

Affordable Housing Presentation – SPON Board 6/16/15

Housing Element Background:

1. The Housing Element is a state-mandated element of the City’s General Plan; it covers the planning period for the years 2014-2021.
2. The Housing Element evaluates the City’s population, income and housing data and sets forth goals, policies and actions to facilitate future development and preservation of housing for all economic segments within the community.
3. Housing is considered affordable when a household pays 30% or less of its income (e.g., a family with an income of \$75,000 should pay no more than \$1,875 per month for housing.)
4. Low and moderate incomes are based on the median income for the County, which is \$87,200 for a family of 4.
5. Why do we need low and moderate income housing? For our seniors who are on lower fixed incomes and have lived in and contributed to our community for many years; for younger professionals, police and fire fighters, teachers, nurses, etc. who work in our community to be able to live and participate in the community and to reduce commuting traffic.
6. The NB Housing Element notes that senior renters have the highest proportion of lower incomes. “Approximately 55% of all senior renter households and 30.3% of senior owner households earned incomes less than 80% of the area median income (\$69,760).”
7. Income Limits/Affordable Housing Costs (**4 person household**):
 - Very low income - \$48,150 (Rent \$1,203.75, Home Price \$144,450)
 - Low income - \$77,050 (Rent \$1,926.25, Home Price \$231,150)
 - Moderate income - \$102,350 (Rent \$2,558, Home Price \$307,050)Income Limits/Affordable Housing costs (**2 person household, including seniors**):
 - Very low income - \$38,550 (Rent \$963.75)
 - Low income - \$61,650 (Rent \$1,541.25)
 - Moderate income - \$83,700 (Rent \$2,092.50)
8. Newport Beach Housing Costs, per City Housing Element Update publication:
 - Median Home Prices (2011)
Newport Coast: \$1,611,000
Corona del Mar: \$1,387,500
Remainder of City: \$1,000,000
 - Average Rental Costs (Nov. 2012)
Studio: \$1,501
One Bedroom: \$1,941
Two Bedroom: \$2,312
Three Bedroom: \$2,857
9. The State and Southern California Assoc. of Governments (SCAG) Regional Housing Needs Assessment (RHNA) requires each City to establish policies and programs to be able to meet its housing need, which in Newport Beach is the development of only **1 very low** income unit, **1 low income** unit, **1 moderate income** unit, and **2 above moderate** income units during the planning period. Although the City’s RHNA allocation is very low (5

units total), the HE projects that **1,119** above moderate income units, **10** moderate income units and **103** low income units will be constructed by 2021, based on units approved but not constructed during the prior HE planning period (HE Quantified Objectives for 2014-2021 (Table H41).

10. Although the City is nearing build-out, the Housing Element does identify sites throughout the City that are “underdeveloped” as potential “housing opportunity sites.”

Issues for new affordable housing development and retention of affordable housing:

1. Escalating land values in NB, encourage the development of high-end housing and impede the development of new and preservation of existing affordable housing.
2. The City repealed its inclusionary housing ordinance with the adoption of the 2014-2021 HE, thereby eliminating an important source of future affordable housing. (The Ordinance had required that a minimum of 15% of new housing development be affordable to low and moderate income households or pay in-lieu fees.)
3. There is a probable loss of 152 affordable housing units within 8 years through conversion to market-rate units.
4. Mobile home parks are at-risk for conversion to new home development. (Potential loss of 933 units, of which more than half are likely rented at low/moderate income rates. Two parks totaling 177 Units are currently approved for closure, Marina Park and Seacliff Mobile Park.)
5. If all the affordable housing approved by the City prior to 2014 is built, there would be far fewer units than the potential loss of approximately 600+ affordable apartment units and mobile home lots that could convert to market-rate housing by 2021.

Opportunities to increase and/or preserve affordable housing:

- Monitor prior approvals to ensure low/moderate income housing is constructed or in-lieu fees paid, as previously approved.
- Monitor implementation of HE goals, policies and programs related to new development proposals (e.g. Program to encourage property owners to extend housing affordability to units at-risk of converting to market-rate units; Mello Act requirement to provide and preserve affordable housing in the Coastal Zone.)
- Density Bonus Law – State and City allow increased density to builders that propose low income and/or senior housing. (City encourages density bonuses in North Newport).
- Request City Council to form an Affordable Housing Task Force or Committee that includes residents, to study and make recommendations to preserve and expand affordable housing opportunities, such as:
 - Adopt an inclusionary housing ordinance to require a percentage of affordable housing in future developments or the payment of in-lieu fees. This would likely require a General Plan Amendment of the Housing Element.
 - Design a program to encourage owners of affordable units at-risk of converting to market-rate units to extend the affordability period.
 - Consider a program for mobile home park closures.
 - Evaluate zoning standards and reduced fees to encourage new granny units and other affordable housing.
 - Evaluate City-owned land inventory and underutilized sites for potential affordable housing sites.
 - Consider a potential affordable senior affordable housing overlay zone.
 - Consider limiting short-term lodging that removes long-term housing from the City’s inventory and negatively impacts residential neighborhoods.