



## CITY COUNCIL AGENDA REPORT

### City of Anaheim PLANNING & BUILDING DEPARTMENT

**DATE:** MARCH 23, 2021

**FROM:** PLANNING AND BUILDING DEPARTMENT

**SUBJECT:** ANNUAL HOUSING ELEMENT PROGRESS REPORT FOR THE  
2020 REPORTING PERIOD

**ATTACHMENTS (Y/N):** YES

**ITEM # 07**

#### **RECOMMENDATION:**

That the City Council, by Motion, review the 2020 Annual Housing Element Progress Report and direct the Planning and Building Director to submit the report to the California Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research (OPR).

#### **DISCUSSION:**

In 2014, the City Council adopted, and the California Department of Housing & Community Development (HCD) certified, the City of Anaheim 2014-2021 General Plan Housing Element. The Housing Element is one of the many chapters of the City's General Plan. The General Plan is a State-mandated comprehensive, long-term planning document that addresses a multitude of land use-related issues designed to provide policy guidance. The Housing Element addresses present and future housing opportunities for Anaheim residents. The Housing Element is the only General Plan Element that requires review and certification by HCD. Additionally, State law requires local jurisdictions to update the Housing Element every eight years and to file an annual Housing Element progress report to HCD and the Governor's Office of Planning & Research (OPR) by April 1 of each year. State law also requires the City Council to consider these progress reports during a public meeting so that members of the public may provide oral testimony or written comments.

This is the seventh reporting year for the 2014-2021 Housing Element. The Annual Report, which is prepared on forms provided by HCD, identifies Anaheim's Regional Housing Needs Assessment (RHNA) allocation and self-stated housing production goals (referred to as the "Quantified Objective"). The completed Housing Element Annual Progress Report Form is Attachment 1, and describes the following:

- Progress made towards meeting these goals, quantified by the total number of building permits issued for new housing units during the reporting year, and the total number of housing units entitled and completed; and
- Status of other action items outlined in the Housing Element's Implementation Program.

In addition, HCD requires jurisdictions to provide a list of sites that the City has identified or rezoned to accommodate any shortfalls from the projected unit yields of the current Housing Element cycle, as required under the “No Net Loss” State law; a report on development bonuses granted for commercial development in exchange for providing housing, as permitted by State law; a report on any sales, leasing, or disposition of sites owned by the City that were included in the Housing Element Sites Inventory; an inventory of locally owned or controlled lands declared as surplus lands or identified as excess lands, and a report on Local Early Action Planning (LEAP) Grant progress. The City has no reportable activities with respect to these five areas.

The City’s RHNA allocation represents the number of housing units that the Southern California Association of Governments (SCAG) estimates will be necessary to accommodate the City’s projected population growth for the 2014-2021 planning period. In 2014, the City’s population was 348,305, and the RHNA allocation anticipated that the City’s population would increase by 21,878 residents, to a population of 370,183 by 2021. According to the State Department of Finance, the City’s population in January 2020 was 357,325 residents, indicating a population growth of 9,020 residents since 2014.

To accommodate SCAG’s 2014 estimation of the City’s population growth of 21,878 residents, SCAG allocated or assigned the development of 5,702 residential units to Anaheim during the 2014-2021 planning cycle. SCAG further divides this allocation into four income categories as indicated in Table 1 below:

<b>Table 1: 2014-2021 RHNA by Income Categories</b>		
<b>Income Category</b>	<b>Income Range for a Household of Four**</b>	<b>2014-2021 RHNA</b>
Very Low-Income (< 50% of AMI*)	< \$51,500	1,256
Low-Income (51% to 80% of AMI)	\$51,501 – \$82,400	907
Moderate-Income (81% to 120% of AMI)	\$82,401 – \$123,600	1,038
Above Moderate-Income (>120% of AMI)	> \$123,601	2,501
<b>Total RHNA Allocation</b>		<b>5,702 units</b>

\*Orange County’s 2020 Area Median Income (AMI) for a family of four is \$103,000

\*\*Updated to reflect 2020 income ranges

For the 2020 reporting year (January 1, 2020 through December 31, 2020), the City issued 685 building permits for new housing units, which are divided into 184 very low, 39 low, and 462 above moderate-income units. Since 2014, the City issued permits to construct 8,162 residential units, 2,460 units more than the City’s total RHNA allocation. However, the vast majority of the units (7,644 units) qualify as above moderate-income housing. Based on the City’s RHNA allocation and State law requirements, the City can count no more than 2,501 of these units towards the RHNA allocation for above-moderate income housing because the City has met its RHNA allocation for this category. Therefore, the City’s remaining RHNA allocation is 2,683 units, which includes 948 units for very low-income residents, 747 units for low-income residents, and 988 units for moderate-income residents.

In addition to reporting progress made towards meeting Anaheim’s RHNA allocation, this 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 building permits that the City can anticipate it will issue for housing units during the planning period, when taking into consideration factors such as available funding, infrastructure, and current market conditions. HCD reviewed the City’s Quantified Objective as part of its Housing Element certification process.

Table 2 below provides the RHNA income categories, respective RHNA allocation, permits issued, and remaining RHNA allocation, along with City’s Quantified Objectives by income category and the progress made towards meeting these objectives.

<b>Table 2: Building Permits Issued</b>						
<b>Income Category</b>	<b>RHNA Allocation for 8-Year Planning Period</b>	<b>Quantified Objective for 8-Year Planning Period</b>	<b>Permits Issued 2020 (current reporting year)</b>	<b>Permits Issued 2014-2020 (7 years)</b>	<b>Remaining RHNA Allocation (1 year to complete)</b>	<b>Remaining Quantified Objective (1 year to complete)</b>
Very Low-Income	1,256	83	184	<b>308</b>	948	(225)
Low-Income	907	367	39	<b>160</b>	747	207
Moderate-Income	1,038	36	0	<b>50</b>	988	(14)
Above Moderate-Income	2,501	3,872	462	<b>7,644</b>	(5,143)	(3,772)
<b>TOTAL</b>	<b>5,702 units</b>	<b>4,358 units</b>	<b>685 units</b>	<b>8,162 units</b>	<b>2,683 units*</b>	<b>207 units</b>

\*This figure excludes 5,143 above moderate-income units that the City cannot count towards the RHNA allocation because this income category has been satisfied.

In addition to newly constructed units, during the last seven years of the eight-year reporting period, the City rehabilitated 1,146 income-restricted residential units and extended the previous terms of affordability for these units to 55 years, of which 111 units are currently under construction. Also, in November of 2020, the City Council elected to become an additional member of the California Statewide Communities Development Authority’s (CSCDA) Community Improvement Authority and participate in the Middle-Income Housing Program (Program) involving three existing apartment complexes in the City. Participation in this Program will result in a gradual conversion of existing 1,017 market-rate rental housing units into income and rent-restricted units for middle income households (i.e. households whose incomes are between 80% and 120% of the AMI). The figures provided in Table 2 exclude both the rehabilitated units and the units to be created through the Program because HCD does not allow the City to count such units towards its RHNA allocation or Quantified Objective. Nonetheless, it is important to acknowledge these types of units as they play a vital role in maintaining and increasing affordable housing stock in the City.

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 facilitate housing. Table D in the attached HCD Reporting Forms illustrates the progress towards achieving various policies and programs. The following list highlights key housing accomplishments achieved in 2020:

- The 112-unit Hermosa Village Phase II Rehabilitation Project located at 1515 S. Calle Del Mar is currently under construction. When completed, the term of affordability for 111 affordable units at this project will be extended from 38 years to 55 years. This project is expected to be completed in November 2021.
- Development of the El Verano senior housing project (formerly Sandman Motel), located at 1248 East Lincoln Avenue, was completed in November 2020. The project included construction of a 54-unit senior housing project targeting extremely low, very low, and low-income residents. The project sets aside 27 units for homeless seniors.
- The City continues its 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 developer completed the Phase I Rehabilitation project consisting of 16 units in 2013. The Phase II rehabilitation project consisting of 21 extremely low, very low and low-income units was completed in December 2018. The City is currently pursuing additional site acquisition for a future Phase III project and to date has acquired a total of 10 properties.
- The Manchester/Orangewood Apartments project, which is a 102-unit rental workforce housing project located at the northwest corner of Manchester and Orangewood Avenues, is currently under construction. The project includes 26 extremely-low, 40 very-low, and 35 low-income units, along with one manager unit. The project is expected to be completed in September 2021. The project sets aside 20 units for homeless individuals.
- The 70-unit Econo Lodge Motel Conversion Project located at 2691 W. La Palma Avenue is currently under construction. When completed, the project will create 69 new affordable permanent supportive rental units for homeless individuals for a term of 55 years. This project is expected to be completed in May 2021.
- On December 17, 2019, the Anaheim Housing Authority (Authority) entered into a Preliminary Funding Award with The Salvation Army to construct a 72-unit permanent supportive rental housing project at the existing Salvation Army facility located on Lewis Street south of Ball Road that will provide long term housing solutions for individuals exiting chronically homeless conditions. The project will be 100% affordable, with rents set at levels that are deemed affordable to persons with incomes that fall within the extremely-low income category. The Salvation Army submitted an application for No Place Like Home funding in January 2021 to HCD and is awaiting a funding award, which is expected in May 2021. The Salvation Army will also be submitting an application for 4% Tax Credits and Bonds to the California Tax Credit Allocation

Committee (TCAC) and the California Debt Limit Allocation Committee, respectively, in August of 2021 to help fund the project. If the project receives all of the necessary financing, construction could commence in October 2021.

- The Housing Authority recently completed the acquisition of approximately 7.15 acres at the southeast corner of Beach Boulevard and Lincoln Avenue and has entered into an Exclusive Negotiation Agreement with a developer. The property will be developed with a mix of for-sale and for-rent unit products as well as a commercial component. The proposed 100 unit rental project would be 100% affordable, and 10% of the 134 for-sale units would be set aside for moderate income home buyers. The commercial component would contain 5,000 square feet of retail commercial space. Staff is currently working with the developer to submit an application for Affordable Housing and Sustainable Communities Program funding (AHSC) to the State Department of Housing and Community Development in June 2021, and is finalizing the development plans for the project in preparation for Planning Commission and City Council consideration.
- The property known as the Matrix site (Anaheim Midway Apartments) is a Housing Authority-owned site assembled for the development of an affordable rental housing project. The Matrix site is located at the southwest corner of Anaheim Boulevard and Midway Drive. The Anaheim Housing Authority recently entered into an Exclusive Negotiation Agreement with a developer to develop the site with a 100% affordable, 86-unit workforce rental housing development. Staff is currently working with the developer to finalize development plans to start the development review process for Planning Commission and City Council consideration and is planning on submitting a funding application for tax credits to the TCAC in July 2021.

### **Status of Housing Element Update Project**

State Law requires the City to update its Housing Element every eight years in order to remain relevant and reflective of the community's changing housing needs. California is now entering its 6<sup>th</sup> cycle, covering a period between 2021 and 2029, and State Law mandates that all jurisdictions within the SCAG region update and adopt their Housing Element by October 15, 2021. As such, the City contracted with Kimley-Horn and Associates, Inc. (Kimley-Horn) in December 2020, and the Planning and Building Department, with support from the Community and Economic Development Department, has officially kicked-off the Housing Element Update Project (Project) in January 2021. The table below is the Project's estimated timeline and corresponding key activities of the Project:

<b>Winter 2021</b>	<b>Spring 2021</b>	<b>Summer 2021</b>	<b>Fall 2021/Winter 2022</b>
<ul style="list-style-type: none"> <li>• Background analysis</li> <li>• Website launch</li> <li>• Formation of the Housing Element Update Committee (HEUC)</li> </ul>	<ul style="list-style-type: none"> <li>• Technical analysis</li> <li>• 1<sup>st</sup> community workshop</li> <li>• Online community survey</li> <li>• HEUC meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Release of draft Housing Element</li> <li>• 2<sup>nd</sup> community workshop</li> <li>• Planning Commission and City Council study sessions</li> <li>• HEUC meetings</li> </ul>	<ul style="list-style-type: none"> <li>• HCD review of the draft Housing Element</li> <li>• Start of the City adoption process of the final Housing Element &amp; associated public hearings</li> <li>• HEUC meetings (if deemed necessary)</li> </ul>

As shown on the table above, the Project includes multiple opportunities for the public to provide meaningful input during the Project process. To this date, the City launched the Project webpage and completed formation of the Housing Element Update Committee (HEUC). The HEUC is comprised of a variety of stakeholders and resident representatives, and the main purpose of the HEUC is to advise and provide input and perspective to staff throughout the Project process. The HEUC will hold monthly meetings on 3<sup>rd</sup> Thursdays of each month (unless otherwise rescheduled), and all meetings will be open to the public. The City held the first meeting of the HEUC on Thursday, March 18, 2021. In addition, the first community workshop is scheduled on Wednesday, March 23, 2021, and the online community survey will be launched at the community workshop and remain available on the City’s website for a few months. Staff will continue to update the City Council on the progress of the Project.

**IMPACT ON BUDGET:**

Funding for the preparation of the Housing Element Annual Progress Report and associated activities is included in the Planning and Building Department’s FY 2020/21 Community Improvements Fund Budget and the Community and Economic Development Department’s FY 2020/21 Low and Moderate Income Housing Asset Fund Budgets.

Respectfully submitted,

Concurred by,

Ted White  
 Planning and Building Director

Grace Stepter  
 Acting Community and Economic Development Director

**Attachment:**

1. Housing Element Annual Progress Report Form