



City of Laguna Beach General Plan 2021-2029 Housing Element

City of Laguna Beach
Department of Community Development

Adopted by the City Council: _____



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1. Introduction

1.1 Purpose of the Housing Element

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 Housing Elements (§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 residents 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 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, 2012, and 2014. This update is for the 6th planning cycle¹ that covers the period October 15, 2021 to October 15, 2029.

1.2 Community Profile

The City of Laguna Beach is a small coastal community in an exceptional physical setting defined by its beaches, coastal hills, and pedestrian-friendly environment. The City, incorporated in 1927, provides a full range of services including police, fire, marine safety, and transit. The school district is outstanding and consists of two elementary schools, a middle school, and a high school. Located in southwest Orange County, Laguna Beach occupies 8.84 square miles, has a 2020 estimated population of 22,343, and welcomes 6 million visitors each year (see Figure 1-1, which shows the City’s and the County’s boundaries). Surrounding cities include Newport Beach, Laguna Woods, Aliso Viejo, Laguna Niguel, and Dana Point.

1 The 2020-2029 period is the 6th Cycle Housing Element since the comprehensive overhaul of California housing element law in 1980.



Figure 1-1 – Regional Map

The City of Laguna Beach has unique environmental constraints and limited potential for redevelopment; developable areas are generally influenced by steep hillside terrain and open space, which poses a topographical and geographical constraint for development. Many of the City's neighborhoods have streets that are narrow, steep, and often dead end, which also poses challenges for infill development. In many instances, the City's existing residential neighborhoods exceed the allowable density, or are built-out on substandard lots. As identified in the City's Hazard Mitigation Plan, the topography of Laguna Beach is extremely conducive to wildfires, which should be considered when assessing housing opportunity sites. The Housing Element has been prepared to meet state law while respecting the local environment and character and recognizing the City's constraints and challenges.

1.3 Public 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 and Human Services Committee.

In recent years, the City Council sought out additional citizen involvement to help find pathways to increasing affordable housing. An 11-member Affordable Housing Task Force was appointed in February 2018 to identify dedicated funding sources for affordable housing. The mission of the Task Force also included consideration of other associated programs within the Housing Element, tied to funding for the development of affordable housing opportunities for: long-term extremely-low- to moderate-income housing for seniors (62+), family housing for younger adults (25-44), and other special needs groups. In September 2019, the Task Force presented its report to the City Council, which included recommendations related to creating incentives, securing funding sources, and encouraging community awareness to support affordable housing. These recommendations formed the foundation for securing grant funds under the SB 2 Planning Grant Program and a Local Early Action Planning (LEAP) grant (discussed in [Section 4.2, Financial Resources](#)), and helped shape programs described in [Section 5, Housing Plan](#) of this 6th Cycle Housing Element.

The City Council also sought citizen participation through the creation of a Senior Housing Task Force, made up of representatives from the Planning Commission, the real estate community, Laguna Beach Seniors, the Housing and Human Services Committee, and other members of the senior community. This task force started in June 2014 and completed its final report in December 2016. Recommendations from the final report also helped inform programs in the 6th Cycle Housing Element.

Due to the COVID-19 pandemic during the 2021-2029 Housing Element update process, the public outreach was conducted online through workshops, emails, and notifications. Virtual meetings with opportunities for public input were also conducted by the City's Housing & Human Services Committee on December 9, 2020, and the Planning Commission on January 13, 2021 and February 24, 2021. In addition, a joint Planning Commission and City Council meeting was conducted on April 6, 2021. See [Appendix B](#) for a summary of the outreach and how it influenced the preparation of the Housing Element.

1.4 Consistency with General Plan

According to state planning law, the Housing Element must be consistent with the other General Plan elements. While each element addresses a specific range of issues, there is flexibility in how general plans are presented, and certain goals and policies of one element may also address issues that are primary subjects of other elements. This integration of issues throughout the general plan creates a strong basis for the implementation of plans and programs and achievement of community goals.

The Laguna Beach General Plan was reviewed and found to be consistent with the Housing Element. The Housing Element is most closely tied to the Land Use Element, as residential development capacities established in the Land Use Element are used to identify the sites inventory presented in Housing Element Section 4. However, a wide range of additional General Plan policies support Housing Element goals, policies, and programs. Specific key goals and policies of the Land Use Element that directly complement the Housing Element include:

GOAL 6: Provide a diversity of land uses that enhance the community.

- Policy 6.4** Promote the provision of housing to serve the City’s low- and moderate-income households, including City employees.
- Policy 6.6** Preserve and promote an increase in the stock of residential rental units in the City.
- Policy 6.12** Promote mixed-use development in commercial zones, where appropriate, to encourage the provision of lower-cost housing and to reduce traffic trips. Encourage ground floor uses to be commercial and where appropriate, visitor serving.

GOAL 9: Provide comprehensive public services and infrastructure.

- Policy 9.1** Ensure well-maintained and sufficient public infrastructure to serve the community.
- Policy 9.2** Expand community programs and services to benefit all segments of the community.
- Policy 9.3** Ensure that the City is adequately prepared for potential hazards and natural disasters.
- Policy 9.4** Encourage public awareness of and education about land use planning and encourage civic participation in the decision-making processes.

At the time of the 6th Cycle Housing Element update, the City was also updating its General Plan Safety Element in accordance with state law. Key issues addressed by the Safety Element that could influence housing development include fire safety and sea level rise, among others. To address fire safety, the Safety Element discusses reducing risk in very high fire hazard severity zones. Safety Element preparation includes compliance with California Government Code §65302(g)(1)-(9) and consideration of the state’s “Fire Hazard Planning” document, and integrates the City’s 2018 Local Hazard Mitigation Plan (LHMP), among other associated reports. To address coastal hazards, the City commissioned a “Shoreline Geology and Erosion Assessment,” which found that in recent decades, storms have contributed to the loss of beaches and localized failures of the coastal bluffs. The study provides guidance for planners, homeowners, and developers that live or build atop the coastal bluffs. The City also uses the

“Sea Level Rise Policy Guidance” issued by the California Coastal Commission, which addresses issues related to climate change and coastal management, and helps guide Local Coastal Program (LCP) planning and development decisions. Implementation of the Housing Element will occur in a manner consistent with Safety Element and LCP policies.

As individual General Plan elements are amended over time, the City will continue to review the Housing Element to ensure internal consistency and effective implementation.

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2. Community Characteristics and Needs Assessment

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

Providing 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 the community. This section assesses the City's need for more affordable housing by evaluating the number of households that are housing cost burdened.

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)]

The primary source for local housing data used in preparing the Housing Element update was the "Pre-Certified Local Housing Data" prepared for the City of Laguna Beach by the Southern California Association of Governments (SCAG), 2020. Major data sources cited by the SCAG report include the American Community Survey 2014-2018 five-year estimates prepared by the U.S. Census Bureau, the California Department of Finance (DOF) Population and Housing Unit Estimates, the U.S. Department of Housing and Urban Development (HUD) CHAS (Comprehensive Housing Affordability Strategy), 2012-2016, the California Department of Developmental Services, and SCAG Local Profiles including Construction Industry Research Board (CIRB) and Core Logic/DataQuick. Labor market data was drawn from the State of California Employment Development Department.²

All data related to existing housing and residential building sites in Laguna Beach was obtained from the General Plan, the Municipal Code, property files, building permit data, and the City's Geographic Information Systems (GIS). The comparison of development fees was provided by the City's Community Development Department.

2 See California Employment Development Department, Labor Market Information, <https://www.labormarketinfo.edd.ca.gov/data/labor-force-and-unemployment-for-cities-and-census-areas.html>

2.1 Population Trends and Characteristics

2.1-1 Historical, Existing, and Forecast Growth

Since 1990, the Laguna Beach population has been relatively stable. According to the 2010 U.S. Census, the Laguna Beach population was 22,723, and the California Department of Finance population estimates the 2020 population has decreased slightly to 22,343, including 89 living in group quarters. The population of Laguna Beach is 50% male and 50% female. The City has still not regained the population lost during the decade 2000-2010, as depicted in Table 2.1.

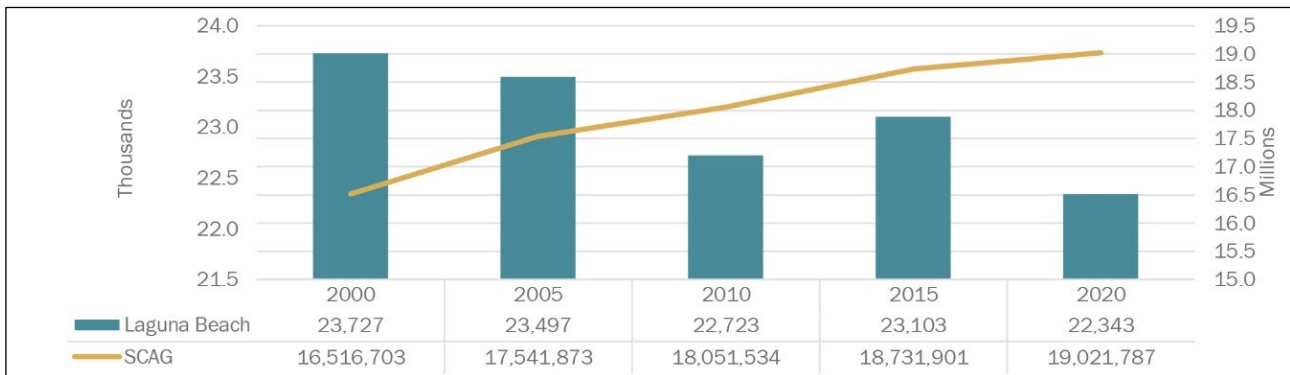
Table 2.1 – Population Trends, Laguna Beach vs. Orange County

Year	Laguna Beach			Orange County		
	Population	Increase	Average Annual Growth Rate	Population	Increase	Average 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%
2015	23,103	-2	0.06%	3,145,029	63,225	0.71%
2020	22,343	-760	-0.50%	3,194,332	49,303	0.04%

Source: U.S. Census, California Department of Finance, 2013; DOF E-5 Population and Housing Estimates, 2015; DOF E-1 Population Estimates, 2020; SCAG Local Housing Data, 2020

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

As shown in Table 2.1, between 2000 and 2020, Laguna Beach had an annual growth rate of -0.3% compared to 0.7% for the SCAG region.³ As illustrated in Figure 2-1, future growth in Laguna Beach is expected to remain low as opportunities for housing development continue to diminish due to the limited availability of developable land.



CA DOF E-5 Population and Housing Unit Estimates

Figure 2-1 – Population Trend, 2000-2020, Laguna Beach vs. SCAG Region

3 SCAG, Local Housing Data, August 2020; https://scag.ca.gov/sites/main/files/file-attachments/lagunabeach_he_0920.pdf?1603254140

2.1-2 Age Composition

Table 2.2 compares the age distribution between 2010 and 2018. Age distribution shifted slightly older, with a 5.3% increase in the 65+ age group population during the decade. Laguna Beach's seniors (65 and above) make up 23.3% of the population, which is higher than the regional share of 13%. Combined, the 55-64 and 65+ age groups, a portion of the “Baby Boom” generation, represent 43.9% of the population. 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 18-24 age group posted a small increase, the 25-44 age group represented the biggest shift in population with a 6.6% decrease. High land and housing costs make it difficult for young and middle-age adults to establish households in Laguna Beach. The share of the population of Laguna Beach which is under 18 years of age is 16%, which is lower than the regional share of 23.4%.

Table 2.2 – Age Distribution, 2010 and 2018

Age Group	2010		2018		% Difference
	Total	Percent of Total	Total	Percent of Total	
Under 5	747	3%	790	3.4%	0.4%
5-17	2,901	13%	2,924	12.6%	-0.4%
18-24	1,101	5%	1,372	5.9%	0.9%
25-44	5,321	23%	3,790	16.4%	-6.6%
45-54	4,200	18%	4,120	17.8%	-0.2%
55-64	4,290	19%	4,753	20.6%	1.6%
65 and over	4,163	18%	5,398	23.3%	5.3%
Total	22,723	100%	23,147	100%	1.87%

Source: 2010 U. S. Census; ACS 2014-2018, Table S0101 (5-year estimates)

2.1-3 Race and Ethnicity

The racial and ethnic composition of Laguna Beach, as depicted in Table 2.3, is significantly different than the county as a whole. White persons comprised 84.7% of the population in 2018 compared to just 41% for the county. The second largest racial/ethnic group in Laguna Beach was Hispanic or Latino, with 7.4% of the population, followed by Asians who represented 3.6% of the City's population. Comparatively, Orange County had a more diverse population in 2018 with an overall minority population of 59%, versus 15.3% in Laguna Beach.

Table 2.3 – Population by Race and Ethnicity, Laguna Beach vs. Orange County

Race	Laguna Beach		Orange County	
	Persons	Percent of Total	Persons	Percent of Total
White alone	19,613	84.7%	1,296,036	41.0%
Black or African American alone	186	0.8%	50,412	1.6%
Hispanic or Latino (of any race)	1,709	7.4%	1,080,195	34.1%
Asian alone	840	3.6%	629,637	19.9%
American Indian or Native Alaskan alone	12	0.1%	6,348	0.2%
Native Hawaiian alone	73	0.3%	8,541	0.3%
Some other race or two or more races	714	3.1%	93,013	2.9%
Total	23,147	100%	3,164,182	100%

Source: 2014-2018 ACS, Table DP05 (5-year estimates)

2.2 Employment Trends

Housing needs are influenced by employment trends. Significant employment opportunities within the City can lead to growth in demand for housing in proximity to jobs. The quality and/or pay of available employment can determine the need for various housing types and prices. Laguna Beach has 11,778 workers living within its borders who work across 13 major industrial sectors. As shown in Figure 2-2, the most prevalent industry is Professional Services with 2,633 employees (22.4% of total) and the second most prevalent industry is Education & Social Services with 2,263 employees (19.2% of total).

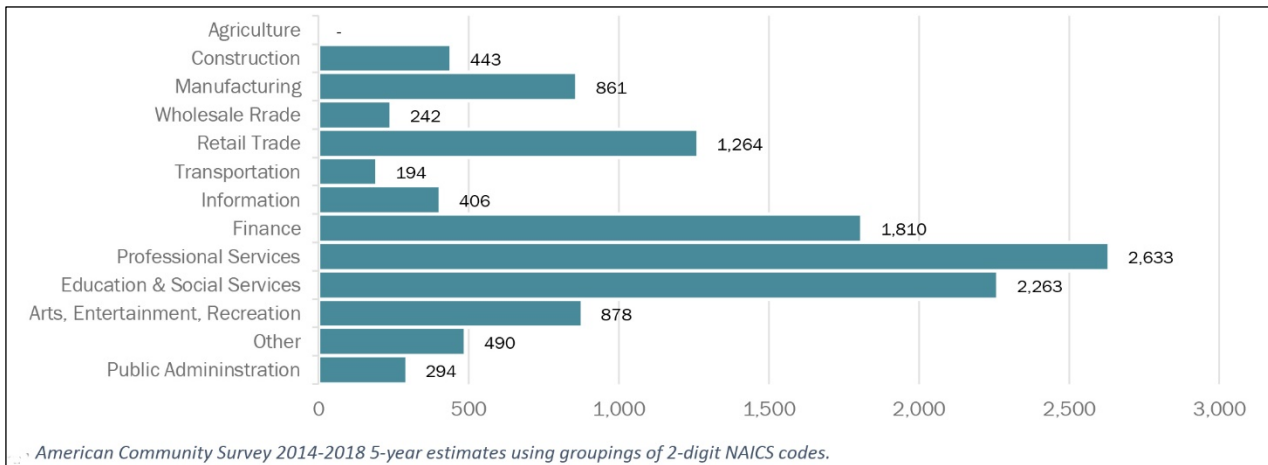


Figure 2-2 – Employment by Industry, Laguna Beach

In addition to understanding the industries in which the residents of Laguna Beach work, it is also possible to analyze the types of jobs they hold. As shown in Figure 2-3, the most prevalent occupational category in Laguna Beach is Management, in which 6,986 (59.3% of total) employees work. The second most prevalent type of work is in Sales, which employs 2,947 (25% of total) in Laguna Beach.

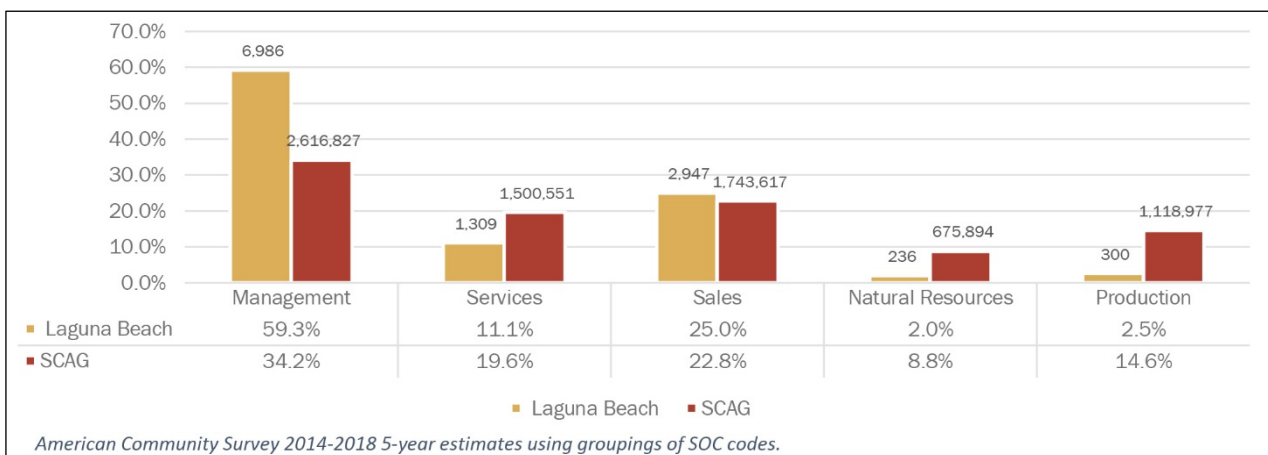


Figure 2-3 – Employment by Occupation, Laguna Beach vs. SCAG Region

With the outbreak of the COVID-19 pandemic, over 26 million unemployment insurance claims were filed between March 15 and April 18 at the start of stay-at-home orders as reported by the U.S. Department of Labor. In response, major relief bills were passed including the

\$2 trillion CARES Act, which includes benefits and expanded eligibility for unemployment insurance, forgivable small-business loans, economic relief payments sent directly to most U.S. households, aid to state and local governments, and increased funding for housing assistance and other safety net programs.

According to the 2021 Economic Forecast⁴ (Forecast) prepared by the California State University, Fullerton, Woods Center for Economic Analysis and Forecasting, the pandemic had severe impacts on Orange County's labor market. From January to August, payroll employment in Orange County fell by 140,625 (on an annual basis) at a rate of -8.4%. The unemployment rate rose from 2.8% in 2019 to 14.7% in Orange County. Currently, according to data from the State of California Employment Development Department (10/16/2020), Orange County has an unemployment rate of 9% and the City of Laguna Beach is at 6.8%. The "pre-COVID" unemployment rate in Laguna Beach was reported at 3.3% as of March 2020.

The Forecast reported that while unemployment has improved since the start of the shutdowns, the Leisure and Hospitality sectors continue to suffer from pandemic impacts. Especially hard hit in Orange County is employment in Accommodations at 57% of its pre-pandemic level and Food Service and Drinking Establishments at 77%. A third of the job cuts are expected to be related to part-time workers at the Disneyland Resort in Anaheim, which negatively impacts the Orange County regional economy. The Forecast anticipates that it will take up to the end of 2022 for employment levels to return to pre-pandemic levels.

The Forecast also reported that Orange County housing prices continue to rise, despite COVID-19, due to historic supply shortage and low mortgage rates. From January through August 2020, Orange County median home price rose by 6.9%. The Forecast housing market outlook is for median single-family home prices to increase at average annual rates of 6% in 2020 and 3.2% in 2021.

2.3 Household Characteristics

The Census Bureau defines a household as all persons living in a single housing unit, whether or not they are related. One person living alone is considered a household, as is a group of unrelated people living in a single housing unit. The Census defines a family household as "two or more people (one of whom is the householder) related by birth, marriage, or adoption residing in the same housing unit." 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 larger housing units. Communities having a large proportion of single-person households, particularly senior citizens living alone, may require smaller dwelling units, such as accessory dwelling units also known as "granny units" or second residential units, mobile homes, and affordable apartments.

4 2021 Economic Forecast, Cal State Fullerton College of Business and Economics; https://business.fullerton.edu/engagement/economicanalysisandforecasting/assets/pdf/Economic-Forecast-Report-0028.pdf?_af=0.03964586234337042

2.3-1 Household Formation and Composition

According to the 2014-2018 American Communities Survey (ACS) and as shown in Table 2.4, 57% of the households in Laguna Beach were family households, compared to 43% non-family households. Persons living alone represented more than one-third (33.5%) of all households in the City, and 35.3 % 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.

Table 2.4 – Household Composition, Laguna Beach vs. Orange County

Household Type	Laguna Beach		Orange County	
	Households	Percent of Total	Households	Percent of Total
Family households:	6,005	57.0%	741,721	71.8%
Married-couple family	5,116	48.5%	564,685	54.7%
With own children under 18 years	1,424	13.5%	248,807	24.1%
Male householder, no wife present	350	3.3%	55,283	5.4%
With own children under 18 years	248	2.4%	22,456	2.2%
Female householder, no husband present	539	5.1%	121,753	11.8%
With own children under 18 years	330	3.1%	53,659	5.2%
Nonfamily households:	4,537	43.0%	290,652	28.2%
Householder living alone	3,528	33.5%	217,407	21.1%
Households with individuals under 18 years	2,141	20.3%	362,611	35.1%
Households with individuals 65 years and over	3,723	35.3%	301,076	29.2%
Total households	10,542	100%	1,032,373	100%
Average household size	2.19		3.02	

Source: ACS 2014-2018, Table DP02 (5-year estimates)

As shown in Table 2.5, Citywide, the average household size has remained relatively constant over the past 40 years, with an average of 2.08 persons per household in 1980, and an average of 2.09 persons per household in 2010 and 2020.

Table 2.5 – Persons per Household, Laguna Beach 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
2020	2.09

Source: U.S. Census; SCAG Local Housing Data, 2020

2.3-2 Tenure

Housing security can depend heavily on housing tenure – i.e., whether homes are owned or rented. Tenure preferences are primarily related to household income, composition, and age of the householder. Communities need an adequate supply of units available for rent and for sale to accommodate a range of households with varying incomes, family sizes, composition, and lifestyles. Laguna Beach has 10,542 households, 63% (6,658 units) of which are owner-occupied and 37% (3,884) of which are renter-occupied. The share of renters in Laguna Beach is lower than in the SCAG region overall. As shown in Figure 2-4, the percentage of owner-occupied households in Laguna Beach was higher than in the SCAG region.

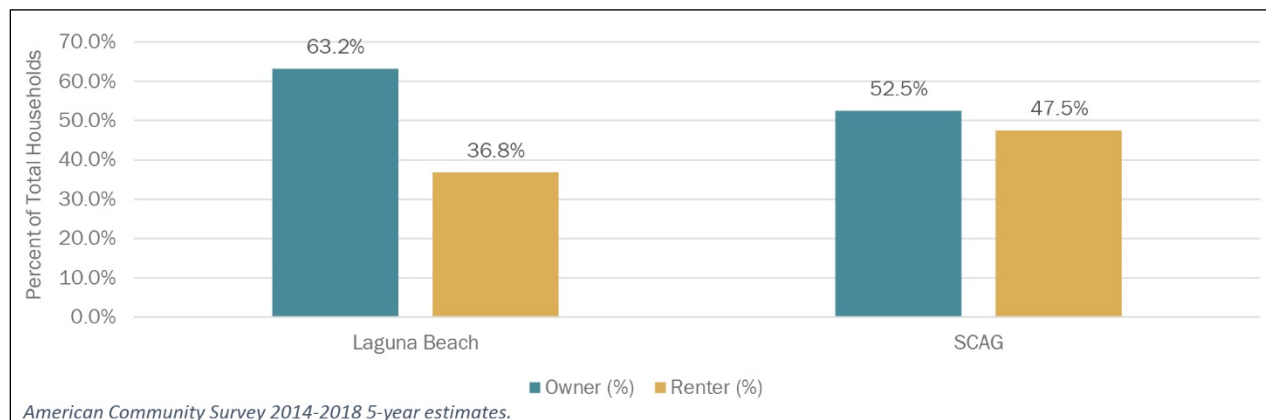


Figure 2-4– Housing Tenure (Owners/Renters), Laguna Beach vs. SCAG Region

2.3-3 Household Income

Household income data assists the City in determining its affordable housing needs, based on the income of the existing population. Table 2.6 depicts recent Census Bureau estimates for households by income category. About 10% of households had annual incomes below \$25,000, while 58% had incomes of \$100,000 or more.

Table 2.6 – Households by Income, Laguna Beach

Income	Number of Laguna Beach Households	Percent of Total
Less than \$10,000	430	4.1%
\$10,000 to \$14,999	166	1.6%
\$15,000 to \$24,999	456	4.3%
\$25,000 to \$34,999	441	4.2%
\$35,000 to \$49,999	738	7.0%
\$50,000 to \$74,999	861	8.2%
\$75,000 to \$99,999	1366	13.0%
\$100,000 to \$149,999	1,558	14.8%
\$150,000 to \$199,999	1072	10.2%
\$200,000 or more	3,454	32.8%
Total	10,542	100%

Source: ACS 2014-2018, Table DP03 (5-year estimates).

The ACS estimated a median income of \$121,474 for Laguna Beach compared to approximately \$85,393 for Orange County as a whole. Orange County income classifications, based on income limits adjusted for household size, are reported by HCD in Table 2.7; the area median income (AMI) for a 4-person household is \$103,000.

Table 2.7 – Household Income Limits, Orange County

Income Classification	Household Size (Persons)							
	1	2	3	4	5	6	7	8
Extremely Low Income	\$26,950	\$30,800	\$34,650	\$38,450	\$41,550	\$44,650	\$47,700	\$50,800
Very Low Income	\$44,850	\$51,250	\$57,650	\$64,050	\$69,200	\$74,300	\$79,450	\$84,550
Low Income	\$71,750	\$82,000	\$92,250	\$10,2450	\$11,0650	\$11,8850	\$12,7050	\$13,5250
Median Income	\$72,100	\$82,400	\$92,700	\$103,000	\$111,250	\$119,500	\$127,700	\$135,950
Moderate Income	\$86,500	\$98,900	\$111,250	\$123,600	\$133,500	\$143,400	\$153,250	\$163,150

Source: State of California Housing and Community Development Department (HCD), State Income Limits for 2020

The distribution of Laguna Beach households relative to the Orange County area median income is presented in Table 2.8, which shows that 10.1% of the City's households are extremely-low income, 18.5% are lower income, 6.4% are moderate income, and 65.1% are higher income.

Table 2.8 – Household Income Distribution by Classification, Laguna Beach

Income Category Classification	Percent of Median Income	Households	Percentage of Total Households
Extremely Low Income	<=30% HAMFI	1,060	10.1%
Very-Low Income	>30% to <=50% HAMFI	870	8.3%
Low Income	>50% to <=80% HAMFI	1,065	10.2%
Moderate Income	>80% to <=100% HAMFI	670	6.4%
Higher Income	>100% HAMFI	6,830	65.1%

Source: HUD CHAS, 2013-2017

HAMFI = HUD Area Median Family Income

The extremely-low-income households are the most vulnerable group. As shown in Table 2.9, 72.6% (770 households) households in this income group experienced one or more housing problems, compared to 37.8% (3,965 households) of all households citywide. More importantly, as shown in Table 2.10, severe housing cost burden (spending half of the household income on housing) impacted 65.7% (700 households) of the extremely-low-income households, compared to 19.3% (2,020 households) of all households citywide. Households with severe cost burdens are most at risk of becoming homeless.

Table 2.9 – Income by Housing Problem (Owners and Renters), Laguna Beach

Household Income	Household Has at Least 1 of 4 Housing Problems	Household Has 0 of 4 Housing Problems	Cost Burden Not Available/ No Other Housing Problems	Total
<=30% HAMFI	770	215	70	1,060
>30% to <=50% HAMFI	700	170	0	870
>50% to <=80% HAMFI	720	340	0	1,065
>80% to <=100% HAMFI	380	295	0	670
>100% HAMFI	1,400	5,425	0	6,830
Total	3,965	6,445	70	10,485

Source: CHAS 2013-2017 U.S. Dept. of Housing and Urban Development (HUD) "CHAS" data (Comprehensive Housing Affordability Strategy)

HAMFI = HUD Area Median Family Income

Table 2.10 – Income by Cost Burden (Owners and Renters), Laguna Beach

Household Income	Cost Burden > 30%	Cost Burden > 50%	Total
<=30% HAMFI	770	700	1,060
>30% to <=50% HAMFI	700	640	870
>50% to <=80% HAMFI	720	310	1,065
>80% to <=100% HAMFI	370	110	670
>100% HAMFI	1,285	365	6,830
Total	3,845	2,020	10,485

Source: CHAS 2013-2017 U.S. Dept. of Housing and Urban Development (HUD) "CHAS" data (Comprehensive Housing Affordability Strategy)

HAMFI = HUD Area Median Family Income

2.4 Housing Inventory and Market Conditions

2.4-1 Housing Stock

As depicted in Table 2.11, the 2020 state Population and Housing estimate shows a total of 13,027 Laguna Beach housing units. The estimated housing stock comprises primarily low-density, single-family detached housing. Detached single-family units represented 71.3% of the housing stock, and 2+ unit structures represented 26.5% of units. Mobile homes represented approximately 2.2% of the City's total estimated housing units in 2020.

This table illustrates the decline in multi-family units over the past two decades from 29.9% to 26.5% 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, and has remained stable since then.

Table 2.11 – Housing Stock Based on Units in a Structure, Laguna Beach vs. Orange County

	Laguna Beach						Orange County	
	2000	% of Total	2013	% of Total	2020	% of Total	2020	% of Total
1 unit	8,739	68.7%	9,219	71.2%	9,288	71.3%	689,469	62.0%
2 to 4 units	1,744	13.7%	1,523	11.8%	1,523	11.7%	94,718	8.5%
5+ units	2,058	16.2%	1,927	14.9%	1,927	14.8%	293,712	26.4%
Mobile homes	183*	1.4%	289	2.2%	289	2.2%	33,522	3.0%
Total	12,724	100%	12,958	100%	13,027	100%	1,111,421	100%

Sources: U.S. Census and 2013 Estimate (California Department of Finance); DOF E-5 Population and Housing Estimates, 2020

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

A certain number of vacant units are needed to moderate the cost of housing, allow sufficient choice for residents, and provide an incentive for unit upkeep and repair. Vacancy rates are generally higher among rental properties, as rental units have greater attrition than owner-occupied units. A healthy vacancy rate – one that permits sufficient choice and mobility among a variety of housing units – is considered to be 2% to 3% for ownership units and 5% to 6% for rental units. According to the California Department of Finance, the housing vacancy rate in Laguna Beach was 18.2% in 2020. As with many beach and resort communities, a substantial number of units are second homes that are not occupied on a permanent basis.

2.4-2 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.”

The ACS includes surveys about three factors of what may be considered substandard housing. As illustrated in Figure 2-5, in Laguna Beach, 116 units lack telephone service, 13 units lack plumbing facilities, and 63 units lack complete kitchen facilities.

While substandard housing is not widespread, due to the nature of the City's aging housing stock, it is estimated that there are non-conforming units that functionally contribute to the City's affordable rental housing.

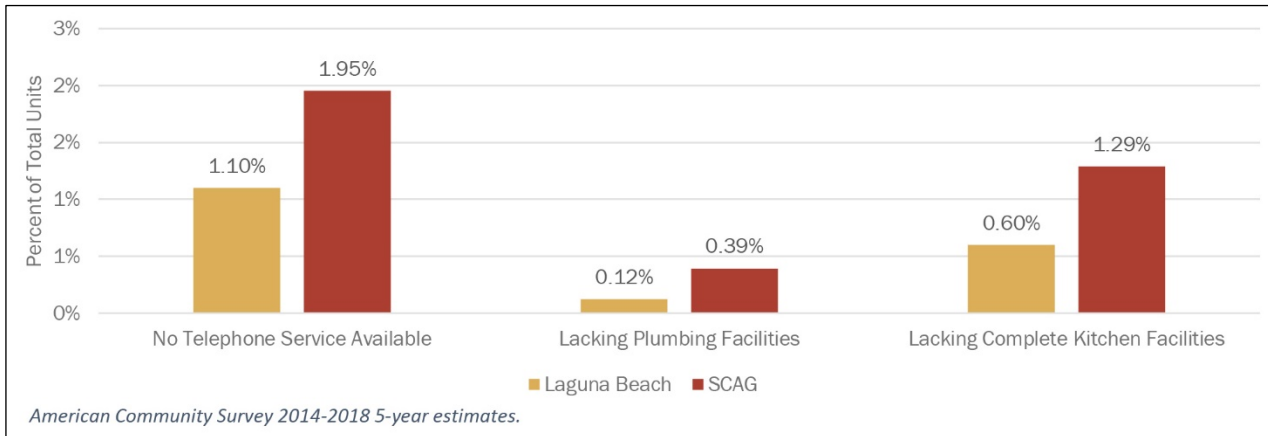


Figure 2-5 – Substandard Housing, Laguna Beach vs. SCAG Region

2.4-3 Housing Costs

According to Census QuickFacts (2019) and summarized in Table 2.12, the median owner-occupied home value in Laguna Beach was \$1,771,600. These housing prices were considerably higher than the Orange County median home price of \$679,300. Census QuickFacts also report that the median monthly rent in Laguna Beach was \$2,299, or 24% higher than the Orange County median monthly rent of \$1,854. 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 2.12 – 2018 Housing Market, Laguna Beach vs. Orange County

	Laguna Beach	Orange County
Median value of owner-occupied units	\$1,771,600	\$679,300
Median monthly rent	\$2,299	\$1,854

Source: Census QuickFacts, 2019

2.5 Housing Needs

This section provides an overview of existing housing needs in Laguna Beach, focusing on three categories:

1. Housing need resulting from **housing cost burden**;
2. Housing need resulting from **overcrowding**;
3. Housing needs of **special needs groups** such as elderly persons, large households, persons with disabilities, female-headed households, homeless persons, and farmworkers.

2.5-1 Housing Cost Burden

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.

Table 2.13 estimates the share of income households spent on housing cost. Of 10,485 total households, 3,835 households, or 36.6%, are paying more than 30% of their income for housing. This table further distinguishes estimates of the percentage of income that the City’s households spend on housing, by owner and renter households. Approximately 29.3% of owners and 48.6 % of renters were found to be cost-burdened. The number of cost-burdened renters is indicative of a shortage of low-income rental housing.

Table 2.13 – Housing Cost Burden Overview (Owners and Renters), Laguna Beach

Cost Burden	Owner	Renter	Total
<=30% HAMFI	4,590	1,975	6,565
>30% to <=50% HAMFI	855	960	1,815
>50% HAMFI	1,070	950	2,020
Not available	25	45	70
Total	6,555	3,930	10,485

Source: CHAS 2013-2017 U.S. Dept. of Housing and Urban Development (HUD) “CHAS” data (Comprehensive Housing Affordability Strategy)
HAMFI = HUD Area Median Family Income

[Section 2.3-3](#) provides additional information on household income characteristics in the City, including income by cost-burden. The number of cost-burdened Laguna Beach homeowners indicates a shortage of more affordable ownership housing. Although the degree of households who are cost-burdened for housing is an important statistic, some households may be paying more for housing 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 Programs in [Section 5.2](#) set forth policies and programs to encourage and facilitate the development of affordable housing in response to the City’s need.

2.5-2 Overcrowding

The definition of overcrowding used in the Housing Element is more than one person per room. Some households may not be able to accommodate high cost burdens for housing, but may instead accept smaller housing or reside with other individuals or families in the same home. Household overcrowding is reflective of various living situations: 1) a family lives in a home that is too small; 2) a family chooses to house extended family members; or 3) unrelated individuals or families are doubling up to afford housing. However, cultural differences also contribute to the overcrowded conditions. Some cultures tend to have larger household size than others due to the preference of sharing living quarters with extended family members as a way of preventing homelessness among family members. Overcrowding can strain physical facilities and the delivery of public services, reduce the quality of the physical environment, contribute to a shortage of parking, and accelerate the deterioration of homes.

Table 2.14 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, especially for renter-occupied units.

Table 2.14 – Overcrowding, Laguna Beach vs. Orange County

Occupants per Room	Laguna Beach		Orange County	
	Units	Percent of Total	Units	Percent of Total
Owner-occupied units	6,658	100%	592,269	100%
1.01 to 1.50	62	0.93%	15,731	2.66%
1.51 to 2.00	0	-	4,614	0.78%
2.01 or more	0	-	1,455	0.25%
Renter-occupied units	3,884	100%	440,104	100%
1.01 to 1.50	65	1.67%	43,900	9.97%
1.51 to 2.00	62	1.60%	18,825	4.28%
2.01 or more	0	-	6,988	1.59%

Source: ACS 2014-2018, Table B25014 (5-year estimates)

2.6 Housing Special Needs and Fair Housing

2.6-1 Special Needs Groups

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 California Housing Element law, six household types are included within the meaning of special housing needs. The special needs populations include:

1. Persons with Disabilities
2. Seniors
3. Female Headed Households
4. Families and Persons in Need of Emergency Shelter (Homeless)
5. Large Households
6. Farmworkers

1. Persons with Disabilities

Disabilities may include cognitive, developmental, or physical 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 reported by SCAG, shown in Table 2.15 estimated the number of people with disabilities, by disability type. Some individuals may experience more than one disability, and some disability types are not recorded for children below a certain age, so citywide totals are not provided. Ambulatory disabilities were the most commonly occurring disability in Laguna Beach experienced by 806 people, followed by cognitive disabilities experienced by 709 people.

Table 2.15 – Disabilities by Type

Disability by Type	Persons
With a hearing difficulty	641
With a vision difficulty	430
With a cognitive difficulty	709
With an ambulatory difficulty	806
With an independent living difficulty	548
With a self-care difficulty	399

Source: SCAG Local Housing Data, 2020

As defined by state 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 18;
- 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. However, the State of California Department of Developmental Services provides a count of its consumers by ZIP Code and age group. Within ZIP Code 92651, which covers most of the City of Laguna Beach, there were 32 persons aged 0-17 years and 69 persons 18+ years, for a total of approximately 101 developmentally disabled persons served from the City.

2. Seniors

The senior 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 2018 ACS, 5,398 Laguna Beach residents were age 65 years and older. This figure represents 24% of the total population, and is a substantial increase from the 18% share in 2010 and 13% share in 2000.

Federal housing data define a household type as “elderly family” if it consists of two persons with either or both age 62 or over. Of Laguna Beach’s 4,070 such households, 13.5% earn less than 30% of the surrounding area income (compared to 24.2% in the SCAG region), 25.9% earn less than 50% of the surrounding area income (compared to 30.9% in the SCAG region).

Recent ACS data provides estimates of types of disabilities experienced by seniors in Laguna Beach, as shown on Table 2.16. The most commonly occurring disability among seniors 65 and older was an ambulatory disability, experienced by 10.4% of Laguna Beach’s seniors (and 22.9% of seniors in the SCAG region).

Table 2.16 – Disability Type – Seniors (65+)

Senior Disability Type	Percent of Total Seniors
Hearing	9.7%
Vision	6.1%
Cognitive	4.9%
Ambulatory	10.4%
Self-Care	5.5%
Independent Living	7.1%

Source: SCAG Local Housing Data, 2020

Table 2.17 reveals that less than 1% of senior households in Laguna Beach had incomes below the poverty level.

Table 2.17 – Poverty Status – Seniors

Seniors	Seniors	Percent of Total Population
Age 65 and Above at or Above Poverty Level	5,418	23.8%
Age 65 and Above below Poverty Level	157	0.7%

Source: U.S. Census 2014-2018 ACS

The housing needs of seniors 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 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.

Senior housing developments in Laguna Beach include Vista Aliso (70 units) and the Mermaid Terrace condominiums (25 units). No new senior or retirement housing developments have been constructed in recent years, and Harbor Cove, a 15-unit complex, converted to market rate housing in 2019. The City's Senior Center provides assistance to seniors seeking housing opportunities in Laguna Beach. The Senior Services Coordinator disseminates information regarding the locations and types of senior housing opportunities in the City, Housing Choice Vouchers, shared housing opportunities, and other related assistance. Laguna Beach Seniors, a nonprofit organization, has an outreach program that includes a Case Management Coordinator to help seniors receive necessary services, including housing-related resources.

In recognition of the need to address the housing needs of seniors, the City Council appointed a Senior Housing Task Force in 2014 whose work was completed in December 2016. The Task Force recommendations were to: finalize and implement the Senior Specialist Program at City Hall front desk; create an amortization/abatement agreement process that would promote the legalization of nonconforming units, with accompanying deed restrictions; implement the California Housing Ordinance, which includes the Density Bonus Law; explore the feasibility of allowing second units on lots smaller than 6,000 square feet when units are deed restricted to low-income seniors; continue to monitor the status of existing Section 8 (now Housing Choice Voucher Program) and equivalent senior housing; develop a Senior Housing Repair Program; develop incentives for development of congregate senior housing projects; and hold an annual aging-in-place workshop to educate homeowners about aging-in-place strategies. The City Council supported these recommendations, with implementation to be phased in based on

budget and staffing levels. Some of the recommendations have subsequently been addressed by state law or incorporated into [Section 5](#) of this 6th Cycle Housing Element Update. Recommendations that have already been implemented are discussed in [Appendix A](#).

3. Female-Headed Households

SCAG Local Housing Data from 2020 report that there were 539 female-headed households in Laguna Beach, of which 77 (14.3%) were below the poverty line (Table 2.18). Of the 330 female-headed households with children under 18, 68 (20.6%) were below poverty level. Housing needs of female-headed households include affordability, proximity to schools, childcare, public transportation, services, and employment.

Table 2.18 – Female-Headed Households by Poverty Status

Type of Household	Total Households	Households Below Poverty Level	Percent Below Poverty Level
Total female-headed households (FHH)	539	77	14.3% (of total FHH)
FHH with related children under age 18	330	68	20.6% (of FHH with children)

Source: SCAG Local Housing Data, 2020

4. 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.”

Year-round Emergency and Transitional Shelter - The Friendship Shelter, a nonprofit, 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 Laguna Beach and south Orange County community. The shelter is located in an apartment building on South Coast Highway in the C-1 Local Business District. Thirty people stay at this shelter daily.

The Friendship Shelter also operates the City of Laguna Beach’s Alternative Sleeping Location (ASL) Emergency Shelter, under contract with the City, and is located on Laguna Canyon Road. This is the only municipal emergency shelter in south Orange County, which has been in operation since 2009, that provides services to homeless from Laguna Beach and utilizes excess capacity to assist others. The site is owned by the City and located in the Institutional Zone. The shelter operates year-round and provides meals, showers, laundry, and helps clients find housing and health care services. The program operates a drop-in day program from 10:00 a.m. to 1:00 p.m. and overnight shelter for enrolled clients for a renewable 30-day period.

The ASL shelter provides sleeping accommodations for 45 persons per night. Preference is given to homeless persons with local ties to the Laguna Beach community.

Supportive Housing – Friendship Shelter's Bridge housing program, launched in 2014, is its newest and fastest growing program. It is intended for clients who are chronically homeless with a physical or mental health condition. This program follows the “housing first” approach with clients housed in scattered-site apartments. All clients have access to ongoing supportive services from Friendship Shelter staff to ensure they remain safely and stably housed. Additionally, the program assists homeless men and women who have obtained a housing voucher from the County of Orange. There are currently 91 homeless men and women in this housing program throughout south Orange County.

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. On August 28, 2018, the City Council adopted a resolution required by the State of California to be eligible to receive funding from the Homeless Emergency Aid Program (HEAP) and any future state and federal aid programs established to provide funding to local jurisdictions to address homelessness. The Friendship Shelter was awarded the Emergency Solutions Grant (ESG) for fiscal year 2019/20 to reimburse expenses related to the existing Alternative Sleeping Location program, which provides shelter to 45 individuals nightly. The City's current contract with the Friendship Shelter extends through June 2021.

Youth Shelter – The Laguna Beach Youth Shelter, also an emergency shelter, is located in a residence in the R-2 Medium Density Residential Zone. The shelter has been operating since 1979. The Youth Shelter 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 3 weeks. Adolescents in the program are provided food, tutoring, and individual, group, and family therapy. The City allocates community assistance funds to the Youth Shelter from its annual budget.

Total Shelter Capacity and Need – With 30 beds at the Friendship Shelter, 45 beds at the Alternative Sleeping Location shelter, and accommodation for 16 individuals at the Youth Shelter, the City has taken a leadership role in addressing homelessness. This is the only municipal emergency shelter in south Orange County that provides services to individuals. Additional information on zoning standards affecting special needs housing is provided in [Section 3.1-8](#), and programs addressing special needs housing is found in [Section 5.2-6](#).

5. Large Households

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 2-6 illustrates the range of household sizes in Laguna Beach for owners, renters, and overall. The most commonly occurring household size is of two people (40.4%), and the second most commonly occurring household is of one person (33.5%). Laguna Beach has a higher share of single-person households than the SCAG region overall (33.5% vs. 23.4%) and a lower share of 7+ person households than the SCAG region overall (0.3% vs. 3.1%).

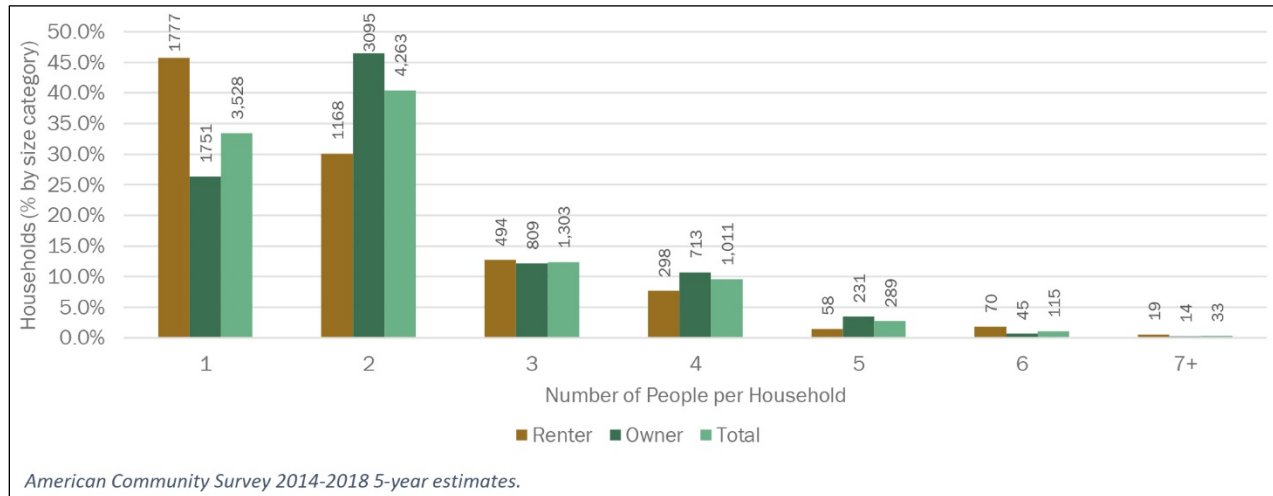


Figure 2-6 – Households by Household Size

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 [Section 2.5-2, Overcrowding](#), the incidence of overcrowding in Laguna Beach is very low compared to other areas of the county.

6. Farmworkers

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 currently no commercial agricultural activities conducted on these properties. SCAG, referencing ACS data, reports that 0% of total Laguna Beach workers are farmworkers by occupation. A portion of the housing needs that may be needed for farmworkers in nearby communities can be accommodated under housing for the general population. In addition, a program has been added to address the Employee Housing Act as discussed in [Section 3.1-8](#) and [Section 5.2-6](#).

2.6-2 Affirmatively Furthering Fair Housing

In January 2019, Assembly Bill 686 (AB 686) introduced an obligation to affirmatively further fair housing (AFFH) into California state law. AB 686 defined “affirmatively further fair housing” to mean “taking meaningful actions, in addition to combat discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity” for persons of color, persons with disabilities, and other protected classes. The bill added an assessment of fair housing to the Housing Element, which includes the following components: a summary of fair housing issues and assessment of the City’s fair housing enforcement and outreach capacity; analysis of segregation patterns and disparities in access to opportunities, an assessment of contributing factors, and an identification of fair housing goals and actions.

To assist in this analysis, the Department of Housing and Community Development (HCD) and the California Tax Credit Allocation Committee (TCAC) convened in the California Fair Housing Task Force to “provide research, evidence-based policy recommendations, and other strategic recommendations to HCD and other related state agencies/departments to further the fair

housing goals (as defined by HCD).” The Task Force has created Opportunity Maps to identify resources levels across the state “to accompany new policies aimed at increasing access to high opportunity areas for families with children in housing financed with 9% Low Income Housing Tax Credits (LIHTCs).” These opportunity maps are made from composite scores of three different domains made up of a set of indicators.

Analysis of the fair housing issues in this section draws from the TCAC Opportunity Maps, as well as CalEnviroScreen maps, and the 2020 Orange County Analysis of Impediments to Fair Housing Choice (AI). Laguna Beach can benefit from conclusions drawn applicable to Orange County as a whole. The AI lays out a series of action steps that will help jurisdictions in Orange County meet their obligation to affirmatively further fair housing.

The AI found that within both Orange County and the broader Los-Angeles-Long Beach-Anaheim, California Metropolitan Statistical Area (the Region), most racial or ethnic minority groups experience higher rates of housing problems, including but not limited to severe housing cost burden. Housing cost burden is most commonly measured as the percentage of gross income spent on housing, with 30% a usual threshold for “cost burden” and 50% the threshold for “severe cost burden.”⁵ Additional findings from the AI and other sources include:

- There are 194,569 households in Orange County experiencing housing cost burden, with monthly housing costs exceeding 30% of monthly income. 104,196 of these households are families.⁶ Across Laguna Beach’s 3,884 renter households, 1,838 (47.3%) spend 30% or more of gross income on housing cost, compared to 55.3% in the SCAG region. Additionally, 966 renter households in Laguna Beach (24.9%) spend 50% or more of gross income on housing cost, compared to 28.9% in the SCAG region.⁵
- TCAC Opportunity Mapping shows that all of Laguna Beach is in the “Highest Resource” opportunity category and has an Economic Score of 98 (out of 100). The higher values indicate higher levels of opportunity.
- Per CalEnviroScreen, Laguna Beach is within the lowest scores, with most of the City within the 1-10% category and the remainder within the 11-20% category for pollution exposure, which are among the lowest levels in the state.
- The CalEnviroScreen “SB 535” Disadvantaged Communities mapping shows that Laguna Beach has no disadvantaged communities. Laguna Beach scores in the 0-10 range on the transit index and in the 20-30 range on transportation cost indices, which indicates that transit use is very low. Like the rest of Orange County, there is also little difference in transit index scores by racial or ethnic group.

The federal Fair Housing Act and the California Fair Employment and Housing Act provide Orange County residents with some protections from displacement, and work to increase the supply of affordable housing. A program addressing Fair Housing is included in [Section 5.2-11](#).

5 SCAG Local Housing Data for the City of Laguna Beach, August 2020;
https://scag.ca.gov/sites/main/files/file-attachments/lagunabeach_he_0920.pdf?1603254140

6 Orange County Analysis of Impediments to Fair Housing Choice. May 5, 2020;
<https://cityoforange.org/DocumentCenter/View/11059/Final-2020-2024-Analysis-of-Impediments>

2.7 Publicly Assisted Housing

2.7-1 Orange County Housing Authority

The Orange County Housing Authority (OCHA) administers the Housing Choice Voucher Program (HCV) for Laguna Beach residents. OCHA has established an HCV homeownership option. Under this option, qualified HCV participants may be able to use their housing assistance subsidies for mortgage payments rather than monthly rent. The homeownership option allows first-time homeowners who meet certain qualifications to receive assistance with their monthly homeownership expenses. The high cost of homes in Orange County limits the number of homeownership opportunities. However, if homes and condominiums are priced at affordable levels, it may be possible for a participant in the HCV program to purchase a home.

2.7-2 Affordable Housing Projects

Housing developments utilizing federal, state, and/or local programs, including state and local bond programs, Low-Income Housing Tax Credits (LIHTC), density bonus, or direct assistance programs, are often restricted for use as low-income housing and provide another source of affordable housing for a jurisdiction. A number of developments in Laguna Beach have been identified where some or all of the units are affordable for low- to moderate-income households. Together these projects provide 159 units of affordable housing.

Table 2.19 – Affordable Units in Laguna Beach

Project Name/Address	Number of 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
Hidden Valley, Hidden Valley Canyon	4	Low- to moderate-income ownership units	Oct. 31, 2026
Mermaid Terrace, 485 Mermaid	25	Senior median income ownership condo units	Mar. 13, 2046
Vista Aliso, 21544 Wesley	70	Section-8 Senior very-low-income rental units; HUD Section 202 mortgage	2041
20000 Laguna Canyon Drive	1	Low-income rental work/live unit	2071
20412 Laguna Canyon Drive	9	8 Low-income and one moderate rental work/live units	2075
Total	159		
Total Rental Unit Potential Expiration by 2029	0		

2.7-3 Units at Risk of Converting to Market-Rate Housing

Housing units are often made affordable when covenants restricting their affordability are recorded on the property as the result of a public subsidy, such as local, state, or federal funds. Affordability restrictions on housing units typically have expiration dates. Housing units that receive government assistance under any local, state, or federal programs and are eligible to convert to market rate units due to expiring affordability restrictions within 10 years are considered to be “at risk.” Jurisdictions must evaluate the potential for “at risk” low-income rental housing units to convert to non-low-income housing and propose programs to preserve or replace these units. This Housing Element covers a 10-year analysis period from 2021 through 2031. Table 2.19 above provides an inventory of the City’s low- and moderate-income housing projects and potential affordability expiration dates. Laguna Beach has 159 total affordable units. Since Vista Aliso’s affordability covenant was extended to 2041, and Hidden

Valley Canyon’s 4 units are ownership units, the City has no rental units at risk for converting to market rate within the next 10 years. Programs for continued housing preservation and rehabilitation are provided in [Section 5.2-8](#).

2.7-4 Cost Analysis

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

1. Acquisition costs – depends on size, location, and current sales figures.
2. New construction costs – depends on size, construction materials, financing costs, and off- and on-site improvements.
3. Rental assistance – depends on the income of the household and Fair Market rents. For Fiscal Year 2021, HUD calculates Fair Market rents for Orange County as follows:

Efficiency	\$1,678
1-bedroom	\$1,888
2-bedroom	\$2,331
3-bedroom	\$3,227
4-bedroom	\$3,716

Based on state income limits, a very-low-income household of four persons can afford to pay \$1,601 per month (including a utility allowance) for housing. This would require a monthly rental subsidy of \$730, or \$8,757 per year for a 2-bedroom unit. Therefore, if affordability covenants were to expire on the units in the at-risk project, a total cost of approximately \$8,800 per year would be required to provide rental subsidies for each existing apartment unit. Replacement through new construction would be very difficult due to the scarcity and high cost of buildable land.

3. Housing Constraints

3.1 Governmental Constraints

Governmental constraints are potential and actual policies, standards, requirements, fees, or actions imposed by the various levels of government on development, which serve to ensure public safety and welfare with respect to housing construction and land use issues. Federal and state programs and agencies play a role in the imposition of non-local governmental constraints and are beyond the influence of local government, and therefore cannot be effectively addressed in this document. Governmental regulations may also result in constraints on the maintenance, improvement, and development of housing.

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 Act and the Water Pollution Control Act 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 lengthened the permit approval process for housing in areas under its jurisdiction. Other statutes such as the California Environmental Quality Act (CEQA) 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 regulatory and approval powers that directly impact residential development within their respective jurisdictional boundaries. These powers establish the location, intensity, and types 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.

3.1-1 General Plan

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 through its land use designations. The Land Use Element designates the general location and distribution of land planned for Open Space and Permanent Open Space, Residential/Hillside Protection, Village (at four density levels), Local Business/Professional, Commercial/Tourist Corridor, Central Business District, Industrial,

Public/Institutional, and Public Recreation and Parks uses. Table 3.1 summarizes the land use designations that allow residential uses, the intended uses of each land use designation, and the implementing zoning classification and permitted densities, expressed in dwelling units per acre (du/acre). Some of the implementing zones are within the Downtown Specific Plan as identified in Table 3.1 below.

Table 3.1 – General Plan Land Use Designations

Land Use Designation	Corresponding Zoning District	Intent	Permitted Density (du/acre)
Residential/Hillside Protection (RHP)	R-1	Open Space Conservation with limited Low Density Residential	1-3 based on percentage of slope
Village Low Density ¹	R-1	Single-family detached homes	3-7
Village Medium Low Density	Village Community, Mobile home, and R-2	Single-family detached homes and mobile homes	8-10
Village Medium Density	R-2 and Commercial Business District-Office ²	Single-family detached homes, 2-unit condominiums and duplexes	8-14
Village High Density	R-3; Commercial Business District-Office ³	Mix of housing types: multi-family, condominiums, rest homes and lodges	15-22
Local Business/ Professional	Local Business-Professional Zone, South Laguna Village Commercial Zone, Commercial-Neighborhood Zone, and Downtown Specific Plan: Central Business District-Office	Limited commercial, professional office uses and mixed-uses	N/A
Commercial/Tourist Corridor	Commercial Hotel-Motel Zone; C-1 (Local Business Zone), and Central Business District-Central Bluffs	Visitor serving uses such as hotels, motels, restaurants, shops and retail uses	N/A
Central Business District	Downtown Specific Plan: Central Business District-Central Bluffs, Central Business District -Visitor Commercial and Civic Art	Commercial, financial, tourist related uses and government uses	N/A

1 Height in the Downtown Specific Plan is limited to 12 feet, with exceptions for affordable and senior housing and artist work/live.

2 Downtown Specific Plan Central Business District-Office allows limited market rate residential of no more than one unit for each 2,000 SF; except projects with a minimum of 50% of the units as affordable, senior, or disabled housing are allowed at 1,000 SF/unit or 43 du/ac.

3 Residential must be part of a commercial development, and shall not exceed 50% of the gross floor area used for commercial activities.

3.1-2 Zoning Ordinance

The Zoning Ordinance is the primary tool for implementing the General Plan Land Use Element. It is designed to protect and promote public health, safety, and welfare, as well as to promote quality design and quality of life. The types and quantity of housing units permitted in the City's various zones are dependent upon zoning standards and land use density designations. Density limitations and development standards impact the cost of housing, because 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 California Accessory Dwelling Unit regulation.

The City has established four residential zoning districts (R-1, R-2, R-3, R/HP) and five commercial districts (Local Business-Professional [LB-P], Local Business District [C-1], Commercial-Neighborhood [C-N], Commercial Hotel-Motel [CH-M], and South Laguna Village Commercial [SLV]).

The Downtown Specific Plan allows for residential in the following Central Business Districts with some limitations: CBD-1, CBD-2, CDB-VC, CBD-O, CBD-MFR. In addition, the R-1, R-2 and R/HP zones allow “residential housing, special needs” development by-right, which, as defined in Municipal Code 25.08.032, includes housing for families (including transitional and supportive housing), and extremely-low-, very-low-, low-, and moderate-income persons. This use is permitted with approval of a conditional use permit in the R-3, Institutional, SLV, C-N, C-1 and LB-P zones.

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. However, most of the residential land within the Specific Plans is built out. In addition, other residential-zoned land within the City is built out or is not viable for development due to environmental or topographic constraints and therefore offer very limited new housing opportunities.

Table 3.2 below 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, as described below, and/or incentives for the long-term provision of affordable housing. Programs to provide flexible zoning regulations are found in [Section 5.2-2](#).

3.1-3 Density Bonus

State law requires jurisdictions to provide density bonuses and development incentives to all developers who propose to construct affordable housing on a sliding scale, where the amount of density bonus and number of incentives vary according to the amount of affordable housing units provided. Specifically, state law requires the provision of total units to be affordable to lower- and moderate-income households. Under state law, a development of more than five units is eligible to receive density bonuses if it meets at least one of the following:

- Very Low-Income Units: Five percent of the total units of the housing development as target units affordable to very low-income households; or
- Low-Income Units: Ten percent of the total units of the housing development as target units affordable to low-income households; or
- Moderate-Income Units: Ten percent of the total units of a newly constructed condominium project or planned development as target units affordable to moderate-income households, provided all the units are offered for purchase; or
- Senior Units: A senior citizen housing development of 35 units or more.

In addition to the density bonus, cities are required to provide incentives or concessions, and additional development standards reductions or waivers to affordable housing developers. These components address parking, setbacks, lot coverage, open space, and other requirements. The City has implemented state density bonus law provisions on a case-by-case basis, but does not have an adopted density bonus ordinance. A program to update the City’s density bonus code sections is provided in [Section 5.2-2](#).

Table 3.2 – 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 SF	1 DU/6,000 SF 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 SF	1 DU/2,000 SF maximum 2 DU/acre	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 SF	1 DU/2,000 SF 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 SF	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 SF	1 DU/5,000 SF 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 SF	1 DU/6,500 SF 3-7 DU/acre	50% building site coverage; up to 5,500 SF	Based on % slope of lot; 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 SF	1 DU/4,375 SF 8-10 DU/acre	1.5 × building site coverage allowed or for lots, 1,106 SF; 1.7 × building site coverage	Based on % of slope of lot; 15-30 feet	5-20 feet	5-25 feet	5 feet per side	35%-53%
Three Arch Bay	6,000 SF	1 DU/6,000 SF 3-7 DU/acre	1.5 × building site coverage allowed	Based on % of slope of lot; 12-29 feet	20 feet	25 feet	5 feet per side	35%-44%
Lagunita	6,000 SF	1 DU/6,000 SF 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		35%-40%
STP Mobile Homes*	NA	28 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 SF	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
Local Business Professional	< 10,000 SF	N/A	N/A	Based on % of slope of lot; 12-22.5 feet	5 feet beyond sidewalk	0 unless adjacent to residential	2.5 feet	Lot specific
C-1 Local Business District	N/A	N/A	N/A	Based on % of slope of lot; 12-30 feet	Based on lot frontage	0 unless adjacent to residential	0 unless adjacent to residential	40% maximum
Institutional	2.5 acres	N/A	N/A	36 feet	25 feet	30 feet	10% of average lot width	35%

Source: Laguna Beach Zoning Ordinance

*Specific Plan Area

3.1-4 Accessory Dwelling Units

The City's Second Residential Unit Ordinance (January 2021) is in the process of being amended to reflect changes in state law related to Accessory Dwelling Units (ADU) and Junior Accessory Dwelling Units (JADU). The draft ordinance provides new incentives to encourage the use of ADUs to provide affordable housing, including making available refunds of all city building, planning, zoning, and impact fees to property owners who limit by deed restriction the occupancy of the ADU and rental rates to provide affordable units to those in need. The draft ordinance is anticipated to be considered by the City Council in spring of 2021. After City Council adoption, it will be brought forward to the Coastal Commission for certification. Information on how ADUs contribute to the City's housing inventory is found in [Section 4.1-2](#). A program to update the ADU ordinance is provided in [Section 5.2-5](#).

3.1-5 Parking

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

- Single-family or two-family residential: 2 covered parking spaces, plus an extra space for 3,600 square feet or more
- 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
- Mobile homes: 2 covered parking spaces (only one must be covered)
- Second units: state ADU law applies that parking requirements for ADUs shall not exceed 1 parking space per unit or bedroom, whichever is less, and no parking is required if the unit is located within one-half mile walking distance of public transit or within a historic district.

Although the City's parking standards could impede affordable housing development, Zoning Ordinance §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. This incentive was adopted to encourage the production of special needs housing. Parking reductions and waivers are also required as a result of state legislation related to density bonus, ADUs, and supportive housing, which help affordable projects comply with required development standards.

3.1-6 Commercial Zones

The City's commercial zoning districts provide housing opportunities. For example, residential use within mixed-use developments is allowed in several commercial zoning districts as discussed above, within the Downtown Specific Plan (DSP) area, and artists' work/live units are promoted in residential, commercial, and light-industrial zoning districts. The Affordable Housing Task Force Report (2019) recommended consideration of municipal code amendments applying to the DSP and the Coast Highway Corridors to provide more housing opportunities. The Task Force also recommended that code amendments to commercial zones be considered to support second story residential development over ground floor commercial uses. In 2020, the City Council approved Phase 1 of the DSP to allow work/live units to be located in additional downtown districts, among other changes. However, the DSP and associated code amendments are awaiting Coastal Commission certification before they become effective. Additional DSP amendments that could support housing is anticipated in Phase 2 of the update.

Mobile homes 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 is 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.

3.1-7 Short-Term Lodging

As of November 2017, the City estimated that 383 short-term lodging units were operating. “Short-term” means occupancy of a lodging unit for a period of 30 consecutive calendar days or less. To protect the character or residential neighborhoods and address concerns that short-term lodging are diminishing the City’s long-term rental housing stock, the City has a Short-Term Lodging (STL) Ordinance. The STL Ordinance does not permit new STL units in R-1, R-2 and R-3 residential districts, limits the number of mixed-use commercial districts where STL units would be permitted, and caps the number of units permitted citywide at 300. In addition, 165 home-share units are allowed. “Home sharing” is a form of short-term lodging in a residential unit for 30 consecutive days or less during which the host lives on-site for the entirety of the visitor’s stay and the visitor enjoys the non-exclusive shared use of the host’s home in exchange for compensation.

3.1-8 Special Needs Zoning

1. Emergency Shelters

State law 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. The City already has the existing Friendship Shelter, the Alternative Sleeping Location (ASL), and the Laguna Beach Youth Shelter within its boundaries providing services to individuals in need. The ASL was established in 2009 as the first emergency shelter and remains as the only facility that serves the City of Laguna Beach and utilizes available capacity to assist surrounding areas. The ASL shelter is located on an approximately 2.2-acre City-owned parcel (see [Section 2.6-1](#), page 2-15) for additional information). State law (AB 139, 2019) requires that parking standards for shelters be based on staffing, not the number of beds in the shelter. The City will evaluate whether a change is needed to its Zoning Ordinance to address this parking requirement, as described in [Section 5.2-6](#).

2. Low Barrier Navigation Centers

State law also includes provisions for low barrier navigation centers (LBNCs) to assist persons experiencing homelessness. A LBNC is defined as a “Housing First, low-barrier, service-enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing.”

AB 101 (2019) requires Low Barrier Navigation Center development to “be a use by-right, as defined, in areas zoned for mixed uses and nonresidential zones permitting multifamily uses if it meets specified requirements.”

Section 65660(a) of the *California Government Code* defines “Low Barrier” as best practices to reduce barriers to entry, and may include, but is not limited to, the following: (1) The presence of partners if it is not a population-specific site, such as for survivors of domestic violence or sexual assault, women, or youth; (2) Pets; (3) The storage of possessions; (4) Privacy, such as partitions around beds in a dormitory setting or in larger rooms containing more than two beds, or private rooms. The City will evaluate if the existing Friendship Shelter operations meets LBNC requirements. See also [Section 5.2-6](#).

3. Transitional and Supportive Housing

Transitional housing is a type of supportive housing used to facilitate the movement of individuals and families experiencing homelessness to permanent housing. Transitional housing offers case management and support services with the goal to return people to independent living; usually persons return to independent living between 6 and 24 months. Generally, transitional housing has a tenancy term of up to 2 years, preparing an individual or family for permanent housing. “Supportive housing” means housing that is occupied by the target population, and that is linked to on-site or off-site services that assist supportive housing residents in retaining the housing, improving their health status, and maximizing their ability to live and, when possible, work in the community.

AB 2162, signed into law in 2018, requires that supportive housing be a use by-right in zones where multi-family and mixed uses are permitted, including nonresidential zones permitting multi-family uses, if the proposed housing development meets specified criteria. It requires a local government to approve, within specified periods, a supportive housing development that complies with these requirements. The law prohibits local government from imposing any minimum parking requirement for units occupied by supportive housing residents if the development is located within one-half mile of a public transit stop.

The City of Laguna Beach Zoning Code allows for “special needs” residential housing to be permitted by-right in Residential Low Density Zone (R-1), Residential Medium Density Zone (R-2), and Residential/Hillside Protection Zone (R/HP) or with a CUP in Institutional (I), Residential High Density Zone (R-3), South Laguna Village Commercial Zone (SLV), Commercial-Neighborhood Zone (C-N), Local Business-Professional Zone (LBP), and Local Business District (C-1). Residential housing “special needs” means dwelling units that accommodate specific demographic or occupational groups that 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. The City’s programs to address new state law requirements are found in [Section 5.2-6](#).

4. 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 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.

The Lanterman Developmental Disabilities Services Act (§5115 and §5116) of the *California Welfare and Institutions Code* declares that mentally and physically disabled persons are entitled to live in normal residential surroundings. In compliance with the Lanterman 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 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.

5. Employee Housing Program

The California Employee Housing Act requires that housing for six or fewer employees be treated as a regular residential use. AB 1783 (2019) further requires housing for agricultural workers to be treated as an agricultural use and permitted through a ministerial process where agricultural uses are permitted. The City's Agriculture-Recreation zone allows all types of agricultural and horticulture uses, including grazing and small animal farms. However, this

zone does not specifically allow for farmworker housing. A program has been added to [Section 5.2-6](#) to address this issue.

3.1-9 Permit Processing

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, mechanical, and plumbing codes. Related fees are collected by the City to cover the costs of application processing and inspections. Critics contend that lengthy review periods increase financial and carrying costs and that fees and exactions increase expenses. Development of low-income housing may qualify for fee reductions and/or waivers, as determined appropriate by the City Council. In addition, AB 1397 from 2017 (*California Government Code* §65580) allows by-right permit processing for projects that meet state affordability criteria.

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 by the Design Review Board (with the exception of accessory dwelling units), residential building additions of 50% or more, and height increases more than 15 feet above grade in all residential zones. However, projects that qualify for by-right or streamlined processing pursuant to state housing law may bypass some local jurisdiction standards.

The intent of the City's Design Review process is to: 1) ensure that development complies with applicable development standards and design guidelines and criteria; 2) focus on quality designs within neighborhoods; and 3) minimize potential view impacts to neighboring properties. All new non-residential structures and building remodels require approval of the Planning Commission. 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 and 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 provide direction regarding the design of new residences and remodels to complement 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. Design review criteria does not include review of land uses and densities. The Design Guidelines and the Design Review process have been refined over time to reduce development constraints and establish objective criteria.

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

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

The City's primary constraint removal effort is to process development applications and approve projects 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, reduced levels of discretionary review will result in the reduction of processing fees, which in turn could reduce housing costs.

On January 10, 2017, the City Council directed staff to move forward with implementation of the Design Review Reform Program as recommended by the Design Review Task Force. The Reform Program includes 12 key recommendations to improve the Design Review process, including improved staff reporting, streamlined permitting processes, turnaround times, reduced counter wait times, certified staking, a more equitable fee structure, increased roster of landscape plan checkers, utilization of modern technology such as the e-concierge program, and improved customer service. On March 5, 2019 the City Council approved the Community Development Action Plan, which includes a variety of strategies to improve customer service. On November 12, 2019 the City authorized the purchase of a Cloud Based Land Management System (LMS) to improve the current permitting system, including e-reviews, e-submittal, and e-permitting to create, manage, and track Planning/Zoning applications and activities, building permits, building inspections, and code enforcement actions. This effort is currently in progress and will be monitored for effectiveness.

Processing times for development review vary, based on the size of the project and the extent of environmental review required. When an application is submitted, it is reviewed within 30 days to verify that it is complete, or the applicant is notified that it is incomplete. Typical processing times are shown in Table 3.3.

Table 3.3 – 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

Typical processing time is about 6 months for a single-family home, about 6 to 8 months for a multi-family housing project, and about 6 to 9 months for a subdivision, unless delayed by the environmental clearance process due to significant environmental impacts. These times are in line with the requirements of the Permit Streamlining Act of 1992. Programs addressing permit processing are found in [Section 5.2-3](#).

3.1-10 Fees

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 and adjust annually.
- **Drainage Fee** – The Subdivision Map Act and Municipal Code Title 21 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 t 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 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 nonprofit 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 current fee is approximately \$247,317 for each required affordable rental unit or \$348,197 for each affordable for-sale lot or unit. The in-lieu housing fee adjusts annually.

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 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 1.25% of the total project valuation. Low-income housing construction, remodel, repair, or reconstruction projects are exempt from the Art in Public Places Ordinance.

Table 3.4 depicts the fees applicable to development applications in the City of Laguna Beach.

Table 3.4 – Development Fee Summary

Fee Category	Single-Family	Multi-Family	Second Residential Units
Zoning submittal	\$690	\$690	\$690
Landscape review	\$552	\$552	\$552
Coastal Development Permit	\$3,028	\$3,220	\$397
Design review	\$3,429	\$3,472	-
Concept (D/C)	\$1,265	-	-
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	-
Estimated total fees	\$31,320	\$37,201	\$10,372

Note: The total cost of development fees is a small percentage of the total cost of development.

3.1-11 California Coastal Act

The entire City of Laguna Beach, with the exception of the Sycamore Hills area, is located in the Coastal Zone. *California Government Code* §65588(d) requires that the Housing Element update consider any low- or moderate-income housing provided or required in the Coastal Zone pursuant to §65590 (the Mello Act). State law requires that jurisdictions monitor the following:

- the number of new housing units approved for construction within the Coastal Zone (after January 1, 1982);
- the number of low- or moderate-income units required to be provided in new developments either within the Coastal Zone or within three miles of the Coastal Zone;
- the number of existing housing units in properties with three or more units occupied by low or moderate income households that have been authorized for demolition or conversion since January 1, 1982; and
- the number of low or moderate income replacement units required within the Coastal Zone within three miles of the Coastal Zone.

To receive a demolition or a conversion permit, the request must comply with the Mello Act.

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, 150 are restricted to occupancy by low- or moderate-income households. Between April 2013 and December 2020, 18 housing units were completed, and of those, 9 units were deed-restricted for occupants of low-income households. The City has a total of 159 units 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 3 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 although they are not deed-restricted. In October 2011 the City approved the development of one deed-restricted low-income artists' work/live unit. In 2013, the City approved the development of a 70-unit, Section 8, deed-restricted very-low-income senior housing project. In December 2015, the City approved the development of a deed-restricted low-income artists' work/live unit, which was not constructed as of December 2020. In 2017 the City approved a market rate project that included one deed-restricted low-income unit.

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. The City Council determined 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. No other residential unit occupied by low- or moderate-income housing was converted or demolished during 2013-2020; therefore, no additional replacement units were required.

4. Number of units for low- and moderate-income households required either within the Coastal Zone or within 3 miles of it 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. No other low or moderate housing was converted or demolished during 2013-2020; therefore, no additional replacement units were required.

3.1-12 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.

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.

3.1-13 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-foot diameter minimum paving. Hillside local streets require a 40-foot right of way, and 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.

3.2 Environmental and Infrastructure Constraints

Environmental hazards affecting housing units include seismic hazards, flooding, toxic and hazardous waste, fire, and noise. Fire hazards are of particular concern. The City’s Local Hazard Mitigation Plan (LHMP) reports that the topography of Laguna Beach is “extremely conducive to wildfires” and that 70% of the residents live in the wildfire hazard zone. The LHMP further states that “the community is bordered by natural, undeveloped hillsides, and the developed areas are very narrow, so much of the community is very close to these hillsides. All the canyon and hillside areas in Laguna Beach, as well as some parts of the coastal terraces, are classified Very High Fire Hazard Severity Zones (VHFHSZ). In some places, the VHFHSZ extends south of Pacific Coast Highway and even to the beach.” Additionally, the City is constrained by steep hillside terrain and impaired access roads. The City is mostly built out; the limited vacant parcels that are scattered throughout the City are land-locked and safe access cannot be provided. The City has a history of a devastating fire, and emergency evacuation of the City’s existing population is encumbered. In the event of a fire or other type of emergency, the community relies on two major roadways: Coast Highway (State Route 1) and Laguna Canyon Road (State Route 133). Infrastructure constraints include water and wastewater facilities availability. Site specific environmental and infrastructure constraints are addressed within the discussion of available sites in [Section 4, RHNA and Housing Resources](#).

3.3 Market Factors

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.

3.3-1 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 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, high home prices tend to restrict access to mortgages because the percentage of income required to cover mortgage payments exceeds the levels that lenders generally require. Recent federal government fiscal policies, including economic stimulus packages implemented in the

2020 response to the pandemic, are likely to spur inflation and corresponding increases in interest rates in future years, the timing of which is uncertain but possibly in the 2024-2025 timeframe.

3.3-2 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 November 2020 Census Construction Cost Index stood at 144 compared to the 2005 benchmark index of 100. Annual percent changes in the index’s value as of 2005 range from a -4.4% (2009) to +6.7% (2014).

The cost to construct an affordable housing project in Laguna Beach would be on the order of \$400,000 per (modest-sized) unit. If the developer paid \$125 per square foot for the land, that would result in a cost of \$110,000 per unit, assuming an FAR of just below 1 and corresponding to a density of 50 units per acre. The total cost of land and building, based on these assumptions, would be \$510,000 per unit.

3.3-3 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. 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. To counteract limited land availability, the City promotes innovative housing concepts such as mixed-use development, second units, work/live quarters, mobile homes, and the rehabilitation of existing historic homes.

3.3-4 Laguna Beach Land Market Summary

A review of property transaction data by the City’s economics consultant indicated two recent land sales and three “land for sale” listings within the City through the end of 2020, which are described in Table 3.5 below.

Table 3.5 – Recent Land Sales

Property	Land Area (SF)	Date of Sale	Price	Price per SF
1500 Arroyo Drive, Laguna Beach, CA 92651	3,049	10/5/2020	\$255,000	\$83.63
200 Alta Vista Way, Laguna Beach, CA 92651	3,920	10/7/2020	\$850,000	\$216.84
Land Listings for Sale				
31526 Coast Highway, Laguna Beach, CA 92651	5,800	Pending	\$699,000	\$120.52
31532 Coast Highway, Laguna Beach, CA 92651	6,100	Pending	\$749,000	\$122.79
31744 Scenic Drive, Laguna Beach, CA 92651	4,356	Active	\$675,000	\$154.96

Source: Redfin; Zillow; Trulia; various brokerages; TNDG

Based on the limited data compiled, a developer could expect to pay at least \$125 to \$150 per square foot for property potentially suitable for multi-family development. These price levels would represent a challenge for making even a market-rate rental project financially feasible.

The property located at 1500 Arroyo Drive is the closest in proximity to the properties with M1-A zoning targeted for affordable housing. The other properties are located farther to the south and are near State Route 1/Coast Highway. While these properties have subtle differences, they also share the following characteristics:

- All properties recently sold and listed for sale are zoned R-1 Residential.
- All properties are small lots of approximately 3,000 to 6,000 square feet.
- All properties are located within the Laguna Beach Water District.
- All properties, except for the property located at 1500 Arroyo Drive, are within areas of minimal flood hazard. The property located at 1500 Arroyo Drive is located within a regulatory floodway and has a 1% annual chance of flooding as determined by FEMA.
- All properties, except for the property located at 31744 Scenic Drive (designated Village Medium-Low Density), have the General Plan Land Use designation of Village Low Density.
- All properties, with the exception of 31744 Scenic Drive, are generally level.

The properties assumed to be most developable, from this preliminary review range in price from \$123 to \$155 per square foot. The “view” lots have prices up to \$300 per square foot.

The economics consultant also identified a number of multi-family properties currently for sale in Laguna Beach and surrounding communities (see Table 3.6), all of which are small, and most of which are well located in terms of amenities, including urban services. As a result, the asking prices reflect premium locations and, probably, expectations of either redevelopment potential or strong value appreciation, rather than traditional pricing concepts such as capitalization rates applied to net income (cap rates for these properties are generally much more aggressive than is typical for the current general multi-family market). None of these properties are likely to generate any interest in acquiring for the purpose of converting to affordable units, on the basis of both high prices and small project size.

Table 3.6 – For Sale Multi-Family Properties

Project location/ characteristic	Laguna Canyon Road, Laguna Beach	Near Downtown Laguna Beach [618 S Coast Hwy]	Dana Point, near Pacific Coast Highway [Violet Lantern]	Off Selva Road, Dana Point	Dana Point, near Pacific Coast Highway [Amber Lantern]
Number of units	4	5 (1 Commercial and 4 Apartment Units)	6	3	3
Approx. price per unit	\$1,030,000	\$956,000	\$387,500	\$965,000	\$583,000
Approx. price per SF	\$569	\$1,194	\$548	\$439	\$559
Class of building	B	C	C	B	C
Unit types	Live-Work Artist Lofts	Garden	Low Rise	Townhomes	Low Rise
Location attribute	Near M1-A sites targeted for potential affordable housing	Near coast, one unit with ocean view	Near coast, downtown area	Near coast, all units have views of the ocean	Near coast, downtown area and harbor
Year Built	2020	1965/Renovated 2018	1947	1975	1971/Renovated 2015

3.4 Sustainable Development/Energy Conservation

Planning to maximize energy efficiency and the incorporation of energy conservation and green building features can contribute to reduced housing costs for homeowners and renters, in addition to promoting sustainable community design, reduced dependence on vehicles, and reduced greenhouse gas emissions.

The City continues to achieve incremental improvements in energy conservation through implementation of California's Green Building Standards Code, Title 24 of the *California Code of Regulations*, known as CALGreen. CALGreen applies to the planning, design, operation, construction, use, and occupancy of every newly constructed building or structures and also applies to most additions and alterations to existing buildings, including residential structures. The City Council adopted the 2019 California Green Building Standards Code for local implementation at their meeting of November 12, 2019. 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 handouts at the Building Counter. In addition, since 2007 the City Council has waived the permit fees related to solar energy installations for residences and businesses in Laguna Beach.

To more broadly address sustainability and greenhouse gas reductions, the City of Laguna Beach adopted a Climate Protection Action Plan in 2009 and updated it in 2012. The plan provides a number of recommended measures for reducing local carbon emissions by reducing energy use, promoting green building practices, encouraging alternative transportation options, conserving water, reducing energy consumption by government operations, and encouraging energy reductions in the private sector.

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4. RHNA and Housing Resources

4.1 Potential for Future Housing

State law requires that jurisdictions provide an adequate number of and properly zoned sites to facilitate the production of their regional share of housing. To determine whether a jurisdiction has sufficient land to accommodate its share of regional housing needs for all income groups, that jurisdiction must identify “adequate sites.” Under state law (*California Government Code* §65583[c][1]), adequate sites are those with appropriate zoning designations and development regulations – with services and facilities – needed to facilitate and encourage the development of a variety of housing for all income levels. The land resources available for the development of housing in Laguna Beach are addressed here.

4.1-1 Regional Housing Needs Allocation (RHNA) for 2021-2029

California General Plan law requires each city and county to have land zoned to accommodate its fair share of the regional housing need. The State of California Housing and Community Development Department (HCD) allocates a numeric regional housing goal to the Southern California Association of Governments (SCAG). The City of Laguna Beach is within the jurisdiction of two Councils of Government: the larger Southern California Association of Governments (SCAG) and the subregional Orange County Council of Governments (OCCOG). SCAG is mandated to distribute the housing goal among cities and counties in the region. This share for the SCAG region is known as the Regional Housing Needs Allocation, or RHNA. The SCAG region encompasses six counties (Imperial, Los Angeles, Orange, Riverside, San Bernardo, and Ventura) and 191 cities in an area covering more than 38,000 square miles. The major goal of the RHNA is to assure an equitable distribution of housing among cities and counties with the SCAG region so that every community provides for a mix of housing for all economic segments. The housing allocation targets are not building requirements; rather, they are planning goals for each community to accommodate through the appropriate planning policies and land use regulations. Allocation targets are intended to assure that adequate sites and zoning are made available to address anticipated housing demand during the planning period.

The current RHNA for the SCAG region covers the planning period from June 30, 2021 to

October 15, 2029 and is divided into four income categories: very low, low, moderate, and above moderate. The income group goal is to ensure that each jurisdiction within a COG attains its share of the state housing goal without any

Table 4.1 – RHNA 2021-2029

Income Category	Number of Units
Very-low	118
Low	80
Moderate	79
Above-moderate	117
Total	394

relative disproportionate distribution of household income groups. HCD has determined the regional housing need to be 1,341,827 units, and SCAG has determined the City of Laguna Beach’s allocation is 394 new housing units during this planning cycle, with the units divided among the four income categories as shown in Table 4.1.

The City has a RHNA of 118 very-low-income units (inclusive of extremely-low-income units). Pursuant to state law (AB 2634), the City must project the number of extremely-low-income housing needs based on Census income distribution or assume 50% of the very-low-income units as extremely low. Therefore, the 118 very-low-income units are split evenly into 59 extremely-low-income and 59 very-low-income units. However, the City is not required to separately account for sites capacity for extremely-low-income units.

4.1-2 Land and Sites Availability

Laguna Beach is very near build-out based on its General Plan, 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 to preclude environmentally damaging development, or Residential/Hillside Protection (R/HP), which limits residential development opportunities.

1. Sites Inventory

State law requires that jurisdictions demonstrate in the Housing Element that the land inventory is adequate to accommodate that jurisdiction's share of the region's projected growth. Table 4.2 identifies current projects, expected projects from landowners that have contacted the City with development interest, ADUs, and new housing element sites that are suitable for residential development during the 2021-2029 planning period.

The following residential land inventory is based on analysis of the Zoning Ordinance, the General Plan Land Use Element, the Downtown Specific Plan, aerial photographs, the City's Geographic Information Systems (GIS), Community Development property files, community input, projects that are in the entitlement process and from City staff.

The current project represents an actual project that is currently in the entitlement review process and is subject to the density and development requirements of the Zoning Ordinance.

The new Housing Element sites are zoned non-residential: Local Business-Professional Zone; Institutional Zone, and C-1 Local Business District. However, affordable housing that is defined as "residential housing, special needs" is permitted in these zones with no density limit via the approval of a conditional use permit.

In addition, a recent project was approved in November 2020 located at 20412 Laguna Canyon Road on an M-1B zoned site. This site is 0.55 acres, was developed at a density of 52 du/acre, and includes 28 units: 8 low-income units, 1 moderate-income unit, and 19 above-moderate-income units, representing 32% affordable units.

Therefore, development capacity was based on current trends. A recently approved project and current pipeline projects demonstrate that multi-family housing and work/live projects are being developed at 11 units per acre, and one expected project is projecting 66 units per acre. Based on current development trends, a potential density of 45 units per acre would be considered not only feasible, but a conservative estimate especially given that there is no density limit for the new Housing Element sites when affordable housing is built. The

Summary of Sites Inventory for 2021-2029 is provided in Table 4.3, and the location of all the sites is provided on Figure 4-1 – Sites Inventory Map.

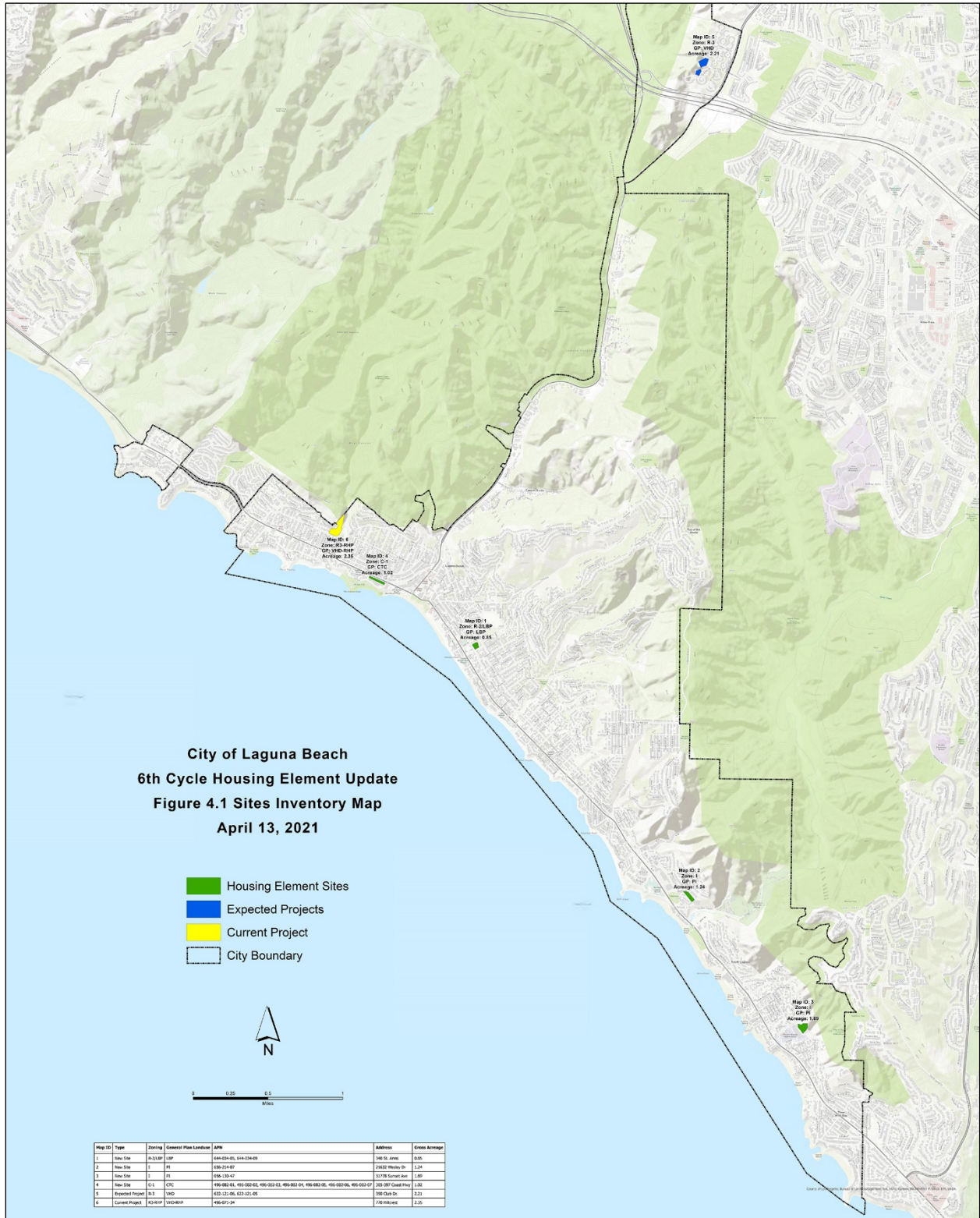


Figure 4-1 – Sites Inventory Map

a. Current Project

One current housing project is under review by the City that is providing a minimum of 25% affordable units per the City's Inclusionary Housing Ordinance. The project is located at 770 Hillcrest Drive and is identified as Site 6 on Figure 4-1. This site is an existing 12-unit condominium complex on a 2.35-acre parcel zoned R-3. This project proposes to construct 13 additional condominiums and would be required to provide 25% affordable units per the City's Inclusionary Housing Ordinance, which would result in 4 low-income units at a density of 11 du/acre. This project that is currently under review would yield 13 units (4 low-income and 11 above-moderate-income units) and is included in the sites inventory under "Current Project" in Table 4.2 and on Figure 4-1.

b. Expected Projects

One project is expected at 350 Club Drive in the north end of the City and is identified as Site 5 on Figure 4-1. The property owner has been in discussions with the City, expressing interest in developing 147 additional units, including 37 affordable housing units on site. The proposed development would be on a portion (2.21 acres) of an existing apartment project, yielding a density of 66 units per acre. This project was submitted on March 17, 2021 for initial zoning review. This site is included in Table 4.2 under "Expected Projects" and on Figure 4-1.

c. New Housing Element Sites

The City has identified four new sites that comprise a total 4.60 acres with the potential to yield 151 units as identified in Table 4.2.

Site 1 is located at 340 St. Ann's Drive and is currently occupied by the Neighborhood Congregational Church. The site is zoned Local Business Professional (LBP) Zone and is approximately 0.85 acres. At a conservative estimate of 45 units per acre, the site could accommodate 31 units.

Site 2 is located at 21632 Wesley Drive and is currently occupied by the Laguna Beach Methodist Church. The site is zoned Institutional and is approximately 1.24 acres. The church building is 0.4 acres and the existing parking lots are 0.84 acres. The parking lots would yield up to 30 units at a conservative density of 45 units per acre.

Site 3 is located at 31778 Sunset Avenue and is vacant land owned by Mission Hospital across the street from the hospital. The site is zoned Institutional, is approximately 1.89 acres, and would yield up to 68 units at a conservative density of 45 units per acre.

Site 4 is located at 305-397 Coast Highway and consists of seven contiguous properties. The sites are all developed with existing commercial uses and associated surface parking lots. The sites are zoned C-1 (Local Business District), are approximately 1.02 acres, and would yield up to 37 units at a conservative density of 45 units per acre. All new sites are included in Table 4.2.

d. Accessory Dwelling Units (ADUs)

Consistent with state law, accessory dwelling units are permitted in all residential and multi-family zones, and the City supports ADUs to increase housing stock and ease unaffordability (as described in [Section 3.1-4](#)). In 2018-2019 the City received three ADU applications. In 2020, the City received 40 ADU applications, 30 of which were granted planning approval, and permits were issued for 11 applications. The assumption of 15 ADUs annually and 120 ADUs over 8 years towards the RHNA requirements is very conservative. Based on SCAG's Regional Accessory Dwelling Unit Affordability Analysis, these 120 ADUs will constitute 120 units (30 very-low-, 52 low-, 36 moderate-income, and 2 above-moderate-income units) as shown in Table 4.3.

Table 4.2 – Sites Inventory

Project	Acreage	Average Density (units/acre)	General Plan	Zoning	Housing Type	Number of Planned New Units
Current Projects						
770 Hillcrest Drive	2.35	66	Village High Density/ Residential/Hillside Protection	R-3/RHP	Multi-Family Condominiums	13
Expected Projects						
350 Club Drive	2.21	66	Village High Density	R-3	Multi-Family	147
Housing Element Sites						
340 St. Ann's Drive (Neighborhood Congregation Church)	.85	45	Local Business Professional	RLBP	Multi-Family	31
21632 Wesley Drive (Laguna Beach Methodist Church)	.84	45	Public/Institutional	Institutional	Multi-Family	30
31778 Sunset Avenue (Mission Hospital)	1.89	45	Public/Institutional	Institutional	Multi-Family	68
305-397 Coast Highway	1.02	45	Commercial/Tourist Corridor	C-1 (LBP)	Multi-Family	37
ADUs	n/a	n/a	n/a	n/a	ADU	120
Total						446

4.1-3 Summary of Sites Inventory for 2021-2029 Housing Element

The City's sites inventory of current pipeline projects, expected projects, new housing element sites with no density limitation, and ADUs results in approximately 9.16 acres of land (excluding ADUs) with the ability to adequately accommodate the required RHNA of 394 units, with an additional capacity of 54 units. Table 4.3 below summarizes the RHNA status.

Table 4.3 – Summary of Sites Inventory for 2021-2029

Sites	Very Low	Low	Moderate	Above Moderate	Total
Current projects	0	4	0	11	13
Expected projects	25	0	0	122	147
Housing Element sites	85	35	46	0	166
ADUs	30	52	36	2	120
Estimated RHNA total					446
RHNA requirement	118	80	79	117	394
Potential surplus	22	11	3	18	54

4.1-4 Infrastructure

Water delivery systems and sewer treatment capacity is available within the planning period for the identified sites. The City Council adopted a Capital Improvements Program, with periodic updating, designed to ensure that adequate public improvements are available to support the new development in a timely manner.

The South Coast Water District is aware of priority water and sewer services procedures for developments with units affordable to lower income households, in accordance with *California Government Code* §65589.7.

Dry utilities, including refuse collection, electricity, and telephone service, are available to all areas within the City. There is sufficient capacity to meet the current need and any future need.

4.2 Financial Resources

Financial resources are needed to support the initiation, operation, or expansion of housing programs. For example, funding sources are needed to waive permit fees related to the development of affordable housing, to preserve “at-risk” low- and moderate-income housing from converting to market rate, and to offer low-cost loans or grants to support the renovation of lower-cost housing units. The City is covering some of the costs of providing affordable housing programs through its General Fund, but has limited capacity. The following potential financial resources may be utilized to retain the City’s affordable housing stock, as well as to provide new affordable housing in the community.

Housing and Community Development Grants – Financial assistance programs administered by the California Department of Housing and Community Development (HCD) change periodically according to funding availability, and should be monitored on a regular basis. Current program information is posted on HCD’s website.⁷

Community Development Block Grant (CDBG) Funds – The CDBG Program provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. 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.

Senate Bill (SB) 2/LEAP Grants – In 2017, Governor Brown signed a 15-bill housing package aimed at addressing the state’s housing shortage and high housing costs. Specifically, it included the Building Homes and Jobs Act (SB 2, 2017), which establishes a \$75 recording fee on real estate documents to increase the supply of affordable homes in California. Because the number of real estate transactions recorded in each county will vary from year to year, the revenues collected will fluctuate.

⁷ <https://www.hcd.ca.gov/grants-funding/index.shtml>

The first year of SB 2 funds were available as planning grants to local jurisdictions. On February 24, 2020, HCD approved \$160,000 of funding to the City, which includes creating a citywide inventory of: properties that would be permitted to construct ADU, sites that are zoned multi-family (currently developed as single family) that could support additional affordable units, and infill and adaptive reuse sites in the Downtown Specific Plan. It also allocated \$85,000 to implement an Affordable Housing Finance and Grant Program.

The Local Early Action Planning (LEAP) grants was another source of funding to help local jurisdictions to update their planning documents and implement process improvements to facilitate housing construction. In 2020, the City was awarded \$50,000 in LEAP funding for the 6th Cycle Housing Element Update and \$100,000 for the Downtown Specific Plan Update Phase 2.

For the second year and onward, 70% of SB 2 funding under the Permanent Local Housing Allocation (PLHA) component of SB 2 will be allocated to local governments for affordable housing purposes. A large portion of Year Two allocations will be distributed using the same formula used to allocate federal Community Development Block Grants (CDBG). HCD is in the process of closing out the Year One planning grant allocations and has not begun the process of allocating the Year Two affordable housing funds. However, as a non-entitlement jurisdiction participating in the CDBG program through the County of Orange, the City would not be directly eligible to apply for funding PLHA component of SB 2. Instead, the City would receive funding through the County of Orange, similar to the CDBG program. SB 2 PLHA funds can be used to:

- Increase the supply of housing for households at or below 60% of AMI
- Increase assistance to affordable owner-occupied workforce housing
- Assist persons experiencing or at risk of homelessness
- Facilitate housing affordability, particularly for lower and moderate income households
- Promote projects and programs to meet the local government’s unmet share of regional housing needs allocation

Home Investment Partnership (HOME) – The HOME Program provides formula grants to states and localities to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. HOME funds are awarded annually as formula grants to participating jurisdictions. The City of Laguna Beach has access to funds through the County of Orange and may apply for funding for eligible projects as opportunities arise.

Emergency Solutions Grant (ESG) – The ESG program provides funding to: 1) engage homeless individuals and families living on the street; 2) improve the number and quality of emergency shelters for homeless individuals and families; 3) help operate these shelters; 4) provide essential services to shelter residents, 5) rapidly rehouse homeless individuals and families, and 6) prevent families/individuals from becoming homeless. The City of Laguna Beach has access to funds through the County of Orange and may apply for funding for eligible projects as opportunities arise.

Low-Income Housing Tax Credit (LIHTC) – The LIHTC is the most important resource for creating affordable housing in the United States today. It is a tax incentive intended to increase the availability of low-income rental housing, by providing a credit against regular tax liability for investments in affordable housing properties. A fixed amount of tax credits are allocated by the IRS to each state based on population. Tax credits are awarded to developers, who sell the credits to investors. The developers build or renovate the housing and agree to rent the housing at an affordable rent that is usually below market.

Orange County Housing Trust Fund – The Orange County Housing Trust is a nonprofit private capital-funded trust dedicated to increasing the supply and availability of supportive housing units and affordable housing developments in Orange County. Its focus is to provide gap financing for the acquisition, development, or construction of supportive and affordable housing projects for developers, to help end homelessness in Orange County.

4.3 Organizational and Partnership Resources

Several regional agencies and organizations have experience and potential capacity to assist in the preservation of at-risk units, production of new units, and meeting of special needs, such as the Orange County Community Housing Corp. (Santa Ana), the Jamboree Housing Corp (Irvine), the Mary Erickson Foundation (San Clemente), and the National Community Renaissance of California (Rancho Cucamonga).

The City is actively working with additional organizations including the Friendship Shelter and Laguna Beach Seniors. The **Friendship Shelter**, as further discussed in [Section 2.6-1](#), is a nonprofit, privately owned and operated facility that 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. The Friendship Shelter also operates the City of Laguna Beach’s Alternative Sleeping Location (ASL) Emergency Shelter and operates a Bridge Housing program for supportive housing.

Laguna Beach Seniors is a nonprofit organization with an outreach program that includes a Case Management Coordinator to help seniors receive necessary services, including housing-related resources. The City has partnered with Laguna Beach Seniors to manage a Senior Housing Repair Program.

The City also benefits from organizations that provide services to Orange County as a whole. **The County of Orange Health Care Agency (HCA)** engages across Orange County, working with cities and community-based organizations to strengthen regional capacity and multi-city, multi-sector investments to prevent and address homelessness, coordinate public and private resources to meet the needs of the homeless population in Orange County, and promote integration of services throughout the community that improve the countywide response to homelessness. HCA promotes the development of supportive transitional and affordable housing opportunities for the mentally ill and recovering substance abusers. In a Needs and Gaps Analysis report (2018), HCA reported that 6.7% of the adult population in Orange County was identified as having serious psychological distress in the past year. Of homeless adults, 12% of the estimated population is experiencing mental health symptoms. Based on that ratio and the Laguna Beach population estimate of 22,343 persons in 2020,

approximately 1,497 Laguna Beach residents are estimated to have experienced mental health symptoms.

The **Regional Center of Orange County (RCOC)** is a community-based, private, nonprofit corporation funded by the State of California to serve people with developmental disabilities as required by the Lanterman Developmental Disabilities Services Act (see [Section 3.1-8](#) for more information). RCOC is 1 of 21 regional centers throughout California and serves over 22,000 Orange County residents and their families. The RCOC provides diagnosis and assessment of eligibility and helps plan, access, coordinate, and monitor the services and supports that are needed because of a developmental disability.

The **Glennwood Housing Foundation** is a Regional Center of Orange County Supportive Living service provider. The Glennwood Housing Foundation is a nonprofit corporation that provides housing and supported living services to adults with developmental and/or intellectual disabilities. The Glennwood House of Laguna Beach provides individual apartment-style living, transportation to activities, medical appointments, shopping, and daily meals. The foundation emphasizes community and provides opportunities for residents to engage in the community, participate in physical activities, and achieve fulfillment and well-being.

The **Dayle McIntosh Center for the Disabled**, also referred to as DMC, is a nonprofit organization that provides services to people with disabilities and facilitates equal access and inclusion within the community. Founded in 1977, DMC is a non-residential, cross-disability agency and meets the standards and indicators established for the operation of independent living centers in the federal Rehabilitation Act of 1973, as amended. Currently, 28 such centers exist in California, and approximately 500 are in operation nationally. DMC is a peer-based organization. This means that most of the staff is composed of individuals who have disabilities themselves and have met the challenge of becoming self-sufficient. DMC provides housing assistance resources such as affordable housing and emergency shelter lists, including information on tenants' rights and responsibilities. DMC can sometimes aid with accessibility modifications in the home. Its two offices serve 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.

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5. Housing Plan

The Housing Plan’s goals, policies, and implementation programs are built upon the prior Housing Element, updated to reflect existing and projected housing needs, and new state legislation. The Housing Plan addresses key housing constraints, builds upon housing resources, and emphasizes successful local programs. The Housing Plan is organized into two sections: Goals and Policies, and Housing Programs.

5.1 Goals and Policies

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.

No.	Policy	Implementing Program ⁸
HE 1.1	Protect existing residential neighborhoods from the encroachment of incompatible land uses/or activities.	Zoning Code/ 1
HE 1.2	Discourage the removal and/or replacement of existing residential uses with non-residential uses throughout the City.	Zoning Code/ 1, 8
HE 1.3	Provide adequate funding and staffing to support code enforcement programs.	City Budget
HE 1.4	Encourage ongoing maintenance and repair of sound residential units and encourage rehabilitation of deteriorated residential units.	8
HE 1.5	Encourage the preservation, rehabilitation, and maintenance of the original architectural integrity of historically significant homes.	Historic Preservation Program/ 8
HE 1.6	Encourage the preservation of rental housing opportunities in the City.	8
HE 1.7	Collect information regarding public funding opportunities for housing rehabilitation and disseminate to homeowners and the private sector.	9,10
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, including properties that exceed the allowed 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. Work/live units shall not be considered to be replacement residential rental units unless they are replacing work/live units.	Development Project Review/ 9

⁸ Numbers refer to Housing Element Section 5.2, Housing Programs.

No.	Policy	Implementing Program ⁸
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. Work/live units shall not be considered to be replacement residential rental units.	Development Project Review/ 9
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. Work/live units shall not be considered to be replacement residential rental units unless they are replacing work/live units. Under no circumstances shall a conversion be allowed that does not comply with existing development standards.	Development Project Review
HE-1.11	Ensure that new housing will be aesthetically compatible with the surrounding environment and compatible with the size, scale and character of development in the neighborhood in which it is located.	Development Project Review/ 2
HE-1.12	Encourage the utilization of energy conservation and sustainability measures in accordance with the Climate Protection Action Plan in the construction of new housing and in the rehabilitation of existing housing.	Development Project Review
HE 1.13	Encourage the preservation and continued affordability of extremely-low- to moderate-income housing in the City.	City Operations/ 7,8
HE 1.14	Continue to enforce existing Municipal Code provisions relating to the use and development of properties throughout the City.	City Operations Development Project Review/ 2
HE-1.15	Encourage adaptive reuse to support affordable housing.	Development Project Review/ 8

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.

No.	Policy	Implementing Program ⁹
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.	Development Project Review/ 9

⁹ Numbers refer to Housing Element Section 5.2, Housing Programs

No.	Policy	Implementing Program ⁹
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.	8, 9
HE-2.3	Encourage preservation of mobile homes and manufactured housing as an affordable alternative.	8
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 of developed residential land sales in Laguna Beach within the prior 12-month period, and such fee may be adjusted as needed determined in accordance with the implementation of the City's policy.	Development Project Review/ 9
HE-2.5	Pursue funding to subsidize design and improvement costs for low- and moderate-income housing projects in zones that allow residential use.	9
HE-2.6	Encourage the participation and financial commitment of the private sector in meeting the housing needs of the City.	3,7
HE-2.7	Encourage the production of privately sponsored low- and moderate-income housing projects in residential and mixed-use developments.	7, 9
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.	2,3,4,5,7,9
HE-2.9	Support the continuation of federal housing assistance programs for extremely-low-, very-low-, low- and moderate-income households.	7,9
HE-2.10	Pursue opportunities for acquisition of a site or sites suitable for low- and moderate-income housing projects.	7
HE-2.11	Encourage increased participation by owners of multi-family units in the Housing Choice Voucher rent subsidy program.	10
HE-2.12	Encourage adaptive reuse of buildings for housing.	2,8
HE-2.13	Encourage the expansion of rental housing opportunities in the City.	1,4,5
HE-2.14	Encourage school districts and religious institutions to develop housing on their properties.	1,7
HE-2.15	Encourage developers to work with the arts community to provide work/live spaces suitable for creative work.	2,3
HE-2.16	Explore potential for a pilot co-housing/co-living project to allow more people to be housed at a lower cost while facilitating a sense of community and neighbor-to-neighbor support.	7
HE-2.17	Foster opportunities for small scale infill development as a means to expand housing opportunities and incrementally provide affordable housing.	1,2,4,5

No.	Policy	Implementing Program ⁹
HE-2.18	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.	1,2,3,4

Goal HE-3: Enhance Housing Opportunity and Accessibility, and Prevent Housing Discrimination

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. Enforce fair housing laws.

No.	Policy	Implementing Program ¹⁰
HE-3.1	Affirmatively further fair housing by taking meaningful actions to combat discrimination, help overcome patterns of segregation, and foster inclusive communities.	11
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.	5,6,9,10
HE-3.3	Promote increased awareness of the housing needs of all special needs households.	6,10
HE-3.4	Continue to assess the particular needs and constraints related to housing opportunities for seniors and other special needs households, in an attempt to address and resolve such issues.	6,10,11
HE-3.5	Promote the provision of housing that meets the needs of disabled persons.	6,10,11
HE-3.6	Promote the expansion of housing opportunities throughout the City.	1
HE-3.7	Whenever feasible, ensure that the selection of affordable housing sites includes adequate consideration of the needs of seniors and other special needs households, such as proximity to services and public transportation.	1,11

5.2 Housing Programs

The City's Housing Programs identify actions needed to implement Housing Element Goals and Policies. In addition, there was a need for new and revised programs to respond to new state laws, and the increase in the City's RHNA fair share targets from a total of two units in the 5th Cycle to 394 in the 6th Cycle Housing Element. As a result of these changes, the prior Housing Element's 49 programs have been consolidated and updated into 11 program areas, which are cross-referenced in [Table A.2](#) and detailed in [Appendix A](#).

¹⁰ Numbers refer to Housing Element Section 5.2, Housing Programs

1. Adequate Sites and Monitoring for No Net Loss

Demonstrate that the General Plan’s land use designations and associated zoning are adequate to accommodate the City’s share of the region’s projected growth. For the 2021-2029 Housing Element planning period, the City of Laguna Beach has been assigned a RHNA total of 394 new housing units, as further described in [Section 4.1, Potential for Future Housing](#). Through the actions identified as “required,” the City is working to help ensure that units will be developed to make progress toward the RHNA targets. Through additional actions identified below, the City will continue to examine potential housing opportunity sites throughout the 6th Cycle Housing Element time frame to protect against possible loss of sites, and to lay the groundwork for future housing element updates.

Action	Time Frame and Objectives
Required: Monitor and update the sites inventory to assess its adequacy for meeting the RHNA.	Annually, as a part of Housing Element Annual Progress Reports.
Required: Expediently complete the review of in-process development permit applications that include affordable housing projects.	By 2023. Development of 13 low-income and 1 moderate-income unit.
Required: Provide streamlined permit processing of residential projects that include affordable units.	Ongoing.
Required: See Program 5 regarding ADUs.	Development of approximately 15 units per year during the 6 th Cycle timeframe.
Required: Provide incentives for the development of 100% affordable projects on sites with institutional uses such as religious institutions, hospitals, and schools, and on commercially zoned and City-owned sites.	Ongoing. Development of approximately 25 lower-income units during the 6 th Cycle timeframe.
Initiate environmental review related to Phase 2 of the Downtown Specific Plan update, which is intended to allow for and facilitate additional residential development over existing regulations. See also Program 4.	By 2021
Initiate an update to the Canyon Specific Plan to evaluate suitability for expansion of sites, through code amendments or rezoning, to where live-work, residential, or mixed-use development is permitted.	By 2022
Continue to evaluate potential for mixed-use and work/live spaces along the Coast Highway Corridor and on vacant or underutilized commercial properties.	Ongoing

Financing: General Fund, Community Development Department, Planning Division budget, Local Early Action Planning (LEAP) grant, and SB2 grant.

Responsible Agencies: City of Laguna Beach

2. Zoning Toolbox

Provide flexible zoning regulations that facilitate affordable housing development, such as allowing mixed-uses and work/live units, and reducing parking requirements. Zoning Code amendments that provide incentives, flexible standards, and reduce development costs can be used to encourage the development of accessory dwelling units, affordable housing units, and investments in existing buildings.

Action	Time Frame and Objectives
Amend the zoning code to refer to state Density Bonus Law.	2022-2023, to meet state law
Explore the feasibility of amending the Zoning Code to provide more flexible development standards for affordable housing. Options to explore could include, but are not limited to modifications to: height, setbacks, ground-to-sky open space, parking ratios, allowable additions above commercial, lot coverage/FAR; and possible creation of affordable housing floating/overlay zones, form-based zoning components, and incentives to provide affordable housing as a part of mixed-use developments.	Evaluate regulatory barriers and initiate a Zoning Code amendment beginning in 2022.
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.	Initiate in 2024.

Financing: Community Development Department budget

Responsible Agencies: Community Development Department - Planning and Zoning Divisions

3. Permit Streamlining

To the extent feasible, continue to expedite residential development applications to reduce processing time, which in turn reduces development costs. Actions are based on state law requirements and recommendations from the City’s Design Review Task Force. The Design Review Reform Program directed by the City Council includes 12 key recommendations including improved staff reporting, streamline permitting processes, turnaround times, reduced counter wait times, certified staking, a more equitable fee structure, increased roster of landscape plan checkers, utilization of modern technology, such as the e-concierge program, and improved customer service.

Action	Time Frame and Objectives
Comply with state law regarding the use of objective design standards.	Ongoing
Provide streamlined permit processing opportunities to qualified applicants pursuant to state law.	Ongoing
Continue to reduce development constraints in the Design Review process and establish objective Design Guidelines criteria.	Ongoing, to reduce development cost by minimizing permit processing time.
Continue to implement Community Development Action Plan strategies and monitor effectiveness.	
Monitor Land Management System effectiveness in efficiently managing, tracking, and enforcing Planning and Zoning applications and activities.	

Financing: Community Development Department budget

Responsible Agencies: Community Development Department, Planning and Zoning Divisions

4. Downtown Specific Plan Phase 2

Pursue Phase 2 of the Downtown Specific Plan (DSP) update to address residential development initiatives.

Action	Time Frame and Objectives
Provide more permissive development standards for affordable housing. Explore incentives including but not limited to: increased densities, increased height limits, higher lot coverage, lower parking requirements, allowances for off-site parking, allowances for lot assemblage, and removal of upper story residential use limitations.	Initiate environmental analysis to investigate the best pathway to increase the number of potential housing sites and improve the economic feasibility of developing residential units Downtown. Initiate Phase 2 of Downtown Specific Plan in 2021.
Consider additional locations for residential/mixed use development.	

Financing: Community Development Department budget

Responsible Agencies: Community Development Department, Planning Division

5. Accessory Dwelling Units

Promote development of accessory dwelling units as an affordable housing option by easing restrictions on these units and providing incentives for their development or preservation. ADUs are an important and feasible method of providing more affordable housing while maintaining the character of the City's neighborhoods.

Action	Time Frame and Objectives
Required: Implement a new Accessory Dwelling Unit (ADU) Ordinance per state law.	Currently in process, to meet state law and encourage ADU development.
Required: Promote ADUs through development of a toolkit website that serves as a comprehensive resource on ADUs. Include information on the City's new ADU ordinance, which provides opportunities for fee waivers and an amnesty provision to bring existing unpermitted units up to code standards. Consider including a cost-calculator to assist in determining development costs.	
Pursue a deferred home loan modification program for ADUs and affordable housing, if grant funds are available.	Ongoing
Pursue the implementation of a Monitoring Program for ADUs, which would include an annual monitoring, verification and reporting program for Accessory Dwelling Units (ADUs).	
Explore providing model or pre-approved building plans.	
Explore incentives to encourage development of deed-restricted ADUs.	

Financing: Community Development Department budget

Responsible Agencies: Community Development Department, Planning Division

6. Special Needs Housing

The City of Laguna Beach is home to the Friendship Shelter, southern Orange County’s only homeless shelter, and the Laguna Beach Youth Shelter, which has been operating for over 40 years. The Friendship Shelter also operates the Alternative Sleeping Location, under contract, on City-owned property.

Action	Time Frame and Objectives
Evaluate whether the existing Friendship Shelter meets Low Barrier Navigation Center requirement set forth in AB 139 (Emergency and Transitional Housing).	By the end of 2024 to meet state law.
Review the Zoning Ordinance for conformance with AB 2162 (Supportive Housing) requirements to allow supportive housing by-right in zones where multi-family and mixed uses are permitted and to remove minimum parking requirements for units occupied by supportive housing residents if the development is located within one-half mile of a public transit stop.	By the end of 2022, to meet state law.
Monitor shelter capacity needs and report findings in the Annual Progress Report.	Every two years, monitor shelter capacity.
Review the Zoning Code for conformance with the Employee Housing Act	Ongoing

Financing: 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.

Responsible Agencies: Community Development Department

7. Affordable Housing Partnerships

Continue to work with existing partners such as the Friendship House, Habitat for Humanity and Laguna Beach Seniors, and seek new partners and volunteers from stakeholder and industry groups to further opportunities and provide incentives where possible for affordable housing.

Action	Time Frame and Objectives
Conduct outreach to religious institutions to provide information on state law regarding developing housing units on religious-use parking spaces.	Ongoing, to increase housing opportunities.
Offer letters of support and where possible, incentives for affordable housing - related grant applications as appropriate.	Ongoing, upon request to support housing partners.
Promote senior mobility with transit providers to facilitate aging in place.	Ongoing, as opportunities arise.

Financing: Community Development Department budget

Responsible Agencies: Community Development Department and Housing & Human Services Committee

8. Housing Preservation and Rehabilitation

Continue to engage in programs that work toward preserving affordable housing that is “at-risk” for converting to market-rate housing. In addition, encourage the preservation of additional lower-cost housing, including mobile homes and older units, that may need renovations, and strive to remedy non-conforming units that functionally contribute to the City's affordable rental housing.

Action	Time Frame and Objectives
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.	Ongoing, to preserve affordable housing stock. Maintain and preserve at least two units.
Continue mobile home preservation.	Ongoing, to preserve affordable housing stock.
Monitor implementation of the Short-Term Lodging Ordinance. Restrictions to short-term lodging are intended to help preserve rental housing stock by limiting their use for vacation rental purposes.	
Continue to support aging in place through amortization and abatement agreements which allow residents to remain on the property under specified conditions to improve the property.	
Where safety concerns can be addressed, allow residents to remain in non-permitted spaces while they are adapted to meet work/live code. If funding is available, develop incentives and funding programs to assist building owners and tenants to make the building modifications necessary to conform with work/live ordinances.	Ongoing
Engage in dialogues with affordable housing providers to learn if there are actions the City can take to support their continued operations.	Ongoing
Explore the development of an amnesty program for unpermitted residential units.	

Financing: Community Development budget

Responsible Agencies: Community Development Department, Planning Division, and Housing & Human Services Committee

9. Affordable Housing Funding and Programs

Pursue grants and other funding opportunities that support the initiation, operation, and expansion of affordable housing programs. To the extent that funding is secured, continue to provide incentives such as fee reductions or waivers, and develop and implement new incentives.

Action	Time Frame and Objectives
Complete rollout of the Affordable Housing Loan and Grant Program.	By the end of 2023
Continue implementation of City's Inclusionary Housing Policy HE-2-4.	Ongoing
Continue to maintain an In-Lieu Housing Fund in accordance with policies HE 1-8, HE 1.9, HE-1.10, HE 2-1, and HE-2.4.	Ongoing
Consider establishing a local dedicated funding source for affordable housing.	Ongoing
Monitor financial assistance programs administered by the California Department of Housing and Community Development and apply for funding that the City is eligible for and can competitively vie for. Current program information is posted on HCD's website at: https://www.hcd.ca.gov/grants-funding/index.shtml .	Annually to explore funding options available.

Action	Time Frame and Objectives
As a participating city, continue to provide input to the County of Orange on use of Community Development Block Grant (CDBG), Home Investment Partnership (HOME), and Emergency Solutions Grant (ESG) and other programs as available. Seek funds for eligible projects as opportunities arise.	Ongoing
Refer affordable housing developers to the Orange County Trust Fund for potential gap financing for the acquisition, development or construction of supportive and affordable housing projects.	Ongoing
Consider conditions for reducing the required contracted time for affordability for small scale projects including ADUs as a means to encourage submittal of applications for affordable housing.	
Consider developing a set of incentives to promote the development of affordable housing projects. The incentive package could include components such as flexible development standards, reduced parking requirements, the waiving of fees and the expediting of permits. See Program 2 for additional potential code incentives and Program 3 for permit streamlining.	

Financing: Community Development Department budget, In-Lieu Housing Fund

Responsible Agencies: Community Development Department, Planning Division, and Housing & Human Services Committee

10. Information, Education and Marketing

Provide technical assistance and information regarding housing rehabilitation, rent subsidies, ADUs, housing assistance, fair housing, senior housing, historic preservation, and energy conservation. Continue to encourage the rehabilitation and maintenance of existing residential units, and the development of new affordable units.

Action	Time Frame and Objectives
Update the City website periodically to cover: <ul style="list-style-type: none"> - Housing Rehabilitation Assistance including information on low-interest loans - Housing Choice Voucher rent subsidy program administered by the County of Orange - SB 329 (2019) outreach that SB 329 redefines the term “source of income” in regard to housing discrimination laws to mean verifiable income paid directly to a tenant, or paid to a housing owner or landlord on behalf of a tenant, including federal, state, or local public assistance and housing subsidies - Housing Assistance Guide on fair housing - ADU opportunities and programs 	Update by the end of 2021 then maintain on an ongoing basis, to provide information, encouragement, and technical assistance. Preserve and maintain at least five units.
Administer and market the Senior Housing Aging in Place Program which includes: <ul style="list-style-type: none"> - Senior Housing Rehabilitation Assistance - Senior Housing Repair Program information - Annual aging-in-place workshop - Senior Specialist Program “one stop” shop 	
Provide information on historic preservation incentives and programs	
Promote and market affordable housing incentives/allowances and programs to encourage their use.	
Increase community awareness of and support for affordable housing through activities such as town halls, articles in local newspapers, and website postings.	

Financing: Community Development Department budget

Responsible Agencies: Community Development Department, Planning and Building Division, Zoning Division, Housing & Human Services Committee; Senior Services Coordinator, Laguna Beach Heritage Committee

11. Fair Housing

Affirmatively further fair housing by taking meaningful actions to address impediments identified in the 2020 Orange County Analysis of Impediments to Fair Housing Choice (AI) report. The AI report found that within Orange County, most racial or ethnic minority groups experience higher rates of housing problems, including but not limited to severe housing cost burden. As such, all of the Section 5 Housing Programs, in addition to the specific actions within Program 11, will contribute to fair housing goals.

Action	Time Frame and Objectives
Ensure that all laws, programs and activities affirmatively further fair housing in accordance with state law.	Ongoing, to implement state law and work toward a more inclusive community.
Continue to publish a Housing Assistance 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.	
As a participating City in the County of Orange Community Development Block Grant (CDBG) program, continue to support the annual contribution of CDBG funds to the Orange County Fair Housing Council (OCFHC).	
Continue to advise the community and refer people with issues regarding unfair housing practices to the OCFHC.	
When considering specific plan or rezoning proposals, evaluate whether the change in zoning will help achieve fair housing goals.	
As opportunities arise, collaborate with other jurisdictions to create a new countywide source of affordable housing.	
As opportunities arise, collaborate with transit providers to help ensure that members of protected classes can access jobs in employment centers.	

Financing: Community Development Department budget, CDBG

Responsible Agencies: Community Services Department, Community Development Department

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6. Acronyms

ACS	American Community Survey
ADU	Accessory dwelling unit
ASL	Laguna Beach Alternative Sleeping Location
BMR	Below-market rate (dwelling unit)
BSC	Building site coverage
CBC	California Building Code
CBD	Central Business District
CDBG	Community Development Block Grant
CEQA	California Environmental Quality Act
CHAS	Comprehensive Housing Affordability Strategy
CIP	Capital Improvement Program
CUP-	Conditional Use Permit
DDS	California Department of Developmental Services
DOF	State Department of Finance
DSP	Downtown Specific Plan
DU –	Dwelling unit
EDD –	California Employment Development Department
ESG	Emergency Solutions Grant
FEMA	Federal Emergency Management Agency
GIS	Geographic Information Systems
HAMFI	HUD Area Median Family Income
HCA	County of Orange Health Care Agency
HCD	Department of Housing and Community Development (State of California)
HCV	Housing Choice Voucher Program
HEAP	Homeless Emergency Aid Program
HUD	U.S. Department of Housing and Urban Development
ICBO	International Congress of Building Officials
LIHTC	Low Income Housing Tax Credit
LBNC	Low barrier navigation center
HOME	HOME Investment Partnership Act
OCCOG	Orange County Council of Governments
OCHA	Orange County Housing Authority
PRD	Planned Residential Development
RCOC	Regional Center of Orange County
RHNA	Regional Housing Needs Allocation
SCAG	Southern California Association of Governments
TCAC	California Tax Credit Allocation Committee

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Appendix A – 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 or county in implementation of the Housing Element.

A-1 Appropriateness of Goals, Objectives, and Policies

In the process of administering the previous Housing Element and preparing the 2021-2029 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. However, the Housing Element programs have been comprehensively updated. The existing 49 programs have been consolidated, modified, or replaced with new programs to achieve efficiencies, improve effectiveness, and meet new state law requirements.

A-2 Effectiveness of the Housing Element

In summary, the City completed or made progress on several significant programs from the 2013-2021 Housing Element. A summary of the City’s progress toward quantified objectives is shown on Table A.1 and full accounting of programs is provided in Table A.2. Notable achievements include:

- The City Council appointed a Senior Housing Task Force made up of representatives from the Planning Commission, the real estate community, Laguna Beach Seniors, the Housing and Human Services Committee, and other members of the senior community. This task force started work in June 2014 and completed its final report in December 2016. Recommendations from the final report led to the approval of the Senior Housing Repair Program on February 25, 2020. The program has \$100,000 of funding with a maximum allotment of \$5,000 per applicant. The Task Force’s recommendations also helped shape programs in this 6th Cycle Housing Element.
- The City Council appointed an Affordable Housing Task Force in 2018 tasked with researching and providing recommendations to increase affordable housing. The Task Force prepared its final report, dated May 16, 2019 and presented it to the City Council on September 10, 2019. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. The Task Force’s recommendations helped shape policies and programs included in the 2021-2019 Housing Element.
- On July 21, 2020 the City Council adopted an update to the Downtown Specific Plan (DSP) focused on business permitting and parking requirements. In addition, as a

part of the DSP, the City Council amended the Municipal Code to expand where artists' work/live units are allowed. The CBD-1 Resident Serving and CBD-2 Downtown Commercial designations were added to CBD Office, Arts District, and CBD Central Bluffs designations as Downtown land use districts that permit artists' work/live units. The amendments were submitted to the Coastal Commission. The housing and building height components will be addressed in Phase 2 of the DSP update starting in April 2021.

- The City continues to implement an Inclusionary Housing Policy and administer an In-Lieu Housing Fund. The Inclusionary Housing Policy requires 25% of the lots or units in a subdivision of two or more lots or units, or new development of three or more units on-site that do not involve a new subdivision, to be occupied by low- or moderate-income households with deed-restrictions.
- To address short-term rentals, on June 4, 2019 the City Council approved a revision to the short-term lodging (STL) ordinance. The revisions prohibited STL in residential zones. On October 7, 2020, the Coastal Commission certified the STL ordinance with modifications including consideration of a home-sharing program and protections for rental housing stock in mixed-use districts. Coastal Commission-certified modifications were approved by the City Council on December 1, 2020. Restrictions to short-term lodging are intended to help preserve rental housing stock by limiting their use for vacation rental purposes.
- To further permit streamlining efforts, on January 10, 2017, the City Council directed staff to move forward with the implementation of the Design Review Reform Program as recommended by the Design Review Task Force. The program includes 12 key recommendations to improve the Design Review process, including improved staff reporting, streamlined permitting processes, turnaround times, reduced counter wait times, certified staking, a more equitable fee structure, increased roster of landscape plan checkers, utilization of modern technology, such as the e-concierge program, and improved customer service. On March 5, 2019 the City Council approved the Community Development Action Plan, which includes a variety of strategies to improve customer service. On November 12, 2019 the City authorized the purchase of a Cloud Based Land Management System (LMS) to improve the current permitting system, including e-reviews, e-submittal, and e-permitting to create, manage, and track Planning/Zoning applications and activities, Building Permits, Building Inspections, and Code Enforcement actions. This effort is currently in progress and will be monitored for effectiveness.
- On February 24, 2020 the California Department of Housing and Community Development approved funding in the amount of \$160,000, which includes the implementation of an Affordable Housing Finance and Grant Program. The final program rollout of the Affordable Housing Loan and Grant Program is anticipated to be completed by June of 2022.
- On August 28, 2018 the City Council adopted a resolution to be eligible to receive funding from the Homeless Emergency Aid Program (HEAP) and any future state and federal aid programs. The Friendship Shelter was awarded the Emergency Solutions Grant (ESG) for FY 2019/20 to reimburse expenses related to the existing

Alternative Sleeping Location program which provides shelter to 45 individuals nightly. The City has a service provider contract with Friendship Shelter through June 2021. Additionally, in 2019 the City executed the Orange County Housing Finance Trust Joint Exercise of Power Agreement (Trust), as enacted by Assembly Bill 448, to receive funds for the homeless population and persons and families of extremely-low-, very-low- and low-income within Orange County. The City is a member of the Trust through June 30, 2021.

Despite the accomplishments noted above, several Housing Element programs were only partially implemented, or not acted upon for various reasons. An evaluation of each program’s implementation progress is noted in Table A.2.

A-3 Progress in Housing Element Implementation

Table A.1 shows the progress toward the quantified objectives established in the prior element. Table A.2 describes the City’s accomplishments for each of the program actions contained in the 5th Cycle Housing Element, and identifies if the program has been continued, modified, or deleted in the current Housing Element.

Between 2014 and 2021, the City of Laguna Beach was allocated a construction need of two housing units: one very-low-income unit and one low-income unit as shown on Table A.1. Over this period, two low-income units were produced.

Table A.1 – Progress Toward Quantified Objectives 2013-2021, City of Laguna Beach

Income Category	Percentage	Construction Need
Extremely low	-	0 units
Very-low	50%	0 units
Low or lower	50%	2 units
Moderate	-	0 units
Above-moderate	-	0 units
Total	100%	2 units

Table A.2 – Past Program Evaluation

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete ¹¹
<p>Program 1 – Code Enforcement: Continue to enforce existing Municipal Code provisions relating to the property use and development of properties throughout the City.</p>	<p>Prevent deterioration of existing residential neighborhoods.</p>	<p>The City continues to enforce the Municipal Code.</p>	<p>Delete. Enforcing existing Municipal Code is not a Housing Element program unless specific actions with timeline and measurable outcomes are included. See new Policy HE 1.14 on code enforcement.</p>
<p>Program 2– Housing Rehabilitation Assistance: 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.</p>	<p>The City continues to provide a Housing Assistance Information Guide at the public counter and on the City’s website at http://lagunabeachcity.net/civicax/filebank/blobdload.aspx?BlobID=9988 throughout the planning period</p>	<p>Modify. Actions related to providing technical assistance and information that supports preserving and expanding the City affordable housing stock are a part of Programs 8 and 10.</p>
<p>Program 3 – Senior Housing Rehabilitation Assistance: 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.</p>	<p>The Council approved the Senior Housing Repair Program on 2/25/20. The program has \$100,000 of funding with a maximum allotment of \$5,000 per property. The City is contracting with Habitat for Humanity to conduct the work. The program is managed through Laguna Beach Seniors.</p>	<p>Modify. An updated version is included in Programs 8 and 10.</p>
<p>Program 4 – Historic Preservation: 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.</p>	<p>Preservation and rehabilitation of at least one (1) historically significant home during the planning period.</p>	<p>On 8/11/20 the City Council adopted an ordinance amending the City’s Historic Preservation Program to switch to a voluntary program with incentives. The Council also adopted a resolution to make associated changes to the City’s General Plan, Residential Design Guidelines and Local Coastal Program. During the 5th Housing Element cycle, 48 Mills Act applications were processed.</p>	<p>Continue. See Program 10.</p>
<p>Program 5 – Mobile Home Preservation: 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 Resident Ownership Program (MPROP).</p>	<p>Continuation of an existing program.</p>	<p>Continue. See Program 8.</p>

¹¹ Programs are described in Section 5.2.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete ¹¹
<p>Program 6 – Multi-Family Housing in R-3 Zone: 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.</p>	<p>Reduce development costs for affordable units through streamlined permit processing.</p>	<p>This program was not implemented.</p>	<p>Modify. See Programs 2 and 3.</p>
<p>Program 7 – Mixed-Use: 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.</p>	<p>Preserve the City’s existing housing in mixed-use developments and encourage additional mixed-use development.</p>	<p>The City continued 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.</p> <p>On 7/21/20 the City Council adopted an update to the Downtown Specific Plan (DSP) focused on business permitting and parking requirements. The amendments were submitted to the Coastal Commission. The housing and building height components will be addressed in Phase 2 of the DSP update starting in April 2021</p>	<p>Modify. See Programs 2, 3 and 4.</p>
<p>Program 8 – Encourage Affordable Units in Mixed-Use Developments: 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.</p>	<p>Facilitate the production of affordable units in mixed-use developments.</p>	<p>This program was not implemented.</p>	<p>Modify. See Programs 2 and 4.</p>
<p>Program 9 – Artist Work/Live Housing: 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.</p>	<p>Preserve lower-cost housing opportunities for artists.</p>	<p>On 6/28/16 the City Council approved funding for an Artist Work/Live, Work and Production Space Assessment and a Creative Placemaking Assessment. On 3/19/19 the City Council approved the Arts Market Study, which supports development of affordable artist work/live, work and production spaces.</p> <p>As a part of the Downtown Specific Plan Update adopted on 7/21/20, the City Council amended the Municipal Code to expand where artist’s work/live units are allowed. The CBD-1 Resident Serving and CBD-2 Downtown Commercial designations were added to CBD Office, Arts District, and CBD Central Bluffs designations as Downtown land use districts that permit artists’ work/live units.</p>	<p>Modify. See Programs 2, 4, 7, and 8.</p>

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete ¹¹
<p>Program 10 – Flexible Zoning: 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’ work/live units.</p>	<p>Potential maintenance and expansion of existing affordable housing opportunities.</p>	<p>The City continued to publish the Housing Element policies that preserve rental housing and the Zoning Ordinance on the City’s website, and provided both documents on the City website and at the Planning Counter for public review and discussion with Planning Staff.</p>	<p>Modify. See Programs 2, 3, and 10.</p>
<p>Program 11 – Section 8 Rental Assistance: 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>The City continues to work with community members and refers interested parties to the County of Orange and provides a Housing Assistance Information Guide at the Planning Counter and on the City’s website.</p>	<p>Section 8 is now referred to as the Housing Choice Voucher program. Continue and modify to expand outreach and education regarding the state’s new source of income protection. See Program 10.</p>
<p>Program 12 – In-Lieu Housing Fund: The City shall maintain an In-lieu Housing Fund.</p>	<p>Accumulate funding that will assist in the production of a minimum of 3 extremely-low-income units, 4 very-low-income units, 5 low-income units, and 6 moderate-income units by 2021.</p>	<p>The City continues to administer this Program. However, funding was not sufficient to assist in the production of affordable housing.</p>	<p>Continue with updated objectives based on past trends. See Program 9.</p>
<p>Program 13 – Affordability Covenants: 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.</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. 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>The City continues to implement this existing housing program which requires 25% of the lots or units in a subdivision of two or more lots or units, or new development of three or more units on site that do not involve a new subdivision, be occupied by low- or moderate-income households with deed restrictions. The City Council appointed an Affordable Housing Task Force in 2018 tasked with researching and providing recommendations regarding a dedicated funding source for affordable housing, which includes Program 13 affordability covenants. The Task Force prepared their final report, dated 5/16/19 and presented it to the City Council on 9/10/19. The Task force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. Some of the Task Force’s recommendations are now included in the 2021-2019 Housing Element Update.</p>	<p>Modify – Combine with other programs in the 2021-2020 Housing Element Update drafted in accordance with Affordable Housing Task Force recommendations to secure funding sources and tax credits that create Affordable Housing Inventory. See Programs 7 and 9.</p>
<p>Program 14 – Pursue Grant Funding for Affordable Housing: Pursue Community Development Block Grant (CDBG) and other federal and state funding programs for</p>	<p>Enhance the economic feasibility of providing and maintaining affordable housing opportunities in the City, with an</p>	<p>The City Council appointed an Affordable Housing Task Force in 2018. The Task Force prepared a final report dated 5/16/19 that was presented to</p>	<p>Modify – Combine with other programs in the 2021-2020 Housing Element Update drafted in accordance with Affordable Housing Task</p>

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete ¹¹
the development and preservation of extremely-low- to moderate-income housing.	emphasis on preservation of the City's extremely-low-, very-low-, and low-income housing stock.	the City Council on 9/10/19. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. The Task Force's recommendations are now being considered as a part of the 2021-2019 Housing Element Update.	Force recommendations to secure funding sources and tax credits that create Affordable Housing Inventory. See Program 9.
Program 15 – Dedicated Affordable Housing Funding Source: 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 nonprofit and other potential funding sources).	Identify or establish a local dedicated funding source to support development of affordable housing on a continual basis by December 30, 2017.	The City Council appointed an Affordable Housing Task Force in 2018. The Task Force prepared a final report dated 5/16/19 that was presented to the City Council on 9/10/19. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. The Task Force's recommendations are now being considered as a part of the 2021-2019 Housing Element Update.	Modify to combine into a single program that facilitates affordable housing development using incentives, partnerships with housing developers and other potential partners, and pursuit of other available funding sources. See Program 9.
Program 16 – Funding for Affordable Units: Pursue a nonprofit 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.	Facilitate the production of affordable housing.	The City Council appointed an Affordable Housing Task Force in 2018. The Task Force prepared a final report dated 5/16/19 that was presented to the City Council on 9/10/19. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. The Task Force's recommendations are now being considered as a part of the 2021-2019 Housing Element Update.	Modify to combine into programs that facilitate affordable housing development using incentives, partnerships with housing developers and other potential partners, and pursuit of other available funding sources. See Programs 7 and 9.
Program 17 – Funding for Affordable Units: 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.	Identify a source of rental assistance for younger families and persons with developmental disabilities.	The City Council appointed an Affordable Housing Task Force in 2018. The Task Force prepared a final report dated 5/16/19 that was presented to the City Council on 9/10/19. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. The Task Force's recommendations are now being considered as a part of the 2021-2019 Housing Element Update.	Modify to combine into programs that facilitate affordable housing development using incentives, partnerships with housing developers and other potential partners, and pursuit of other available funding sources. See Programs 7 and 9.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete ¹¹
<p>Program 18 – Short-Term Lodging: 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>On 6/4/19 the City Council approved a revision to the short-term lodging (STL) ordinance. The revisions prohibited STL in residential zones. On 10/7/2020 Coastal Commission certified the STL ordinance with modifications including consideration of a home-sharing program and protections for rental housing stock in mixed-use districts. The City Council approved the modifications on 12/1/20. Restrictions to short-term lodging are intended to help preserve rental housing stock by limiting their use for vacation rental purposes.</p>	<p>Modify. See Program 8.</p>
<p>Program 19 – Housing Ordinance: 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 consistent with the <i>Palmer</i> case and state law.</p>	<p>The City has been implementing an inclusionary housing policy and is implementing state Density Bonus Law.</p>	<p>Delete. Establish new programs 2 and 6 to address Zoning Code amendments.</p>
<p>Program 20 – Condominium Conversions: 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.</p>	<p>The City verifies at the time of project review that all proposed condominium subdivision applications include a plan to replace the rental housing units consistent with the new No Net Loss Law (Government Code §65863), and/or pay an in-lieu housing fee.</p>	<p>Delete. Enforcing existing Municipal Code is not a Housing Element program.</p>
<p>Program 21 – Design Review: 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.</p>	<p>The City holds regular design review hearings every 2 weeks for site specific projects to achieve and maintain aesthetic compatibility with residential neighborhoods.</p>	<p>Delete. This is a routine function and not considered a Housing Element program.</p>
<p>Program 22 – Energy Conservation: 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>The City continues 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>Delete as a housing program. Addressed through Policy HE-1.12. conservation.</p>
<p>Program 23 – Preservation of At-Risk Affordable Units: Investigate the potential application of affordable housing</p>	<p>Harbor Cove, a 15 low-income senior unit complex on Broadway, converted to</p>	<p>As of 2/20/19, the Laguna Beach Senior Center staff have assisted tenants of Harbor Cove to find</p>	<p>Modify to reflect updated status of affordable housing projects in the City.</p>

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete ¹¹
<p>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>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>replacement Section 8 housing. The City is actively pursuing ways to preserve and replenish affordable housing stock. Furthermore, the Housing Element Update will address alternative replacement opportunities and will include an update to a 70 unit very-low Section 8 Senior Housing Apartments (Vista Aliso), which has extended their affordability covenant period from 2028 to 2041.</p>	<p>Incorporate into programs that facilitates affordable housing development using incentives, partnership with housing developers and other potential partners, and pursuit of other available funding sources. See Program 8.</p>
<p>Program 24 – Assist Affordable Housing Development: 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>The City Council appointed an Affordable Housing Task Force in 2018. The Task Force prepared a final report dated 5/16/19 that was presented to the City Council on 9/10/19. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing. The Task Force’s recommendations are now being considered as a part of the Housing Element Update.</p> <p>On 2/24/20 the California Department of Housing and Community Development (Department) approved funding in the amount of \$85,000 via an SB2 grant . to implement an Affordable Housing Finance and Grant Program. This work is underway and is anticipated to be complete by June 2022.</p>	<p>Incorporate into programs that facilitate affordable housing development using incentives, partnership with housing developers and other potential partners, and pursuit of other available funding sources. See Program 8 and 9.</p>
<p>Program 25 – Nonprofit Housing Ownership: Identify a community nonprofit 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>On 9/10/19 the City Council authorized staff to proceed with the Affordable Housing Task Force Recommendations Report and to initiate the SB 2 Planning Grant Program application in furtherance of creating affordable housing in the City. On 2/24/20 the California Department of Housing and Community Development (Department) approved funding in the amount of \$160,000, which includes the implementation of an Affordable Housing Finance and Grant Program. The final program rollout of the Affordable Housing Loan and Grant Program is anticipated to be completed by June of 2022. Additionally, the 2021-2029 Housing Element Update will address the Regional</p>	<p>Delete. Replace with Program 7.</p>

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete ¹¹
		Housing Needs income categories, and will be adopted by October of 2021.	
<p>Program 26 – Identify Affordable Housing Sites: Planning staff shall solicit involvement of the Laguna Board of Realtors, the Architectural Guild, and private and nonprofit 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>On 9/10/19 the City Council authorized staff to proceed with the Affordable Housing Task Force Recommendations Report (May 2019) including identification of affordable housing sites, and to initiate the SB 2 Planning Grant Program application. On 2/24/20 the California Department of Housing and Community Development (Department) approved funding in the amount of \$160,000.00, which includes a citywide inventory of properties that would be permitted to construct ADU, sites that are zoned multi-family (currently developed as single family) that could support additional affordable units, and infill and adaptive reuse sites in the Downtown Specific Plan. The Housing Element Update is underway and anticipated to be adopted by October of 2021. The Housing Element Update will address the Regional Housing Needs Allocation (RHNA) for the period of 2021-2029 within the various income categories. The Affordable Housing Task Force Recommendations Report will serve as a guiding document for this effort.</p>	<p>Delete. Program was completed with the acceptance of the Task Force Report. Additional efforts to identify sites occurred as part of the Adequate Sites Program of the 2021-2029 Housing Element Update. See Program 1.</p>
<p>Program 27 – City-Owned Land: 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 Affordable Housing Task Force Report (May 2019) presented to the City Council included a list of City and Privately owned properties to be further explored in support of affordable housing. On 9/10/19 the City Council authorized staff to proceed with further exploration of affordable housing opportunities for these properties. At this time only one site was determined to be viable. This action item will be included in the 2021-2019 Housing Element Update to be adopted by October 2021.</p>	<p>Delete. Program was completed with the acceptance of the Task Force Report. Additional efforts to identify sites occurred as part of the Adequate Sites Program of the 2021-2029 Housing Element Update. See Program 1.</p>
<p>Program 28 – Adaptive Reuse: 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>One project was completed under this program – a 1,588 SF office space was converted to residential on 8/27/19.</p>	<p>Delete. Program was completed with the acceptance of the Task Force Report. Additional efforts to identify sites occurred as part of the Adequate Sites Program of the 2021-2029 Housing Element Update.</p>

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete ¹¹
Program 29 – City Employee Housing: Continue the City program to subsidize housing for City personnel in positions that require close proximity to City Hall and/or City facilities.	Maintain public health, safety and welfare in the community.	It has been determined that this program functions as an employee benefit rather than a housing program.	Delete
Program 30 – Second Units: 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.	On 8/7/18, the City Council approved the first reading of a revised Accessory Dwelling Unit Ordinance. In 2018, the City submitted the Ordinance to the California Coastal Commission to initiate a Local Coastal Program Amendment. Since then, the application has been withdrawn to comply with the recent state law changes (AB 68, AB 881, AB 587, SB 13 and AB 670) that went into effect on January 1, 2020. The City is in the process of updating its Local Coastal Program to incorporate all of the new state law requirements.	Modify in accordance with state law changes. See Program 5.
Program 31 - Parking Standards: Evaluate the parking standards applicable to studio and one-bedroom units in multi-family developments to determine if the required parking ratio 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.	This program was not implemented.	Modify to include as a part of a broader program focused on zoning amendments and permit process streamlining. See Programs 2 and 3.
Program 32 – Affordable Housing Site Selection: 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	The Affordable Housing Task Force Report (May 2019) presented to the City Council included a list of City and Privately owned properties to be further explored in support of affordable housing. On 9/10/19 the City Council authorized staff to proceed with further exploration of affordable housing opportunities for these properties. At this time, only one site was determined to be viable.	This item has been included as a policy statement (see HE-3.7) in the Housing Element Update (2021-2029).
Program 33 – Assist Development of Senior and Special Needs Housing: Grant public incentives to extremely-low- to moderate-income housing projects that are designed for senior citizens and other special needs individuals and households	Create enhanced opportunities for the development of extremely-low-, very-low-, low- and moderate-income housing for special needs persons and households.	The City continues to provide a Housing Assistance Information Guide at the Planning Counter, on the city website and at the Senior Center.	Modify. See Programs 10 and 11.
Program 34 – Congregate Care Senior Housing: Priority shall be given to senior citizen projects that offer congregate care where supervision, meals, and nursing service may be available.	Development of extremely-low-, very-low-, low- and moderate-income congregate care facilities for senior citizens.	There were no congregate care facilities proposed during the 5 th Housing Element cycle.	Delete. New Programs 7 and 9 support all types of affordable housing.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete ¹¹
<p>Program 35 – Senior Housing Assistance Information: 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 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>The City continues to implement this program and provides a Housing Assistance Information Guide at the Planning Counter, on the city website and at the Senior Center.</p>	<p>Modify. See Program 10.</p>
<p>Program 36 – Senior Housing Options: Form a task force and provide recommendations to the Planning Commission.</p>	<p>Expand housing opportunities for seniors.</p>	<p>The Senior Housing Task Force provided their final report to the City Council on 12/13/16. The Council approved the Senior Housing Repair Program on 2/25/20. The program has \$100,000 of funding with a maximum allotment of \$5,000 per applicant.</p>	<p>Delete. Completed. Recommendations were incorporated into the Housing Element Update.</p>
<p>Program 37 – Emergency Shelters and Transitional/Supportive Housing: 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 2 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 nonprofit 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>On 8/28/18 the City Council adopted a resolution to be eligible to receive funding from the Homeless Emergency Aid Program (HEAP) and any future state and federal aid programs. The Friendship Shelter was awarded the Emergency Solutions Grant (ESG) for FY 2019/20 to reimburse expenses related to the existing Alternative Sleeping Location program which provides shelter to 45 individuals nightly. The City has a service provider contract with Friendship Shelter through June 2021. Additionally, in 2019, the City executed the Orange County Housing Finance Trust Joint Exercise of Power Agreement (Trust), as enacted by Assembly Bill 448, to receive funds for the homeless population and persons and families of extremely-low-, very-low and low-income within Orange County. The City is a member of the Trust through 6/30/21.</p>	<p>Modified to reflect new changes to state law such as AB 101 (Low Barrier Navigation Center) and AB 2162 (Supportive Housing). See Program 6.</p>
<p>Program 38 – Housing Element Annual Review: 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.</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>The City continues to prepare an Annual update.</p>	<p>Delete. Preparation of the Annual Progress Report is a routine function, required by law, and is not considered a Housing Element program.</p>
<p>Program 39 – Efficient Permit Processing: To the extent feasible, continue to expedite residential development</p>	<p>Reduce development cost by minimizing permit processing time.</p>	<p>On 1/10/17, the City Council directed staff to move forward with the implementation of the Design Review Reform Program as recommended by the</p>	<p>Modify. See Program 3.</p>

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete ¹¹
<p>applications to reduce processing time, which in turn reduces development costs.</p>		<p>Design Review Task Force, which includes 12 key recommendations to improve our upon the Design Review process, including improved staff reporting, streamline permitting processes, turnaround times, reduced counter wait times, certified staking, a more equitable fee structure, increased roster of landscape plan checkers, utilization of modern technology, such as the e-concierge program, and improved customer service. On 3/5/19 the City Council approved the Community Development Action Plan which includes a variety of strategies to improve customer service. On 11/12/19 the City authorized the purchase of a Cloud Based Land Management System (LMS) to enable it to create, manage and track Planning/ Zoning applications and activities, Building Permits, Building Inspections, and Code Enforcement actions. This effort is currently in progress.</p>	
<p>Program 40 – Encourage Replacement of Sub-Standard Multi-Family Units: 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.</p>	<p>Facilitate the replacement of older sub-standard multi-family units.</p>	<p>This is a routine city function to evaluate nonconforming structures on a case-by-case basis.</p>	<p>Delete. Not a Housing Element program.</p>
<p>Program 41 – Consider New Strategies to Facilitate Affordable Housing Development: Evaluate the strategies of other cities to facilitate the development of low- and moderate-income residential units, including an “equivalent dwelling unit” method.</p>	<p>Identify new methods to facilitate the production of affordable units.</p>	<p>The City Council appointed an Affordable Housing Task Force in 2018. The Task Force prepared a final report dated 5/16/19 that was presented to the City Council on 9/10/19. The Task Force recommended that the City Council create incentives, secure funding sources and tax credits, and encourage community awareness to support affordable housing.</p> <p>On 9/10/19 the City Council authorized staff to proceed with the Task Force Recommendations report and to initiate the SB 2 Planning Grant Program application in furtherance of creating affordable housing in the City. On 2/24/20 the California Department of Housing and Community Development (Department) approved funding in the amount of \$85,000 via an SB2 grant to</p>	<p>Modify to specifically identify the recommendations of the Affordable Housing Task Force that can be incorporated into programs for facilitating development of, securing funding for, and pursuing zoning and permit streamlining to support affordable housing. See Programs 2, 3, 4, 7 and 9.</p>

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete ¹¹
		implement an Affordable Housing Finance and Grant Program. This work is underway and is anticipated to be complete by June. Additional Task Force recommendations are now being considered as a part of the 2021-2019 Housing Element Update.	
Program 42 – Supportive Housing: Staff shall evaluate the feasibility of developing a supportive housing facility in the City, when proposed by a nonprofit housing developer and/or provider.	Facilitate the production of new supportive housing.	The City does not have funding or land to undertake this function.	Delete. See Program 7 and 9 for feasible actions.
Program 43 –Supportive Housing for Persons with Developmental Disabilities: Pursue funding sources and opportunities for housing assistance and related services for individuals with developmental disabilities and autism.	Facilitate the production of supportive housing units.	The City does not have the funds to produce supportive housing units.	Modify. See Program 6 and 7.
Program 44– Fair Housing: 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.	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.	The City continues to publish a Housing Assistance 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 continues to advise the community and refer people with issues regarding unfair housing practices to the OCFHC. These resources are available on the City’s website.	This program continues to be appropriate. A modified version designed to implement AB 686 and mitigate impediments that were identified in the Orange County’s Analysis of Impediments to Fair Housing Choice report. See Program 11.
Program 45 – Sexual Orientation Discrimination: 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.	Enable housing agencies to inform Laguna Beach residents of special protections afforded them under the Sexual Orientation Discrimination Ordinance.	The City continues to implement this ongoing program.	Modify. See Program 11.
Program 46 – Reasonable Accommodation for Persons with Disabilities: 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.	Remove barriers to the provision of access in housing for persons with disabilities.	This program was not implemented.	Delete. The City will continue to allow for reasonable accommodation as a part of implementing the Zoning Code. Program 11 also addresses this topic.

Program	Objectives	Implementation Status (Result/Evaluation)	Continue/Modify/Delete ¹¹
<p>Program 47 – Accessible Housing: 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>The City continues to implement this ongoing program</p>	<p>Modify. The City will continue to allow for reasonable accommodation as a part of implementing the Zoning Code. See Program 11.</p>
<p>Program 48 – Increase mixed-use housing opportunities: 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>Phase I of the Downtown Specific Plan (DSP) was adopted by the City Council in July 2020. Residential development initiatives in the DSP will be addressed in Phase II of the Update, beginning in 2021.</p>	<p>Included as part of the Adequate Sites for RHNA program, and the Downtown Specific Plan Phase 2 work program. See Program 1 and 4.</p>
<p>Program 49 – Transitional and Supportive Housing: 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.</p>	<p>To ensure transitional and supportive housing are treated the same as any housing type specified in the zone.</p>	<p>This program was not implemented.</p>	<p>Modify. See Program 6.</p>

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Appendix B – Summary of Community Outreach

Public participation is an important component of the Housing Element update. *California 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 City’s Housing Element update.

City residents and other interested parties were given several opportunities to identify housing issues of concern, recommend strategies, review the draft element, and provide recommendations to decision-makers on the 2021-2029 Laguna Beach Housing Element update.

Due to the COVID-19 pandemic during the 2021-2029 Housing Element update process, the public outreach was conducted online through workshops, emails, and notifications. Virtual meetings with opportunities for public input were conducted as identified below:

December 9, 2020	Housing & Human Services Committee workshop
January 13, 2021	Planning Commission workshop
February 24, 2021	Planning Commission meeting
April 6, 2021	Joint Planning Commission and City Council meeting

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.

Community input was a valuable source of information to hear from residents, affordable housing groups, and citizens concerned with the issues of homelessness, limited affordable housing stock, maintaining existing affordable housing, and identifying opportunities for advancing affordable housing in the City of Laguna Beach. Outreach also included a detailed review of new housing programs and policies for the 2021-2029 Housing Element.

Input received at these meetings was considered and incorporated as approved by City staff and decision makers, and in conjunction with state housing law provisions. Input on potential housing sites was received and analyzed as well as recommendations of streamlining and advancing affordable housing in the City.

A summary of community input for each meeting is provided below.

Human Services Committee Virtual Meeting on December 9, 2020

This workshop was an overview on what the Housing Element is, what is required by state law, City of Laguna Beach requirements, and discussion of potential sites and HCD criteria for acceptable Housing Element sites. A summary of input included:

- Consider allowing all types of residential in the M-1A or M-1B zone, or allow it with limitations.
- Consider an affordable housing land trust that provides a third party to provide funds and aid. Roger Dale, the City’s economic consultant, is looking at funding options. Is there opportunity for creating this so staff doesn’t need to be burdened to provide more funding options or loans? It would be easier coming from a nonprofit entity.

- Co-housing was brought up as a trendy thing and an interesting idea for seniors or non-seniors to reduce costs, get more people housed, and it also has a social element. It is outside scope of the Housing Element, but the committee’s mission is to provide some affordable housing regardless of whether or not it’s part of the RHNA.
- Re-zoning where appropriate and amend development standards that are too restrictive and offer incentives for affordable housing projects.
- In the Downtown, modify the development standards (parking, height, allow lot assemblage, etc.) and identify development opportunities.
- Densities and lot size per unit are too restrictive in downtown zones. Higher density is needed to be feasible and qualify for RHNA. Reduce residential square footage restrictions for affordable housing only for a public benefit.
- Consider City-owned land, as it is much more feasible. The City can offer lower land costs, streamlined permitting, lower fees.
- Consider floating zones for mixed-use development where City wants redevelopment and higher densities. Consider a floating affordable housing zone; this could be another tool. If a project meets certain criteria, the overlay could provide less restrictive development standards as an incentive for affordable housing in certain areas, such as the canyon.
- Recommendation to consider a form-based code approach. The City could apply standards for the building envelope and focus on massing and scale, but let go of density requirements and focus on character which is very important in Laguna Beach.
- ADUs should be an alternative to ground-up construction; committee has a five-point action plan for ADUs.
- ADUs are great for seniors and singles; City should provide financial support.
- City cannot require ADUs to be restricted to low income but can offer incentives such as a cash subsidy.
- Could Laguna Beach have its own public housing authority so the City can administer housing vouchers as they become available? The concern is that as a small community we are committed to helping our own residents first, but Section 8 vouchers limit the City’s ability to help our own first. Housing Consultant didn’t recommend this route.
- Committee is working with U UC Irvine on a ADU App. ADU in a box – a shell ADU with different skins and styles that could be pre-approved by Planning and Building.
- Case studies need to occur, and sites need to be identified. There are opportunities in the Downtown area, but it was noted that Downtown infill is difficult. There are opportunities for ground-up construction.
- Floating zone and adaptive reuse were brought up as good ideas to help get affordable housing.
- Recommendation to consider vacant site and hospital sites to meet the RHNA.
- Questions on the status of the existing inclusionary requirements and the RHNA appeal.
- Family housing and low-income housing is important. City needs to identify places for up-zoning/zone changes and be more intentional about having policies that will

lead to development of affordable housing because the market does not deliver affordable housing. City needs to be intentional in policy making.

- The assumption of 15 ADUs per year as a trend is low. The new laws will increase ADU production a lot.
- For by-right projects, if the City does not create a plan to achieve our RHNA targets, can developers go straight to SCAG for project approval? Housing consultant explained RHNA and by-right requirements that are processed through the City, not SCAG.

Planning Commission Virtual Meeting on January 13, 2021

This workshop was an overview on what the Housing Element is, what is required by state law, City of Laguna Beach requirements and discussion of potential sites and HCD criteria for acceptable Housing Element sites. A summary of input included:

- Increase height allowances and relax the development standards and remove gross floor area restrictions to encourage development of affordable housing, specifically in the Coast Highway corridor. Consensus was to allow a second story height allowance but not a third story.
- Additional housing in the Downtown needs to occur and development standards in the Downtown Specific Plan need to be relaxed.
- Discussion to considering allowing all types of residential in the M-1A or M-1B zone, or allow it with limitations. Consensus was to leave M-1A and M-1B sites as is which only allows artist work/live.
- Discussion of developing the City owned Dog Park and the pros and cons of the development of the site.
- Discussion of the Affordable Housing Task Force and the Housing and Human Services Committee reports' recommendations.
- Discussion on conducting development proformas to determine what is feasible and what is required to get affordable housing built in the City.
- Discussion of ADUs and junior ADUs; building of ADUs should be encouraged and ADUs should be used to fulfill the City's affordable housing requirements.
- Discussion of removing the Commercial zone limitations of 50% gross floor area for residential uses to promote more housing in the commercial zones.
- Public expressed need for projects to be 100% affordable.
- Public comments on how important the Dog Park is and what a valuable community asset it is. Commentor stated it should remain as is and not be redeveloped.

Planning Commission Virtual Meeting on February 24, 2021

This workshop was focused on reviewing the potential new housing element sites and the new housing programs and policies. A summary of input included:

- Concurrence by Planning Commissioners on sites reviewed by staff.
- Consider City owned sites, other churches, hospitals and schools with incentives when affordable housing is built.

- Recommendations to strengthen the wording of some of the new housing programs and policies to add more teeth to the text.
- Affordable housing projects must have significant incentives otherwise affordable housing will not be developed due to the high land costs in Laguna Beach.
- Extensive comments received on amnesty programs for accessory dwelling units (ADUs); potential options/criteria and the pros and cons of various options.
- Staff indicated that a draft ADU ordinance has been drafted and contained recommendations for the proposed amnesty program and the ADU ordinance will be coming to the Planning Commission in March 3, 2021.
- Recommendation to develop an ADU toolkit and webpage, and campaign to educate the community.
- Recommendation to consider shortening the duration of the affordable housing deed restriction time frame (e.g., from 55 years to 10 years) to serve as an incentive to make ADUs affordable units. Consider waiving all fees and having pre-approved plans. Staff indicated that said recommendations have been incorporated in the draft ADU ordinance.
- Recommendation to explore ways to legalize unpermitted residential units in non-residential zones. Staff raised concerns with this issue as this would typically require a land use and/or zoning amendment to allow such use, and may also require a variance.
- Request by the Planning Commission to advance the start of the Downtown Specific Plan and consider initiating an update to the Canyon Specific Plan.
- Concern of losing people currently living in the City due to the lack of affordable housing was voiced.
- Request to consider establishing a grant program especially if a unit is establishing affordable housing.
- Public comment was received on the lack of affordable housing in the City, the need to build more housing, and to leverage partnerships with existing organizations.
- Request to amend and shorten the discretionary review process.

Joint Planning Commission and City Council Meeting on April 6, 2021

This workshop was focused on review of the Draft 2021-2029 Housing Element. A summary of input included:

- Acknowledgement that most of the input from the Housing & Human Services Report was incorporated into the document.
- Discussion of the process the Housing & Human Services committee went through, including review of AHTF report, review of sites (neighborhood compatibility and financial viability), and expanded searching for sites. Public sites have best potential. Some of the promising findings of the AHTF report were discussed as well as the next steps to narrow down sites.
- Discussion of the advantages of sites being identified on the Sites Eligibility list and if other sites could be added, including additional religious sites.
- Discussion of why the sites were selected and how state law allows and facilitates housing on the sites.

- Discussion on language of policies and programs to help facilitate affordable housing.
- City develop an Action Plan that isn't part of the Housing Element but be a supporting, implementation document.
- Discussion on the eligibility requirements of future residents of the affordable units (e.g., credit scores).
- Consider other locations in the City for affordable housing such as downtown and the M-1A/B zones.
- Discussion of necessity of incentives as a tool to facilitate affordable housing.
- Public requested more information on the City's website.
- Public is interested in senior housing and grant programs.
- Request to maintain small size of ADUs to keep them affordable.
- Support for ADUs and need to have an educational outreach to inform the public on ADUs, the need, the process, benefits, etc.
- City can help provide housing/reduce barriers through code amendments. However, financial component – land value – is difficult to overcome. May need public/private partnership and grant programs.
- Pre-approved plans for ADUs can help meet design goals and expedite the entitlement process. Draft ADU ordinance calls for architectural compatibility. City can limit ADUs for short term rentals.
- ADU amnesty programs could be used to count ADUs towards RHNA, provided the unit was not permitted as a housing unit before.
- Perhaps the city could consider forgivable loans for ADUs. Consider a pilot program for this.
- The draft ADU ordinance will include an amnesty clause. There were concerns with a broader amnesty program because of potential land use conflicts but direction was provided to include an amnesty program.
- The draft Housing Element shows population declining but RHNA identifies need to increase units—why is this? Having a lot of accessory dwelling units is a problem. Why are fewer than 1% of seniors are below poverty level. Why is affordable housing so expensive to produce? City needs to preserve existing units.
- A budget for educational programs for the Housing Element was submitted.
- Inclusionary Housing ordinance should be strengthened. If applicants are not required to build certain income categories, they will not. City needs to focus on low and very low housing. Evaluate CUP requirements and consider city-owned sites for affordable housing.