



City of Costa Mesa

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 21-530

Meeting Date: 1/18/2022

TITLE:

CITY OF COSTA MESA 2021-2029 (SIXTH CYCLE) HOUSING ELEMENT (GP-21-01)

DEPARTMENT: Economic and Development Services Department / Planning Division

PRESENTED BY: Jennifer Le, Director of Economic and Development Services

CONTACT INFORMATION: JENNIFER LE, jennifer.le@costamesaca.gov; (714) 754-5270

RECOMMENDATION:

Staff recommends that the City Council receive a staff presentation for the 2021-2029 (Sixth Cycle) General Plan Housing Element Update, take public comment, consider the Planning Commission's recommendation, provide feedback to staff, and continue the item to the February 1, 2022 City Council meeting for consideration of Housing Element adoption.

BACKGROUND:

The Housing Element is one of the seven State-mandated General Plan "elements" and is a component of the *City of Costa Mesa 2015-2035 General Plan*. California State Housing Element Law (California Government Code Article 10.6) establishes the requirements for Housing Elements. California Government Code Section 65588 requires that local governments review and revise their Housing Element a minimum of once every eight years. Additionally, the California Legislature identifies overall housing goals for the State with the goal of ensuring every resident has access to housing and a suitable living environment.

To remain in compliance with State Housing Law, the City's updated Housing Element must include various applicable State provisions and be adopted by the City Council by February 11, 2022.

STATE HOUSING ELEMENT ENFORCEMENT

As part of the 2021-2022 State budget and various recently approved State Assembly Bills, the State Department of Housing and Community Development (HCD) received additional budget and staff resources to expand its enforcement efforts and formed the Housing Accountability Unit. The Housing Accountability Unit staff specifically enforce Housing Element compliance. While HCD states that education and technical assistance is the first step in its enforcement efforts, the intent of the Housing Accountability Unit is to hold jurisdictions accountable for their housing element commitments and other applicable State laws. Violations can lead to consequences including revocation of housing element certification and/or referral to the California Office of the Attorney General. If a jurisdiction is found by the HCD as out of compliance and is unwilling to comply with HCD corrections, the Attorney General can seek the following remedies:

- The Attorney General may, based upon a finding of the court that the housing element does not substantially comply with State Law, request that the court issue an order or judgment directing the City to bring its housing element into substantial compliance. The court will then retain jurisdiction to ensure that its order or judgment is carried out.
- If the City has not complied with the order or judgment after twelve months, the court will impose fines on the City. The fine levied pursuant to State Law is a minimum of \$10,000 per month and up to \$100,000 per month.

Besides the aforementioned enforcement actions, the City could be subject to several other consequences if a compliant housing element is not adopted or falls out of compliance over time, including:

- Potential loss of eligibility for certain future State grant funds;
- Potential loss of some level of local control over development, i.e., mandated “by right” development;
- A court may suspend the City’s authority to issue building permits or other City permits and approvals; and
- Outside groups may file legal actions against the City for a non-compliant Housing Element.

As an example, the City recently received correspondence from the State indicating that over \$800,000 in SB 2 funds awarded and allocated toward operations of the City’s homeless shelter would be contingent upon the City’s adoption of a certified Housing Element by May 2022. Staff believes local cities can expect ongoing State oversight and enforcement related to Housing Element compliance.

RHNA ALLOCATION

The Housing Element establishes a high-level blueprint for local housing policy and identifies housing goals, and specific programs or actions to be taken over the next eight years to meet those housing goals. As required by State Housing law, the State has identified a Regional Housing Needs Assessment (RHNA) that allocates the City’s “fair share” of regional housing need. Pursuant to this RHNA, the City is required by the State to plan and zone land at sufficient densities to accommodate the RHNA allocation. Costa Mesa’s assigned RHNA is 11,760 housing units, distributed among four affordability categories as shown in Table 1.

Table 1 - Final RHNA Allocation					
Income Category	% of Area Median Income (AMI)	Affordable Monthly Rent	Income Range Min. - Max.		RHNA Allocation
Very Low Income	0-50% AMI	\$961 - \$1,281	--	\$64,050	2,919 units
Low Income	51-80% AMI	\$2,561	\$64,051	\$102,450	1,794 units
Moderate Income	81-120% AMI	\$3,090	\$102,451	\$123,600	2,088 units
Above Moderate Income	>120% AMI	>\$3,090	\$123,601	--	4,959 units
Total					11,760 units

The City is not required to build the aforementioned housing units; however, the City is obligated to update the Housing Element to support housing development by establishing land use related goals, policies, and programs with specific action items and timelines that promote housing. The City is required to submit annual reports to the State identifying the number of housing units approved and constructed each year toward meeting the RHNA allocation, as well as to report on the City's progress in implementing the identified programs.

COMMUNITY OUTREACH

Over the last year, City staff have been preparing the update to the City's Housing Element. This effort has included contracting with a Housing Element consultant (Kimley-Horn) for expert analysis, meeting on multiple occasions with HCD staff, conducting two City-wide Townhall meetings (November 18, 2020 and September 2, 2021), hosting outreach meetings for each of the City's six voting districts (February 17, 2021 and February 18, 2021), and several other stakeholder meetings with affordable housing advocates, the development community, local community organizations and service providers. A special study session with the Planning Commission was held on March 1, 2021 and with the City Council on March 23, 2021. In addition, on April 27, 2021 and September 13, 2021, the City Council and Planning Commission held joint public study sessions. For the first time, the City provided online surveys, informational mailers and posts using social media and online community platforms, and held its outreach meetings in both English and Spanish.

DRAFT HOUSING ELEMENT

Based on community outreach and input from the community, local officials and stakeholders, and with consideration of the State requirements, City staff focused on identifying opportunities for future housing growth in already developed areas of the City, primarily along existing commercial and industrial corridors with the potential for revitalization and redevelopment as housing or mixed use development. The following "focus areas" and major corridors are most suitable for potential future housing growth:

- Area north of the 405 Freeway

- SoBECA area
- Harbor Boulevard corridor
- Placentia Avenue corridor
- West 19th Street corridor
- Mesa West Bluffs area
- Newport Boulevard

To comply with the City's 11,760-unit RHNA allocation, the Housing Element calls for future actions by the City to update the City's General Plan, area plans, and zoning to allow for future housing within these focus areas and major corridors. In order to meet State requirements, the Housing Element identifies "candidate sites" primarily located within the focus areas and corridors listed above which are feasible for housing development in order to meet the City's RHNA allocation.

Other programs are also identified and include pursuing opportunities at the Fairview Development Center site, preparing an inclusionary housing ordinance, incentivizing accessory dwelling units and motel conversions, and other action items intended to promote appropriate and diverse housing options for Costa Mesa residents.

The Draft Housing Element update document is comprised of the following Chapters:

Chapter 1: INTRODUCTION - a summary of the content, organization and statutory considerations of the Housing Element;

Chapter 2: COMMUNITY PROFILE - an analysis of the City's population, household and employment base, and the characteristics of the City's housing stock;

Chapter 3: HOUSING CONSTRAINTS, RESOURCES, AND FAIR HOUSING - an analysis of governmental and non-governmental constraints on production, maintenance, and affordability of housing and provides a summary of housing resources, including sites identification and funding and financial considerations; and

Chapter 4: POLICY PLAN - An analysis of Costa Mesa's identified housing needs, including housing goals, policies, and programs.

Additionally, the below appendices are provided as supplementary background Housing Element resources and include:

Appendix A - Review of Past Performance of 5th Cycle Programs;

Appendix B - Summary of Adequate Sites Analysis;

Appendix C - Summary of Outreach; and

Appendix D - Glossary of Housing Terms.

PUBLIC REVIEW DRAFT HOUSING ELEMENT

After its initial completion, the City released the draft Housing Element for public review and comment between August 17, 2021 and September 15, 2021. Approximately 50 public comments were received via email with additional comments received through the City's online portal. (These comments are included in the Housing Element; Appendix C). At the September 13, 2021 City

Council and Planning Commission joint study session, staff reviewed the Housing Element public review draft with the City Council, Planning Commission and the public, and received feedback and direction to modify and submit the document to the State. The Draft Housing Element update was submitted to HCD on October 6, 2021, and the City Council, Planning Commission and public comments were incorporated into that submittal.

STATE HCD COMMENT LETTER

On December 3, 2021, HCD forwarded a letter to the City that included the State's review comments regarding the Draft Housing Element Update. The letter is essentially a housing element "correction list" that the City must follow to obtain certification of the Housing Element by the State. Most cities in Orange County received such a comment letter and many of the comments are consistent across jurisdictions.

The December 3, 2021 HCD letter is available at the below link:

<https://www.costamesaca.gov/home/showpublisheddocument/50107>

PLANNING COMMISSION RECOMMENDATION

The Planning Commission reviewed the Draft Housing Element Update at its regular meetings on November 8, 2021, November 22, 2021 and December 13, 2021. The initial Planning Commission meetings were specifically held to introduce the Planning Commission and the public to the final stages of the Housing Element effort and focus on the strategies, policies and programs relating to how the City will facilitate its "fair share" of the regional housing needs. During these meetings, the Planning Commission was given an opportunity to review the updated Housing Element submitted to the HCD and request from staff responses and clarifications to specific Housing Element related topics and issues.

At the December 13, 2021 Planning Commission hearing, the Planning Commission received a staff presentation regarding the HCD comment letter and was also provided a revised Draft Housing Element Update with staff's proposed revisions responding to the State's corrections/issues. All of the proposed revisions were shown in underline/strike-through format so that the Planning Commission and the public could easily consider the recent updates.

The Planning Commission reviewed the proposed revisions to the Draft Housing Element update and recommended on a 6-1 vote that the City Council adopt the Initial Study/Mitigated Negative Declaration (IS/MND) for CEQA compliance purposes and approve the Housing Element Update (GP -21-01).

The Planning Commission motion for approval included a staff recommended change to add a program to the Housing Element (which was inadvertently left out) pertaining to updating the City's accessory dwelling unit (ADU) Ordinance to be consistent with the State law (per forthcoming HCD guidance). The motion also included a Planning Commission comment to the City Council that suggests adding information in the Draft Housing Element Update that identifies "projects in the pipeline." Projects in the pipeline are essentially an inventory of housing projects that are approved but not yet constructed or are currently in the entitlement process (but not yet approved) and may or may not have the potential of being developed during 2021-2029 Housing Element Sixth Cycle. In

response, staff has included additional language in Chapter 3 (*Housing Constraints, Resources, and Fair Housing*), Section F (Housing Resources) of the Draft Housing Element update entitled *Housing projects in the Pipeline* (see page 3-126 of the Draft Housing Element Update) as well as in Appendix B for Council consideration.

The November 8, 2021, November 22, 2021 and December 13, 2021 Planning Commission staff reports are available at these links:

- [<http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2021/2021-11-08/PH-1.pdf>](http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2021/2021-11-08/PH-1.pdf)
- [<http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2021/2021-11-22/PH-1.pdf>](http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2021/2021-11-22/PH-1.pdf)
- [<http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2021/2021-12-13/PH-1.pdf>](http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2021/2021-12-13/PH-1.pdf)

The November 8, 2021, November 22, 2021 and December 13, 2021 Planning Commission meeting videos are available at these links:

- [<https://costamesa.granicus.com/player/clip/3794?view_id=10&redirect=true>](https://costamesa.granicus.com/player/clip/3794?view_id=10&redirect=true)
- [<https://costamesa.granicus.com/player/clip/3802?view_id=10&redirect=true>](https://costamesa.granicus.com/player/clip/3802?view_id=10&redirect=true)
- [<https://costamesa.granicus.com/player/clip/3807?view_id=10&redirect=true>](https://costamesa.granicus.com/player/clip/3807?view_id=10&redirect=true)

ANALYSIS:

The City Council last reviewed the Housing Element Update at its joint study session held on September 13, 2021 (Staff Report:

[<https://costamesa.legistar.com/View.ashx?M=PA&ID=892974&GUID=2EC89CD4-EDE7-461F-8127-922507F6D3D6>](https://costamesa.legistar.com/View.ashx?M=PA&ID=892974&GUID=2EC89CD4-EDE7-461F-8127-922507F6D3D6)). Since then, several key Housing Element milestones have been completed, including:

1. Per Council direction, staff submitted the Housing Element Update to HCD that incorporated City Council, Planning Commission and public comments;
2. The Initial Study/Mitigated Negative Declaration (IS/MND) was circulated for public review and the comment period ended on November 29, 2021;
3. The State reviewed the Update and provided a comment letter on December 3, 2021;
4. Staff revised the Draft Housing Element Update to respond to HCD comments;
5. The Planning Commission reviewed the revised Draft Housing Element Update and on December 13, 2021 recommended that the City Council adopt and approve the Update, and the associated Initial Study/Mitigated Negative Declaration (IS/MND).

This report focuses on the HCD comment letter and staff's proposed revisions to the Housing Element to respond to those comments.

RESPONSES TO HCD COMMENT LETTER

Chapter 4 - Housing Plan Program Changes

Overall, HCD comments (both included in the HCD letter and verbally during Costa Mesa/HCD staff meetings) were high-level and generally requested more detailed information and analysis in certain topical areas. With few exceptions, which are indicated below (shown in bullet point and bold), the revisions made to the Housing Element in response to HCD comments do not modify the fundamental approach or action items.

- **HCD requested additional clarification/information regarding the City's estimated number of new ADU's over the next years and indicated they believed that the City's ADU assumptions were high. They also requested a program requiring the City to modify its ADU Ordinance to comply with State law pursuant to forthcoming comments from HCD staff.**

***Proposed Housing Element Modification:** Staff modified the Draft Housing Element Update adding additional data in support of the City's ADU estimates and lowered the number of ADU's projected to be built over the next eight years. Staff also added further details regarding ADU permits issued previously and provided an "ADU Trend Analysis" that projects anticipated ADU production in the City through the year 2028 (see Appendix B page B-14 through B-16). The analysis shows that ADU's permitted have been steadily increasing from 4 units in 2018, 6 units in 2019, 27 units in 2020, to 41 units in 2021. Based on these trends, the Housing Element reflects an estimated 572 ADUs/JADUs within the next 8 years. In addition, Program 3E was modified to include an action item for amending the City's ADU Ordinance to respond to forthcoming comments from HCD staff.*

- **The State requested that Housing Element program "timeframes" for completion (included in Chapter 4) be modified from "ongoing/periodic review" to be more specific such as "annually" or within a specified time frame.**

***Proposed Housing Element Modification:** The Program "Timeframe"(s) for completion of certain programs and action items were modified to respond to HCD comments (see Chapter 4 - Housing Plan, pages 4-5 through 4-22).*

- **HCD requested that the City's zoning provisions be amended to include transitional and supportive housing explicitly in the City's land use matrix.**

***Proposed Housing Element Modification:** A new program was added to the Draft Housing Element stating that the City would process a zoning code amendment to list transitional and supportive housing explicitly as uses in the City's land use matrix (see Program 2J below).*

PROGRAM 2J: Transitional and Supportive Housing

The City will amend its Zoning Code to include transitional and supportive housing within the City's land use matrix, subject only to those regulations that apply to other residential uses of the same type in the same zone, in compliance with Senate Bill 2. The City will monitor the inventory of sites appropriate to accommodate transitional and supportive housing and will work with the appropriate organizations to meet the needs of persons

experiencing homelessness and extremely low income residents.

Timeframe: *Within 24 months of adoption of the 6th Cycle Housing Element*

Responsible Agency: *City of Costa Mesa Economic and Development Services Department/Planning Division*

Funding Source: *In Kind*

- **The HCD requests that the City's density bonus application fees be amended to avoid constraints on affordable housing development.**

Proposed Housing Element Modification: *The Draft Housing Element update was amended to include a new program (see below, Program 2K):*

PROGRAM 2K: Planning Application Fees

The City will review its current planning application fees, with a special focus on the density bonus fee, and update the fee(s) to avoid creating a constraint to the development of affordable housing.

Timeframe: *Within 24 months of adoption of the 6th Cycle Housing Element*

Responsible Agency: *City of Costa Mesa Economic and Development Services Department/Planning Division*

Funding Source: *In Kind/General Fund*

- **The HCD requests that the City add further actions in the Housing Element to encourage the development of housing for "extremely low" and "lower" income households.**

Proposed Housing Element Modification: *The Draft Housing Element update was amended to include a new program (see below, Program 2L):*

PROGRAM 2L: Development of Housing for Extremely Low and Lower Income Households

The City recognizes the importance of supporting the development of housing for low and extremely low income households. While the City does not build housing, it is a primary goal of the Housing Element to support developers and increase the feasibility of development of housing for extremely low and low income households. Actions for this program include the following:

- *When funding is available, the City shall subsidize up to 100 percent of the City's application processing fees for qualifying developments where all units are affordable to 80 percent AMI or lower; and*
- *Promote the benefits of this program to the development community by posting information on the City's webpage and creating an educational brochure to be distributed with land development applications.*

Timeframe: *Evaluated annually*

Responsible Agency: *City of Costa Mesa Economic and Development Services Department/Planning Division*

Funding Source: In Kind/General Fund

- HCD stated that the City's current parking standards (particularly for studio apartments) results in a constraint to the development of multi-family housing and specifically affordable housing.

Proposed Housing Element Modification: The Draft Housing Element update was amended to include a new program (see below, Program 2M):

PROGRAM 2M: Parking Standards for Residential Developments

The City will review and revise the Municipal Code's requirements for residential off street parking for multi family projects to facilitate the development of multi family housing, and specifically affordable housing. The City will consider multiple factors when addressing this update, including but not limited to: size of residential units, number of bedrooms, access to transit and other multi modal opportunities, local parking trends related to vehicle ownership and the availability of the City's inventory of on street parking.

Timeframe: Review within 24 months of adoption of the 2021 2029 Housing Element Update; revise Code within 36 months of adoption of the 2021 2029 Housing Element Update.

Responsible Agency: City of Costa Mesa Economic and Development Services Department/Planning Division

Funding Source: In Kind/General Fund

- The HCD requested enhancements to the Draft Housing Element "adequate sites" program to better accommodate the City's RHNA.

Proposed Housing Element Modification: Program 3A ("Adequate Sites") has been amended as indicated below to include specific actions:

PROGRAM 3A: Adequate Sites

The City will maintain an inventory of vacant and underutilized sites and provide this inventory to interested developers. The City will monitor its status of meeting the Regional Housing Needs Allocation (RHNA) annually and ensure that the City has adequate sites available to accommodate its RHNA.

The City will consider and promote, various incentives through the following actions, to encourage development of housing, live/work, and mixed use development in its Urban Plan and Specific Plan areas, on the sites identified within the inventory. These actions include:

- Make information on candidate housing sites readily available through a database available to the public;
- Priority processing for candidate housing sites which provide the amount of affordable housing units at the income levels identified within the housing element for individual candidate sites; and
- If funding becomes available, the City shall subsidize up to 100 percent of the City's application processing fees for qualifying developments that provide the amount of

affordable housing units at the income levels identified within the housing element for individual candidate sites.

Timeframe: ~~Ongoing~~Reviewed annually

Responsible Agency: City of Costa Mesa Economic and Development Services Department/Planning Division

Funding Sources: In Kind

- HCD requested expansion and specific background analysis regarding housing opportunities at the Fairview Development Center site and to include anticipated City/State coordination efforts (State owned property).

Proposed Housing Element Modification: Program 3B ("Fairview Development Center") has been amended as indicated below:

PROGRAM 3B: Fairview Development Center - State Property

Fairview Development Center, owned by the State of California, is a 102 acre property located at 2501 Harbor Boulevard in Costa Mesa. This property historically housed adults with intellectual and developmental disabilities but is closed and has been identified as surplus property by the State. The City has engaged with the State Department of General Services regarding the future use of the property as a master planned residential/mixed use community with a substantial affordable housing component and other community amenities.

In January 2020, the Costa Mesa Fairview Developmental Center Ad Hoc Committee met to discuss potential development yields for the site. The Committee presented a report to the City Council which summarized its strategic engagement in the development of the local vision, priorities, and reasoning behind the stated preliminary vision of a solutions based, housing first model for the site. The Committee took into consideration the City's recent efforts to address local housing needs and contemplated opportunities for permanent supportive housing and integrated workforce housing on the site. Conceptual yield studies and draft plans have also been compiled for the property and helped to inform development capacity assumptions, which are estimated at 2,300 housing units at the site. There are no current Development Agreements on the property.

The City will need to coordinate with the State of California Department of General Services (DGS) for future use of the site. The City is confident that there is significant interest in redeveloping the property once it becomes available based on informal discussions with developers during the housing element update process. The City is considering various zoning strategies as part of the Housing Element Update, including a specific plan or master plan for the site, which would permit the residential densities and development of the acreage identified within the Housing Element, while also considering expedited permitting.

The City will partner with the State to pursue compatible development on the Fairview Development Center site consistent with the State's Site Assessment and the Housing Element's sites analysis to permit residential development at the identified densities. The

City envisions a two year process to negotiate future residential development use on the site or as modified by the State. If not established, the City will identify additional alternative sites to accommodate a potential shortfall in housing sites to accommodate the remaining RHNA.

Timeframe: Negotiate agreement to develop residential within two years or as modified by the State. If unsuccessful, identify additional sites to accommodate shortfall.

Responsible Agency: City of Costa Mesa/State of California

Funding Sources: State and Federal Grant Funds, In Kind

- **HCD states that Measure Y is “clearly a constraint” on the City’s ability to satisfy its obligation to the State required RHNA and poses a constraint to housing development in general. HCD’s letter states:**

“... The element describes various aspects of the local voter initiative which generally subjects legislative actions (e.g., specific and overlay plans) involving residential development to voter approval. The element further states the measure may be considered a potential constraint and may discourage developers from pursuing housing development. However, the Measure is clearly a constraint on development and conflicts with meeting state requirements. The element must include a specific analysis of the impacts on housing cost, supply, affordability, timing and approval certainty. Based on this analysis, the element must include programs to address this constraint in addition to programs to make sites available to accommodate the RHNA.”

Further, the State’s letter specifically directs the City to modify Draft Housing Element Program 3G to include:

“...a specific schedule of actions to make sites with appropriate zoning available to accommodate the RHNA, including considering any exceptions within the Measure for the purposes of meeting mandates for rezoning or other changes in land use regulations, modifying the Measure and other steps that will be taken to ensure zoning will be completed within three years. If the appropriate zoning is not complete, the Program must include steps that will be taken to take alternative action...”

Proposed Housing Element Modification: Program 3G (“Address Measure Y in Relation to Housing Element Compliance”) has been amended to respond to State comments.

PROGRAM 3G: Address Measure Y in Relation to Housing Element Compliance

As it exists upon adoption of the 2021 2029 Costa Mesa Housing Element, the Voter Initiative, Measure Y requires voter approval of certain changes in land use, defined as those projects that amend, change or replace the General Plan, the Zoning Code, a specific plan, or an overlay plan, (collectively, legislative changes) and that involve any one of the following changes: adds 40 or more dwelling units, generates more than 200 additional average daily trips; increases the volume/capacity of an intersection based on specified formulas; changes the intersection capacity utilization or level of service based on specified formulas; adds 10,000 square feet of retail, office or other nonresidential; or, where the proposed project, combined with other projects within 8 years and a half mile of

each other, meet the above criteria. Additionally, voter approval is required for projects that involve one of the above legislative changes and: changes from public uses to private uses under specified circumstances; land designated as utility right of way under specified circumstances; land donated, bequeathed, or otherwise granted to the City; land used or designated for Costa Mesa school property; or land owned, controlled, or managed by the City.

Through extensive community outreach with Costa Mesa residents, housing advocates, and members of the development community, the City of Costa Mesa has continued to contemplate Measure Y's role in the City's 2021 2029 Housing Element Update. State HCD has identified Measure Y as a clear constraint to the future development of residential uses within the City, a constraint to implementing the land use and zoning changes necessary to achieve State mandated compliance with the RHNA allocation, and also conflicts with meeting State housing requirements. The City recognizes that it must, in coordination with guidance from the City Attorney and input from the community, determine a path forward in consideration of Measure Y to be able to adopt the subsequent changes to specific plans, urban plans, and overlays that are necessary to implement the City's adopted Housing Element and meet the City's RHNA allocation.

The language of Measure Y itself is not clear on how the initiative applies to the State mandated Housing Element Update process and/or the associated rezones and revisions to existing specific plans, urban plans, and overlays included as program actions within the Housing Element. The City will take the following steps to minimize the ways in which Measure Y functions as a constraint to housing development, Housing Element compliance, and other shared community goals.

<u>MILESTONES</u>	<u>TIMING FOR COMPLETION</u>
<u>(1) Engage the community and other stakeholders, and complete legal analysis necessary to identify appropriate modifications to Measure Y for voter approval</u>	<u>Complete by June 2022</u>
<u>(2) Prepare ballot measure language and obtain City Council approval for placement of modifications on the ballot for the November 2022 general election.</u>	<u>Complete by August 2022</u>
<u>(3) Inclusion of the proposed measure on the Ballot of Local Election.</u>	<u>Complete by November 8, 2022</u>
<u>(4) Creation and adoption of an inclusionary housing ordinance. Measure Y exempts affordable housing proposals required by state or federal law. A City Council- approved inclusionary housing ordinance provides an opportunity to address affordable housing needs City-wide.</u>	<u>Complete by December 2022</u>

<u>(5) Engage in a community planning and visioning process. Prepare General Plan amendments, rezones, and revisions to existing specific plans, urban plans, and overlays included as program actions necessary to meet the City's RHNA allocation as identified within the Housing Element. Complete appropriate technical studies and CEQA compliance documents. Obtain City Council approval.</u>	<u>Complete by June 2024</u>
---	------------------------------

Timeframe: Within 36 months of adoption of the 2021 2029 Housing Element Update

Responsible Agency: City of Costa Mesa Economic and Development Services Department/Planning Division

Funding Sources: In Kind, General Fund

The revised Housing Element Update responding to State HCD comments is provided as an attachment to this report. (The revisions that have been made since the HCD submitted draft are shown in underline/strikethrough format.)

HOUSING AD HOC COMMITTEE

In light of the State's comments on Measure Y, the City Council Housing Ad Hoc Committee hosted a virtual community forum regarding Housing and Measure Y on January 11, 2022. The purpose of the meeting was to accept public input, better understand the purpose and challenges of Measure Y, and discuss a viable path forward for the City's Housing Element and housing goals. Approximately, 55 individuals attended and 26 spoke. Speakers included affordable housing advocates, supporters of Measure Y, building industry representatives and housing developers, housing service providers, and others. The Ad Hoc Committee is considering public comments and may ultimately hold additional community meetings and/or make a recommendation to the City Council in the coming weeks.

ENVIRONMENTAL REVIEW

The Housing Element Update does not grant any development entitlements or authorize development beyond what is allowed under the City's current General Plan and Zoning Code. Rather, it outlines a blueprint for how the City can plan to meet its RHNA allocation and ultimately comply with State Housing Element law. As part of future discretionary actions to implement the Housing Element, the City will process Zoning Code and Specific Plan amendments (e.g., revise overlays) to accommodate applicable changes in local standards to meet the City's RHNA allocation. Certain City General Plan Elements may also require updating to ensure internal General Plan consistency.

When meaningful information is known and determined through the community visioning process related to adopting the aforementioned City land use plans (e.g., Zoning Code, Specific Plan, Urban Plans, and General Plan amendments), a detailed CEQA evaluation (likely an Environmental Impact Report) of these changes will occur. Specifically, the future CEQA analysis would analyze the net

change in development capacity from current land use policies and zoning to the proposed higher densities in the focus areas and corridors described in the Housing Element.

In accordance with the California Environmental Quality Act (CEQA) and the State CEQA Guidelines, an Initial Study/ Mitigated Negative Declaration (IS/MND) has been prepared to evaluate the potential environmental effects associated with the City of Costa Mesa 2021-2029 Housing Element update. The IS/MND was circulated for public comments on October 29, 2021. The public comment period ended on November 29, 2021. Three comment letters were received and are provided as an attachment to this report.

The IS/MND includes a description of the Housing Element Update; programmatic high-level evaluation of the potential environmental impacts; the findings of the environmental analyses; and recommended standard conditions and mitigation measures to avoid/lessen potentially significant adverse impacts on the environment. Based on the conclusions of the environmental analysis, the City's Housing Element update would have less than significant impact on the following environmental issue areas: Aesthetics, Agricultural and Forestry Resources, Air Quality, Energy, Geology, Greenhouse Gas Emissions, Hydrology and Water Quality, Land Use and Planning, Mineral Resources, Population and Housing, Public Services, Recreation, Transportation, Utilities and Service Systems, and Wildfire. Additionally, the Housing Element update would have less than significant impacts with the implementation of mitigation measures in the areas of: Biological Resources, Cultural Resources, Hazards and Hazardous Materials, Noise, and Tribal Cultural Resources.

NEXT STEPS

February 1, 2022 City Council Meeting - A public hearing will be scheduled to review the Planning Commission recommendation, consider public testimony, and adopt the Housing Element update and associated IS/MND.

February 11, 2022 - Pursuant to State Law, the City must adopt its Housing Element by this date to remain in compliance with housing laws. After City Council adoption, the Housing Element will be forwarded to HCD for their re-review/certification. City staff and our expert consultants believe that HCD comments have been appropriately addressed in the revised Housing Element Update. However, if HCD requires additional corrections, staff will bring the Housing Element to the Council for an update at that time.

2022 - 2029 - After State HCD Housing Element certification, Development Services staff will process for Planning Commission and City Council approval subsequent land use and zoning code amendments in compliance with Housing Element program implementation.

ALTERNATIVES:

No action will occur at this public hearing and therefore there are no suggested alternatives.

FISCAL REVIEW:

The adoption of the Housing Element will have no impact to the City's General Fund.

LEGAL REVIEW:

This report has been approved as to form by the City Attorney's Office.

CITY COUNCIL GOALS AND PRIORITIES:

Diversify, stabilize and increase housing to reflect community needs.

CONCLUSION:

This report includes an introduction to the final stages of the update to the City's Sixth Cycle General Plan Housing Element. The City Council is being asked to receive a presentation from staff, take public comments, provide any feedback to staff, and continue the item to the February 1, 2022 City Council regular meeting.