element Annual Status Update and associated reporting activities is included in the Planning and Building and Community and Economic Departments' FY 2016/17 Budgets.

Respectfully submitted,

Concurred by,

David Belmer
Planning and Building Director

John E. Woodhead IV
Community and Economic Development Director

Attachments:

1. 2014 – 2016 Completed Projects
2. HCD Reporting Forms
3. Housing Element Implementation Status Document