



CITY OF NEWPORT BEACH AFFORDABLE HOUSING TASK FORCE AGENDA

**Monday, June 24, 2013, 3:00 PM
City Hall, 100 Civic Center Drive
Corona Del Mar Conference Room (Room No. 1016)
Located on the First Floor in Bay E**

Committee Members:

Leslie Daigle, Council Member (Chair)
Nancy Gardner, Council Member
Michael Henn, Council Member

Staff Members:

Kimberly Brandt, Community Development Director
Brenda Wisneski, Deputy Community Development Director
James Campbell, Principal Planner
Jaime Murillo, Senior Planner
Melinda Whelan, Assistant Planner

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1. Call to Order
 2. Public Comment on Non-Agendized Items (comments limited to 3 minutes)
 3. Discussion Regarding Priority and Use of the Affordable Housing Fund
 4. Status of Housing Element Update
 5. Public Comments
 6. Adjournment

THIS MEETING IS SUBJECT TO THE RALPH M. BROWN ACT. AMONG OTHER THINGS, THE BROWN ACT REQUIRES THAT THE AGENDA BE POSTED AT LEAST 72 HOURS IN ADVANCE OF EACH MEETING AND THAT THE PUBLIC BE ALLOWED TO COMMENT ON AGENDA ITEMS BEFORE THE COMMITTEE AND ITEMS NOT ON THE AGENDA BUT ARE WITHIN THE SUBJECT MATTER JURISDICTION OF THE TASK FORCE. PUBLIC COMMENTS ARE GENERALLY LIMITED TO EITHER THREE (3) OR FIVE (5) MINUTES PER PERSON.

IT IS THE INTENTION OF THE CITY OF NEWPORT BEACH TO COMPLY WITH THE AMERICANS WITH DISABILITIES ACT (ADA) IN ALL RESPECTS. IF, AS AN ATTENDEE OR A PARTICIPANT AT THIS MEETING, YOU WILL NEED SPECIAL ASSISTANCE BEYOND WHAT IS NORMALLY PROVIDED, THE CITY OF NEWPORT BEACH WILL ATTEMPT TO ACCOMMODATE YOU IN EVERY REASONABLE MANNER. PLEASE CONTACT MELINDA WHELAN, ASSISTANT PLANNER, 949-644-3221 OR MWHELAN@NEWPORTBEACHCA.GOV AT LEAST 72 HOURS PRIOR TO THE MEETING TO INFORM US OF YOUR PARTICULAR NEEDS AND TO DETERMINE IF ACCOMMODATION IS FEASIBLE.

June 24, 2013 Affordable Housing Task Force Priority and Use of the Affordable Housing Fund

1. Affordable Housing Fund Balance

- a. \$2.23 million
- b. Anticipated to grow to approximately \$4 million upon payment of approximately \$1.7 million for Santa Barbara Condo project.

2. Historical Use of Affordable Housing Fund

- a. In 2004, the City provided approximately \$1.5 million in funds to help subsidize the construction of the Bayview Landing senior affordable housing project. This development provided a total of 120 units affordable to very low- and low-income senior households.
- b. In 2009, the City granted \$140,000 in funds for the rehabilitation and conservation of 100 senior housing units at Seaview Lutheran Plaza Apartments that had a deteriorating water delivery system. The project consists of 50 extremely low-income and 50 very low-income senior housing units. In exchange for the monetary assistance, the owner agreed to extend the affordability of its units for a total period of 30 years (March 2039).

3. Possible Use of Affordable Housing Funds

The City's Housing in-lieu fees are collected and are deposited into an Affordable Housing Fund account and the funds can be used to construct, rehabilitate, or subsidize affordable housing or assist other governmental entities, private organizations or individuals to provide or preserve affordable housing. The fund may be used for the benefit of both rental and owner-occupied housing. Allowed uses of fund moneys include:

- Assistance to housing development corporations
- Equity participation loans;
- Grants
- Pre-home ownership co-investment
- Predevelopment loan funds
- Participation leases

- Other public-private partnership arrangements
- The acquisition of property and property rights
- Construction of affordable housing including costs associated with planning, administration, and design, as well as actual building or installation
- Costs of rehabilitation and maintenance of existing affordable housing when needed to preserve units that are at risk of going to a market rate or at risk of deterioration
- Other costs associated with the construction or financing of affordable housing
- Reasonable administrative charges or related expenses
- Reasonable consultant and legal expenses related to the establishment and/or administration of the fund

4. Communication with At-Risk Apartments

a. Newport North Apartments (2 Milano Drive):

- Tax Exempt Bond Program (City was not a part of this affordability agreement).
- Tax exempt bond obligations set to expire on November 15, 2013.
- 115 affordable units: 29 very low- and 86 low-income.
- Request direction from the Task Force to send a letter to the Irvine Company requesting that they reconsider their intent to convert the affected units to market-rate housing and offer assistance with City's Affordable Housing Fund.

b. Newport Seacrest Apartments (843 15th Street)

- 65 units total: 25 very low- and 45 low-income units.
- Covenant agreement with City expires in 2016.
- Initiated conversations with property owner indicating the City may possibly be interested in providing funds for rehabilitation or

subsidies in exchange for extending covenants for an additional 30 years minimum.

- Project has undergone recent remodeling including a new roof and paint.
- Possible rehabilitation could include windows and related energy efficient improvements, or repair of water damaged to carports.
- Owner will pursue market-rate rents if covenants not extended.

5. Existing Affordable Housing Developments in the City

Table H12 City of Newport Beach Assisted (and Affordable) Housing Summary

| <i>Project Name/ Location</i> | <i>Type of Assistance Received</i> | <i>Earliest Possible Date of Change</i> | <i>Number of Units/Type</i> |
|--|---|---|---|
| Newport Harbor Apartments 1538 Placentia Avenue | Section 8 (rental assistance vouchers) Density Bonus Community Development Block Grant (CDBG) | 2020 | 26 Low-Income |
| Newport Harbor II Apartments 1530 Placentia Avenue | Section 8 Density Bonus CDBG In-Lieu Fee Funds | 2023 | 10 Low-Income 4 Very Low-Income |
| Newport Seacrest Apartments 843 15 th Street | Section 8 CDBG Fee Waivers Tax Credit Financing | 2016 | 20 Very Low-Income 45 Low-Income |
| Pacific Heights Apartments 881-887 W. 15 th Street | Section 8 Density Bonus | 2019 | 7 Low-Income |
| Newport Seashore Apartments 849 West 15 th Street | Section 8 Fee Waivers | 2018 | 15 Low-Income |
| Newport Seaside Apartment 1544 Placentia | Section 8 CDBG Fee Waivers | 2017 | 25 Very Low-Income |
| Seaview Lutheran Plaza (Seniors) 2800 Pacific View Drive | Section 202 (federal grant) Section 8 | 2039 | 100 Extremely Low and Very Low-Income Senior |
| Villa del Este 401 Seaward Road | – | 2026 | 2 Moderate-Income (ownership) |
| Villa Siena 2101 15 th Street | Density Bonus | 2021 | 3 Moderate-Income (ownership) |
| Bayview Landing (Seniors) 1121 Back Bay Drive | In-lieu Fee Funds Fee Waivers Tax Credit Financing | 2056 | 24 Very Low 95 Low-Income |

SOURCE: City of Newport Beach Planning Division



COMMUNITY DEVELOPMENT DEPARTMENT

PLANNING DIVISION

100 Civic Center, Newport Beach, CA 92660

(949) 644-3200 Fax: (949) 644-3229

www.newportbeachca.gov

June

Barbara Brenton
Irvine Company Apartment Communities
110 Innovation Drive, Irvine, CA 92617

Re: Expiring Tax Exempt Bond Obligations for Newport North Apartment Homes

Dear Ms. Brenton,

Thank you for the notification regarding the upcoming expiration of tax exempt bond obligations for the Very Low and Low Affordable Housing Bond Program set to expire on November 15, 2013. Per your letter, a total of 115 units would be affected within the Newport North apartment complex, including 29 very low-income units and 86 low-income units. These units represent a large portion of the City's existing affordable housing supply and would result in a significant loss of affordable rental units. Although not a party to the original affordability agreement, the City respectfully requests that you reconsider your intent to convert the affected units to market-rate housing. With the continual rent increases in the City, many families and senior residents struggle financially to continue living and working in the City.

The City maintains an Affordable Housing Fund and may be willing to commit financial resources to partially subsidize all or a portion of the affected units.

To further discuss preservation options with the City, including the financial resources, please contact Jaime Murillo, Senior Planner, at (949) 644-3209 or at jmurillo@newportbeachca.gov to schedule a meeting. I look forward to working with on achieving the City's preservation goals.

Sincerely,

Kimberly Brandt, AICP
Community Development Director

Housing Element Update Status - June 24, 2013 Conference Call HCD

Minor changes to receive determination of compliance with State Law

1. Public Participation – need to add list of organizations and individuals that the public notices for the workshops were sent to as an appendix.
2. The special needs group, Developmental Disabilities, has been identified as having a strong advocacy group in Orange County; therefore, recommended we add a program promoting this group. Suggested examples are provided in the attached email from HCD.
3. Promotion of Senior Accessory Units – Add to the objective of Program 5.1.3 that we will have the promotional materials ready by Spring 2014.
4. Inclusionary Housing Program –with loss of program, HCD recommends revising Program 3.1.3 to include a list of pre-approved incentives. The following are suggestions :
 - a. Fee waivers for certain projects such as seniors, developmentally disabled and very-low income. The fee waiver could be based on the level of affordability and the number of affordable units provided. Examples of these fees include entitlement application, environmental review, plan check, subdivision, and traffic.
 - b. Revise objective to complete this program by Fall 2014.

Current Housing Program 3.1.3 *Review and consider in accordance with state law, the waiver of planning and park fees, and modification of development standards, (e.g., setbacks, lot coverage, etc.) at the discretion of City Council and Planning Commission for developments containing very low-, low- and moderate-income housing. (Imp 2.1)*

Responsibility: Planning Commission and City Council

2014-2021 Objective: Continuously implement program as housing projects are submitted to the City.

Proposed Housing Program 3.1.3 Develop a pre-approved list of incentives and qualifications for such incentives to promote the development of affordable housing. Such incentives include the waiver of application and development fees or modification to development standards (e.g., setbacks, lot coverage, etc.).

Responsibility: Planning Division and City Council

2014-2021 Objective: Work with the Affordable Housing Task Force to develop the list and obtain City Council approval by Fall 2014.

5. Next Steps:

- Resubmit revisions to HCD's comments via email by July 8th
- HCD formal comment or preliminary approval by July 23rd
- Planning Commission - 08/22/2013
- ALUC – September 19th
- City Council Adoption – September 24th
- Submit Final Document to HCD – October 1st

Per our conversation this morning here are a few program samples for you to look at.

**SAMPLE PROGRAM:
PERSONS WITH DISABILITIES, INCLUDING PERSONS WITH DEVELOPMENTAL
DISABILITIES**

The housing needs of persons with disabilities, including persons with developmental disabilities are typically not addressed by Title 24 Regulations. The housing needs of persons with disabilities, in addition to basic affordability, range from slightly modifying existing units to requiring a varying range of supportive housing facilities.

- The City shall seek State and Federal monies, as funding becomes available, in support of housing construction and rehabilitation targeted for persons with disabilities, including persons with developmental disabilities.
- The City shall provide regulatory incentives, such as expedited permit processing and fee waivers and deferrals, to projects targeted for persons with disabilities, including persons with developmental disabilities.
- The City shall reach out annually to developers of supportive housing to encourage development of projects targeted for persons with disabilities, including persons with developmental disabilities.
- The City shall work with XXX Regional Center to implement an outreach program informing families within the City of housing and services available for persons with developmental disabilities. Information will be made available on the City's website.

Responsibility: Community Development Department

Funding: General Fund and other sources as available

Timing: The City will apply for funding at least twice during the planning period; establish specific regulatory incentives by 2014; reach out annually to developers; and initiate a cooperative outreach program with the Regional Center by 2014.

Objective: The City will assist in the development or rehabilitation of 50 housing units; establish regulatory incentives; reach out to developers of supportive housing; and work cooperatively with the Regional Center in support of persons with disabilities, including persons with developmental disabilities.

Melinda Coy
Housing Policy Specialist
State Department of Community Development