



Section 3:

HOUSING CONSTRAINTS, RESOURCES, AND AFFIRMATIVELY FURTHERING FAIR HOUSING

As is common in many communities, a variety of constraints affect the provisions and opportunities for adequate housing in the City of Newport Beach. Housing constraints consist of both governmental constraints, including but not limited to land use controls, development fees and permitting fees, development standards, building codes and permitting processes; as well as, nongovernmental or market constraints, including but not limited to land costs, construction costs, and availability of finances. Combined, these factors create barriers to availability and affordability of new housing, especially for lower and moderate-income households.

A. Nongovernmental Constraints

Nongovernmental constraints affect the cost of housing in the City of Newport Beach and can produce barriers to housing production and affordability. These constraints include the availability and cost of land for residential development, the demand for housing, financing, and lending, construction costs, and the availability of labor, which can make it expensive for developers to build any housing, and especially affordable housing. The following highlights the primary market factors that affect the production of housing in Newport Beach.

1. Land Costs and Construction Costs

Construction costs vary widely according to the type of development, with multi-unit housing generally less expensive to construct than single-unit homes. However, there is variation within each construction type, depending on the size of the unit and the number and quality of amenities provided. An indicator of construction costs is Building Valuation Data compiled by the International Code Council (ICC). The International Code Council was established in 1994 with the goal of developing a single set of national model construction codes, known as the International Codes, or I-Codes. The ICC updates the estimated cost of construction at six-month intervals and provides estimates for the average cost of labor and materials for typical Type VA wood-frame housing. Estimates are based on “good-quality” construction, providing for materials and fixtures well above the minimum required by state and local building codes. In August 2020, the ICC estimated that the average per square-foot cost for good-quality housing was approximately \$118.57 for multi-unit housing, \$131.24 for single-unit homes, and \$148.44 for residential care/assisted living facilities. Construction costs for custom homes and units with extra amenities, run even higher. Construction costs are also dependent upon materials used and building height, as well as regulations set by the City’s adopted Building Code. For example, according to the ICC, an accessory dwelling unit (ADU) or converting a garage using a Type VB wood framed unit would cost about \$123.68 per square foot. Although construction costs are a significant portion of the overall development cost, they are consistent throughout the region and, especially when considering land costs, are not considered a major constraint to housing production in Newport Beach.

Land costs can also pose a significant constraint to the development of affordable and middle-income housing and represents a significant cost component in residential development. Land costs may vary depending on whether the site is vacant or has an existing use that must be removed. Similarly, site constraints such as environmental issues (e.g., steep slopes, soil stability, seismic hazards, flooding) can also be factored into the cost of land. There are approximately 6,000 acres of vacant and non-vacant

residential land (39.3 percent), out of approximately 15,238 acres of land in Newport Beach, which are not currently subject to land use constraints (airport restrictions, flood zone, fire high severity zone, NCCP conservation area, seismic hazard, and sea level rise). However, majority of the acres are developed and may require rezoning, reuse, and redevelopment due to a lack of vacant sites in the City. Additional costs may be associated with redeveloping and/or converting sites which may influence the cost of the rental units or home value.

A September 2020 web search using the Orange County Market report for lots for sale in the City of Newport Beach returned less than five vacant lots listed for sale. Of the lots listed, the costs ranged from \$600,000 for 0.075 acres near Santa Ana Heights (about \$183 per square foot), to \$4,995,000 for 0.27 acres with an ocean view (about \$430 per square foot). Larger vacant lots reached as high as \$9,995,000 for 0.77 acres inland (about \$295 per square foot) to \$10,500,000 for 0.51 acres of land (about \$474 per square foot) closer to the coast. According to the same report, in September coastal lots listed for sale in the City averaged \$8,000,000 for 0.6 acres. The cost of land in Newport Beach is higher than neighboring cities, such as Laguna Beach, where the median cost of land is about \$115 per square foot. Therefore, land and redevelopment costs in Newport Beach create a significant constraint to the development of housing, specifically affordable housing.

2. Availability Financing

The availability of financing in a community depends on several factors, including the type of lending institutions active in a community, lending practices, rates and fees charged, laws and regulations governing financial institutions, and equal access to such loans. Additionally, availability of financing affects a person's ability to purchase or improve a home. Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to disclose information on the disposition of loan applications and the income, gender, and race of loan applicants. The primary concern in a review of lending activity is to determine whether home financing is available to residents of a community. The data presented in this section include the disposition of loan applications submitted to financial institutions for home purchase, home improvement, and refinancing in Newport Beach.

Table 3-1 below displays the disposition of loan applications for the Anaheim-Santa Ana-Irvine Metropolitan Statistical Area/Metropolitan Division (MSA/MD), per the 2016 Home Mortgage Disclosure Act report. According to the data, applicants in the 120 percent median-income or more had the highest rates of loans approved. Of that income category, applicants who reported White had the highest percentage of approval and the number of applications. Applicants in the less than 50 percent of the MSA/MD median-income categories were showed higher percentages of denied loans than loans originated. According to the data, applicants who reported white were, on average, more likely to be approved for a loan than another race or ethnicity.

Given the relatively high rates of approval for home purchase, improvement, and refinance loans, home financing is generally available and not considered a significant constraint to the provision and maintenance of housing in Newport Beach.

Table 3-1: Disposition of Loan Applications by Race/Ethnicity– Anaheim-Santa Ana-Irvine MSA/MD

Applications by Race/Ethnicity	Percent Approved	Percent Denied	Percent Other	Total (Count)
LESS THAN 50% OF MSA/MD MEDIAN				
American Indian and Alaska Native	26.2%	52.3%	23.1%	65
Asian	33.9%	42.5%	26.7%	1,382
Black or African American	41.6%	33.7%	25.8%	89
Native Hawaiian or other Pacific Islander	25.0%	44.2%	30.8%	52
White	45.6%	31.2%	26.1%	5,240
Hispanic or Latino	37.9%	38.2%	26.8%	1,566
50-79% OF MSA/MD MEDIAN				
American Indian and Alaska Native	38.1%	34.0%	29.9%	97
Asian	53.3%	25.3%	29.4%	3,153
Black or African American	43.4%	19.1%	41.4%	152
Native Hawaiian or other Pacific Islander	49.4%	39.8%	16.9%	83
White	54.5%	23.3%	27.6%	8,677
Hispanic or Latino	47.6%	27.7%	29.3%	3,245
80-99% OF MSA/MD MEDIAN				
American Indian and Alaska Native	51.4%	25.7%	31.4%	35
Asian	59.5%	19.2%	29.3%	1,495
Black or African American	52.9%	22.1%	30.9%	68
Native Hawaiian or other Pacific Islander	43.5%	13.0%	43.5%	23
White	61.9%	17.2%	26.1%	3,873
Hispanic or Latino	54.0%	21.4%	29.1%	1,347
100-119% OF MSA/MD MEDIAN				
American Indian and Alaska Native	48.9%	22.7%	29.5%	88
Asian	62.3%	15.6%	28.8%	4,820
Black or African American	55.6%	20.1%	28.6%	234
Native Hawaiian or other Pacific Islander	49.4%	27.6%	31.0%	87
White	66.2%	13.8%	25.1%	12,607
Hispanic or Latino	60.8%	16.4%	26.8%	3,398
120% OR MORE OF MSA/MD MEDIAN				
American Indian and Alaska Native	59.2%	13.0%	32.0%	169
Asian	62.8%	12.9%	29.0%	17,800
Black or African American	57.7%	17.3%	27.2%	624
Native Hawaiian or other Pacific Islander	64.2%	11.4%	26.8%	254
White	68.3%	11.3%	24.9%	49,811
Hispanic or Latino	64.6%	13.3%	26.7%	6,095
<i>Source: Consumer Financial Protection Bureau, Disposition of loan applications, by Ethnicity/Race of applicant, 2019.</i>				

3. Economic Constraints

Market forces on the economy and the trickle-down effects on the construction industry can act as a barrier to housing construction and especially to affordable housing construction. It is estimated that housing price growth will continue in the City and the region for the foreseeable future. Moving into 2020, the economy was growing, California was seeing a 1.6-percent growth in jobs from 2019 and experiencing all-time lows for unemployment rates. COVID-19 had stalled much of the economy in early 2020, however,

as the California economy regains momentum housing stock and prices in the Newport Beach community remain stable.

A 2020 California Association of Realtors (CAR) report found that homes on the market in Orange County experienced a nine percent year to year increase and cost an average of \$880,000 in February 2020; almost \$300,000 higher than the State median home price in the same month (\$579,770). According to the CAR First Time Buyer Housing Affordability Index, from 2018 to 2019 the median value of a home in Orange County was \$703,800 with monthly payments (including taxes and insurance) of \$3,630, requiring an average qualifying income of \$108,900.

Homes and cost of living in Newport Beach was reported higher than the State median housing and living costs. According to September 2020 data from Zillow, the median home value of single-unit homes and condos in Newport Beach is \$2,407,454. According to Zillow's methodology, this value is seasonally adjusted to remove outliers and only includes the middle price-tier of homes. Newport Beach home values have gone up 0.7 percent over the past year and Zillow predicts they will rise 3.4 percent within the next year. Newport's home value index (\$2,407,454) has been on a steep and steady rise since early 2012, and according to a September 2020 forecasts, they are expected to increase slightly (estimated \$2,490,000) in 2021. Orange County by comparison has a median home value index of \$777,000, according to the same September 2020 report, which is significantly lower than the City of Newport. Forecasted home prices in the County, through 2021 are set to see minor increases (\$810,000). The cost of land and home prices in Newport are considered a major constraint to the development of and access to housing, particularly the development of and access to affordable housing.

B. Governmental Constraints

In addition to market constraints, local policies and regulations also affect the price and availability of housing and the provision of affordable housing. For example, State and Federal regulations affect the availability of land for housing and the cost of housing production, making it difficult to meet the demand for affordable housing and limiting supply in a region. Regulations related to environmental protection, building codes, and other topics have significant, often adverse, impacts on housing cost and availability.

While the City of Newport Beach has no control over State and Federal Laws that affect housing, local laws including land use controls, site improvement requirements, fees and exactions, permit processing procedures, and other factors can constrain the maintenance, development, and improvement of housing create barriers to housing.

1. Land Use Controls

In the State of California, cities are required to prepare a comprehensive, long term General Plan to guide future development. The Land Use Element of the General Plan establishes land uses of developments within the City of Newport Beach. The Land Use Element sets for policies and regulations for guiding local development. These policies, together with existing zoning regulations, establish the amount and distribution of land to be allocated for different uses within the City. The Land Use Element of the General Plan identifies the following residential and mixed-use categories:

- **Single Unit Residential Detached (RS-D)**: The RS-D category applies to a range of detached single-unit residential dwelling units on a single legal lot and does not include condominiums or cooperative housing. The RS-D category permits a density range from 0.0 to 29.9 DU/AC.
- **Single Unit Residential Attached (RS-A)**: The RS-A category applies to a range of attached single-unit residential dwelling units on a single legal lot and does not include condominiums or cooperative housing. The RS-A category permits a density range from 0.0 to 29.9 DU/AC.
- **Two Unit Residential (RT)**: The RT category applies to a range of two-unit residential dwelling units such as duplexes and townhomes. The RT permits a density range from 0.0 to 39.9 DU/AC.
- **Multiple Residential (RM)**: The RM designation is intended to provide for multi-unit residential development containing attached dwelling units. The RM permits a density range from 0.0 to 52.0 DU/AC.
- **Multiple Residential Detached (RM-D)**: The RM-D designation is intended to provide primarily for multi-unit residential development exclusively containing detached dwelling units. The RM-D allows a 1.5 FAR where a minimum FAR 0.35 and maximum FAR if .5 may be used for nonresidential.
- **Mixed-Use Vertical (MU-V)**: The MU-V designation is intended to provide for the development of properties for mixed use structures that vertically integrate housing with retail uses including retail, office, restaurant, and similar nonresidential uses. For mixed-use structures, commercial uses characterized by noise, vibration, odors, or other activities that would adversely impact on-site residential units are prohibited. The MU-V allows a 1.5 FAR where a minimum FAR 0.35 and maximum FAR of .5 may be used for nonresidential.
- **Mixed-Use Horizontal (MU-H)**: The MU-H designation is intended to provide for the development of areas for a horizontally distributed mix of uses, which may include general or neighborhood commercial, commercial office, multi-unit residential, visitor-serving and marine-related uses, and/or buildings that vertically integrate residential with commercial uses. The MU-H allows a maximum FAR of 1.0 for residential.
- **Mixed-Use Water Related (MU-W)**: The MU-W designation is intended to provide for commercial development on or near the bay in a manner that will encourage the continuation of coastal-dependent and coastal-related uses in accordance with the Recreational and Marine Commercial (CM) designation, as well as allow for the integrated development of residential. The MU-W permits a density range from 0.0 to 29.9 DU/AC.

These categories accommodate development of a wide range of housing types in Newport Beach. Furthermore, maintaining the existing residential categories is important for ensuring compatibility between the new and existing housing.

Local Coastal Program and Land Use Plan

The Local Coastal Program (LCP) is a coastal management plan that contains land use, development, public access, and resource protection policies and regulation to implement the California Coastal Act (Coastal Act). The LCP is comprised of a Land Use Plan (LUP) and an Implementation Plan (IP). The LUP serves in

conjunction with, and is considered a legislative equivalent to, the City's General Plan Land Use Element to identify land uses in the Coastal Zone. The intent of this plan is to provide for land uses and residential density limits that protect coastal resources and public access. The LUP identifies the residential categories and densities provided in **Table 3-2**.

Table 3-2: Coastal Land Use Plan Densities

Land Use	Maximum Density Range per Lot
Single-Unit Residential Detached – RSD	
RSD-A	0 – 5.9 units per acre
RSD-B	6 – 9.9 units per acre
RSD-C	10 – 19.9 units per acre
RSD-D	20 – 29.9 units per acre
Single-Unit Residential Attached – RSA	
RSA-A	0 – 5.9 units per acre
RSA-B	6 – 9.9 units per acre
RSA-C	10 – 19.9 units per acre
RSA-D	20 – 29.9 units per acre
Two Unit Residential - RT	
RT-A	0 – 5.9 units per acre
RT-B	6 – 9.9 units per acre
RT-C	10 – 19.9 units per acre
RT-D	20 – 29.9 units per acre
RT-E	30 – 39.9 units per acre
Multiple Unit Residential – RM	
RM-A	0 – 5.9 units per acre
RM-B	6 – 9.9 units per acre
RM-C	10 – 19.9 units per acre
RM-D	20 – 29.9 units per acre
RM-E	30 – 39.9 units per acre
RM-F	40 – 52 units per acre
<i>Source: City of Newport Beach Municipal Code</i>	

The Coastal Act is administered by the California Coastal Commission. Over 63 percent of the City of Newport Beach is within the Coastal Zone and subject to oversight by the Coastal. Although the City retains permit authority in most of the Coastal Zone, development projects located near sensitive coastal resources, such as the bay, ocean, wetlands, and environmentally sensitive habitat areas, require the processing of coastal development permits and are subject to appeal by the California Coastal Commission. This additional level of review and approval process may extend the review period of development projects and increase the application and discretionary review costs. In addition, any request to increase residential densities or allow new residential housing opportunities requires the processing of a Local Coastal Program amendment through the California Coastal Commission. An illustrative example is the Master Development Plan for Banning Ranch, a housing development project that included 1,375 dwelling units, including an affordable housing component, that was adopted by the

City in 2012, but denied by the California Coastal Commission in 2016 components but due to potential impacts to environmentally sensitive habitats and coastal resources. The Coastal Land Use Plan and Coastal Commission's additional review may inhibit development due to the added review time and costs, and uncertainty of approvals.

Housing in the Coastal Zone

The City of Newport Beach uses Chapters 20.34 and 21.34 (Conversion or Demolition of Affordable Housing) of the Municipal Code to implement Government Code Section 65590 et seq. Between April 3, 2000, and June 30, 2020, 3,428 new residential units were permitted for construction within the California Coastal Zone. Of these new units, 120 were developed as housing affordable to low-income individuals and/or families (Bayview Landing project). During the same time period, the City issued demolition permits for a total of 1,857 residential units within the Coastal Zone, resulting in a net increase of 1,571 units. Of the units demolished, six units were known to be occupied by low-income persons and/or families and were required to be replaced. The replacement units were provided off-site and rent restricted for a term of 30-year at rents affordable to very low and low-income households. Lastly, the City assisted with the acquisition, rehabilitation and conversion of an existing 12-unit apartment building located at 6001 Coast Boulevard for affordable housing – 6 for low-income veterans and 6 with a priority for low-income seniors and veterans (The Cove, Project).

John Wayne Airport Environs Land Use Plan (AELUP)

The City's Airport Area may be considered as an opportunity zone to add residential neighborhoods. However, land located within the Airport Planning Area for John Wayne Airport are subject to the development restrictions of the John Wayne Airport Environs Land Use Plan (AELUP), which limits the ability to develop residential units. Approximately 391 acres are subject to these residential restrictions. An amendment to the City's General Plan or rezoning for residential use requires review and approval by the Airport Land Use Commission (ALUC) and extends the total review period of a proposed housing development and subsequently increases the cost of development. The added review time and additional costs may dissuade housing developers, and particularly affordable housing developers, from developing housing in this area.

Overlay Districts

An overlay district is a regulatory tool that adds special provisions and regulations to an area in the City. An overlay district may be added to a neighborhood or corridor on a map or it may apply to the City as whole and be applied under certain circumstances. An overlay district may be initiated as a Zoning Map amendment. All proposed developments within the overlay district must comply with the district's applicable development standards in addition to the Zoning Code standards. Overlay Districts, which affect housing in Newport Beach, include the Mobile Home Park (MHP) Overlay Zoning District, Bluff Overlay Zoning District, and the Height Overlay District. Overlay Districts may be a constraint to the development of housing when it sets standards which are more restrictive than the Zoning Code.

Overlay Coastal Districts

The purposes of the individual overlay coastal zoning districts and the way they are applied are detailed below. An overlay district may be initiated as a Coastal Zoning Map amendment in compliance with

Chapter 21.14 of the City's Municipal Code. All development within these zones must comply with the applicable development standards (e.g., setbacks, height) of the underlying coastal zoning district in addition to the standards provided by the respective zone as outline in the Municipal Code, where applicable.

Mobile Home Park Overlay Coastal Zoning District

The MHP Overlay Coastal Zoning District is intended to establish a mobile home district on parcels of land developed with mobile home parks. The regulations of this district are designed to maintain and protect mobile home parks in a stable environment with a desirable residential character. However, such regulations may pose a constraint to the redevelopment of existing mobile home parks and increasing density. Uses allowed in the MHP Overlay include the following:

- Mobile Home Parks
- Accessory Structures incidental to the operation of Mobile Home Parks

Bluff Overlay District

The Bluff (B) Overlay District is intended to establish special development standards for areas of the City where projects are proposed on identified bluff areas. The Bluff Overlay District intends to provide additional regulations and requirements in order to establish safety standards for developments in the overlay District. Specific permitted uses, development standards, and requirements are outlined in the City's Municipal Code, Chapter 21.28.040. Additional regulations and development standards may prevent increased density or intensity in areas within the Bluff Overlay District.

Canyon Overlay District

The Canyon (C) Overlay District is intended to establish development setbacks based on the predominant line of existing development for areas that contain a segment of the canyon edge of Buck Gully or Morning Canyon. In order to ensure safe development of housing within the Canyon Overlay Districts, development standards and requirements include the following:

- Development Stringline Setback: Development may not extend beyond the predominant line of existing development on canyon faces by establishing a development stringline where a line is drawn between nearest adjacent corners of existing structures on either side of the subject property.
- Swimming Pools require a double wall construction
- Coastal Hazards and Geologic Stability Report
- Erosion Control Plan

Additional specific development standards and requirements are outlined in the City's Municipal Code, Chapter 21.28.050. The Canyon Overlay District may inhibit added density or intensity of uses to residential properties within the overlay.

Height Overlay

The Height (H) Overlay District is intended to establish standards for review of increased building height in conjunction with the provision of enhanced project design features and amenities. The Height Overlay District includes properties located in the Multiple Residential (RM) Zoning District within Statistical Area A2. The maximum height limit is 40 feet for a flat roof and 45 feet for a sloped roof with a three-story maximum. Additional standards, regulations, and eligibility requirements are outline in the City's Municipal Code, Chapter 21.28.060. The Height Overlay District is not considered a constraint to development as it provides for higher height limits.

State Density Bonus Law

Density bonuses are an additional way to increase the number of dwelling units otherwise allowed in a residentially zoned area. The City's Zoning Ordinance identifies the purpose of the Density Bonus Ordinance is to grant density bonuses and incentives for the development of housing that is affordable to very low-, low-, and moderate-income households and senior citizens. Under the Density Bonus Law, developers are entitled to a density bonus corresponding to specified percentages of units set aside for very low-income, low-income, or moderate-income households.

Effective January 1, 2021, California State Assembly Bill 2345 amends the Density Bonus Law to expand and enhance development incentives for projects with affordable and senior housing components. AB 2345 amends the Density Bonus Law to increase the maximum density bonus from 35 percent to 50 percent. To be eligible for the maximum bonus, a project must set aside at least (i) 15 percent of total units for very low-income households, (ii) 24 percent of total units for low-income households, or (iii) 44 percent of for-sale units for moderate-income households. Levels of bonus density between 35 percent and 50 percent are granted on a sliding scale. The City's currently adopted Density Bonus Ordinance is no longer consistent with State law and must be amended to comply with new statutory requirement. Implementing Action 3.1.2 of Section 4: Housing Plan outlines the City's plan to maintain compliance with State legislation.

Density Bonus Programs

The currently adopted density bonuses are eligible for developments which contain five or more dwelling units and meet the requirements outlined in Chapter 20.32 of the Newport Beach Municipal Code. Units that are not eligible for density bonus include developments where affordable housing is required under the provisions of Title 19.

When a development which meets the requirements, density bonuses are applicable as shown in **Table 3-3** and **Table 3-4** below for different income categories. Developments which meet the requirements for Senior housing will be entitled to a density bonus of twenty percent of the number of senior housing units.

Table 3-3: Density Bonus Calculations

Very Low-Income	
Percentage of Base Units Proposed	Density Bonus Percentage
5	20
6	22.5
7	25
8	27.5
9	30
10	32.5
11	35
Low-Income	
10	20
11	21.5
12	23
13	24.5
14	26
15	27.5
17	30.5
18	32
19	33.5
20	35
Source: City of Newport Beach Municipal Code Chapter 20.32	

Table 3-4: Density Bonus Calculations

Moderate-Income	
Percentage of Base Units Proposed	Density Bonus Percentage
10	5
11	6
12	7
13	8
14	9
15	10
16	11
17	12
18	13
19	14
20	15
21	16
22	17
23	18
24	19
25	20
26	21
27	22
28	23

Moderate-Income	
Percentage of Base Units Proposed	Density Bonus Percentage
29	24
30	25
31	26
32	27
33	28
34	29
35	30
36	31
37	32
38	33
39	34
40	35
Source: City of Newport Beach Municipal Code Chapter 20.32	

Additionally, when an applicant for a residential development agrees to donate land to the City for very low-income households, the applicant is then entitled to a density bonus for the entire market rate development, if the conditions specified in the City's Municipal Code Section 20.32.030 are met.

An applicant is entitled to an increase above the maximum allowed residential density as outline in **Table 3-5**.

Table 3-5: Density Bonus Calculations

Very Low-Income	
Percentage of Base Units Proposed	Density Bonus Percentage
10	15
11	16
12	17
13	18
14	19
15	20
16	21
17	22
18	23
19	24
20	25
21	26
22	27
23	28
24	29
25	30
26	31
27	32
28	33

Very Low-Income	
Percentage of Base Units Proposed	Density Bonus Percentage
29	34
30	35
Source: City of Newport Beach Municipal Code Chapter 20.32	

Additional regulations for density Bonuses include the following:

- Fractional Units: The calculation of a density bonus, in compliance with any of the above requirements, that results in fractional units shall be rounded up to the next whole number.
- Mixed Income Development: If the applicant desires to develop a density bonus project available to a mix of income levels, the Director determines the amount of density bonus to be granted up to a maximum of 35 percent.

Concessions and Incentives

When qualified for a density bonus, an applicant may request additional parking incentives beyond those provided above. When requested, the City may grant the following (inclusive of handicap and guest parking):

- Zero to one bedroom: one on-site parking space per unit; or
- Two or more bedrooms: two on-site parking spaces per unit.

In addition to a request for parking incentives, an applicant who meets the density bonus requirements may also submit a proposal for a reduction in the site development standards or architectural design requirements; approval of mixed-use zoning in conjunction with the housing development; other regulatory incentive proposed by the client or the City that will result in identifiable, financially sufficient, and actual cost reductions; and/or a direct financial contribution granted by the Council at its sole discretion.

Additional Incentives may also apply for developments with a childcare component, requirements and applicable incentives are outlined in detailed in the City's Municipal Code Section 20.32.060. Incentives and density bonuses allow for increased opportunity and feasibility for the production of affordable housing in a community, the City of Newport Beach's Incentives and Density Bonus programs are comparable to similar Southern California communities and are a constraint to the development of housing for all income levels.

Residential Development Standards

Citywide, outside the specific plan areas, the City regulates the type, location, density, and scale of residential development primarily through the Zoning Code. The following summarizes the City's existing residential zoning districts:

- **Residential-Agricultural (R-A)** – Residential-Agricultural is intended to provide for single lots appropriate for detached single-unit residential dwelling units and light farming.

- **Single-Unit Residential (R-1)** – Single-Unit Residential is intended to provide for a range of detached single-unit residential dwelling units on single lots. This land use designation does not include condominiums or cooperative housing.
- **Two-Unit Residential, Balboa Island (R-BI)** – Two-Unit Residential Balboa Island is intended to provide for a maximum of two residential dwelling units, or duplexes. This designation is reserved to single lots on Balboa Island.
- **Two-Unit Residential (R-2)** – Two-Unit Residential is intended to provide for single lots appropriate for a maximum of two residential dwelling units, or duplexes.
- **Multiple Residential (RM)** – Multiple Residential is intended to provide for area appropriate for multi-unit residential developments containing attached or detached dwelling units.
- **Medium Density Residential (RMD)** – Medium Density Residential is intended to provide for areas appropriate for medium density residential developments containing attached or detached units.
- **Mixed-Use Vertical (MU-V)** – Mixed-Use Vertical is intended to provide for area appropriate for the development of mixed-use structures that vertically include residential dwelling units. Residential dwelling units are located above the ground floor, which includes office, restaurant, retail, and similar nonresidential uses.
- **Mixed-Use Mariners' Mile (MU-MM)** – Mixed-Use Mariners' Mile is intended to provide for areas appropriate for commercial and residential uses. Mariners' Mile is located on the inland side of Coast Highway in the Mariners' Mile Corridor. Properties that front Coast Highway may only be developed for nonresidential purposes. Properties to the rear of the commercial frontage may be developed for freestanding nonresidential uses, multi-unit residential dwelling units, or mixed-use structures that integrate residential above the ground floor with nonresidential uses on the ground floor.
- **Mixed-Use Cannery Village and 15th Street (MU-CV/15th St.)** – Mixed-Use Cannery Village and 15th Street is intended to establish a cohesive district or neighborhood containing multi-unit residential dwelling units with clusters of mixed-use and/or commercial structures on interior lots of Cannery Village and 15th Street on Balboa Peninsula. Allowed uses include multi-unit dwelling units; nonresidential uses; and/or mixed-use structures, where the ground floor is restricted to nonresidential uses along the street frontage. Residential uses and overnight accommodations are allowed above the ground floor and to the rear of uses along the street frontage. Mixed-Use or nonresidential structures are required on lots at street intersections and are allowed, but not required, on other lots.
- **Mixed-Use Water (MU-W1)** – Mixed-Use Water is intended to be applied to waterfront properties along the Mariners' Mile Corridor in which nonresidential uses and residential dwelling units may be intermixed. A minimum of 50 percent of the allowed square footage in a mixed-use development shall be used for nonresidential uses in which marine-related and visitor-serving land uses are mixed. An approved site development review is required prior to any development to

ensure uses are fully integrated and that potential impacts from their differing activities are fully mitigated. Design of nonresidential space to facilitate marine-related uses is encouraged.

- **Mixed-Use Water (MU-W2)** – This second Mixed-Use Water designation is intended to apply to waterfront properties in which marine-related uses may be intermixed with general commercial, visitor-related commercial and residential dwelling units on the upper floors.

The City's Zoning Code also regulates the development on land through minimum and maximum standards on lot size, lot width and depth, setbacks, and on lot coverage and floor-area ratio (FAR). **Table 3-6** below provides the development standards for each residential zoning district in Newport Beach:

Table 3-6: Development Standards in Newport Beach – Dimensions

Zone	Dimensions			Min. Yard Setbacks			Construction Standards		
	Min. Lot Size (square feet)	Min. Lot Width (feet)	Min. Lot Depth (feet)	Front (feet)	Side (feet)	Rear (feet)	Max. Height (feet)*	Max. FAR	Max. Site Coverage
Residential Districts									
R-A	87,120	125	N/A	20	5	25	24, 29 ⁶	N/A	40%
R-1	6,000, 5,000 ¹	60, 50 ¹	N/A	20	3, 4 ²	10	24, 29 ⁶	2.0 (Citywide) 1.5 (Corona del Mar)	N/A
R-1-6,000	6,000	60	80	20	6	6	24, 29 ⁶	N/A	60%
R-1-7,200	7,200	70	90	20	5	20	35, 40 ⁶	N/A	60%
R-1-10,000	10,000	90	100	15	10	10	24, 29 ⁶	N/A	60%
R-BI	2,375	60, 50 ¹	N/A	20	See Note 3.	10 ft.	24, 29 ⁶	1.5 plus 200 sq.ft.	N/A
R-2	6,000, 5,000 ¹	60, 50 ¹	N/A	20	See Note 3.	10 ft.	24, 29 ⁶	2.0 (Citywide) 1.5 (Corona del Mar)	N/A
R-2-6,000	6,000	60	80 ft.	20	6 ft.	6 ft.	24, 29 ⁶	N/A	60%
RM	6,000, 5,000 ¹	60, 50 ¹	N/A	20	See Note 3.	10 ft.	28, 33 ⁶	1.74	N/A
RMD	6,000, 5,000 ¹	60, 50 ¹	N/A	20	See note 4.	25 ft.	28, 33 ⁶	N/A	N/A
RM-6,000	60	60	80	20	6 ft.	6 ft.	28, 33 ⁶	N/A	60%
Mixed-Use Zoning Districts									
MU-V	2,500	25		0	0-5 ⁵	0-5 ⁵	26, 31 ⁶	1.0 (Mixed-Use)	
MU-MM	10,000	50		0	0-5 ⁵	0-5 ⁵	26, 31 ⁶	1.0 (Mixed-Use)	

Zone	Dimensions			Min. Yard Setbacks			Construction Standards		
	Min. Lot Size (square feet)	Min. Lot Width (feet)	Min. Lot Depth (feet)	Front (feet)	Side (feet)	Rear (feet)	Max. Height (feet)*	Max. FAL	Max. Site Coverage
MU-DW	40,000	100		0	0-5 ⁵	0-5 ⁵	32, 37 ⁶	1.0 (Mixed-Use)	
MU-CV/15 th St.	5,000	40		0	0-5 ⁵	0-5 ⁵	26, 31 ⁶	1.0, 1.5 ⁷	
MU-W1	20,000	200		0	0-5 ⁵	0-5 ⁵	26, 31 ⁶	1.0, 1.5 ⁷	
MU-W2	2,500	25		0	0-5 ⁵	0-5 ⁵	26, 31 ⁶	0.75, 0.8 ⁷	
Notes: (1) Corner Lot, Interior Lot respectively (2) lots <40 wide, lots >40 wide respectively (3) 3 ft. for lots > 40ft. wide, 4 ft. for lots 40'1" – 49'11" wide, and 8% of Average Lot Width for lots > 50 ft. respectively, (4) N/A for lots > 40ft. wide, 5 ft. for lots 40'1" – 49'11" wide, and N/A for lots > 50 ft. (5) Adjoining residential district (6) Flat roof, Sloped roof respectively (7) Mixed Use, Residential respectively									

Yard Requirements

Yards allow for open space, landscaping and greenery, emergency access, and pedestrian and vehicular circulation on a site. Requirements are set in order to ensure there is adequate available space designated to these elements on a property when considering new development or improvements. Included in these requirements are setbacks areas that are located between a setback line and the property line and must remain unobstructed. Setbacks provide the following:

- Visibility and traffic safety
- Access to and around structures
- Access to natural light and ventilation
- Separation of incompatible land uses
- Space for privacy, landscaping, and recreation
- Protection of natural resources
- Safety from fire and geologic hazard

The City's yard requirements do not prohibit residential developments from reaching the maximum density on varying lands/sites, it therefore is not a constraint to the development of housing, specifically housing affordable to low and very low-income households. Additionally, the City's Density Bonus programs provides incentives for the development of affordable housing, including a reduction in the site development standards (e.g., site coverage, setbacks, increased height up to the maximum allowed, reduced lot sizes, and/or parking requirements).

Site Coverage and Floor Area Limit

Site coverage and Floor Area Limit (FAL) requirements maintain mass and intensity of a use for residential uses. The Newport Beach Zoning Code defines site coverage as the percentage of a site covered by

structures and accessory structures, as well as decks that exceed 30 inches in height. Maximum site coverage standards limit the footprint of a building and calculates it as a percentage between the ground floor area of a building and the net area of a lot.

The FAL refers to the gross floor area allowed on a residential lot and is determined by multiplying the allowed buildable area of the lot times the applicable multiplier for the lot. FAL requirements limit the total usable floor area to limit the bulk of a building to the land, other buildings, and public facilities.

Maximum Building Height

Maximum building heights are set and defined in the City's Zoning Code to maintain symmetry and compatibility between existing and proposed developments. The height is measured as the vertical distance from the grade of the pad to the highest part of the structure, including protective guardrails and parapet walls. The height limit may be increased within specific areas through the adoption of a Planned Community Development, a specific plan, a planned development permit, a coastal development permit in the coastal zone, or a site development review. The deviation in maximum height limit requires approval of a discretionary action.

- R-A, R-1, R-BI, and R-2 Zoning Districts have height limits of 24 feet for structures with flat roofs (including guard rails and parapet walls) and 29 feet for sloped roofs. A discretionary approval may permit height up to 28 feet for flat roofs and 33 feet for sloped roofs.
- RM and RMD Zoning Districts have height limits of 28 feet for structures with flat roofs and 33 feet for sloped roofs. The height of the structure may be increased to 32 feet for foot roof and 37 feet for sloped roofs through discretionary approval. Properties located in the Height (H) Overlay District may increase height limits to 40 feet for flat roofs and 45 feet for sloped roofs.
- Planned Community Districts may also propose and regulate their own height limits.

The City's building height requirements do not prohibit residential developments from reaching the maximum density on varying lands/sites, it therefore is not a constraint to the development of housing, specifically housing affordable to low and very low-income households. Additionally, the City's Density Bonus programs provides incentives for the development of affordable housing, including a reduction in the site development standards (e.g., site coverage, setbacks, increased height up to the maximum allowed, reduced lot sizes, and/or parking requirements).

Additionally, the City has identified sites in the RM and MU zones (listed in Appendix B) which can accommodate a portion of the City's RHNA allocation. The heights identified for the Multiple Residential (RM) and Mixed-Use (MU) Zones are considered base height limits and can be altered through a discretionary approval process.

- However, most of the denser residential development projects are within planned communities where the developer sets the identified height limitation. Examples of this include:
- Uptown Newport Planned Community Zoning District (PC-58), which allows for heights up to 150 feet

- Residential Overlay within the Newport Place Planned Community Zoning District (PC-11), which has a base height limit of 55 feet that can be increased up to the maximum allowable under Federal Aviation Regulation (FAR) Part 77
- San Joaquin Plaza Planned Community Zoning District (PC-19) allows heights up to 69 feet

The City ~~also envisions enacting~~ will establish housing overlay zones that will apply to all opportunity sites in each focus area. Like the Residential Overlay within the Newport Place Planned Community Zoning District (PC-11) and other planned communities, the future housing overlay will establish increased height limits appropriate to accommodate the proposed densities. The details of the housing overlay zones are yet to be determined.

Usable Open Space

The City's Zoning Code defines Usable Open Space as an outdoor or enclosed area on the ground, roof, balcony, deck, porch, or terrace, used for outdoor living, active or passive recreation, pedestrian access, or landscaping. This does not include parking facilities, driveways, utility, or service areas, required setbacks, and sloped or submerged land. All residential districts in Newport Beach have a maximum site coverage to allow for open space. Mixed-Use districts require 75 square feet per dwelling unit of common open space and 5 percent of the gross floor area of private open space for each unit.

The City's usable open spaces requirements do not prohibit residential developments from reaching the maximum density on varying lands/sites, it therefore is not a constraint to the development of housing, specifically housing affordable to low and very low-income households. Additionally, the City's Density Bonus programs provides incentives for the development of affordable housing, including a reduction in the site development standards (e.g., site coverage, setbacks, increased height up to the maximum allowed, reduced lot sizes, and/or parking requirements).

Parking Standards

Adequate off-street parking shall be provided to avoid street overcrowding and maintain parking opportunities for the public to visit the coast. This is maintained through the City's parking requirements for each housing unit type, as shown in **Table 3-7**. Parking requirements may add to the development cost of a property and project as spaces and garage parking create additional costs and remove potentially livable space.

Table 3-7: Parking Requirements for Residential Uses

Unit Type	Number of Spaces Required
Accessory Dwelling Unit	1 parking space, with exceptions ⁽¹⁾
Junior Accessory Dwelling Unit	No additional parking required
Single-Unit Dwellings – Attached	2 per unit in a garage
Single-Unit Dwellings – Detached and less than 4,000 sq. ft. of floor area	2 per unit in a garage
Single-Unit Dwellings – Detached and 4,000 sq. ft. of floor area	3 per unit in a garage
Single-Unit Dwellings – Balboa Island	2 per unit in a garage
Multi-Unit Dwellings – 3 units	2 per unit covered, plus guest parking

Unit Type	Number of Spaces Required
	1-2 units, no guest parking required 3 units, 1 guest parking space
Multi-Unit Dwellings – 4 units or more	2 per unit covered, plus 0.5 space per unit for guest parking
Two-Unit Dwellings	2 per unit; 1 in a garage and 1 covered or in a garage
Live/Work Units	2 per unit in a garage, plus 2 for guest/customer parking
Senior Housing – Market Rate	1.2 per unit
Senior Housing – Affordable	1 per unit
Note: 1. Parking is waived for ADUs if the property is within ½ mile walking distance to transit (including ferry); within an architecturally or historically significant district; on-street parking permits are required and not provided to the occupant of the ADU; or within one block of a car-share vehicle pick-up/drop-off location <i>Source: City of Newport Beach Municipal Code</i>	

The City's parking requirements vary depending on type of unit. As shown in Table 3-7, the City's parking requirements are similar to those throughout the region and are based on generation rates by use type. Multiple family parking requirements are not overly restrictive and the City may grant exceptions to these standards through state-required density bonus provisions and other provisions in the Municipal Code.

As part of the city's rezone program to accommodate future housing growth, development standards, such as parking requirements, will be evaluated to potentially provide additional incentives, concessions reductions or modifications, as appropriate. The City's Density Bonus program also provides incentives for the development of affordable housing, including a reduction in the site development standards (e.g., site coverage, setbacks, increased height up to the maximum allowed, reduced lot sizes, and/or parking requirements.

Additionally, the City has not denied any residential projects based upon a lack of required parking. Parking has also not been identified by prospective residential development proponents as a constraint.

If, however, parking is identified as an issue, then the City's Zoning Code offers alternative means of compliance through off-site parking, demonstrative a reduced-parking demand, or a shared-parking arrangement. This is accomplished through review and approval of a use permit (see NBMC Sections 20.40.100 (Off-Site Parking) and 20.40.110 (Adjustments to Off-Street Parking Requirements) or their successor sections.

Furthermore, parking standards can be modified through projects taking advantage of a density bonus, if deemed necessary.

Variety of Housing Types Permitted

Housing Element Law requires jurisdictions to identify sites to be made available through zoning and development standards in order to facilitate development of a variety of housing types for all socioeconomic levels of the population. Housing types include single-unit dwellings, multi-unit housing, accessory dwelling units, factory-built housing, mobile homes, employee and agricultural work housing, transitional and supportive housing, single-room occupancy units (SROs), and housing for persons with disabilities.



The City of Newport permits SRO's in the following zoning districts:

- OG
- OM
- OR
- CC
- CG
- CM
- CN
- CV

Table 3-8 below identifies the various housing types permitted within each residential and **Table 3-9** identified housing types permitted in mixed-use zoning district in Newport Beach.

Table 3-9: Mixed-Use Housing Types Permitted in Mixed-Use Zones

Housing Type	Zones					
	MU-V	MU-MM	MU-DW	MU-CV/ 15 th St.	MU-W1	MU-W2
Single-Unit Dwellings – Attached	P* (1)	--	--	P (3)	P* (1)	P* (2)
Single-Unit Dwellings – Detached	--	--	--	--	--	--
Multi-Unit Dwellings	P* (1)	P (1)(2)	P (1)	P (3)	--	--
Two-Unit Dwellings	P* (1)	--	--	P (3)	--	--
Accessory Dwelling Unit(s)	P	P	P	P	P	P
Junior Accessory Dwelling Unit(s)	P	P	P	P	P	P
Live-Work Units	P	P (1)(2)	P	P (3)	--	--
Notes: *Located above 1 st floor (1) Allowed only as part of a mixed-use development. Refer to Section 20.48.130 (Mixed-Use Projects) for additional development standards. (2) Not allowed to front onto Coast Highway. Not allowed on lots at street intersections unless part of a mixed-use or live-work structure. Source: City of Newport Beach Municipal Code						

Single-Unit Dwelling

A Single-Unit Dwelling is defined as a structure on a single lot containing one dwelling unit and one housekeeping unit. The structure shall be constructed in compliance with the California Building Code (CBC) and placed on a permanent foundation. Single-Unit Dwellings may be attached or detached. An attached dwelling is owned in fee, located on an individual lot, and shares a wall or roof with another structure. A detached dwelling is also owned in fee and located on an individual but is not connected to another structure in any way.

Multi-Unit Dwelling

A Multi-Unit Dwelling contains three or more dwellings units within the same structure occupied on a single lot. Each dwelling unit is occupied by separate housekeeping units. This housing type includes triplexes (3 dwelling units in one structure), fourplexes (four dwelling units in one structure), and apartments (5 or more dwelling units in one structure), where each structure is owned by one entity and each dwelling unit is rented out. Condominiums are also multi-unit dwellings, but each individual dwelling unit is owned by separate entities. The structure must be placed on a permanent foundation and constructed in compliance with the California Building Code (CBC).

Two-Unit Dwelling

A Two-Unit Dwelling contains two dwelling units, each occupied by their own housekeeping unit, and located within the same structure. This may be referred to as a duplex. The structure must be placed on a permanent foundation and constructed in compliance with the California Building Code (CBC).

Accessory Dwelling Unit (ADU)

An Accessory Dwelling Unit is a secondary dwelling unit, attached or detached, to the primary residence(s) on a single lot. This may be referred to as a “granny flat,” “in-law unit,” or “carriage house.” An ADU must include a kitchen, a full bathroom, a living area, and a separate entrance. The Newport Beach Zoning Code includes efficiency units and manufactured homes as ADUs. Junior ADUs (JADUs) are defined by the City’s Municipal Code as a dwelling unit accessory to and entirely contained within an existing or proposed single-unit dwelling. A JADU may not be greater than 500 square feet, and it must either include its own sanitation facilities or share facilities with the single-unit dwelling. A JADU must also include its own efficiency kitchen.

Live-Work Unit

Live-Work Units refer to structures that include both a commercial and a single dwelling unit. Commercial uses are generally located on the ground floor, with the dwelling unit located one to two stories above.

Short-Term Lodging

Short-Term Lodging refers to a dwelling unit that is rented or leased as a single housekeeping unit for 30 days or less.

Residential Care Facilities

On January 22, 2008, the City Council approved Ordinance No. 2008-5 (“Ordinance”) with the intent of maintaining zoning protections for residential districts, while benefiting disabled persons who wished to live in those districts. This Ordinance balances the protections granted under the federal Fair Housing Act, Fair Housing Act Amendments (42 U.S.C. Section 3601) and other state and federal laws (i.e. Americans with Disabilities Act) to persons with disabilities, while also ensuring the residential character of the neighborhood is maintained.

As defined by the City, Residential Care Facilities provide housing for individuals with a disability and are commonly referred to as group homes, sober living homes, and state licensed alcoholism or drug abuse recovery or treatment facilities. Facilities that provide treatment services are required to be licensed by the State of California Department of Social Services or Department of Health Care Services (“DHCS”). Unlicensed facilities are not allowed to provide treatment services, but rather are meant to provide an interim environment between rehabilitation and stabilized living. Depending on the number of persons residing within the facility and treatment provided, residential care facilities are further classified as follows:

- General Licensed (Seven or More Persons)
- General Unlicensed (Seven or More Persons)
- Limited Licensed (Six or Fewer Persons)
- Small Unlicensed (Six or Fewer Persons)

The purpose of the Ordinance is to allow disabled persons to live in a residential setting while ensuring that the residential care facilities are operated in a manner consistent with the residential character of surrounding neighborhoods, do not recreate an institutional environment that would defeat the purpose of community-based care, and that residential care facilities serving the disabled are operating in compliance with City and state laws/regulations. To achieve these purposes and to provide disabled persons with an equal opportunity to use and enjoy a dwelling in the City's residential zoning districts, the City treats licensed residential care facilities for six or fewer persons as single-unit residence permitted by-right in all residential-zones (R-A, R-1, R-BI, R-2, RM, and RMD). Also, residential care facilities for seven or more persons and unlicensed residential care facilities are permitted in the following zoning districts, with a Conditional Use Permits.

- Residential Districts— RM and RMD zoning districts.

Planned Community Districts—Property development regulations applicable to residential districts, related to residential care facilities, shall also apply to the corresponding portions of the PC Districts.The location and permitting requirements applicable to larger and unlicensed residential care facilities are intended to avoid overconcentration so as to maintain the residential character of a neighborhood, which if lost would have an adverse effect on the welfare of the individuals' receiving services from the residential care facility and defeat the purpose of community-based recovery. The American Planning Association's Policy Guide on Community Residences, which supports residential care facilities, states that residential care facilities should be scattered throughout residential districts rather than being concentrated on any single block or in any single neighborhood. If several residential care facilities are located next to one another, or are placed on the same block, the ability of the residential care facilities to achieve normalization and community integration would be compromised.

Also, the Departments of Justice and Housing Urban Development have stated that a neighborhood composed largely of residential care facilities could adversely affect individuals with disabilities and would be inconsistent with the objective of integrating persons with disabilities into the community. The California Research Bureau similarly found that facilities should be scattered throughout residential districts, and facilities so densely clustered as to recreate an institutional environment would defeat the purpose of community-based care.

Newport Beach has a significant number of residential care facilities compared to other communities. According to DHCS and City records, there are currently 21 state-licensed residential treatment facilities and an additional 8 City-permitted unlicensed residential facilities in Newport Beach, a community which as of 2019 had a total resident population of 85,694. As a measure of comparison, there are currently only 8 state-licensed residential treatment facilities in Sacramento which had a total residential population of 500,930 people, as of 2019.

As set forth above, the City has a significant number of residential care facilities, when compared to other cities, and, under the current regulations, there are significant portions of the City that can accommodate additional facilities. In addition, the City's has a well-defined Reasonable Accommodation procedure, which further ensures individuals with disabilities are protected. Specifically, Section 20.52.070 of the Zoning Code provides procedures for obtaining reasonable accommodation from the City's zoning and land use regulations, policies, and practices when necessary to provide an individual with a disability an equal opportunity to use and enjoy a dwelling. With a reasonable accommodation, a group of disabled individuals can reside in any district zoned for residential use within the City.

Section 20.52.070 ensures that reasonable accommodation requests are processed efficiently without imposing costs on the applicant. The City does not assess a fee for reasonable accommodation requests. Although a public hearing is required, the matter is heard before a Hearing Officer rather than the Planning Commission, which helps establish an apolitical and more objective decision-making authority, and results in a more expedited processing. As described in more detail in the *Reasonable Accommodation* Section of the Housing Element, the findings are based on the objective need to provide an individual with a disability an equal opportunity to use and enjoy a dwelling. To date, the City has approved three conditional use permits and six reasonable accommodations for general and unlicensed residential care facilities, which shows that these processes are not a significant constraint.

It is also important to note that these types of facilities are the only groups not living as a single housekeeping unit that may be established in a residential district. Other types of group residential uses occupied by two or more persons not living as a single housekeeping unit (e.g. dormitories, fraternities, sororities, and private residential clubs) are not permitted within residential districts. By providing an opportunity to establish residences with a conditional use permit or reasonable accommodation to disabled groups, the Municipal Code gives more favorable treatment to disabled groups not living as single housekeeping units than it gives to non-disabled groups that are not living as a single housekeeping unit. Therefore, groups of disabled individuals are distinguished only to the extent they are treated preferentially.

Parolee-Probationer Home

Parolee-Probationer Home refers to a structure or dwelling unit which houses 2 or more parolees-probationers who are unrelated by blood, marriage, or legal adoption. The parolees-probationers reside here in exchange for monetary or nonmonetary consideration given and/or paid by the parolee-probationer and/or any public or private entity or person on behalf of the parolee-probationer. The residential structure may be operated by an individual, a for-profit entity, or a nonprofit entity.

Mobile Home Park

A Mobile Home refers to a transportable trailer that is certified under the National Manufactured Housing Construction and Safety Standards Act of 1974. The mobile home is over 8 feet in width and 40 feet in length and may or may not include a permanent foundation. A mobile home on a permanent foundation is considered a single-unit dwelling.

Convalescent Home

Convalescent Home refers to an establishment that provides 24-hour care for persons requiring regular medical attention. A convalescent home may be referred to as a “nursing home” or “hospice.” This facility does not provide emergency medical services or surgical services.

Common Interest Development

Common Interest Developments include community apartment projects, condominium projects, planned developments, and stock cooperative.

Farmworker Housing

Farmworkers are considered a special needs interest group by HCD. Farmworkers are traditionally defined as people whose primary incomes are earned through permanent or seasonal agricultural labor. Farmworkers are generally considered to have special housing needs due to their limited income and the often-unstable nature of their employment. In addition, farmworker households tend to have high rates of poverty, live disproportionately in housing that is in the poorest condition, have extremely high rates of overcrowding, and have low homeownership rates. There is a total of 1,772 farmworkers in the County of Orange, though few may reside in Newport Beach the City must consider the housing needs of this community. The Newport Beach Municipal Code does not explicitly define Farmworker Housing or outline it as a permitted use in residential or nonresidential zones. Policy **Action 30** of the **Section 4: Housing Plan** outlines the City’s strategy to update the Municipal Code in accordance with state legislation.

Supportive Housing

California State Assembly Bill 2162 amended Section 65583, Planning and zoning law to specify that supportive housing is a residential use of property, subject only to those restrictions that apply to other residential dwellings of the same type in the same zone. The City of Newport Beach’s Municipal Code does not explicitly define Supportive Housing or identify zones where it is a permitted use. **Policy Action 7B** of the **Section 4: Housing Plan** outlines the City’s strategy to update the Municipal Code in accordance with state legislation.

Transitional Housing

The City of Newport Beach defines Transitional Housing as rental housing operating under program requirements that call for the termination of assistance and recirculation of the assisted unit to another eligible program recipient program at some predetermined future point in time, which shall be no less than six months. Transitional housing that is provided in single-, two- or multi-unit dwelling units, group residential, parolee-probationer home, residential care facilities, or boarding house uses shall be permitted, conditionally permitted or prohibited in the same manner as the other single-, two-, or multi-unit dwelling units, group residential, parolee-probationer home, residential care facilities, or boarding house uses under this code.

The City of Newport Beach’s Municipal Code does not explicitly identify Transitional Housing as a permitted use within the appropriate zones as required by state law. **Policy Action 7B** of the **Section 4: Housing Plan** outlines the City’s strategy to update the Municipal Code in accordance with state legislation.

Emergency Shelters

State Law existing law authorizes a political subdivision to allow persons unable to obtain housing to occupy designated public facilities, as defined, during the period of a shelter crisis. Existing law provides that certain state and local laws, regulations, and ordinances are suspended during a shelter crisis, to the extent that strict compliance would in any way prevent, hinder, or delay the mitigation of the effects of the shelter crisis. The City of Newport beach permits Emergency shelters in the OA – Office Airport zoning district and the PI – Private Institutions Coastal zoning district.

Properties designated for PI are distributed throughout the City, but primarily located along major transportation corridors and offer easy access to public transportation. The PI zoning district is intended to provide for areas appropriate for privately owned facilities that serve the public, including places for assembly/meeting facilities (e.g., religious assembly), congregate care homes, cultural institutions, health care facilities, marinas, museums, private schools, yacht clubs, and comparable facilities. There are over 44 parcels totaling approximately 135 acres in the proposed PI zoning district. Several of the existing uses on these properties are religious assembly uses, many of which consist of large campuses. Given the high land costs in the City, these religious assembly facilities could provide the best means to facilitate the development and management of emergency shelters in the City.

Additionally, properties designated for OA are located within three large blocks east of John Wayne Airport, west of Birch Street, north of Bristol Street/73 Freeway, and south of MacArthur Boulevard. These properties are also located along major transportation corridors and offer easy access to public transportation. The AO zoning district is intended to provide for areas appropriate for the development of properties adjoining the John Wayne Airport for uses that support or benefit from airport operations. These may include corporate and professional offices; automobile sales, rental and service; aviation sales and service; hotels; and accessory retail, restaurant, and service uses. There are over 56 parcels totaling approximately 54 acres in the AO zoning district. Several of the existing uses on these properties are low and medium density professional office buildings, many of which are aging and offer affordable rents compared to most other parts of the City. These properties should provide realistic opportunities for reuse of these structures for the development and management of emergency shelters in the City. Combined, the PI and AO zoning districts consist of over 98 parcels and 189 acres. By allowing emergency shelters as permitted uses within these districts, adequate sites are available for the potential development of emergency shelters in the City.

Low Barrier Navigation Centers

AB 101 states that “The Legislature finds and declares that Low Barrier Navigation Center developments are essential tools for alleviating the homelessness crisis -.” Low Barrier Navigation Centers are 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. Low Barrier Navigation Centers are required as a use by right in areas zoned for mixed uses and nonresidential zones permitting multi-unit uses if it meets specified requirements. The City of Newport Beach’s Municipal Code does not address Low Barrier Navigations Centers by definition. A program will be adopted to ensure the City’s development standards allow Low Barrier Navigation Centers By-Right in all zones that permit mixed-uses

and non-residential uses. **Policy Action 7A** of the **Section 4: Housing Plan** outlines the City's strategy to update the Municipal Code in accordance with state legislation.

Planned Community District

The Planned Community (PC) District is intended allow for a coordinated variety of uses and allows projects to benefit from large-scale community building. PC Districts allow for greater flexibility and less restrictive development regulations, while also maintaining compliance with the intent and provisions of the Zoning Code. The Newport Beach Municipal Code states that a PC District may include various types of uses given they are consistent with the General Plan through the adoption of a development plan and text materials that identify land use relationships and associated development standards.

PC Districts allow for large scale housing projects on land areas no less than 25 acres of unimproved land area or 10 acres of improved land area; however, the City Council may waive the minimum acreage requirements. Improved land area refers to parcels of land with existing permanent structures occupying at least 10 percent of the total PC District. The subject property must be reclassified as a PC District and a Development Plan must be filed with the City to initiate the development process. The Development Plans are reviewed by the Director, scheduled for a public hearing before the Planning Commission for a recommendation, and approved by the City Council. A Planned Community District must also go through an environmental review.

The Development Plan must contain:

- A land use map containing the distribution, location, and extent of uses proposed
- Land use tables designating permitted uses
- Development standards
- Protection measures for landforms and public views
- Sustainable improvement standards
- Location and extent of essential facilities including circulation and transportation, drainage, energy, sewage and waste disposal, and water
- Development standards for conservation, development, and utilization of natural resources
- A program of implementation measures, programs, regulations, and public works projects
- A topographical map to illustrate the character of the terrain and condition of existing vegetation
- A summary of the relationship between the proposed development plan and the goals, policies, and actions of the General Plan

Growth Management Measures

On November 7, 2000, the Newport Beach electorate approved Measure S. Measure S amended the Newport Beach City Charter by adding Section 423, which requires majority voter approval for any “major amendment”s of the Newport Beach General Plan.

Procedure

Pursuant to Charter Section 423, a “major amendment” to the General Plan is defined as any proposed amendment of the General Plan that is first considered and/or approved by the City Council subsequent to December 15, 2000, and that increases the number of peak hour trips (traffic), floor area (intensity), or dwelling units (density), when compared to the General Plan prior to approval, as follows:

- The Aamendment modifies the allowed use(s) of the property or area that is the subject of the aamendment such that the proposed use(s) generate(s) more than one hundred morning or evening peak hour trips than are generated by the allowed use(s) before the aamendment; or
- The aamendment authorizes an increase in floor area for the property or area that is the subject of the aamendment that exceeds forty thousand (40,000) square feet when compared to the General Plan before approval of the aamendment; or
- The aamendment authorizes an increase in the number of dwelling units for the property or area that is the subject of the aamendment that exceeds one hundred (-100) dwelling units when compared to the General Plan before approval of the aamendment; or
- The increase in morning or evening peak hour trips, floor area or dwelling units resulting from the aamendment when added to eighty percent (80%) of the increases in morning or evening peak hour trips, floor area or dwelling units resulting from prior aamendments (see definition in Section 2J) exceeds one or more of the voter approval thresholds in Section 423 as specified in Subsection 1, 2 or 3.

If the City Council determines a General Plan Land Use Element Amendment requires voter approval after approving the amendment, the City Council then adopts a resolution calling an election on the amendment. The City Council schedules the election at the next regular municipal election, as specified by the City Charter. The City Attorney then prepares an impartial analysis of the amendment, which contains information about the amendment, any related project or land use approval, and the environmental analysis conducted that will help the electorate make an informed decision. In the absence of an ordinance or Charter provision that establishes a procedure for submittal of arguments or rebuttals relative to City measures, the City Council will adopt a resolution that authorizes the filing of arguments and rebuttals in accordance with the general procedures specified in the Elections Code.

It is important to understand that Charter Section 423 only applies to major General Plan amendments. Individual housing development projects that do not require a General Plan amendment are already

accommodated within the General Plan and zoning framework. They would not be subject to Charter Section 423 and would never require a vote of the electorate.

If a housing development project requires a General Plan amendment, any unit and peak hour traffic increases added to the project through the Density Bonus process are not counted toward Charter Section 423 thresholds and a determination whether a vote is required. Ultimately, projects that deemed to be a major amendment require additional procedural steps before a project can go forward because the project must go through an election process.

The City will implement Charter Section 423 when it amends the Land Use Element of its General Plan to implement Policy Actions 1A through 1F provided in Section 4 of this Housing Element. The increases in housing units and the peak hour traffic to accommodate the City's high RHNA allocation will exceed Charter Section 423 thresholds.¹ Charter Section 423 includes a statement that it shall not apply if state or federal law precludes a vote of the electorate on the amendment. However, the City has historically applied Charter Section 423 to its RHNA allocation obligations under state law as explained in greater detail below. Moreover, neither California Government Code Section 65580 et seq. nor the myriad housing bills passed by the California Legislature over the past several years has preempt application of voter-adopted growth initiatives to the housing legislation. On the contrary, many of the housing bills have ultimately deleted preemption language or authorized the local legislative body to override the voter-adopted initiative.

The vote will be scheduled in accordance with the California Elections Code and the City Charter after the City Council carefully reviews and approves the Land Use Element amendment and Zoning Strategies that support Policy Actions 1A through 1F. The City will prepare an Environmental Impact Report (EIR) in accordance with the California Environmental Quality Act (CEQA) prior to acting on the Land Use Element amendment and Zoning Strategies.

The City has had positive experiences with Section 423 General Plan updates in the past. Specifically, in 2006, the City adopted its comprehensive General Plan Update adding 1,166 housing units within its Land Use Element. The update included the housing unit increases to accommodate the City's share of the 4th RHNA cycle. In accordance with Charter Section 423, the update was submitted to the voters and the measure passed. For the 6th cycle Housing Element, like the 2006 vote, the City will initiate an election and pay for all costs associated with the ballot measure. The discussion within Housing Goal #1 in Section 4 details the milestones involved in the Land Use Element amendment vote process. The City may choose to submit multiple ballot measures.

If the ballot measure passes, Charter Section 423 would not be an impediment in any way to housing development projects supported by the Land Use amendment and Zoning implementation strategies stemming from this Housing Element. The increases in housing units and their related peak hour traffic

¹ Given the RHNA allocation, making any changes to Charter Section 423 that would exempt housing units from potentially requiring a vote is not a viable option.

would also not count against future General Plan amendment applications thereby reducing any the impediment to future housing developments needing a subsequent General Plan Amendment approved by the voters pursuant to Charter Section 423.

Based upon public comments received during the preparation of this Housing Element, there is no public support to amend Charter Section 423 to accommodate the housing necessary to satisfy the State RHNA mandate. While questions have been raised about placing a Charter amendment before the voters to amend Charter Section 423, this would be contrary to the will of the people as expressed through Measure S in 2000. Also, the City Council publicly debated the prospects of amending Charter Section 423 through its review of this Housing Element, and it is universally believed that placing such a Charter amendment before the voters would fail to obtain voter approval. Additionally, any effort to potentially amend Charter Section 423 would likely delay the implementation of this Housing Element and create voter fatigue reducing the prospects for success of a vote for the required Land Use Element Amendment to implement this Housing Element pursuant to Charter Section 423.

Short-Term Lodging Ordinance

Short-term lodging refers to the rental and leasing of a dwelling unit to a single household for less than 30 consecutive days. Short-term lodging is predominantly used by tourists to the City and the homeowner may or may not reside on the property.

The City of Newport Beach adopted Ordinance 2020-15 on July 15, 2020, which set permitting regulations for short-term lodging throughout Newport Beach. The Ordinance allows short-term lodging in all residential districts in the City with the approval of a permit and related fees. Ordinance 2020-15 is not considered a constraint to housing in the City as the intent is to control short-term lodging and collect Transient Occupancy Tax. The City provides information online for interested homeowners, Frequently Asked Questions, and permit application processes.

Specific Plans

The purpose of a Specific Plan is to implement the goals and objectives of a city's General Plan in a more focused and detailed manner that is area and project specific. The Specific Plan promotes consistency and an enhanced aesthetic level throughout the project community. Specific Plans contain their own development standards and requirements that may be more restrictive than those defined for the city as a whole.

Santa Ana Heights

The Santa Ana Heights Community is located to the north of Newport Beach between East Side Costa Mesa and the Upper Newport Bay. The area was previously within County of Orange's permitting jurisdiction and the redevelopment project area was designated to eliminate blight. The land has since been annexed into Newport Beach.

The principal objectives of the Santa Ana Heights Specific Plan include:

- Encourage the upgrading of existing residential neighborhoods and business development areas
- Ensure well-planned business park and commercial developments which are adequately buffered from adjacent residential neighborhoods
- Encourage the consolidation of smaller contiguous lots in the business park area
- Ensure that business park and residential traffic are separated to the maximum extent possible, while minimizing impact upon existing parcels
- Ensure adequate provision of public works facilities as development occurs
- Enhance equestrian opportunities with the residential equestrian neighborhood
- Enhance the overall aesthetic character of the community

The Santa Ana Heights Specific Plan identifies design and landscaping guidelines in Section 20.90.030 of the Newport Beach Zoning Code; the development standards are provided in Table 3-4. Table 3-6 also identifies the housing types permitted in each zoning district. Zoning district designations within the project area include the following:

- **Open Space and Recreational District: SP-7 (OS/R)** - Open Space and Recreational District is intended to establish the long-term use and viability of the Newport Beach Golf Course.
- **Residential Equestrian District: SP-7 (REQ)** Residential Equestrian District is intended to provide for the development and maintenance of a single-unit residential neighborhood in conjunction with limited equestrian uses. The zoning district is intended to maintain a rural character with an equestrian theme.
- **Residential Kennel District: SP-7 (RK)** - Residential Kennel District is intended to provide for the development of a single-unit residential neighborhood in conjunction with commercial kennel businesses.
- **Residential Single-Family District: SP-7 (RSF)** - Residential Single-Family District is intended to provide for the development of medium density single-unit detached residential neighborhoods. Permitted uses should complement and be compatible with residential neighborhoods.
- **Residential Multiple-Family District: SP-7 (RMF)** - Residential Multiple-Family District is intended to provide for the development of high-density multi-unit residential neighborhoods with a moderate amount of open space. Permitted uses should complement and be compatible with residential neighborhoods.
- **Horticultural Nursery District: SP-7 (HN)** - Horticultural Nursery District is intended to ensure the long-term use and viability of the horticultural nursery uses located along Orchard Drive in the western section of Santa Ana Heights.
- **General Commercial District: SP-7 (GC)** - General Commercial District is intended to provide regulations for the commercial areas along South Bristol Street and ensure the continuation of commercial uses which offer a wide range of goods and services to both the surrounding

residential and business communities. This district is intended to promote the upgraded aesthetic image of the community and reduce conflicts between commercial and residential uses.

- **Business Park District: SP-7 (BP)** - Business Park District is intended to provide for the development and maintenance of professional and administrative offices, commercial uses, specific uses related to product development, and limited light industrial uses. The district shall protect the adjacent residential uses through regulation of building mass and height, landscape buffers, and architectural design features.
- **Professional and Administrative Office District: SP-7 (PA)** - Professional and Administrative Office District is intended to provide for the development of moderate intensity professional and administrative office uses and related uses on sites with large landscaped open spaces and off-street parking facilities. This district is intended to be located along heavily trafficked streets or adjacent to commercial or industrial districts. This district may also be used to buffer residential areas.
- **Professional, Administrative, and Commercial Consolidation District: SP-7 (PACC)** - Professional, Administrative, and Commercial Consolidation District is intended to provide for the development of professional and administrative office uses and commercial uses on lots located between South Bristol Street and Zenith Avenue in a manner which ensures lot consolidation and vehicular access to and from South Bristol Street.
- **Planned Development Combining District (PD)** - Planned Development Combining District is intended to provide a method for land to be developed using design features which take advantage of modern site planning techniques to produce an integrated development project amongst existing and potential development of the surrounding neighborhoods.

Housing for Persons with Disabilities

Both the Federal Fair Housing Act and the California Fair Employment and Housing Act direct local governments to make reasonable accommodations (that is, modifications or exceptions) to their zoning laws and other land use regulations when such accommodations may be necessary to afford disabled persons an equal opportunity to use and enjoy a dwelling.

The Housing Element Update must also include programs that remove constraints or provide reasonable accommodations for housing designed for persons with disabilities. The analysis of constraints must touch upon each of three general categories: 1) zoning/land use; 2) permit and processing procedures; and 3) building codes and other factors, including design, location and discrimination, which could limit the availability of housing for disabled persons.

Reasonable Accommodation

Reasonable accommodation in the land use and zoning context means providing individuals with disabilities or developers of housing for people with disabilities, flexibility in the application of land use and zoning and building regulations, policies, practices and procedures, or even waiving certain requirements, when it is necessary to eliminate barriers to housing opportunities. For example, it may be reasonable to accommodate requests from persons with disabilities to waive a setback requirement or

other standard of the Zoning Code to ensure that homes are accessible for the mobility impaired. Whether a particular modification is reasonable depends on the circumstances.

The Reasonable Accommodation Chapter of the City's Municipal Code provides a procedure and sets standards for disabled persons seeking a reasonable accommodation in the provision of housing and is intended to comply with federal and state fair housing laws. According to the Reasonable Accommodation Chapter of the City's Municipal Code, a request for reasonable accommodation may be made by any person with a disability, their representative, or a developer or provider of housing for individuals with a disability, and a reasonable accommodation may be approved only for the benefit of one or more individuals with a disability. Once an applicant requests reasonable accommodation via all appropriate forms and submittals (as outline in Chapter 20.25.070 of the Newport Beach Municipal Code), the following actions may be taken by the Hearing Office:

- The Hearing Officer shall issue a written determination to approve, conditionally approve, or deny a request for reasonable accommodation, and the associated modification or revocation.
- The reasonable accommodation request shall be heard with, and subject to, the notice, review, approval, call for review, and appeal procedures identified for any other discretionary permit.
- On review the Council may sustain, reverse, or modify the decision of the Hearing Officer or remand the matter for further consideration, which remand shall include specific issues to be considered or a direction for a de novo hearing.

The written decision to approve or deny a request for reasonable accommodation must be consistent with all the applicable Federal and State laws and is be based on consideration of the following findings, all of which are required for approval, the requested accommodation:

- Is requested by or on the behalf of one or more individuals with a disability protected under the Fair Housing Laws.
- Is necessary to provide one or more individuals with a disability an equal opportunity to use and enjoy a dwelling.
- Will not impose an undue financial or administrative burden on the City as "undue financial or administrative burden" is defined in Fair Housing Laws and interpretive case law.
- Will not result in a fundamental alteration in the nature of a City program, as "fundamental alteration" is defined in Fair Housing Laws and interpretive case law; and
- Will not, under the specific facts of the case, result in a direct threat to the health or safety of other individuals or substantial physical damage to the property of others.

In making determinization for a request for reasonable accommodation, the hearing officer may consider a variety of factors; factors for consideration by the hearing officer are listed (but limited to) in Chapter 20.52.070 of the Newport Beach Municipal Code. Reasonable accommodation generates practical opportunity and increased feasibility for the creation of accessible housing and the Newport Beach's City process is not considered a constraint to the development of housing for all persons.

Definition of Family

A restrictive definition of “family” that limits the number of unrelated persons and differentiates between related and unrelated individuals living together is inconsistent with the right of privacy established by the California Constitution. The City’s Municipal Code defines “family” as one or more persons living together as a single housekeeping unit in a dwelling unit. The Code also defines a single housekeeping unit as the functional equivalent of a traditional family, whose members are an interactive group of persons jointly occupying a single dwelling unit, including the joint use of and responsibility for common areas, and sharing household activities and responsibilities (e.g., meals, chores, household maintenance, expenses, etc.) and where, if the unit is rented, all adult residents have chosen to jointly occupy the entire premises of the dwelling unit, under a single written lease with joint use and responsibility for the premises, and the makeup of the household occupying the unit is determined by the residents of the unit rather than the landlord or property manager. The City’s definition of family does not limit the number of unrelated persons living together, however the definition for single housekeeping unit, as it relates to family, may require an update by the City as it considers a unit the equivalent to a traditional family.

Development Fees

Residential developers are subject to a variety of permitting, development, and impact fees in order to access services and facilities as allowed by State law. The additional cost to develop, maintain, and improve housing due to development fees result in increased housing unit cost, and therefore is generally considered a constraint to housing development. However, fees are necessary to provide planning and public services in Newport Beach.

The location of projects and housing type result in varying degrees of development fees. The presumed total cost of development is also contingent on the project meeting city policies and regulations and the circumstances involved in a particular development project application. **Table 3-10** provides the planning and land use fees assessed by City of Newport Beach and **Table 3-11** provides the engineering and development services fees required for development projects. All fees are available on the City’s website in compliance with (GC 65940.1(a)(1)(A)).

Estimated total development and impact fees for a typical single-unit residential project, assuming it is not part of a subdivision and is consistent with existing city policies and regulations can range from \$63,304 to \$68,304. Estimated total development and Impact fees for a typical multi-unit residential project with ten units, assuming it is consistent with existing City policies and regulations range from \$429,600 to \$434,600.

These estimates are illustrative in nature and that actual costs are contingent upon unique circumstance inherent in individual development project applications. Considering the high cost of land in Newport, and the International Code Council (ICC) estimates for cost of labor and materials, the combined costs of permits and fees range from approximately 12.5 percent to 13.5 percent of the direct cost of development for a single-unit residential project and 9.6 percent to 9.3 percent for a multi-unit residential project. Direct costs do not include, landscaping, connection fees, on/off-site improvements, shell construction or amenities, therefore the percentage of development and impact fees charged by the City may be smaller if all direct and indirect costs are included.

Table 3-10: Planning and Land Use Fees

Type	Fee	Deposit	Hourly Rate
Amateur Radio and Satellite Dish Antenna Permit	\$1,379		
Amendment – General Plan	--	\$7,500	\$266
Amendment – Local Coast Program	--	\$3,300	\$266
Amendment – Planned Community	--	\$7,500	\$266
Amendment – Zoning Code	--	\$7,500	\$266
Appeals to City Council	\$1,715	--	--
Appeals to Planning Commission	\$1,715	--	--
Approval in Concept Permit	\$916	--	--
Certificate of compliance \$358 + \$12 County	\$370	--	--
Coastal Development Permit / Parcel Map Bundle	\$3,380	--	--
Coastal Development Permit Waiver / Initial Review	\$1,195	--	--
Compliance Letters / Minor Records Research	\$390	--	--
Comprehensive / Heritage / Innovative Sign Program	\$1,906	--	--
Condominium Conversion Permit	\$1,354	--	--
Development Agreement	--	\$10,000	\$266
Development Agreement Annual Review	\$1,397	--	--
Director / Staff Approval	\$982	--	--
Extensions of Time (except Abatement Period)	\$172	--	--
Environmental Documents	110% of Consultant Cost	--	
Heritage Sign Review	--	--	\$166
In-Lieu Parking	--	--	\$150
Limited Term Permit – Less than 90 Days	\$650	--	--
Limited Term Permit – More than 90 Days	\$2,235	--	--
Limited Term Permit – Seasonal	\$309	--	--
Lot Line Adjustment	\$2,316	--	--
Lot Merger	\$2,316	--	--
Modification Permit	\$3,219	--	--
Nonconforming Abatement Period Extension	\$698	--	--
Operators License – Application	\$974	--	--
Operators License – Appeal	\$946	--	--
Planned Community Development Plan	--	\$10,000	\$266
Planned Development Permit	\$6,386	--	--
Preliminary Application for Residential Development	\$776	--	--
Public Noticing Costs	\$508	--	--
<u>Reasonable Accommodation</u>	<u>\$0</u>	<u>--</u>	<u>--</u>
Site Development Review – Major	\$5,776	--	--
Site Development Review – Minor	\$3,293	--	--
Subdivision Parcel Map	\$2,301	--	--
Subdivision Tentative/Vesting Tract Map	\$5,685	--	--
Temporary Banner Permit (\$50 + \$1 Recorded Management Fee)	\$59	--	--
Transfer of Development Rights	\$4,490	--	--

Type	Fee	Deposit	Hourly Rate
Use Permit – Conditional	\$5,838	--	--
Use Permit – Minor	\$3,292	--	--
Variance	\$5,380	--	--
Zoning Plan Check	--	--	\$208

Sources: City of Newport Beach Planning Division Fee Schedule (Effective 07/01/2021¹⁹ per Council Resolution 2021-21).

Table 3-11: Engineering and Development Services Fees

Type	Fee
Plan Check Hourly Rate	\$261
Plan Review	87% of Building Permit Fee
Repetitive Plan Review	25% of Building Permit Fee
Energy Compliance Review	0.07% of Construction Cost
Disabled Access Compliance Review	0.1% of Construction Cost
Grading Plan Review by City Staff	87% of Grading Permit Fee
Grading Plan Review of Complex Projects by Consultant	133% of Consultant Fee
Determination of Unreasonable Hardship	\$357
Electrical Plan Review	87% of Total Permit Fee
Mechanical Plan Review	87% of Total Permit Fee
Plumbing Plan Review	87% of Total Permit Fee
Drainage Plan Review for Alteration to Drainage	\$199
Water Quality Management Plan Review (Commercial Projects)	\$275
Water Quality Management Inspections (Commercial Projects)	\$350
Water Quality Management Plan Review Fee (Residential Projects)	\$191
Water Quality Management Inspection Check Fee (Residential Projects)	\$284
Expedite Plan Review	1.75 X regular plan check fees (\$453 minimum)
Plan Check Extension	\$68
Harbor Construction Plan Review	\$329
Waste Management Administration Fee	\$27

Sources: City of Newport Beach Schedule of Rents, Fines, and Fees (Effective 07/01/2021 per City Resolution 2021-21).

Impact Fees

Impact fees are assessed on a case-by-case basis depending on the proposed use, location, and density. Impact fees ensure adequate maintenance and provision of public facilities and services to the project and include transportation, school, park and open space, waste management, sewage, and water.

Table 3-12 provides the fees calculated based on land use in Newport Beach.

Table 3-12: Development Impact fees

Use	Fee
Transportation (Fair Share)	
Single-Unit Development	\$2,579/unit
Residential-Medium Density	\$2,016 /unit
Apartment	\$1,524/unit
Elderly Residential	\$938/unit
Mobile Home	\$1,407/unit
Nursing/ Convalescent Home	\$633/unit
School Impact Fee	
N-MUSD Residential Developer Fee	\$1.84/sq. ft. ⁽¹⁾
Park Dedication	
Park Dedication	\$30,217/unit
San Joaquin Transportation Corridor Agency (TCA) – Zone A⁽²⁾	
Single Unit	\$6,050/unit
Multi-Unit	\$3,524/unit
San Joaquin Transportation Corridor Agency (TCA) – Zone B⁽²⁾	
Single Unit	\$4,689/unit
Multi-Unit	\$2,735/unit
Sources: City of Newport Beach Schedule of Rents, Fines, and Fees (Effective 07/01/2021 per Council Resolution 2021-21). Newport-Mesa Unified School District Developer Fees	
Notes:	
(1) Addition under 500 sq.ft. may be exempt	
(2) Effective July 1, 2020 – June 30, 2021. The fee rate schedule increases by 2.667% each year on July 1 st .	

On-/Off-Site Improvements

Site improvements in the City consist of those typically associated with development for on-site improvements (street frontage improvements, curbs, gutters, sewer/water, and sidewalks), and off-site improvements caused by project impacts (drainage, parks, traffic, schools, and sewer/water). Thus, these are costs that may influence the sale or rental price of housing. Because residential development cannot take place without the addition of adequate infrastructure, site improvement requirements are considered a regular component of development of housing within the City.

Building Codes and Enforcement

The City's construction codes are based upon the California Code of Regulations, Title 24 that includes the California Administrative Code, Building Code, Residential Code, Electrical Code, Mechanical Code, Plumbing Code, Energy Code, Historical Building Code, Fire Code, Existing Building Code, Green Building Standards Code, and California Referenced Standards Code. They are the minimum necessary to protect the public health, safety and welfare of the City's residents. In compliance with State law, the California Building Standards Code is revised and updated every three (3) years. The newest edition of the California Building Standards Code is the 2019 edition with an effective date of January 1, 2020. The City strives to provide reasonable accommodation for persons with disabilities in the enforcement of building codes and the issuance of building permits. The City has not made any building code or code enforcement amendments in the past 8 years which directly affect or potentially hinder the development of housing in Newport Beach.

Code enforcement is conducted by the City and is based on systematic enforcement in areas of concern and on a complaint basis throughout the city. The Code Enforcement Division works with property owners and renters to assist in meeting state health and safety codes. The Code Compliance Department investigates complaints regarding violations of the Newport Beach Municipal Codes. The following are frequent enforcement items:

- Hazardous property conditions
- Overgrown vegetation
- Housing Code violations (broken windows, peeling paint)
- Inoperable and abandoned vehicles on private property
- Signs, including signs in public right-of-way and signs without permits
- Solid Waste (early set-out of containers, inadequate containers, illegal dumping)
- Water quality and conservation
- Zoning requirements, (i.e., illegal dwelling units and use requirements)

Local Processing and Permit Procedures

The processing time needed to obtain development permits and required approvals is commonly cited by the development community as a prime contributor to the high cost of housing. Depending on the magnitude and complexity of the development proposal, the time that elapses from application submittal to project approval may vary considerably. Factors that can affect the length of development review on a proposed project include the completeness of the development application and the responsiveness of developers to staff comments and requests for information. Approval times are substantially lengthened for projects that are not exempt from the California Environmental Quality Act (CEQA), require rezoning or general plan amendments, encounter community opposition, or are appealed to or require approval from the Coastal Commission. The City strives for a streamlined building permit plan check process, especially for single- and multi-family residential development. Internal targets for plan check review times for building permits are 10 business days for the first submittal, 5 business days for the second and subsequent submittals, if needed. It is worth noting that the timing of the overall process depends more heavily on the responsiveness of the design team after the first round of review.

For projects requiring a discretionary action, such as a coastal development permit, site development review, or parcel map, approximately three additional months should be added to processing timelines. Although rare, if an EIR, Zone Change, General Plan Amendment, or Local Coastal Program Amendment is required, then approximately eight months should be added to processing timelines.

Applicants for all permits or reviews are recommended to request a pre-application conference with the respective department to achieve the following:

- Inform the applicant of City requirements as they apply to the proposed project.

- Review the City’s review process, possible project alternatives or revisions; and
- Identify information and materials the City will require with the application, and any necessary technical studies and information relating to the environmental review of the project

All applicable fees related to permits and reviews are established by the City Council and can be found in the City’s Master fee schedule (Tables 3-10 and 3-11). All applications are first reviewed for completeness, discretionary applications require the respective department to provide a written report and recommendation, applications are then subject to review by the appropriate authority. **Table 3-13** below identifies the review authority responsible for reviewing and making decisions on each type of application required by the Newport Beach Zoning Code. Permit review procedures for residential developments in the City of Newport Beach are outlined below.

Table 3-13: Review Authority for Permit Application

Type of Action	Applicable Code Chapter/Section	Role of Review Authority ¹				
		Director	Zoning Administrator	Hearing Officer	Commission	Council ²
Administrative and Legislative						
Interpretations	Section 20.12.020	Determination ³	--	--	Appeal	Appeal
Planned Communities	Chapter 20.56	--	--	--	Recommend	Decision
Specific Plans	Chapter 20.58	--	--	--	Recommend	Decision
Zoning Code Amendments	Chapter 20.66	--	--	--	Recommend	Decision
Zoning Map Amendments	Chapter 20.66	--	--	--	Recommend	Decision
Permits and Approvals						
Conditional Use Permits	Section 20.52.020	--	--	--	Decision	Appeal
Conditional Use Permits—Residential Zones HO	Section 20.52.030	--	--	Decision	--	Appeal
Minor Use Permits	Section 20.52.020	--	Decision ³	--	Appeal	Appeal
Modification Permits	Section 20.52.050	--	Decision ³	--	Appeal	Appeal
Planned Development Permits	Section 20.52.060	--	--	--	Decision	Appeal

Type of Action	Applicable Code Chapter/Section	Role of Review Authority ¹				
		Director	Zoning Administrator	Hearing Officer	Commission	Council ²
Reasonable Accommodations	Section 20.52.070	--	--	Decision	--	Appeal
Site Development Reviews	Section 20.52.080	--	Decision ³	--	Decision	Appeal
Variances	Section 20.52.090	--	--	--	Decision	Appeal
Zoning Clearances	Section 20.52.100	Determination ³	--	--	Appeal	Appeal

Notes:

- (1) "Recommend" means that the Commission makes a recommendation to the Council; "Determination" and "Decision" mean that the review authority makes the final determination or decision on the matter; "Appeal" means that the review authority may consider and decide upon appeals to the decision of a previous decision-making body, in compliance with Chapter [20.64](#) (Appeals).
- (2) The Council is the final review authority for all applications in the City.
- (3) The Director or Zoning Administrator may defer action and refer the request to the Commission for consideration and final action.

Source: City of Newport Beach Municipal Code, Chapter 20.50 Permit Application Filing and Processing

Conditional Use Permits in Residential Zoning

The purpose and intent of Conditional Use Permits in residential zoning districts, as identified by the Newport Beach Municipal Code Chapter 20.52.030, is to promote the public health, safety, and welfare and to implement the goals and policies of the General Plan by ensuring that conditional uses in residential neighborhoods do not change the character of the neighborhoods as primarily residential communities. As well as, to protect and implement the recovery and residential integration of the disabled, including those receiving treatment and counseling in connection with dependency recovery. In doing so, the City seeks to avoid the over-concentration of residential care facilities so that these facilities are reasonably dispersed throughout the community and are not congregated or over-concentrated in any particular area to institutionalize that area.

A conditional use permit is required to authorize uses not previously permitted as allowable in the applicable residential zoning district or in an area where residential uses are provided for in Planned Community Districts or specific plan districts. An application for a conditional use permit, meeting all the requirements outline in Chapter 20.52.030 D, is then reviewed by the Director to ensure that the proposal complies with all applicable requirements. Additionally, all conditional use permit applications require a public hearing and a public notice of the hearing. The review authority identified in Table 3-9 above is designated to approve, conditionally approve, or deny applications for conditional use permits in residential zoning districts.

Site Development Reviews

The City of Newport Beach identifies the purpose of site development reviews as providing a process for the review of specific development projects in order to:

- Ensure consistency with General Plan policies related to the preservation of established community character, and expectations for high quality development.

- Respect the physical and environmental characteristics of the site.
- Ensure safe and convenient access and circulation for pedestrians and vehicles.
- Allow for and encourage individual identity for specific uses and structures.
- Encourage the maintenance of a distinct neighborhood and/or community identity.
- Minimize or eliminate negative or undesirable visual impacts.
- Ensure protection of significant views from public right(s)-of-way in compliance with Section 20.30.100 (Public View Protection); and
- Allow for different levels of review depending on the significance of the development project.

Site development review is required before the issuance of a building or grading permit for any new structure. Structures that do not require a site development review (but instead require a zoning clearance) include, accessory structures, fences and/or walls, reconstruction or exterior remodeling of existing structures, one to four dwelling units, without a tentative or parcel map, and non-residential up to a maximum of 9,999 square feet of gross floor area. Site development review and approval is determined by either the Zoning Administrator or the Planning Commission. **Table 3-14** below identifies the applicable review authority for different development types.

Table 3-14: Review Authority and Action for Residential Construction

Type of Construction Activity	Role of Review Authority (1) (2)	
	Zoning Administrator (Minor Review)	Planning Commission (Major Review)
Residential construction: 5 to 20 dwelling units, without a tentative or parcel map.	Decision	Appeal
Residential construction: 5 or more dwelling units with a tentative or parcel map and 21 or more dwelling units, without a tentative or parcel map.	--	Decision
Residential construction: On a bluff, an increase in the boundaries of a development area in compliance with the findings in Section 20.28.040 (Bluff (B) Overlay District).	--	Decision
Mixed-use projects: 1 to 4 dwelling units and nonresidential construction of up to a maximum of 9,999 square feet of gross floor area.	Decision	Appeal
Mixed-use projects: 5 or more dwelling units and/or nonresidential construction of 10,000 square feet or more of gross floor area.	--	Decision
<i>Source: City of Newport Beach Municipal Code</i>		

A site development review is initiated when the Department receives a complete application package including the required information and materials specified by the Director and any additional information required by the applicable review authority in order to conduct a thorough review of the project. Upon receipt of a complete application the applicable review authority shall conduct a review of the location, design, site plan configuration, and effect of the proposed project on adjacent properties by comparing the project plans to established development standards and adopted criteria and policies applicable to

the use or structure. All site development reviews require a public hearing and a notice of the hearing. The review authority may approve or conditionally approve a site development review application.

The following criteria shall be considered during the review of a site development review application:

- Compliance with this section, the General Plan, this Zoning Code, any applicable specific plan, and other applicable criteria and policies related to the use or structure.
- The efficient arrangement of structures on the site and the harmonious relationship of the structures to one another and to other adjacent developments; and whether the relationship is based on standards of good design.
- The compatibility in terms of bulk, scale, and aesthetic treatment of structures on the site and adjacent developments and public areas.
- The adequacy, efficiency, and safety of pedestrian and vehicular access, including drive aisles, driveways, and parking and loading spaces.
- The adequacy and efficiency of landscaping and open space areas and the use of water efficient plant and irrigation materials; and
- The protection of significant views from public right(s)-of-way and compliance with Section 20.30.100 (Public View Protection).

~~All site development reviews require a public hearing and a notice of the hearing. The review authority may approve or conditionally approve a site development review application.~~ Section 4: Housing Plan establishes Policy Action 3A to establish objective design standards for the City. Specifically, Policy Action 3A states – The City of Newport Beach will review existing entitlement processes for housing development and will eliminate discretionary review for all housing development proposals that include a minimum affordable housing component. The City will also review the appropriateness of its current development standards to ensure that it reasonably accommodates the type and density of housing it is intended to support. The City will also amend existing development standards to replace or remove all subjective standards for projects with a minimum affordable housing component with objective standards that do not impede the type and density of housing it is intended to allow. The objective development standards are to be adopted within 24 months of the Housing Element adoption.

Zoning Clearances

A Zoning clearance is the procedure used by the City to verify that a proposed use or structure complies with the activities allowed in the applicable zoning district and the development standards and other provisions of the City's Zoning Code. A zoning clearance is required as a prerequisite to establishing a structure for the following:

- Before the initiation or commencement of any use of land not requiring the construction of a structure.
- Whenever a use is proposed to be changed, whether or not the new use involves a new lessee, operator, or owner, a zoning clearance shall be obtained.

- Before the City issues a new or modified building permit, grading permit, or other construction-related permit required for the alteration, construction, modification, moving, or reconstruction of any structure.

The Department may issue the zoning clearance after first determining that the request complies with all Zoning Code provisions and other adopted criteria and policies applicable to the proposed use or structure. An approval may be in the form of a stamp, signature, or other official notation on approved plans, a letter to the applicant, or other certification, at the discretion of the Director. Review authority for Zoning Clearances is stated in Table 3-11 above.

Senate Bill 35

California Senate Bill 35 (SB 35), codified as Government Code Section 65913.41, was signed on September 29, 2017 and became effective January 1, 2018. SB 35 will automatically sunset on January 1, 2026 (Section 65913.4(m)). The intent of SB 35 is to expedite and facilitate construction of affordable housing. SB 35 applies to cities and counties that have not made sufficient progress toward meeting their affordable housing goals for above moderate- and lower-income levels as mandated by the State. In an effort to meet the affordable housing goals, SB 35 requires cities and counties to streamline the review and approval of certain qualifying affordable housing projects through a ministerial process.

When a jurisdiction has made insufficient progress toward their Above Moderate-income RHNA and/or has not submitted the latest Housing Element Annual Progress Report (2018) it is subject to the streamlined ministerial approval process (SB 35 (Chapter 366, Statutes of 2017) streamlining) for proposed developments with at least 50 percent affordability. All projects, which propose at least 50 percent affordable units within Newport Beach are eligible for ministerial approval under SB 35 as determined by the SB 35 Statewide Determination Summary. To be eligible for SB 35 approval, sites must meet a long list of criteria, including:

- A multifamily housing development (at least two residential units) in an urbanized area;
- Located where 75% of the perimeter of the site is developed;
- Zoned or designated by the general plan for residential or mixed use residential;
- In a location where the locality's share of regional housing needs have not be satisfied by building permits previously issued;
- One that includes affordable housing in accordance with SB 35 requirements;
- Consistent with the local government's objective zoning and design review standards; and
- Willing to pay construction workers the state-determined "prevailing wage."

A project does not qualify for SB 35 streamline processing if in:

- A coastal zone, conservation lands, or habitat for protected species;
- Prime farmland or farmland of statewide importance;
- Wetlands or lands under conservation easement;

- A very high fire hazard severity zone;
- Hazardous waste site;
- Earthquake fault zone;
- Flood plain or floodway;
- A site with existing multi-family housing that has been occupied by tenants in the last ten years or is subject to rent control; or
- A site with existing affordable housing.²

2. Infrastructure Constraints

Another factor that could constrain new residential construction is the requirement and cost to provide adequate infrastructure (major and local streets; water and sewer lines; and street lighting) needed to serve new residential development. In most cases, where new infrastructure is required, it is funded by the developer and then dedicated to the City, which is then responsible for its maintenance. The cost of these facilities is generally borne by developers, which increases the cost of new construction, with much of that increased cost often “passed on” in as part of home rental or sales rates.

The Utilities Department oversees, manages, and maintains the City’s:

- Water
- Wastewater (sewer)
- Storm drain and tidal valve system
- Street sweeping
- Streetlights
- Oil and gas operations

The City has water, sewer and dry utilities that exist or are planned to accommodate residential development in the community. As the City is essentially built out, the infrastructure in place is designed and located to accommodate potential for additional housing identified for the 6th Cycle Housing Element.

Dry Utilities

Dry utilities are the installation of the electric, telephone, TV, internet, and gas in a community. Of the utilities, the City must plan to provide the necessary resources, such as electric and gas, to increased households from 2021-2029, as projected by the RHNA allocation.

Electricity

Southern California Edison (SCE) is the electrical service provider for the City of Newport Beach. SCE is regulated by the California Public Utilities Commission (CPUC) and the Federal Energy Regulatory Commission (FERC) and includes 50,000 square miles of SCE service area across Central, Coastal, and Southern California. The SCE reliability report identifies the reliability of electricity services to the City and identifies any dependability issues that exist in the City. There are 52 circuits that serve the City of

² JD Supra Knowledge Center, “How California’s SB 35 Can Be Used to Streamline Real Estate Development Projects”, Accessed March 26, 2021.

Newport Beach, in total the 52 circuits serve 77,199 customers. SCE measure reliability by three categories:

- **System Average Interruption Duration Index (SAIDI)** – total minutes every SCE customer was without power due to sustained power outage (outage > 5 minutes) divided by total number of customers
- **System Average Interruption Frequency Duration Index (SAIFI)** – Number of sustained customer outages experienced by all SCE customers divided by total number of customers
- **Customer Average Interruption Duration Index (MAIFI)** – System average interruption duration index divided by system average interruption frequency index

Overall, the City of Newport Beach experience relatively low interruptions compared to the overall service provided to all SCE customers, displayed in **Figure 3-1**.

Figure 3-1: Reliability History of Circuits Serving Newport Beach (No Exclusions)



Source: Southern California Edison, Reliability Reports, Newport Beach 2020

SCE will continue to provide adequate services to the City of Newport Beach including increased household growth as projected by the City's RHNA allocation.

Natural Gas

Southern California Gas Company provides natural gas services to the City of Newport Beach. SoCal Gas is a gas-only utility and, in addition to serving the residential, commercial, and industrial markets, provides gas for enhanced oil recovery (EOR) and EG customers in Southern California. The SoCal Gas 2020 utility

report projects total gas demand to decline at an annual rate of 1 percent from 2020-2035. From 2020-2035, residential demand is expected to decline from 230 Bcf to 198 Bcf. The decline is approximately 1 percent per year, on average. The decline is due to declining use per meter—primarily driven by very aggressive energy efficiency goals and associated programs— offsetting new meter growth.³

SoCalGas engages in several energy efficiency and conservation programs designed to help customers identify and implement ways to benefit environmentally and financially from energy efficiency investments. Programs administered by SoCalGas include services that help customers evaluate their energy efficiency options and adopt recommended solutions, as well as simple equipment-retrofit improvements, such as rebates for new hot water heaters. Additionally, the City of Newport Beach employs programs for energy and utility conservation, outline below in **Section 3: Housing Resources, Opportunities for Energy Conservation.**

Water Supply

The City of Newport Beach Utilities Department currently serves a population of over 86,000 within a service area of approximately fifty square miles. The Department is responsible for providing a safe and reliable source of water to approximately 26,200 active connections and delivering approximately 13,500-acre feet (AF) of water per year on average.⁴ The City's distribution system consists of approximately 300 miles of distribution pipelines and is divided into five main pressure zones: Zone 1 through Zone 5 with 16 minor zones. Zones 1 and 2 are the largest and cover most of the system demands. Zones 3, 4 and 5 are smaller pumped zones. The system infrastructure consists of four wells, three storage reservoirs, five pump stations and 43 pressure reducing stations (PRS) that manage pressure across the system.⁵

The City of Newport Beach water division is separated into four sections: water maintenance and repair, water production, water quality, and water system services, each department's duties are outlined below. Together the division is responsible for providing a safe and reliable source of water.

Newport Beach Water Source

The City receives its water from several sources, local groundwater from the Lower Santa Ana River Groundwater Basin, imported water purchased from the Municipal Water District of Orange County (MWDOC), and recycled water purchased from Orange County Water District (OCWD). Most of the City's water supply is groundwater, pumped from four wells within the City of Fountain Valley. Imported water is treated at the Diemer Filtration Plant operated by the Metropolitan Water District of Southern California (Metropolitan). The City is not capable of treating water to produce reclaimed water but purchases water from OCWD through the Green Acres Project.⁶

³ SoCal Gas 2020 California Gas report, Prepared in Compliance with California Public Utilities Commission Decision D .95-01-039

⁴ City of Newport Beach, Water rate Study, 2019

⁵ City of Newport Beach, Water Master Plan, 2019

⁶ City of Newport Beach, Urban Water Management Plan (2015)

Water Maintenance and Repair

Water Maintenance & Repair is responsible for the maintenance and operation of the City's water mains and valves that are located underground.

Water Production

Water Production operates, maintains, and disinfects the City of Newport Beach's water supply. The division operates two well sites which produce groundwater from the Orange County Basin as well as three water reservoirs to receive, store and distribute the City's water. Other water facilities that assist in the distribution and treatment process include: five water pump stations, five Metropolitan Water District interconnections, and 42 water pressure regulating stations. Water Production also manages SCADA (Supervisory Control and Data Acquisition) which monitors and controls the pumps in the City's water wastewater and gas systems.

Big Canyon Reservoirs

Located at 3300 Pacific View Drive in Corona Del Mar. The Big Canyon Reservoir is the largest City owned reservoir with a capacity of 600-acre foot or 195 million gallons. Built in 1958 this reservoir was the primary water supply for Newport for many years. Although the reservoir does have the ability to supply water to the entire service area the reservoir is primarily used as a storage reservoir and supply to the City's higher-pressure zones.

Spyglass Hill Reservoir

Located under the Spyglass Reservoir park at the end of Muir Beach Circle in Spyglass is the 1.5-million-gallon concrete reservoir. Built in the 1970s to supply the surrounding community this 101-foot diameter and 27-foot-deep reservoir is under the playground park. Large concrete support columns and thick concrete roof and walls support this reservoir.

16th Street Reservoir

Located at the Utilities Yard at 949 West 16th Street in Newport Beach the newest of our reservoirs is a 3-million-gallon underground concrete reservoir. Built in 1996 as part of the City's ground water project, this reservoir receives well water from our four City owned wells in Fountain Valley. This reservoir supplies water to the 16th Street pump station that can pump up to 12,000 gallons per minute into our distribution system. Excess water not used in the system is stored in the Big Canyon Reservoir in Corona Del Mar.

Water Quality

The City of Newport Beach Utilities Department is responsible for providing residents with a reliable, safe, clean, potable, and domestic water supply. Newport Beach's drinking water is safe for drinking. It meets or exceeds all Federal and California water quality standards, which are the most stringent standards of any state in the nation. The City's staff continuously monitors the City's water supply and conducts more than 1,500 tests each year on potable water drawn from different sampling points along our distribution system.

Water System Services

Water System Services assists City of Newport Beach customers with any questions regarding water quality, water pressure, consumption usage, any concern with water meters, leak detection, utilities

inspections and underground utility locating. The City's Water Systems Services webpage provides tips and information for proper water systems care for property owners as well as additional resources.

Wastewater

Wastewater is responsible for the collection of residential and commercial wastewater. This Division has three sub-sections: Pump Station Operation, Cleaning Operation and Construction Operation. These three sub-sections provide service relating to pump station repair and maintenance, sewer main, lateral and manhole cleaning, sewer blockage and odor, and sewer main and lateral breaks and repairs.

The City's Wastewater department is responsible for 203 miles of sewer pipe, 120 miles of sewer laterals, approximately 5,000 manholes, 21 pump stations, and five miles of force mains. The City's 2019 Sewer System Management Plan states the department's main goals to include the following:

- Maintain uninterrupted sewage flow without health hazard, effluent leakage, or water infiltration and inflow.
- Operate a sanitary sewer system that meets all regulatory requirements.
- Avoid sanitary sewer overflows and respond to sanitary sewer overflows quickly and mitigate any impact of the overflow.
- Maintain standards and specifications for the installation of new wastewater systems.
- Verify the wastewater collection system has adequate capacity to convey sewage during peak flows.
- Provide training for Wastewater Collection staff.
- Maintain the Fats, Oil, and Grease program (FOG program) to limit fats, oils, grease, and other debris that may cause blockages in the wastewater collection system.
- Identify and prioritize structural deficiencies and implement short-term and long-term maintenance and rehabilitation actions to address each deficiency.
- Meet all applicable regulatory notification and reporting requirements.
- Provide excellent customer service through efficient system operation and effective communication strategies.

Sewer

The Orange County Sanitation District (OCSD) provides sanitation services to the City of Newport Beach. In 2013, the sanitation district began a construction program to rehabilitate the OCSD's regional sewers in the City. The program ran through 2018 and consisted of five construction projects, including:

- **Dover Drive Trunk Sewer Relief (5-63):** The Dover Drive Trunk sewer runs between Irvine Blvd. and Coast Highway and is in poor condition. The existing sewer pipeline also does not have efficient hydraulic capacity to handle the wastewater flow and must therefore be replaced with a larger pipeline. OCSD will also relocate a city waterline to reduce the level of impact for the community by eliminating the need for a secondary project in the area.

- **Balboa Trunk Sewer Rehabilitation (5-47):** This project will rehabilitate the existing Balboa Trunk sewer along Newport Blvd. and Balboa Blvd. between A Street and Finley Ave. (See map: between A Street Pump Station and Lido Pump Station.) The project includes installation of a new protective lining in approximately 12,600 feet of sewer pipeline.
- **Newport Force Main Rehabilitation (5-60):** The Newport Force Main is a critical component of our sewer system and needs to be rehabilitated. It carries the wastewater flow from various pump stations to our treatment plant in Huntington Beach. The pipelines are located on Coast Highway stretching past Dover Dr. to the Bitter Point Pump Station, approximately 1/4 mile north of Superior Ave., which is a heavily traveled thoroughfare. There are two sewer lines, one on the north side of Coast Highway and one on the south side which make the rehabilitation more complex.
- **District 6 Trunk Sewer Relief (6-17):** The District 6 Trunk sewer runs from Pomona Ave. in the City of Costa Mesa to Newport Blvd. near Coast Highway in the City of Newport Beach. This project will increase the capacity of the existing sewer pipeline to reduce the potential for sewer spills and to properly handle flows.
- **Southwest Costa Mesa Trunk (6-19):** In an effort to improve efficiency in our service area, this project is looking into the design and construction of a new gravity trunk sewer. This project may lead to the abandonment of eight Costa Mesa and Newport Beach pump stations to provide more reliable service to the community

The infrastructure improvements initiated by OCSD from 2013 to 2018 increased overall capacity and efficiency in the Newport Beach sewer system. The City can accommodate the increase in households as projected by the City's RHNA allocation.

Water Demand

In fiscal year 2014-15, the City's total water demand was approximately 16,033 acre-feet. The City's potable demand was met through 11,200 acre-feet of groundwater and 4,338 acre-feet of imported water; the remaining non-potable demand was met through recycled water. The City is projecting over five percent increase in total potable and non-potable demand in the next 25 years accompanied by a projected 13 percent population growth.⁷

The 2015 UWMP found that Metropolitan is able to meet full service demands of its member agencies with existing supplies out to 2040 during a normal, single-dry, and multiple-dry year scenario. Additionally, the 2019 Water Master Plan found that though population continues to increase over the past ten years, total water demand has decreased. The 10-year average annual demand for 2007-2016 (15,991 AF) is 14 percent less than the 1986-1996 average annual demand (18,626 AF). The City's water infrastructure and service provider is capable of meeting the water demands of its customers under the same hydrological conditions out to 2040, this includes all household growth estimated by the City's RHNA allocation.

⁷ City of Newport Beach, Urban Water Management Plan (2015)



Fire and Emergency Services

The City of Newport Beach's Fire Department aims to Protect life, property, and the environment with innovative professionalism and organizational effectiveness using highly trained professionals committed to unparalleled service excellence. The department has 144 full-time employees and over 200 part-time/seasonal employees provide 24-hour protection and response to the community's residents, businesses, and visitors.

The department's primary goals are identified as follows:

- Identify and reduce fire and environmental hazards that may threaten life and property.
- Provide a safe, effective, and expeditious response to requests for assistance.
- Develop an adequately trained workforce to effectively perform their duties.
- Participate in the community development planning process to improve fire and life safety.
- Encourage department personnel to assume leadership roles in the organization.
- Plan for response to natural and man-made disasters that affect the community.
- Educate and train employees and the community to assist them in maintaining a safe environment.

The department's different divisions and respective duties are outlined below.

Fire Operations Division

The Fire Operations Division is the largest of four divisions within the Newport Beach Fire Department. The primary responsibilities of its personnel are life safety, incident stabilization, and the preservation of property and the environment. The Newport Beach Fire Department operates as an "all risk" emergency responsible organization responding to the following:

- Fires
- Pre-hospital Medical Emergencies
- Technical Rescues
- Traffic Accidents
- Vehicle Extrications
- Major Flooding
- Beach Rescues
- High Rise Incidents
- Wildland Fires
- Disaster Operations
- Hazardous Materials Incidents

The Fire Department staffs eight fire stations 24/7. The stations are strategically located throughout the city to provide the quickest and most effective response to the area served, with an average response time of five minutes. Considering the department's expansive and well-connected nature, as well as the compactness of the City of Newport, additional housing or new developments would not pose a burden on the existing Fire Department's fire operations. Therefore, fire operations are not considered a constraint to the development of housing for all income levels.

The City requires Development Agreements for certain development types within the Airport area to ensure adequate safety services and ambulance units. Development Agreements include additional fees for safety service operations in the airport area due to current lack of ambulance units. The imposition of additional fees may pose a constraint to the development of housing, and particularly affordable housing. This may result in greater development fees which may subsequently influence the final rental cost of units or home value.

Emergency Medical Services

The goal of the Emergency Medical Services (EMS) Division is to deliver the highest quality of medical care to members of the community, regardless of their ability to pay. In total, the City has eight fire stations that are strategically located to provide the best services the community. Each day there are eight fire engines, two fire trucks and the three paramedic ambulances in service. The average response time is four minutes and 22 seconds. The system's design accounts for fewer paramedic ambulances and expects a nearby fire engine or truck company to arrive on scene first to initiate basic medical care, which at times can include lifesaving cardio-pulmonary resuscitation or delivering rapid electrical shocks using automated external defibrillators (AEDs), prior to the arrival of the paramedic team.

Lifeguard Operations Division

The City of Newport Beach's Lifeguard Division protects up to 10 million beach visitors on Newport Beach's 6.2 miles of ocean and 2.5 miles of bay beaches, with preventative actions and medical assistance. Every day of the year, lifeguards ensure safety and provide customer service to the visitors on the beach, boardwalk, piers, and in the ocean.

Police Services

The City of Newport Beach's Police Department intends to:

- Respond positively to the Community's needs, desires, and values and in so doing be recognized as an extension and reflection of those we serve.
- Strive to provide a safe and healthy environment for all, free from violence and property loss resulting from criminal acts, and injuries caused by traffic violators.
- Manage inevitable change and welcome the challenge of future problems with creative solutions, which are financially prudent and consistent with Community values.

The Department's is headed by Chief of Police Jon T. Lewis, who is the 10th Chief of Police in the department's history, assuming office on March 22, 2016. The City of Newport Beach's Police Department handles a wide array of services and permitting, all services are outlined in detail on the City's Police Department webpage.

3. Environmental Constraints

Newport Beach is bound by the Pacific Ocean to the West and contains many different natural landscapes within the City's boundaries. Newport Beach has a variety of coastal features ranging from replenished beach sands in West Newport, to steep bluffs comprised of sandstone and siltstone to the south of Corona del Mar. The community, as most of California is, sits along some major fault traces. The City is susceptible

to several potential environmental constraints to the development of housing, including geologic hazards, flood hazards, and fire hazards, all are detailed below.

Coastal Hazards

A goal of the California Coastal Act and the City's adopted Local Coastal Program is to assure the priority for coastal-dependent and coastal-related development over other development in the Coastal Zone. The Coastal Act is an umbrella legislation designed to encourage local governments to create Local Coastal Programs (LCPs) to govern decisions that determine the short- and long-term conservation and use of coastal resources. The City of Newport Beach's LCP is considered the legislative equivalent of the City's General Plan for areas within the Coastal Zone. Local Coastal Programs are obligated by statute to be consistent with the policies of the Coastal Act and protect public access and coastal resources. Over 63 percent of Newport Beach is within the Coastal Zone and subject to the oversight by the California Coastal Commission.

Sea Level Rise and Storm Inundation

Newport Beach is exposed to a variety of coastal hazards including beach erosion, bluff erosion, and coastal flooding due to sea level rise (SLR) and storm inundation. The City has a significant amount of land directly adjacent to surface water that is directly affected by sea level rise and storm inundation. The effects of SLR on coastal processes, such as shoreline erosion, storm-related flooding and bluff erosion, have been evaluated using a Coastal Storm Modeling System (CoSMoS), a software tool and multi-agency effort led by the United States Geological Survey (USGS), to make detailed predictions of coastal flooding and erosion based on existing and future climate scenarios for Southern California. The mapping results from CoSMoS provide predictions of shoreline erosion (storm and non-storm), coastal flooding during extreme events, and bluff erosion for the City in community-level coastal planning and decision-making. A large portion of the City's coastal adjacent land appropriate for development is at risk of tidal flooding. Land along the coast is vulnerable to shoreline retreat, which is predicted to accelerate with Sea Level Rise. Long-term shoreline retreat coupled with storm-induced beach erosion has the potential to cause permanent damage to buildings and infrastructure in these hazard zones. As a result, the City did not utilize land within the coastal

The Coastal Commission provides direct guidance on how the City of Newport Beach addresses future land use in consideration of sea level rise. According to the California Coastal Commission Sea Level Rise Policy Guidance⁸, local jurisdictions can "Minimize Coastal Hazards through Planning and Development Standards" through the following measures applicable to Newport Beach:

- Design adaptation strategies according to local conditions and existing development patterns, in accordance with the Coastal Act.
- Avoid significant coastal hazard risks to new development where feasible.
- Minimize hazard risk to new development over the life of the authorized development.
- Minimize coastal hazard risks and resource impacts when making redevelopment decisions.

⁸ California Coastal Commission Sea Level Rise Policy Guidance, 2018 Science Update

- Account for the social and economic needs of the people of the state include environmental justice, assure priority for coastal-dependent and coastal-related develop over other development

The Coastal Commission has also prepared a Draft Coastal Adaptation Planning Guidance: Residential Development (dated March 2018), which will serve as the Coastal Commission's policy guidance on sea level rise adaptation for residential development to help facilitate planning for resilient shorelines while protecting coastal resources in LCPs

Geologic Hazards

According to the Newport Beach Safety Element, the geologic diversity of Newport Beach is strongly related to tectonic movement along the San Andreas Fault and its broad zone of subsidiary faults. This, along with sea level fluctuations related to changes in climate, has resulted in a landscape that is also diverse in geologic hazards. Geologic hazards are generally defined as surficial earth processes that have the potential to cause loss or harm to the community or the environment. Specific geologic hazards that may affect the development of housing in the City are detailed below.

Slope Failures

Slope failures often occur as elements of interrelated natural hazards in which one event triggers a secondary event such as a storm-induced mudflow. Slope failure can occur on natural and man-made slopes. The City's remaining natural hillsides and coastal bluff areas are generally vulnerable to slope failures that include: San Joaquin Hills; and bluffs along Upper Newport Bay, Newport Harbor, and the Pacific Ocean. Despite the abundance of landslides and new development in the San Joaquin Hills, damage from slope failures in Newport Beach has been small which may be attributed to the development of strict hillside grading ordinances, sound project design that avoid severely hazardous areas, soil engineering practices, and effective agency review of hillside grading projects.

Seismic Hazards

The City of Newport Beach is located in the northern part of the Peninsular Ranges Province, an area that is exposed to risk from multiple earthquake fault zones. The City of Newport Beach Safety Element determines that the highest risks originate from the Newport-Inglewood fault zone, the Whittier fault zone, the San Joaquin Hills fault zone, and the Elysian Park fault zone. Each of the aforementioned zones have the potential to cause moderate to large earthquakes that would cause ground shaking in Newport Beach and nearby communities. Earthquake-triggered geologic effects also include surface fault rupture, landslides, liquefaction, subsidence, and seiches. Specific hazards associated with seismic hazards, which can potentially be determined as a constraint to development are detailed below.

Liquefaction

Strong ground shaking can result in liquefaction. Liquefaction, a geologic process that causes ground failure, typically occurs in loose, saturated sediments primarily of sandy composition. According to the Newport Beach Safety Element, the areas of Newport Beach susceptible to liquefaction and related ground failure (i.e., seismically induced settlement) include the following areas along the coastline:

- Balboa Peninsula,

- In and around the Newport Bay and Upper Newport Bay,
- in the lower reaches of major streams in Newport Beach, and
- In the floodplain of the Santa Ana River.

It is likely that residential or commercial development will never occur in many of the other liquefiable areas, such as Upper Newport Bay, the Newport Coast beaches, and the bottoms of stream channels.

Seismically Induced Slope Failure

Strong ground motions can also worsen existing unstable slope conditions, particularly if coupled with saturated ground conditions. Seismically induced landslides can overrun structures, people or property, sever utility lines, and block roads, thereby hindering rescue operations after an earthquake. Much of the area in eastern Newport Beach has been identified as vulnerable to seismically induced slope failure. Approximately 90 percent of the land from Los Trancos Canyon to State Park boundary is mapped as susceptible to land sliding by the California Geologic Survey. Additionally, the sedimentary bedrock that crops out in the San Joaquin Hills is locally highly weathered. In steep areas, strong ground shaking can cause slides or rockfalls in this material. Rupture along the Newport Inglewood Fault Zone and other faults in Southern California could reactivate existing landslides and cause new slope failures throughout the San Joaquin Hills. Slope failures can also be expected to occur along stream banks and coastal bluffs, such as Big Canyon, around San Joaquin Reservoir, Newport and Upper Newport Bays, and Corona del Mar.

Flood Hazards

The City of Newport Beach and surrounding areas are, like most of Southern California, subject to unpredictable seasonal rainfall, and every few years the region is subjected to periods of intense and sustained precipitation that result in flooding. Flooding can be a destructive natural hazard and is a recurring event. A flood is any relatively high streamflow overtopping the natural or artificial banks in any reach of a stream. Flood hazards in Newport Beach can be classified into two general categories: flash flooding from small, natural channels; and more moderate and sustained flooding from the Santa Ana River and San Diego Creek. The City of Newport Beach's Safety Element Identifies 100-year and 500-year flood zones in the City. Federal Emergency Management Agency (FEMA) flood zones are geographic areas that the FEMA has defined according to varying levels of flood risk. Each zone reflects the severity or type of flooding in the area.⁹ The 100-year flood zone are areas with a one percent annual chance of flooding, the 500-year flood zones are areas with a 0.2 percent annual chance of flooding.

The 100- and 500-year flood zones include the low-lying areas in West Newport at the base of the bluffs, the coastal areas which surround Newport Bay and all low-lying areas adjacent to Upper Newport Bay. 100- and 500- year flooding is also anticipated to occur along the lower reaches of Coyote Canyon, in the lower reaches of San Diego Creek and the Santa Ana Delhi Channel, and in a portion of Buck Gully. The City also recently worked with FEMA to revise proposed flood hazards maps, in which FEMA removed over 2,700 properties from flood zones. Most flooding along these second- and third-order streams is not expected to impact significant development. However, flooding in the coastal areas of the City will impact

⁹ FEMA Flood Zone Designations, Natural resources Conservation Service – Field Office Technical Guides

residential and commercial zones along West Newport, the Balboa Peninsula and Balboa Island and the seaward side of Pacific Coast Highway.¹⁰

With increased development, there is also an increase in impervious surfaces, such as asphalt. Water that used to be absorbed into the ground becomes runoff to downstream areas. However, various flood control measures help mitigate flood damage in the City, including reservoirs in the San Joaquin Hills and Santa Ana Mountain foothills, and channel alterations for the Santa Ana River. These structures help regulate flow in the Santa Ana River, San Diego Creek, and smaller streams and hold back some of the flow during intense rainfall period that could otherwise overwhelm the storm drain system in Newport Beach.

Fire Hazards

The Newport Beach Safety Element defines a wildland fire hazard area as any geographic area that contains the type and condition of vegetation, topography, weather, and structure density that potentially increases the possibility of wildland fires. The eastern portion of the City and portions of the Newport Beach region and surrounding areas to the north, east, and southeast include grass- and brush-covered hillsides with significant topographic relief that facilitate the rapid spread of fire, especially if fanned by coastal breezes or Santa Ana winds.

In those areas identified as susceptible to wildland fire, the Fire Department enforces locally developed regulations which reduce the amount and continuity of fuel (vegetation) available, firewood storage, debris clearing, proximity of vegetation to structures and other measures aimed at “Hazard Reduction.” New construction and development are further protected by local amendments to the Uniform Building Code. These amendments, which are designed to increase the fire resistance of a building, include: protection of exposed eaves, noncombustible construction of exterior walls, protection of openings, and the requirement for Class “A” fireproof roofing throughout the City. Additionally, a “Fuel Modification” plan aimed at reducing fire encroachment into structures from adjacent vegetation must be developed and maintained.

C. Affirmatively Furthering Fair Housing (AFFH)

1. Affirmatively Furthering Fair Housing

All Housing Elements due on or after January 1, 2021 must contain an Assessment of Fair Housing (AFH) consistent with the core elements of the analysis required by the federal Affirmatively Further Fair Housing Final Rule of July 16, 2015.

Under State law, affirmatively further fair housing means “taking meaningful actions, in addition to combatting discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. These characteristics

¹⁰ City of Newport Beach Safety Element

can include, but are not limited to race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability.

The Orange County Analysis of Impediments (AI) to Fair Housing Choice for FY 2015-19 was approved by the City of Newport Beach City Council in October, 2016 as one of the fifteen urban county program participants in partnership with the Fair Housing Council of Orange County. The Draft Regional Analysis of Impediments (AI) to Fair Housing Choice for FY 2020-25 was made available for public review in 2020. The Fair Housing Council of Orange County works under the direction of a volunteer board of directors and staff to fulfill a mission of protecting the quality of life in Orange County by ensuring equal access to housing opportunities, fostering diversity and preserving dignity and human rights. The agency is a HUD Approved Housing Counseling Agency and provides one-on-one education, mediation, and counseling for individuals and families throughout the Orange County region.

The AI identifies impediments that may prevent equal housing access and develops solutions to mitigate or remove such impediments. Newport Beach's 6th Cycle Housing Element references analysis from the FY 2020-2025 AI in order to identify potential impediments to housing that are specific to Newport Beach. The City also completed its FY 2020-24 Consolidated Plan, adopted by City Council on May 12, 2020, as an entitlement city for Community Development Block Grant (CDBG) funding, which identifies housing problems within the community, specifically among low and very-low-income households. Fair housing is identified as a priority within the Consolidated Plan.

2. Needs Assessment Summary of Local Data

The AI contains a Countywide analysis of demographic, housing, and specifically fair housing issues for all the cities in Orange County, including Newport Beach. The City's demographic and income profile, household and housing characteristics, housing cost and availability, and special needs populations were discussed in the previous Section 2: Community Profile.

In an ongoing effort to promote and encourage fair housing, the City contracts with the Fair Housing Foundation (FHF). FHF provides public outreach, educational workshops, and distributes educational materials related to fair housing. Inquiries regarding fair housing matters are generally referred to the FHF. As of July 30, 2021, a total of 116 Newport Beach low-income residents relied on Section 8 rental assistance vouchers. In 2020, the Fair Housing Foundation held virtual fair housing workshops (February 3, 2020, and November 17, 2020), held virtual walk-in clinics (May 13, 2020, May 20, 2020, July 15, 2020, September 2, 2020, and November 18, 2020), produced a public service announcement for Newport Beach Television (NBTV), and distributed 2,250 pieces of literature.

Fair Housing Issues

Within the legal framework of federal and state laws and based on the guidance provided by the HUD Fair Housing Planning Guide, impediments to fair housing choice can be defined as:

- Any actions, omissions, or decisions taken because of age, race, color, ancestry, national origin, age, religion, sex, disability, marital status, familial status, source of income, sexual orientation, or any other arbitrary factor which restrict housing choices or the availability of housing choices; or
- Any actions, omissions, or decisions which have the effect of restricting housing choices or the availability of housing choices on the basis of age, race, color, ancestry, national origin, age, religion, sex, disability, marital status, familial status, source of income, sexual orientation or any other arbitrary factor.

Regional Fair Housing Issues

- **Availability, Type, Frequency, and Reliability of Public Transportation** - The availability, type, frequency, and reliability of public transportation may be significant local contributing factors to fair housing issues in Newport Beach. Public transportation in Orange County primarily consists of bus service operated by the Orange County Transportation Authority (OCTA) and Metrolink light rail service. However, Metrolink does not provide service to Newport. The lack of public transportation may deter members of protected classes who do not have cars and are reliant on public transportation from choosing to live there, thus reinforcing patterns of segregation.
- **Impediments to Mobility** - Impediments to mobility may be a significant local contributing factor to fair housing issues in Newport Beach. Specifically, Housing Choice Voucher payment standards that make it difficult to secure housing in many, disproportionately White areas contribute to segregation and disparities in access to opportunity. The Orange County Housing Authority, which provides Section 8 resources to Newport Beach, has three tiers based on city rather than zip code, but the highest tier - \$2,280 for two-bedroom units in selected cities – falls far short of Small Area Fair Market Rents and leaves some cities targeted for that payment standard out of reach. For example, in zip code 92660, located in Newport Beach, the Small Area Fair Market Rent for two-bedroom units would be \$3,120. A Zillow search for that zip code revealed advertised two-bedroom units in only two complexes available for under \$2,280 but many more available between \$2,280 and \$3,120.
- **Location of Accessible Housing** - The location of accessible housing may be a significant local contributing factor to fair housing issues in Newport Beach. With a few exceptions the location of accessible housing tends to track areas where there are concentrations of publicly supported housing. In Orange County, publicly supported housing tends to be concentrated in areas that are disproportionately Hispanic and/or Vietnamese and that have relatively limited access to educational opportunity and environmental health. While this is not a predominate issue in Newport Beach, comments by advocacy groups during the outreach process indicated that the location and availability of affordable housing throughout the community contributes to challenges to fair housing opportunity. Multi-unit housing tends to be concentrated in communities of color, but there are some predominantly White communities that have significant

amounts of market-rate multi-unit housing that may be accessible and affordable to middle-income and high-income persons with disabilities, including Newport Beach. Overall, permitting more multi-unit housing and assisting more publicly supported housing in predominantly White communities with proficient schools would help ensure that persons with disabilities who need accessibility features in their homes have a full range of neighborhood choices available to them.

- **Occupancy Codes and Restrictions** - Occupancy codes and restrictions may be a significant local contributing factor to fair housing issues in Newport Beach. Specifically, there is a substantial recent history of municipal ordinances targeting group homes, in general, and community residences for people in recovery from alcohol or substance abuse disorders, in particular. In 2015, the City of Newport Beach entered into a \$5.25 million settlement of a challenge to its ordinance, but that settlement did not include injunctive relief calling for a repeal of that ordinance.¹¹ Although municipalities have an interest in protecting the health and safety of group home residents, these types of restrictions may be burdensome for ethical, high-quality group home operators. Occupancy codes and restrictions are not as high priority of a barrier as the factors that hinder the development of permanent supportive housing, as group homes are generally less integrated than independent living settings.

Locally contributing factors to fair housing are discussed at the conclusion of the Fair Housing analysis below.

Fair Housing Enforcement and Outreach Capacity

Currently, the Fair Housing Foundation provides fair housing services to the City of Newport Beach. This includes providing fair housing enforcement and landlord/tenant mediation services which are available for tenants, realtors, apartment owners and managers, lending institutions and other interested parties. For FY 2020-21, the City of Newport Beach has allocated \$12,000 in Community Development Block Grant (CDBG) funds for the Fair Housing Foundation to perform the following, at no cost:

- Fair housing services such as, responding to discrimination inquiries and complaints, documenting, and investigating discrimination complaints, and resolving or mediating discrimination complaints
- A comprehensive, extensive, and viable education and outreach program, including:
 - Fair Housing Workshop
 - Certificate Management Training
 - Walk-In Clinics
 - Rental Housing Counseling Workshop
 - Community presentations, staff training, and workshops
 - Community events, booths, networking, etc.

¹¹ 41 Hannah Fry, *Newport Will Pay Group Homes \$5.25 Million Settlement*, L.A. TIMES (July 16, 2015), <https://www.latimes.com/socal/daily-pilot/news/tn-dpt-me-0716-newport-group-home-settlement-20150716-story.html>.

- Landlord and tenant counseling on responsibilities and rights
- Rental counseling
- Since the City contracts with an outside firm for these services, lack of monitoring and lack of direct access through City resources may be identified as contributing factors.

The Fair Housing Foundations offers regular walk-in counseling sessions, in addition to resources fairs, informational workshops (accessible in multiple languages), landlord and tenant workshops, and other outreach efforts. Additionally, the FHF provided virtual workshops available online to Newport Beach residents.

From 2015 to 2020, the City provided 408 residents with fair housing services using CDBG funding. As part of the FY 2020-25 Consolidated Plan for the Newport Beach, the City has set a goal of assisting 625 people with fair housing issues within the five-year period using \$60,000 of CDBG funding. Newport Beach has also set a goal of retaining a Fair Housing provider to promote fair housing education and outreach within the community. The U.S. Department of Housing and Urban Development (HUD) maintains a record of all housing discrimination complaints filed in local jurisdictions. These grievances can be filed on the basis of race, color, national origin, sex, disability, religion, familial status, and retaliation. As reported by the 2020-2025 AI, one fair housing case is unresolved (as one 2020) in Newport Beach.

3. Analysis of Federal, State, and Local Data and Local Knowledge

Integration and Segregation Patterns and Trends

The dissimilarity index is the most used measure of segregation between two groups, reflecting their relative distributions across neighborhoods (as defined by census tracts). The index represents the percentage of the minority group that would have to move to new neighborhoods to achieve perfect integration of that group. An index score can range in value from 0 percent, indicating complete integration, to 100 percent, indicating complete segregation. An index number above 60 is considered to show high similarity and a segregated community.

It is important to note that segregation is a complex topic, difficult to generalize, and is influenced by many factors. Individual choices can be a cause of segregation, with some residents choosing to live among people of their own race or ethnic group. For instance, recent immigrants often depend on nearby relatives, friends, and ethnic institutions to help them adjust to a new country.¹² Alternatively, when white residents leave neighborhoods that become more diverse, those neighborhoods can become segregated. Other factors, including housing market dynamics, availability of lending to different ethnic groups, availability of affordable housing, and discrimination can also cause residential segregation.

Figure 3-2 shows the dissimilarity between each of the identified race and ethnic groups and the jurisdictions White population, in both the County of Orange and Newport Beach. The higher scores indicate higher levels of segregation among those racial and ethnic group. The White (non-Hispanic or Latino) population makes up most of the City's population at approximately 79.5 percent according to the

¹² Allen, James P. and Turner, Eugene. "Changing Faces, Changing Places: Mapping Southern California". California State University, Northridge, (2002).



2018 ACS estimates, as well as most of the County's population at 61.7 percent of the total population.
The figure displays the following results:

- According to the figure, the highest levels of segregation within Newport Beach are among those who identify as Other Race (51.3), Native Hawaiian (44.5), Black (37.8 and Native Indian (37.4).
- The highest levels of segregation in the County are among those who identify as Hispanic (58.9) and two or more races (58.9) followed by Native Hawaiian (55.9).

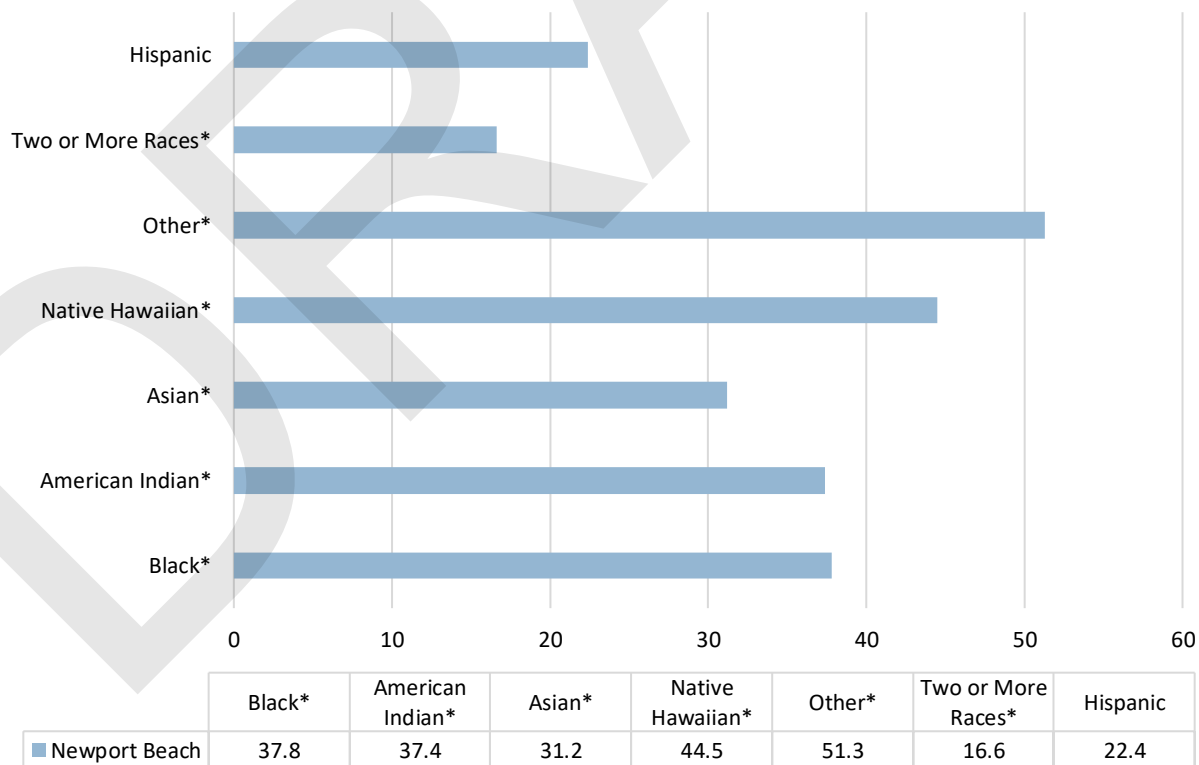
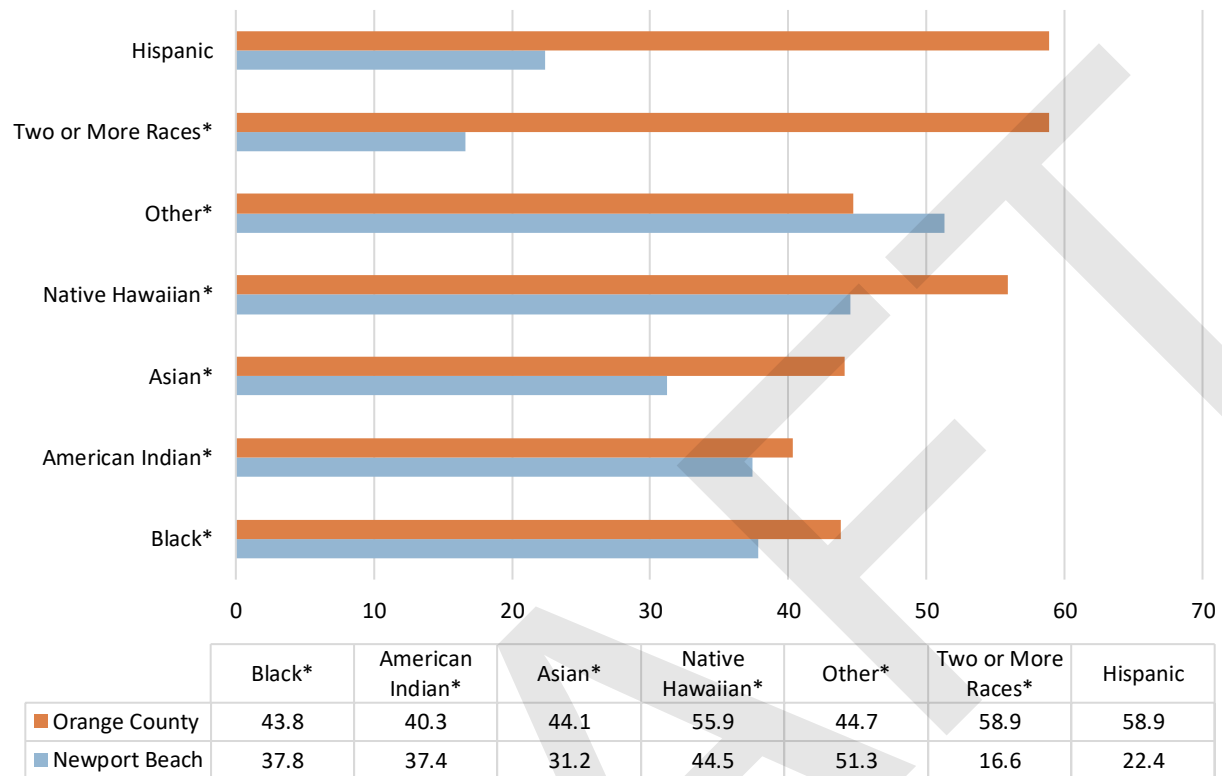
The scores above directly -correlate with the percentage of people within that racial or ethnic group that would need to move into a predominately White census tract in order to achieve a more integrated community. For instance, in Newport Beach 44.5 percent of the Native Hawaiian population would need to move into predominately white census tract areas to achieve "perfect" integration. Whereas in Orange County, 55.9 percent of the percent of the Native Hawaiian population would need to move into predominately white census tract areas to achieve "perfect" integration.

Overall, there are higher rates of segregation across the County of Orange compared to the City of Newport Beach. As indicated above, a score of 60 or higher indicates a highly similar and segregated area.

The Department of Housing and Community Development (HCD) considers dissimilarity index scores above 30, but below 60 as moderate segregation. Scores above 60 are considered to be high segregation. According to **Figure 3-2** blow, while the City of Newport Beach has no racial or ethnic populations with a dissimilarity index above 60, all populations (with the exception of the Hispanic/Latino population) have a score above 30, meaning all groups experience moderate segregation from the White population. Similarly, all populations in the County have a score above 30.

While segregation may be a result of ethnic enclaves or persons of similar cultures living in community, there is often increased likelihood segregated populations will have fewer access to essential resources. As a part of Newport Beach's efforts to further fair housing, the City will consider increased targeted outreach to the City's minority residents.

Figure 3-2a: Dissimilarity Index with Whites – Newport Beach and Orange County



Source: Census Scope, Social Science Data Analysis Network, *Not Hispanic or Latino

Racially or Ethnically Concentrated Areas of Poverty (R/ECAP)

To assist communities in identifying racially/ethnically concentrated areas of poverty (R/ECAPs), HUD has developed a census tract-based definition of R/ECAPs. The definition involves a racial/ethnic concentration threshold and a poverty test. The racial/ethnic concentration threshold is straightforward: R/ECAPs must have a non-white population of 50 percent or more. Regarding the poverty threshold, Wilson (1980) defines neighborhoods of extreme poverty as census tracts with 40 percent or more of individuals living at or below the poverty line. Because overall poverty levels are substantially lower in many parts of the country, HUD supplements this with an alternate criterion. Thus, a neighborhood can be a R/ECAP if it has a poverty rate that exceeds 40% or is three or more times the average tract poverty rate for the metropolitan/micropolitan area, whichever threshold is lower.

Location of residence can have a substantial effect on mental and physical health, education opportunities, and economic opportunities. Urban areas that are more residentially segregated by race and income tend to have lower levels of upward economic mobility than other areas. Research has found that racial inequality is thus amplified by residential segregation.¹³ However, these areas may also provide different opportunities, such as ethnic enclaves providing proximity to centers of cultural significance, or business, social networks and communities to help immigrants preserve cultural identity and establish themselves in new places. Overall, it is important to study and identify these areas in order to understand patterns of segregation and poverty in a City.

The 2020 AI performed an analysis of R/ECAPs within Orange County and found four R/ECAPs, none of which were found in Newport Beach. However, two of the four were found in the neighboring City of Irvine, adjacent to one another and near the University of California; these both bordered the City of Newport Beach. According to the AI, it is likely that they qualify as R/ECAPs due to the high proportions of students. These R/ECAPs have a much more diverse group of residents, with some White, Asian or Pacific Islander, Hispanic and Black residents. These R/ECAPs primarily contain Asian or Pacific Islander or Hispanic residents. 23.49% of residents are White, 1.63% are Black, 48.50% are Hispanic, 23.70% are Asian or Pacific Islander, and 0.14% are Native American.

Figure 3-3 below identifies low poverty index with race/ethnicity and R/ECAPs in Newport Beach, and the overall Orange County region. The figure also identifies the R/ECAP areas (outlined in pink) bordering the City of Newport Beach, near the University of California, Irvine. The low poverty index captures the depth and intensity of poverty in a given neighborhood. The index uses both family poverty rates and public assistance receipt, in the form of cash-welfare, such as Temporary Assistance for Needy Families (TANF). The poverty rate and public assistance for neighborhoods are determined at the census tract level, and the higher the score, the less exposure to poverty in a neighborhood. The map identifies the R/ECAP and a few surrounding neighborhoods, to the south and southeast, The figure identifies R/ECAP areas (outlined in red) bordering the City of Newport Beach, near the University of California, Irvine.

The map also shows that there are few R/ECAPs in the County as a whole, with a few pockets in the City of Santa Ana. Overall, the City of Newport Beach is a high income areas, with majority of the population identifying as white. The City should consider the impact of high cost of housing and higher annual

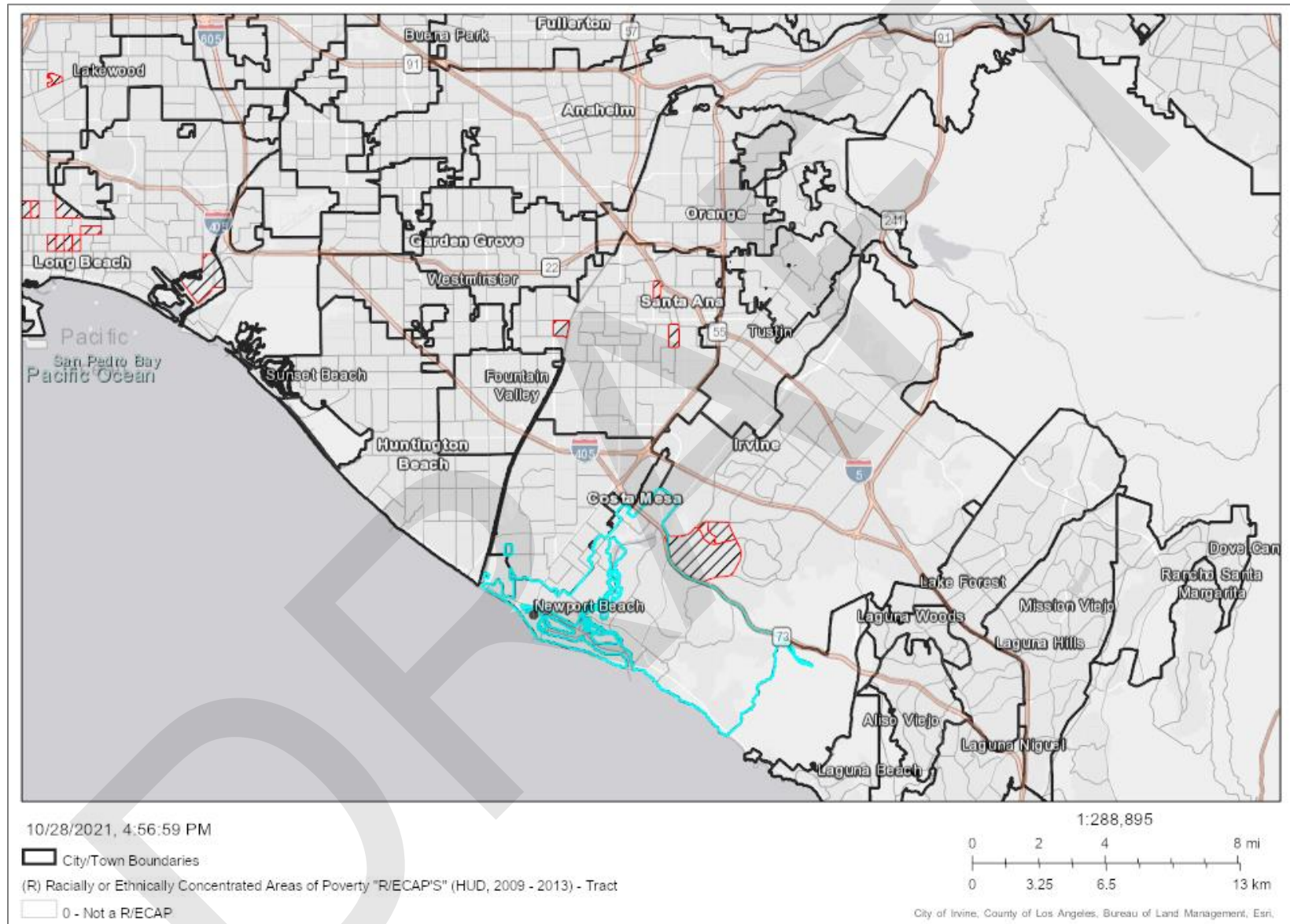
¹³ Orange County, Analysis of Impediments to Fair Housing Choice, April 2020 DRAFT.

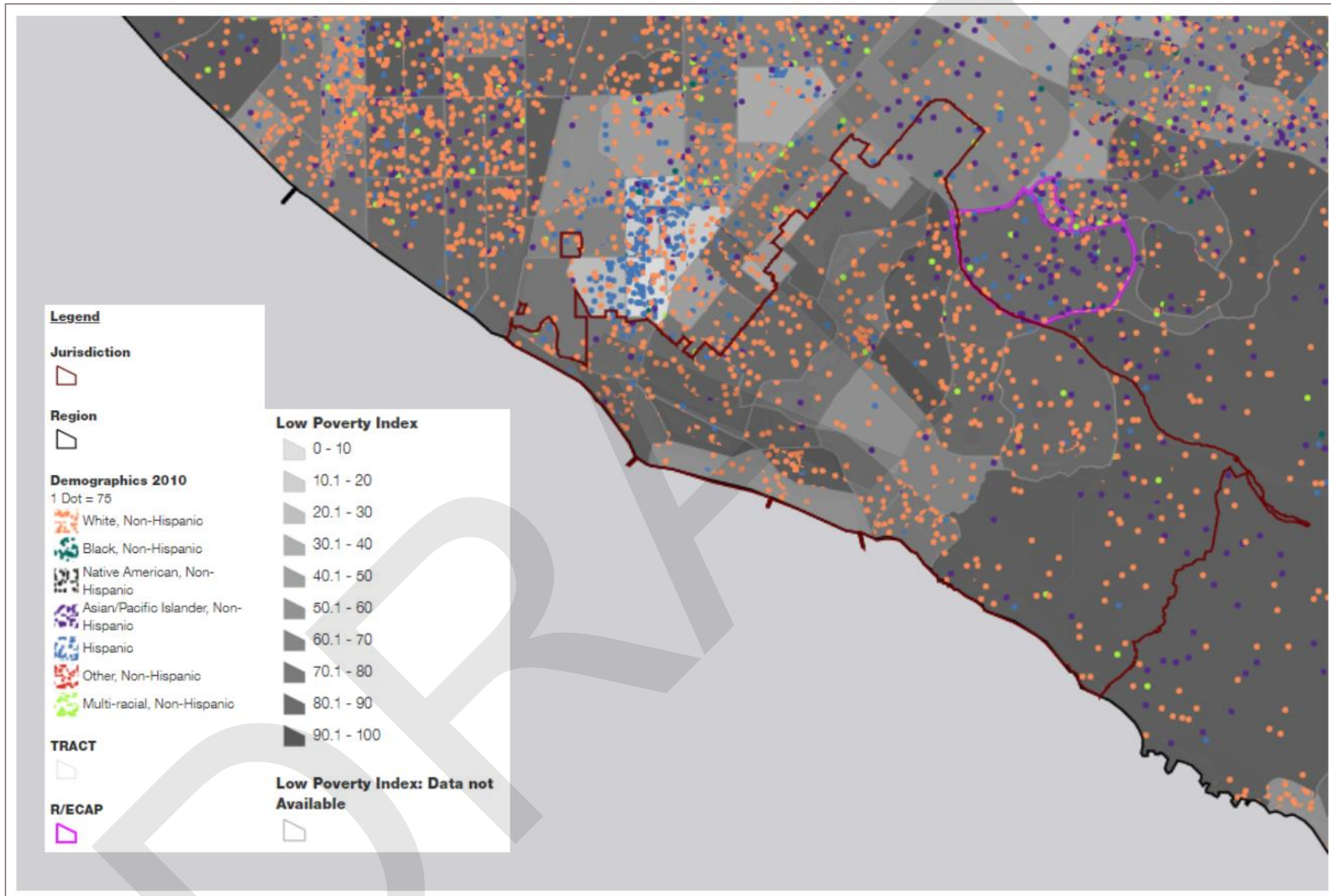


incomes on lower income households. The current financial circumstance combined with the recent housing boom can create displacement through economic pressures, where lower income households need to look for affordable housing outside of the City.

DRAFT

Figure 3-3: Low Poverty Index with Race/Ethnicity and R/ECAPs, Newport Beach





Source: HUD Affirmatively Furthering Fair Housing Data and Mapping Tool, Data Versions: AFFHT0006, July 10, 2020

Racially Concentrated Areas of Affluence (RCAA)

Racially or Ethnically Concentrated Areas of Poverty have long been analyzed and reviewed as a contributing factor to segregation. However, patterns of segregation in the United States show that of all racial groups, people who identify as White are the most severely segregated.¹⁴ Research also identifies segregation of affluence to be greater than the segregation of poverty. Racial and economic segregation can have significant effects on respective communities, including but not limited to, socioeconomic disparities, educational experiences and benefits, exposure to environmental conditions and crime, and access to public goods and services.

Data used in the analysis of RCAA is from the 2012-2016 American Community Survey and are measured at the census tract level. The definition for an RCAA is a census tract in which 80 percent or more of the population is White and has a median income of at least \$125,000. The nationwide RCAA analysis identifies the following:

- RCAA tracts have more than twice the median household income of the average tract in their metro area.
- Poverty rates in RCAAs are significantly lower and are, on average about 20 percent of a typical tract.
- RCAAs tracts are more income homogenous than RECAPs.
- The average RCAA is about 57 percent affluent, whereas the average RECAP had a poverty rate of 48 percent.
- The typical RCAA tract has a rate of affluence 3.2 times that of a typical tract, whereas RECAPs on average had a poverty rate 3.2 times that of a typical tract

Overall, RCCAs may represent a public policy issue to the extent that they have been created and maintained through exclusionary and discriminatory land use and development practices. Postwar patterns of suburbanization in many metropolitan areas were characterized by White communities erecting barriers to affordable housing and engaging in racially exclusionary practices.¹⁵

Currently (October 2020), there is no consolidated database to identify RCAAs, therefore, to identify these areas in Newport Beach, this analysis examines census tracts with a population gap that is greater than 50% between the nonwhite and white population and a median income over \$100,000. **Table 3-15** below displays the RCAA data for the County of Orange and Newport Beach. Additionally, **Table 3-16** below shows local (Newport Beach) and regional (Orange County) context for the median household incomes of white residents.

Table 3-15: Median Household Income by Race, Newport Beach

<u>Census Tract</u>	<u>Percent Population White</u>	<u>Median Income</u>
<u>Census Tract 630.09</u>	<u>82.7%</u>	<u>\$130,089</u>
<u>Census Tract 634</u>	<u>88.84%</u>	<u>4107,321</u>

¹⁴ Racially Concentrated Areas of Affluence: A Preliminary Investigation. University of Minnesota. Edwards Goets, Damiano, Williams. 2019.

¹⁵ Ibid.

<u>Census Tract 635</u>	<u>84.6%</u>	<u>\$112,000</u>
<u>Census Tract 629</u>	<u>92.1%</u>	<u>\$140,833</u>
<u>Census Tract 630.05</u>	<u>86.5%</u>	<u>\$171,406</u>
<u>Census Tract 627.01</u>	<u>89.3%</u>	<u>\$145,313</u>
<u>Census Tract 627.02</u>	<u>88.4%</u>	<u>\$107,829</u>
<u>Census Tract 626.43</u>	<u>71.6%</u>	<u>\$199,219</u>
<u>Census Tract 626.42</u>	<u>89.4%</u>	<u>\$134,444</u>
<u>Census Tract 626.44</u>	<u>82.4%</u>	<u>\$113,779</u>
<u>Census Tract 626.45</u>	<u>76.1%</u>	<u>\$167,530</u>
<u>Census Tract 630.07</u>	<u>79.6%</u>	<u>\$125,918</u>
<i>Source: HCD, AFFH Data Viewer, Predominant White Population and Median Income (SCA 2010-2014), Accessed October, 2021.</i>		

Table 3-16: Median Household Income by Race

<u>Race</u>	<u>Newport Beach</u>		<u>County of Orange</u>	
	<u>Median Income</u>	<u>Population</u>	<u>Median Income</u>	<u>Population</u>
<u>White (Not Hispanic or Latino)</u>	<u>\$ 129,797</u>	<u>85%</u>	<u>\$94,082</u>	<u>61%</u>
<u>All Households</u>	<u>\$127,223</u>	<u>--</u>	<u>\$90,234</u>	<u>--</u>
<i>Source: American Community Survey, 5-Year estimates, 2019.</i>				
<i>Table S1903 Median Income In The Past 12 Months (In 2019 Inflation-Adjusted Dollars) 5-Year Estimate 2015-2019 (for all households and for White Alone)</i>				

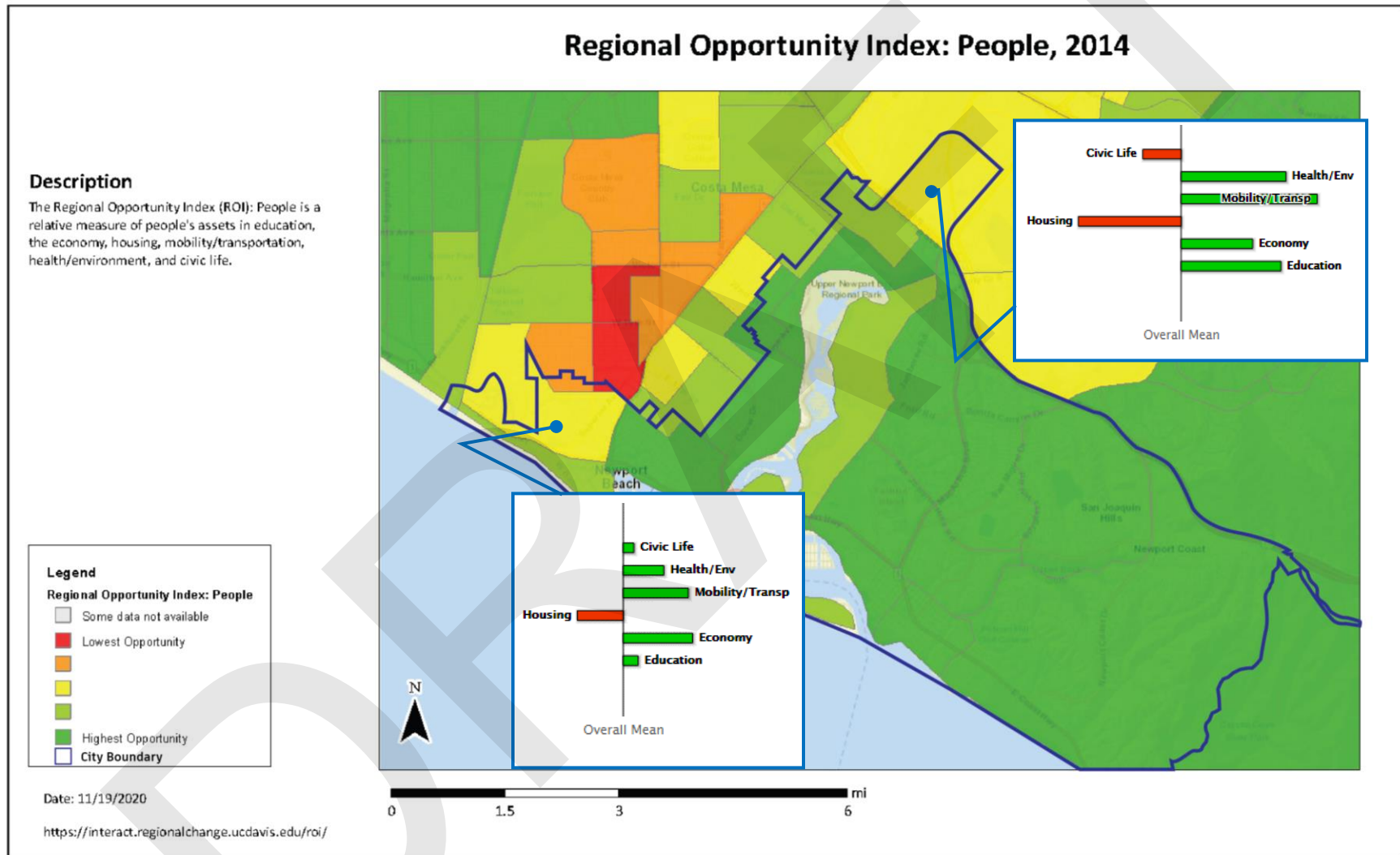
Disparities in Access to Opportunity

Access to Opportunities

The UC Davis Center for Regional Change and Rabobank partnered to develop the Regional Opportunity Index (ROI) intended to help communities understand local social and economic opportunities. The goal of the ROI is to help target resources and policies toward people and places with the greatest need to foster thriving communities. The ROI incorporates both “people” and “place components, integrating economic, infrastructure, environmental, and social indicators into a comprehensive assessment of the factors driving opportunity.”

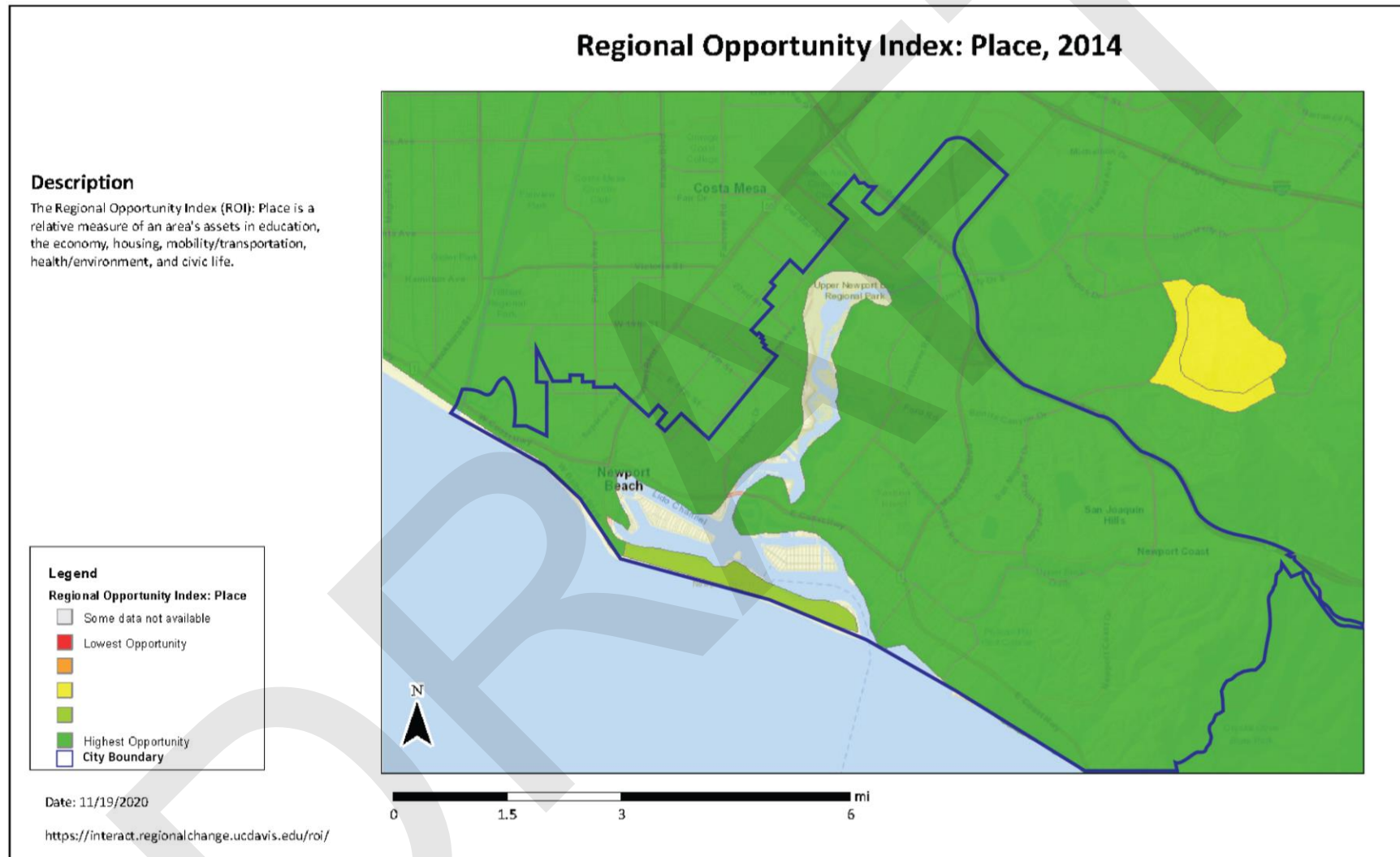
As shown in **Figures 3-4 and Figure 3-5** below, the majority of the City of Newport Beach is classified as a high opportunity zone. This indicates a high level of relative opportunities that people can achieve as well as a high level of relative opportunities that Newport Beach provides. While most of the census tracts within the City are areas of high opportunity, there are two census tracts within the ROI People Index shown as yellow, identifying a low opportunity area. Together these areas contain 86 sites which accommodate 1,941 potential units designated to meet the City’s RHNA for lower-income units (shown in **Section 3: Housing Resources** and outlined in **Appendix B**). The Data for both regions with lower opportunity show high civic life, health, transportation, economic and education access, however, both show very low housing access. Therefore, the consideration and identification of these areas for housing, affordable to low and very low-income households, will provide increased housing opportunity in high opportunity and high resources areas.

Figure 3-4: Regional Opportunity Index: People, 2014



Source: UC Davis Center for Regional Change and Rabobank, 2014.

Figure 3-5: Regional Opportunity Index: Place, 2014



Source: UC Davis Center for Regional Change and Rabobank, 2014.

Additionally, **Table 3-17** and **Figure 3-5b** below display the data for Regional Opportunity index in Newport Beach overall compared to the State of California. The data shows the following key findings:

- The City has higher rates of college educated adults, high school graduation rates and higher levels of UC and CSU eligibility. Additionally, the City has higher levels of Math and English proficiency. However, the City has higher levels of truancy and discipline rates.
- Newport Beach residents experience significantly higher basic income levels and higher employment rates. While the City has a higher job availability rate and job quality, overall, both City and State job growth are similar. Newport Beach residents have higher rates of bank accessibility- (nearly double the state's accessibility rates).
- Newport Beach and the State have the same rate of home ownership, but residents of Newport Beach experience higher rates of cost burden. Housing adequacy and affordability are similar in both the City and State, where California has a slightly higher rate of affordability.
- Mobility and transportation access are moderate in both Newport Beach and the State. Newport Beach residents have a significantly higher commute times than the State's median, this could be due in part to a lack of public transit or the development patterns of coastal communities.
- Overall health and environmental opportunities are comparable to the State, the City's air quality is slightly lower than the States. Newport Beach has a slightly lower average of supermarket availability, however a much higher rate of healthcare availability.
- Newport Beach- has higher rates of US citizenship and English speakers, as well as a higher percentage of voters compared to the State. However, Newport Beach has a slightly lower rate of neighborhood stability

In summary, Newport Beach is a high opportunity area with quality education opportunities, high rates of resident achievement, access to local and regional economic and employment opportunities, and high rates of home ownership. However, the data shows that there are high rates of cost burden in the City and slightly lower access to supermarkets and healthy foods. The City should focus on increasing access to affordable housing options to reduce cost burden and aim to increase affordable healthy food access.

Table 3-17: Opportunity Indicators, Newport Beach and California

	ROI Indicator	Newport Beach	California
Education	People		
	College Educated Adults	<u>70%</u>	<u>38%</u>
	Math Proficiency	<u>87%</u>	<u>70%</u>
	English Proficiency	<u>87%</u>	<u>65%</u>
	Elementary Truancy	<u>34%</u>	<u>24%</u>
	Place		
	High School Graduation Rate	<u>93%</u>	<u>83%</u>
	UC/CSU Eligibility	<u>52%</u>	<u>41%</u>
	Teacher Experience	<u>60%</u>	<u>36%</u>
	High School Discipline Rate	<u>8%</u>	<u>6%</u>
Economic	People		
	Employment Rate	<u>93%</u>	<u>89%</u>
	Minimum Basic Income	<u>85%</u>	<u>64%</u>
	Place		
	Job Availability	<u>1302.07</u>	<u>701.75</u>



	ROI Indicator	Newport Beach	California
	<u>Job Quality</u>	<u>52%</u>	<u>40%</u>
	<u>Job Growth</u>	<u>4%</u>	<u>3%</u>
	<u>Bank Accessibility</u>	<u>0.44</u>	<u>0.24</u>
Housing	People		
	<u>Home Ownership</u>	<u>55%</u>	<u>55%</u>
	<u>Housing Cost Burden</u>	<u>54%</u>	<u>52%</u>
	Place		
	<u>Housing Adequacy</u>	<u>99%</u>	<u>91%</u>
	<u>Housing Affordability</u>	<u>0.13</u>	<u>0.19</u>
Mobility	People		
	<u>Vehicle Availability</u>	<u>96%</u>	<u>86%</u>
	<u>Commute Time</u>	<u>74%</u>	<u>60%</u>
	<u>Internet Access</u>	<u>4.96</u>	<u>4</u>
Health/Environmental	Place		
	<u>Infant Health</u>	<u>96%</u>	<u>95%</u>
	<u>Birth to Teens</u>	<u>1%</u>	<u>7%</u>
	<u>Years of Life Lost</u>	<u>18.27</u>	<u>29.84</u>
	Place		
	<u>Air Quality</u>	<u>8.82</u>	<u>10.01</u>
	<u>Prenatal Care</u>	<u>94%</u>	<u>83%</u>
	<u>Access to Supermarket</u>	<u>47%</u>	<u>53%</u>
	<u>Health Care Availability</u>	<u>4.61</u>	<u>1.76</u>
Civic Life	People		
	<u>Voting Rates</u>	<u>41%</u>	<u>31%</u>
	<u>English Speakers</u>	<u>92%</u>	<u>88%</u>
	Place		
	<u>US Citizenship</u>	<u>92%</u>	<u>83%</u>
	<u>Neighborhood Stability</u>	<u>82%</u>	<u>85%</u>

Figure 3-5b: Regional Opportunity Index Newport Beach and California

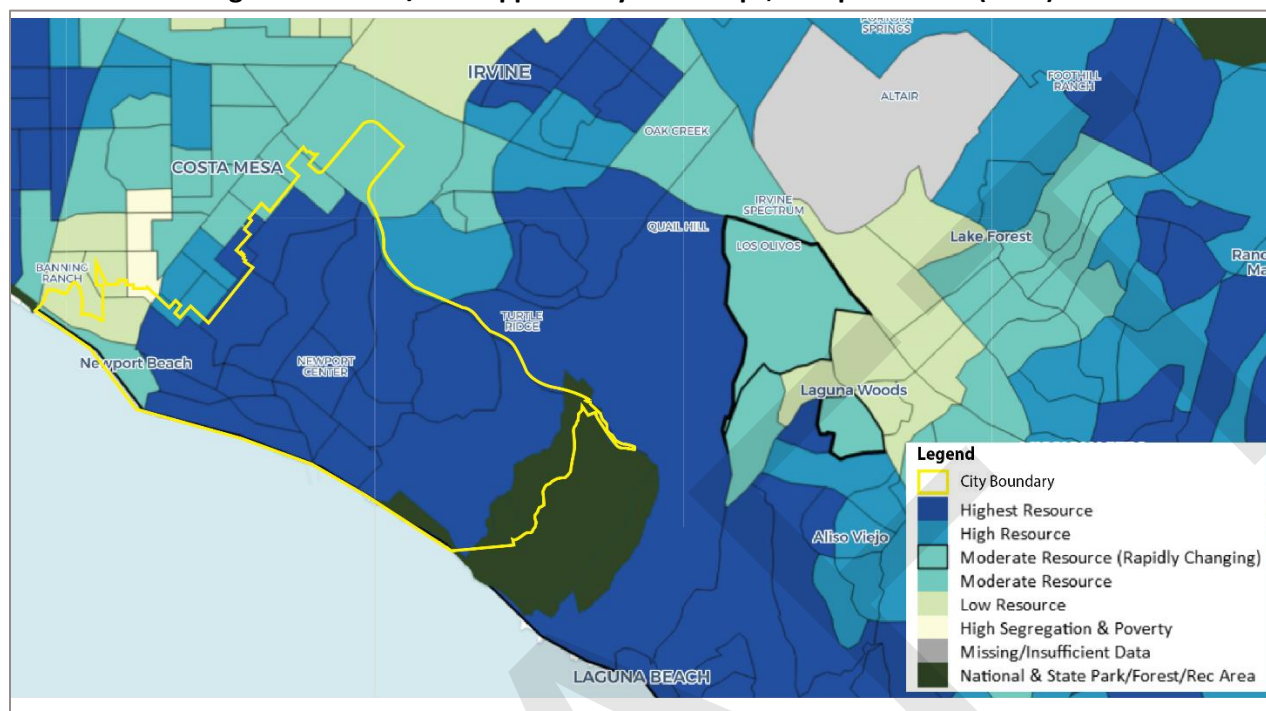


Opportunity Areas

Additionally, the Department of Housing and Community Development (HCD) together with the California Tax Credit Allocation Committee (TCAC) established 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 developed the TCAC/HCD opportunity Area Maps to understand how public and private resources are spatially distributed. The Task force defines opportunities as pathways to better lives, including health, education, and employment. Overall, opportunity maps are intended to display which areas, according to research, offer low-income children and adults the best chance at economic advancement, high educational attainment, and good physical and mental health.

According to the Task Force’s methodology, the tool allocates the 20 percent of the tracts in each region with the highest relative index scores to the “Highest Resource” designation and the next 20 percent to the “High Resource” designation. Each region then ends up with 40 percent of its total tracts as “Highest” or “High” resource. These two categories are intended to help State decision-makers identify tracts within each region that the research suggests low-income families are most likely to thrive, and where they typically do not have the option to live—but might, if given the choice. As shown in **Figure 3-6** below, nearly all of Newport Beach is classified as moderate, high, and highest resource. There is one census tract in the Northwest Portion of Newport Beach classifies as low resource, the tracts scores identify high economic resources and low educational resources.

Figure 3-6: TCAC/HCD Opportunity Area Maps, Newport Beach (2020)



Source: California Tax Credit Allocation Committee and Department of Housing and Community Development, 2020.

Access to neighborhoods with higher levels of opportunity can be more difficult due to discrimination and when there may not be a sufficient range and supply of housing in such neighborhoods. In addition, the continuing legacy of discrimination and segregation can impact the availability of quality infrastructure, educational resources, environmental protections, and economic drivers, all of which can create disparities in access to opportunity.

The Department of Housing and Urban Development (HUD) developed the opportunity indicators to help inform communities about disparities in access to opportunity, the scores are based on nationally available data sources and assess resident's access to key opportunity assets in the City. **Table 3-15** provides the index scores (ranging from zero to 100) for the following opportunity indicator indices:

- **Low Poverty Index:** The low poverty index captures poverty in a given neighborhood. The poverty rate is determined at the census tract level. The higher the score, the less exposure to poverty in a neighborhood.
- **School Proficiency Index:** The school proficiency index uses school-level data on the performance of 4th grade students on state exams to describe which neighborhoods have high-performing elementary schools nearby and which are near lower performing elementary schools. The higher the score, the higher the school system quality is in a neighborhood.
- **Labor Market Engagement Index:** The labor market engagement index provides a summary description of the relative intensity of labor market engagement and human capital in a neighborhood. This is based upon the level of employment, labor force participation, and

educational attainment in a census tract. The higher the score, the higher the labor force participation and human capital in a neighborhood.

- **Transit Trips Index:** This index is based on estimates of transit trips taken by a family that meets the following description: a three-person single-parent family with income at 50% of the median-income for renters for the region (i.e. the Core-Based Statistical Area (CBSA)). The higher the transit trips index, the more likely residents in that neighborhood utilize public transit.
- **Low Transportation Cost Index:** This index is based on estimates of transportation costs for a family that meets the following description: a three-person single-parent family with income at 50 percent of the median-income for renters for the region/CBSA. The higher the index, the lower the cost of transportation in that neighborhood.
- **Jobs Proximity Index:** The jobs proximity index quantifies the accessibility of a given residential neighborhood as a function of its distance to all job locations within a region/CBSA, with larger employment centers weighted more heavily. The higher the index value, the better the access to employment opportunities for residents in a neighborhood.
- **Environmental Health Index:** The environmental health index summarizes potential exposure to harmful toxins at a neighborhood level. The higher the index value, the less exposure to toxins harmful to human health. Therefore, the higher the value, the better the environmental quality of a neighborhood, where a neighborhood is a census block-group.

Table 3-15-18 below displays the opportunity indices by race and ethnicity for persons in Newport Beach. The table displays the following results:

- According to the data, there is low poverty among the population of Newport, across all racial/ethnic groups.
- Additionally, the access to quality education system is high among all racial/ethnic groups (each group has an opportunity index score above 80).
- The data shows the City offers high labor and economic opportunity as well as sufficient access to transportation.
- While the data shows a high access to transportation, however it also shows that the transportation is less affordable, specifically to non-Hispanic Asian or Pacific Islander and Native American populations.
- The data also shows low environmental health index scores across all racial/ethnic groups, below 50.
- Households who earn below the poverty rate in Newport Beach have lower levels of opportunity access across all indicators as well as race and ethnicities.

Table 3-1185: Opportunity Indices by Race/Ethnicity, Newport Beach

(Newport Beach, CA CDBG) Jurisdiction	Low Poverty Index	School Proficiency Index	Labor Market Index	Transit Index	Low Transportation Cost Index	Jobs Proximity Index	Environmental Health Index
Total Population							
White, Non-Hispanic	81.31	90.17	82.88	86.59	75.16	90.40	41.36
Black, Non-Hispanic	78.86	89.72	81.85	86.92	76.61	90.54	40.65
Hispanic	79.04	88.93	81.76	86.93	76.81	89.82	40.55
Asian or Pacific Islander, Non-Hispanic	84.48	91.60	85.94	83.05	68.64	89.19	38.80
Native American, Non-Hispanic	79.22	88.29	81.86	88.35	78.06	91.17	40.73
Population below federal poverty line							
White, Non-Hispanic	78.99	89.20	83.30	87.76	78.81	90.38	43.27
Black, Non-Hispanic	78.71	86.38	78.21	89.58	85.43	87.99	48.46
Hispanic	82.46	87.75	81.41	88.28	77.88	89.87	41.76
Asian or Pacific Islander, Non-Hispanic	84.34	88.97	82.79	88.43	76.05	92.09	39.15
Native American, Non-Hispanic	77.00	89.17	88.00	93.00	85.00	95.55	40.00

Source: Department of Housing and Urban Development, Affirmatively Furthering Fair Housing Online Mapping tool, Decennial Census; ACS; Great Schools; Common Core of Data; SABINS; LAI; LEHD; NATA

Access to Education, Economic and Transit Opportunities

School Proficient, Labor Market and Job Proximity

Table 3-19 below displays opportunity indicators based on school proficiency, labor market, and job proximity. The City of Newport Beach has no Title I schools. Title I schools help low-achieving children meet state standards in core academic subjects. These schools coordinate and integrate resources and services from federal, state, and local sources. To be considered for Title 1 school funds, at least 40 percent of the students must be considered low-income. Additionally, the data shows that the City has an annual unemployment rate of 3.1 percent. Additionally, over 69.4 percent of residents has commute that is 30-minutes or less. The City of Newport Beach provides a variety of economic opportunities for current and future residents, however, the data shows there is little educational opportunities for lower achieving students.

Table 3-19: Opportunity Indicator – School Proficiency, Labor Market, Job Proximity

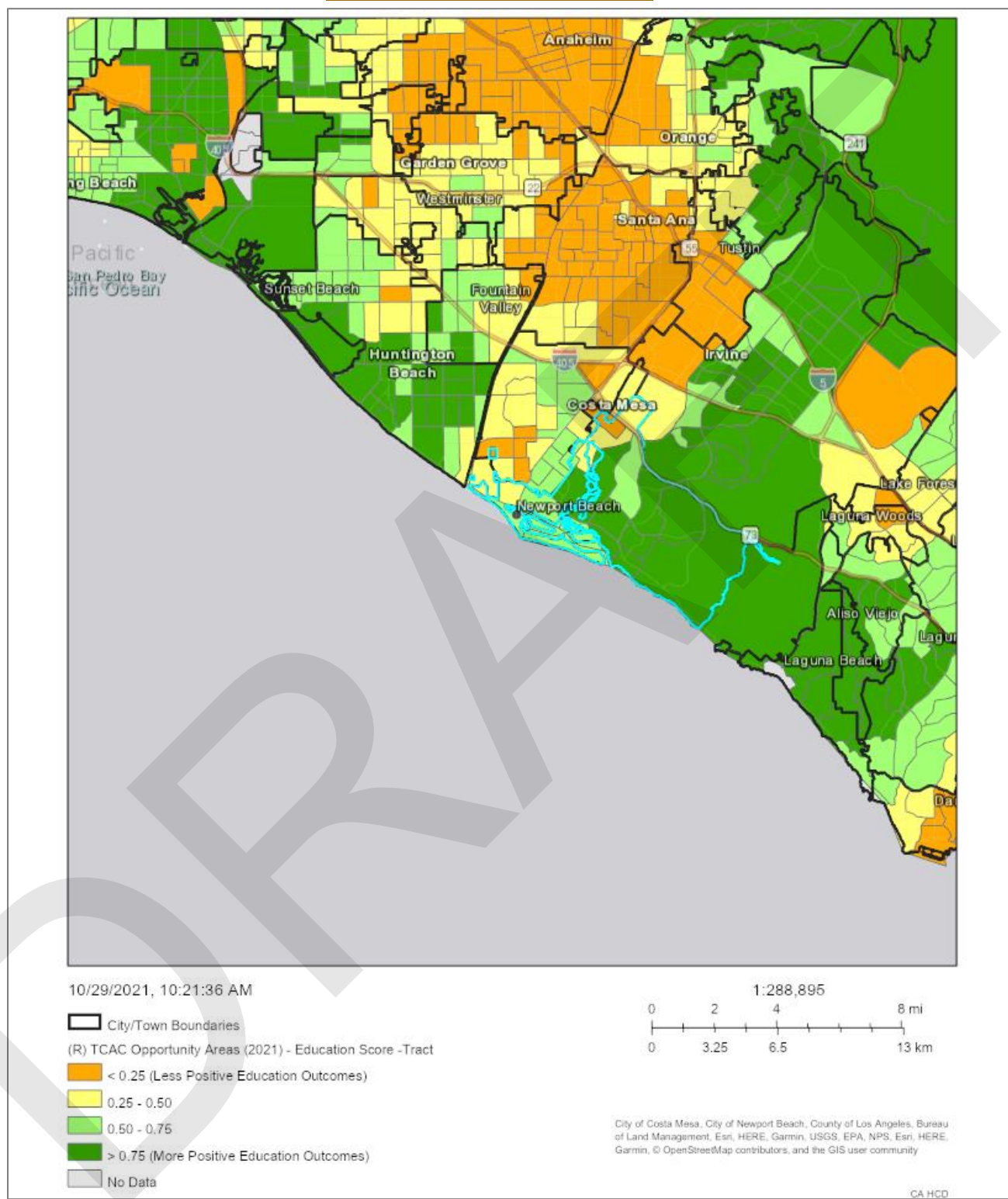
<u>Opportunity Indicator</u>	<u>Newport Beach</u>
<u>School Proficiency</u>	
<u>Total Title I Schools</u>	<u>0</u>



<u>Opportunity Indicator</u>	<u>Newport Beach</u>
<u>Total Schools</u>	<u>12</u>
<u>% of Schools</u>	<u>0%</u>
<u>Unemployment Rate</u>	
<u>Total Unemployed</u>	<u>1,408</u>
<u>Annual Rate</u>	<u>3.1%</u>
<u>Job Proximity</u>	
<u><29 mins.</u>	<u>69.4%</u>
<u>30-59 mins.</u>	<u>22.6%</u>
<u>60 mins. or more</u>	<u>8.1%</u>
<u>Source:</u> <u>National Center for Education Statistics, public Schools Directory. Accessed October 29, 2021.</u> <u>American Community Survey 2013-2017, S1701.</u> <u>American Community Survey 2013-2017, S0801</u>	

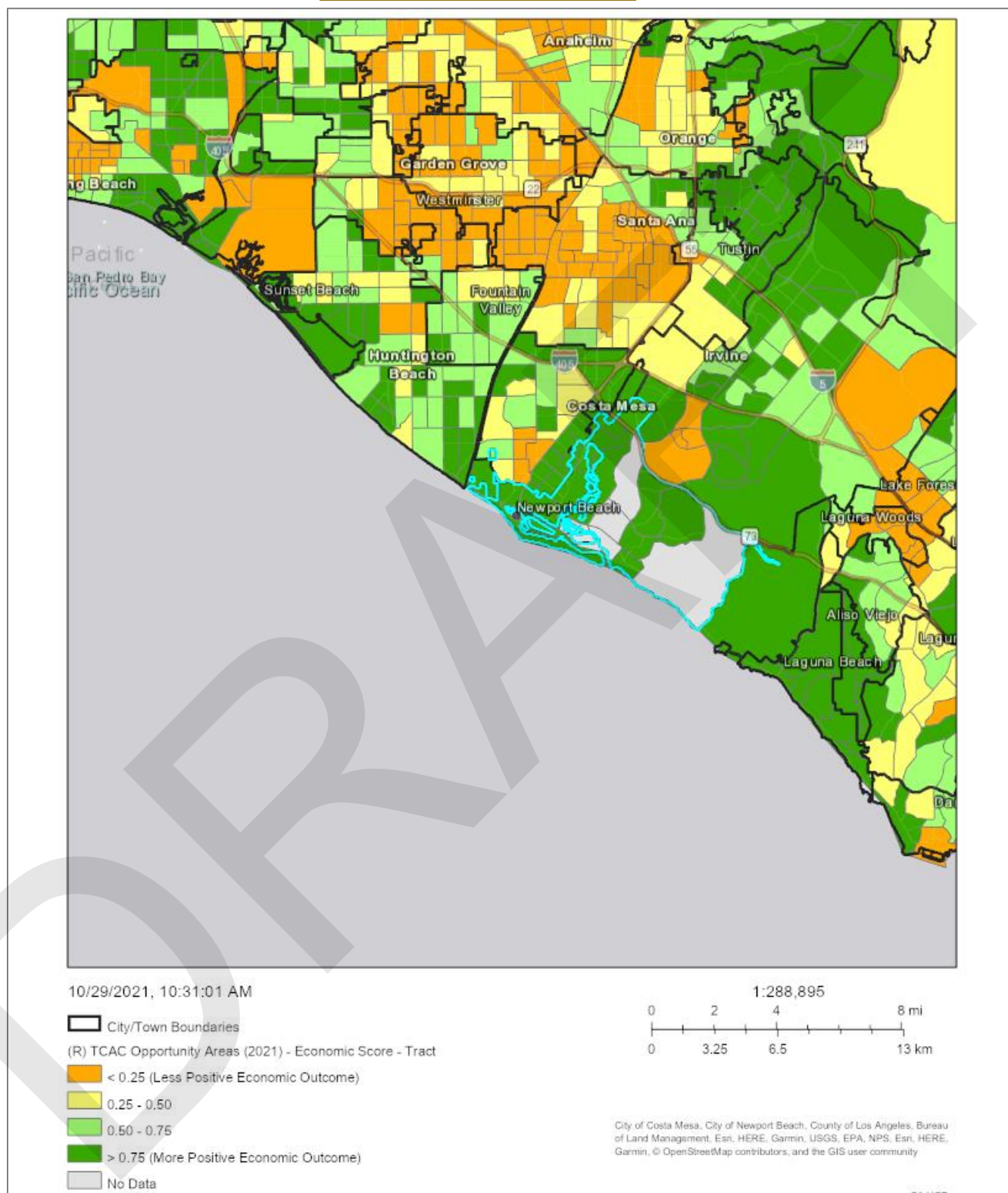
Figures 3-7 and 3-8 below display the geographic data for education and economic opportunity in Newport Beach.

Figure 3-7: TCAC – Education Score



Source: HCD AFFH Data Viewer, Accessed September 10, 2021

Figure 3-8: TCAC – Economic Score



Source: HCD AFFH Data Viewer, Accessed September 10, 2021



Access to Transit

Access to transportation, specifically public transit provides households with affordable and environmentally friendly commuting options. It can also increase accessibility to essential retail such as grocers and markets as well as recreational activities and safe transit options for young adults and children.

AllTransit explores metrics that reveal the social and economic impact of transit, specifically looking at connectivity, access to jobs, and frequency of service. According to the data shown in **Table 3-20**, Newport Beach scored a 3.9 AllTransit performance score, illustrating a low combination of trips per week and number of jobs accessible that enable a moderate number of people to take transit to work. In total, 138,164 jobs are accessible within a 30-minute trip from Newport Beach, however just 0.55 percent of commuters use transit. Additionally, AllTransit identified the following transit related statistics for Newport Beach:

- 95.4 percent of all jobs in Newport Beach are located within ½ mile of transit
- There are 53,761 customer households within a 30-minute transit commute of local businesses
- 1.86 percent of workers in Newport Beach walk to work
- 1.02 percent of workers in Newport Beach bike to work
- 0 percent of low-income households live near transit

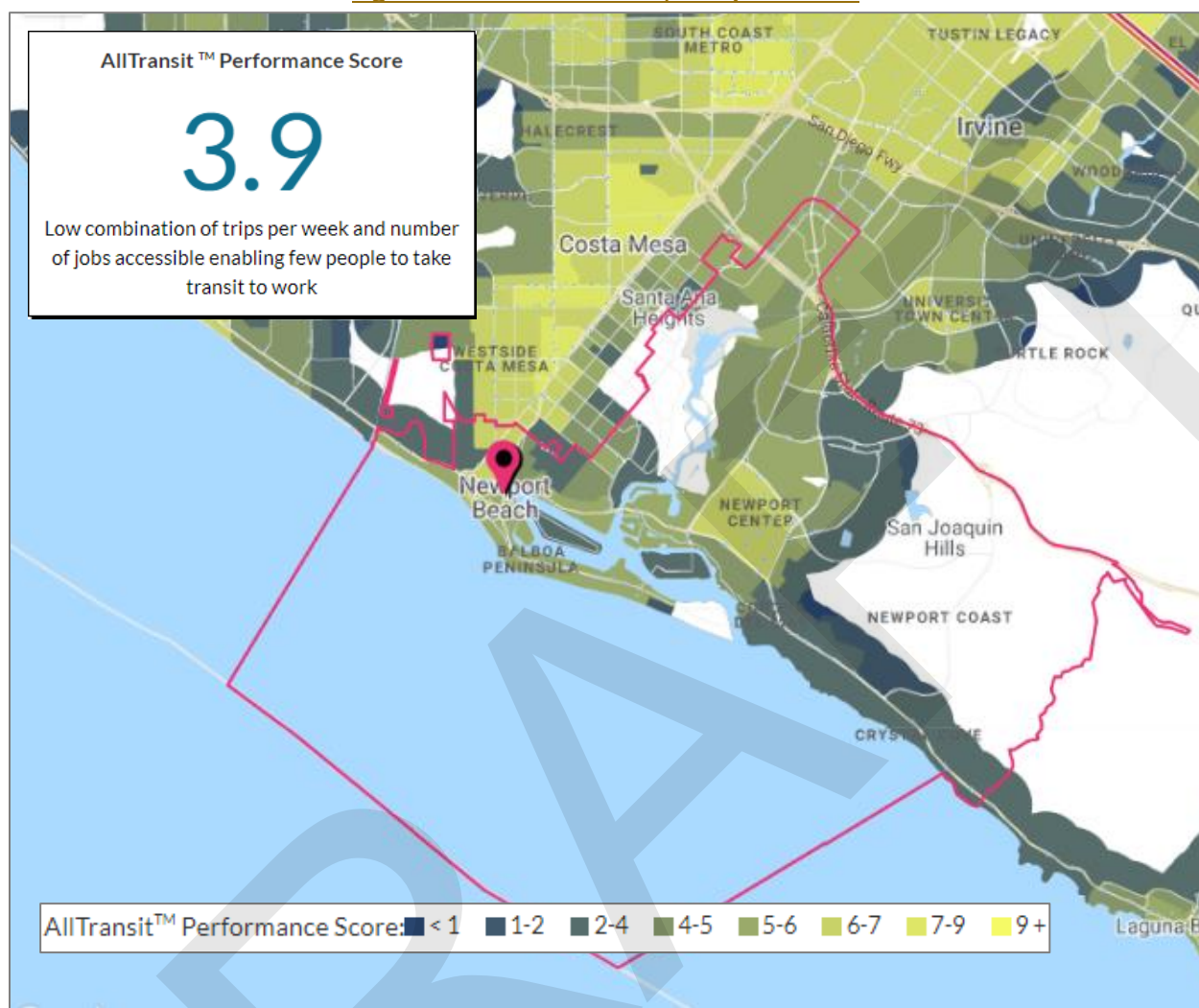
By comparison, Newport Beach scored lower than neighboring jurisdictions of Costa Mesa (5.4), Huntington Beach (4.4), and Irvine (3.6), however slightly higher than Laguna Beach (3.8). Overall, the City of Newport Beach has a lower AllTransit score than the County of Orange (3.9 in Newport Beach and 4.2 in the County).

Table 3-~~XX~~20: Opportunity Indicator – Transit

<u>Jurisdiction</u>	<u>All-Transit Performance Score</u>	<u>Transit Trips Per Week within 1/2 Mile</u>	<u>Jobs Accessible in 30-min trip</u>	<u>Commuters Who Use Transit</u>	<u>Transit Routes within 1/2 Mile</u>
<u>Newport Beach</u>	<u>3.9</u>	<u>410</u>	<u>138,164</u>	<u>0.55%</u>	<u>4</u>
<u>County of Orange</u>	<u>4.2</u>	<u>528</u>	<u>172,595</u>	<u>2.28</u>	<u>4</u>

Source: AllTransit, Transit Scores. Accessed October 29, 2021.

Figure 3-9: AllTransit Score, Newport Beach



Environmental Justice

The California Office of Environmental Health Hazard Assessment (OEHHA) developed a screening methodology to help identify California communities disproportionately burdened by multiple sources of pollution called the California Communities Environmental Health Screening Tool (CalEnviro Screen). In addition to environmental factors (pollutant exposure, groundwater threats, toxic sites, and hazardous materials exposure) and sensitive receptors (seniors, children, persons with asthma, and low birth weight infants), CalEnviro Screen also takes into consideration socioeconomic factors. These factors include educational attainment, linguistic isolation, poverty, and unemployment. Research has shown a heightened vulnerability of people of certain ethnicities and lower socioeconomic status to environmental pollutants.

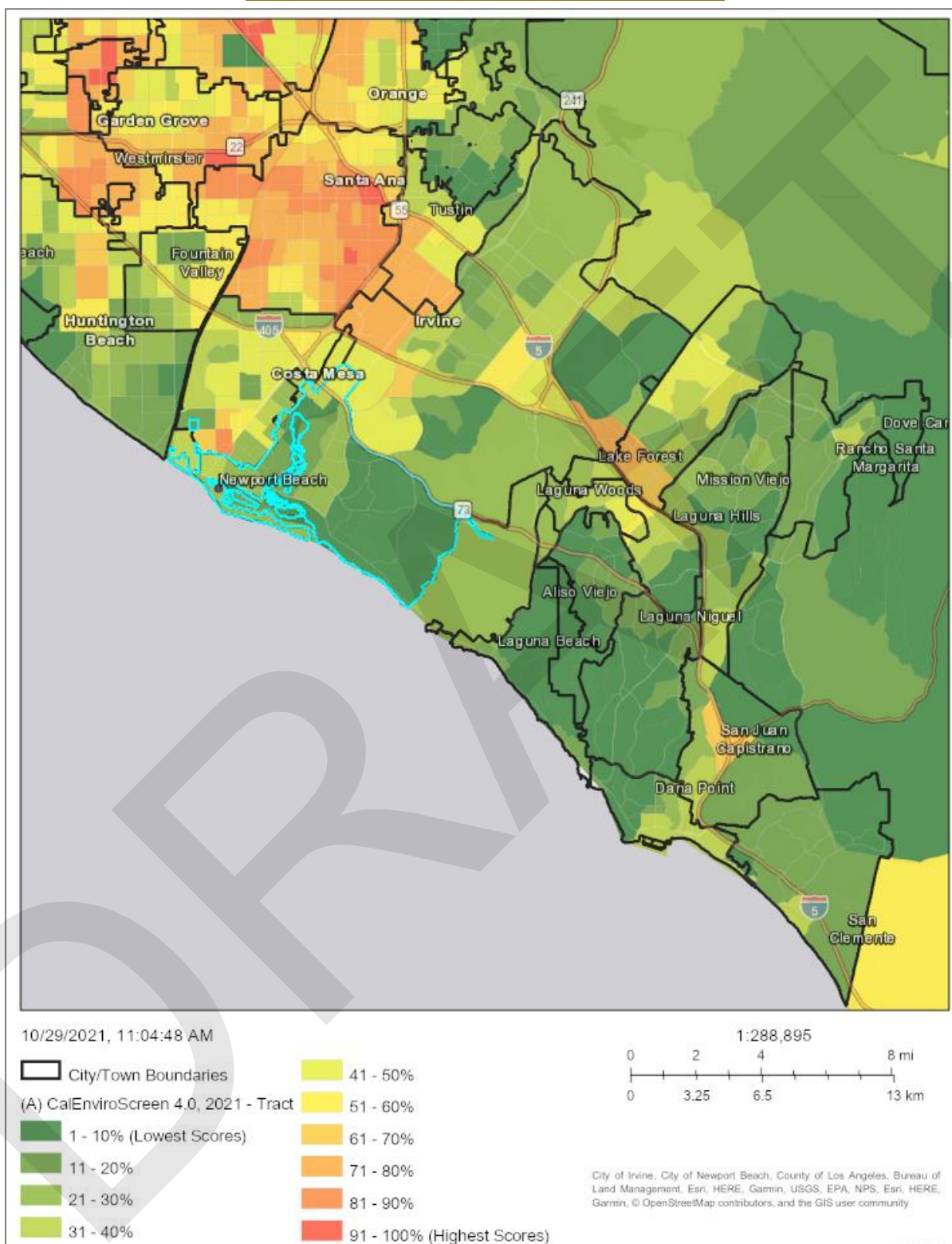
The CalEnviro Model Is made up of a suite of 20 statewide indicators of pollution burden and population characteristics associated with increased vulnerability to pollution's health effects. The model uses the follow analysis and calculation to identify areas which may create health risk:



- Uses a weighted scoring system to derive average pollution burden and population characteristics scores for each census tract.
- Calculates a final CalEnviro Screen score for a given census tract relative to the other tracts in the state by multiplying the pollution burden and population characteristics components together.
- The score measures the relative pollution burdens and vulnerabilities in one census tract compared to others and is not a measure of health risk.

Figure 3-10 below displays the results for the CalEnviro Screen in Newport Beach. The data shows that all of Newport Beach is low to lowest scoring (light to dark green), meaning that throughout the City there is low proximity or exposure to harmful pollutants.

Figure 3-10: CalEnviro Screen 4.0, Newport Beach



Source: HCD AFFH Database, Accessed October 29, 2021.

Discussion of Disproportionate Housing Needs

The analysis of disproportionate housing needs within Newport Beach evaluated existing housing need, need of the future housing population, and units within the community at-risk of converting to market-rate.

Future Growth Need

The City's future growth need is based on the RHNA production of 1,456 very low and 930 low-income units within the 2021-2029 planning period. **Appendix B** of this Housing Element shows the City's ability to meet its 2021-2029 RHNA need at all income levels. This demonstrates the City's ability to accommodate the anticipated future affordable housing needs of the community.

Existing Need

As described in **Section 3.F.1** of this Housing Element, the Orange County Housing Authority administers Section 8 Housing Choice vouchers within the City of Newport Beach. As of October 30, 2020, the City has allocated 112 Section 8 vouchers to residents within the community: 30 for families, 20 for persons with disabilities, and 62 for seniors.

Additionally, a variety of affordable housing opportunities currently exist in the City. In Orange County, each category of publicly supported housing (public housing, Project Based Section 8, Other Multi-unit Housing, Housing Choice Vouchers, and Low-Income Housing Tax Credit [LIHTC] units) is represented, although that representation varies greatly depending on the individual municipality. Table 3-16 below identifies the variety of publicly supported housing, by percent, in the City of Newport Beach.

Table 3-16-21 below displays the demographics of all ~~publically~~publicly supported housing in Newport Beach. The data shows that majority of persons who utilize and receive public housing support identify as White, with a small percentage Hispanic or Asian/Pacific Islander.

Table 3-1621: Publicly Supported Housing Demographics, Newport Beach

Housing Type	White		Black		Hispanic		Asian or Pacific Islander	
	#	%	#	%	#	%	#	%
Project-Based Section 8	85	87.63%	0	0.00%	3	3.09%	9	9.28%
HCV Program	99	70.21%	14	9.93%	15	10.654%	13	9.22%
LIHTC	238	85.9%	8	1.99%	147	35.57%	12	2.99%
Total Households	32,490	84.94%	135	0.35%	2,485	6.6%	2,477	6.45%
Source: County of Orange, Analysis of Impediments								
Notes: HVC = Housing Choice Voucher								
LIHTC = Low-Income Housing Tax Credit								

Housing Needs in Newport Beach

A variety of factors affect housing needs for different households. Most commonly, disability, household income and households' characteristics shape the type and size of housing units needed, as well as accessibility based on existing units in a City. **Tables 3-17-22 through 3-22-27** displayed data for demographic characteristics of Newport Beach, as compared to the County of Orange and the State of



California. Additional detailed analysis of the Newport Beach community demographics is outlined in **Chapter 2: Community Profile** of this Housing Element.

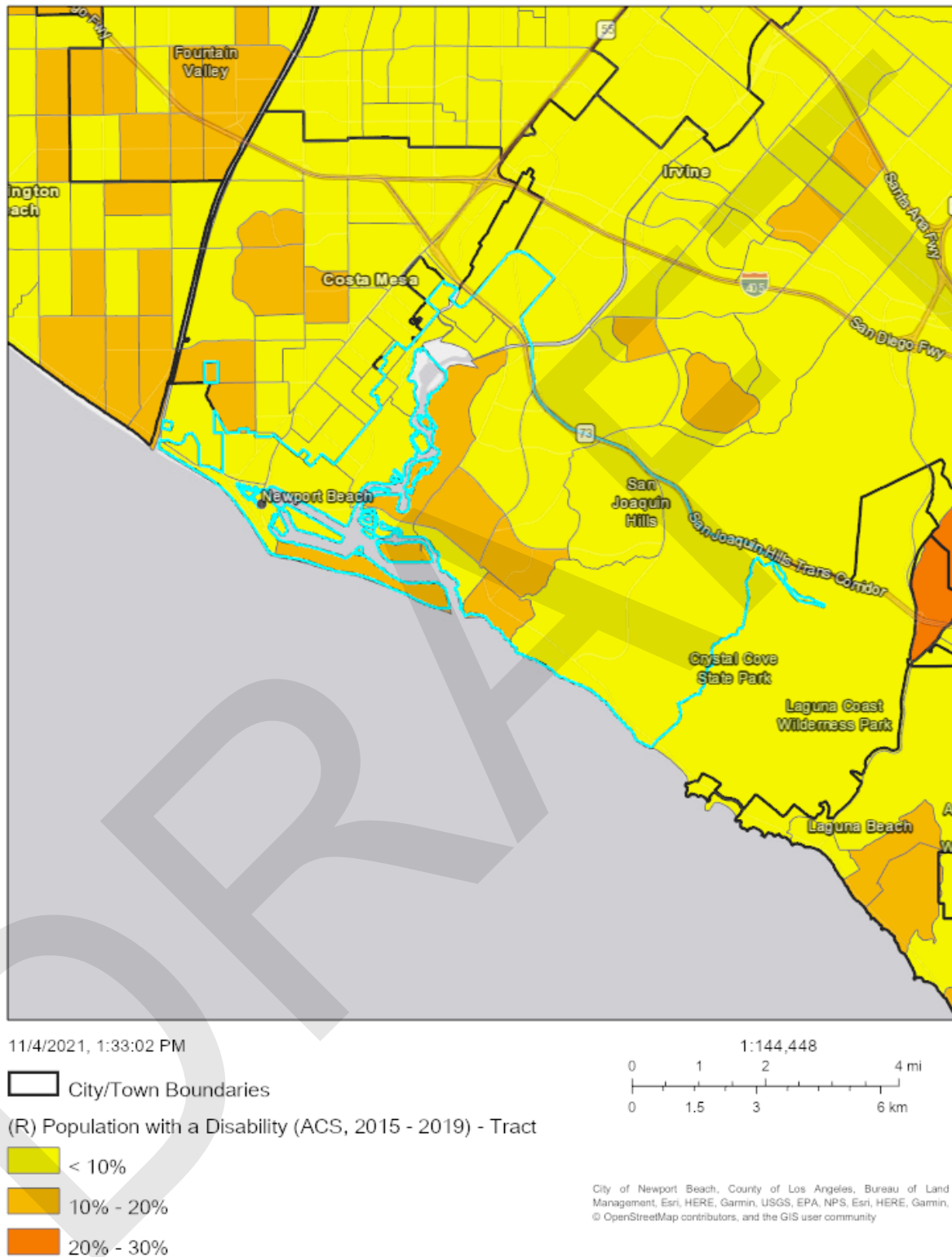
Table 3-17-22 displays the data for persons with disabilities in the City, County, and State. Overall, about 10 percent of the California population reported having at least one disability. In the City, about 8 percent of persons reported at least one disability. The County reported a higher percentage than the City at 8.5 percent. Of the 8 percent of Newport Beach residents who reported a disability, the majority were independent living and ambulatory difficulties, which could be tied to the City's senior population. Ease of reasonable accommodation procedures and opportunity for accessible housing can provide increased housing security for the population with disabilities.

Table 3-17-22: Population by Disability Type, Compared by Geography, 2019

Disability	City of Newport Beach	County of Orange	California
Total with a Disability	8%	8.5%	10.6%
Hearing Difficulty	2.7%	2.5%	2.9%
Vision Difficulty	1.5%	1.5%	2%
Cognitive Difficulty	3.0%	3.4%	4.3%
Ambulatory Difficulty	3.7%	4.5%	5.8%
Self-care Difficulty	1.7%	2.2%	2.6%
Independent Living	3.6%	4.3%	5.5%

Source: American Community Survey, 5-Year Estimates, 2019.

Figure 3-11: Persons with Disabilities



Source: HCD AFFH Database, American Community Survey. Accessed November 3, 2021.

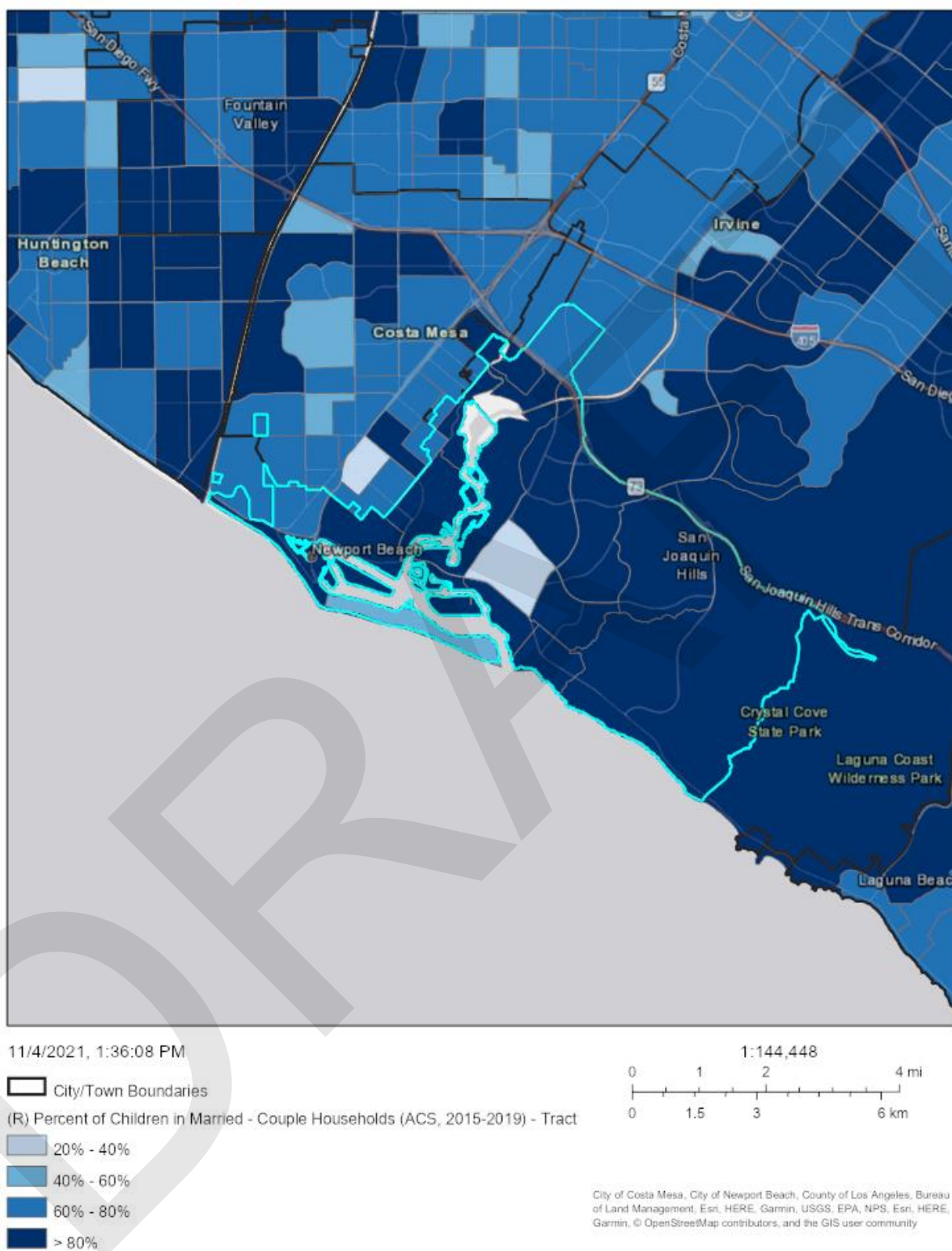


Table 3-18-23 displays household type and income data for the State, County and City. Overall, the City has a smaller percentage of family households than the County and State; this includes family households, married-couple family households, and those with children. Of the three jurisdictions, the City has the largest percentage of non-family households (42.2 percent, compared to 28.3 at approximately 2 percent more than Orange County and about 6 percent more than the City. The City has a higher percentage of households with at least one senior over the age of 60 as compared to the state (29.2 percent) but a lower percentage than the County (39.9 percent).

Table 3-18-23: Population by Familial Status, Compared by Geography, 2019

Familial Status	City of Newport Beach	County of Orange	California
Total Households	37,605	1,037,492	13,044,266
Family Households	57.7%	71.7%	68.7%
Married-Couple Family Households	49.6%	54.9%	49.8%
With Children	21.1%	30.9%	34%
Non-Family Households	42.2%	28.3%	31.3%
Households with one or more people 60 years+	35.5%	39.9%	29.2%
<u>Female Headed Households, No Spouse Present with Children</u>			
<i>Source: American Community Survey, 5-Year Estimates. 2019</i>			

Figure 3-12: Married Couple Households with Children



Source: HCD AFFH Database, American Community Survey. Accessed November 3, 2021.

Figure 3-13: Female Headed Households, No Spouse/Partner Present with Children



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City/Town Boundaries

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City of Costa Mesa, City of Newport Beach, County of Los Angeles, Bureau of Land Management, Esri, HERE, Garmin, USGS, EPA, NPS, Esri, HERE, Garmin, © OpenStreetMap contributors, and the GIS user community

Source: HCD AFFH Database, American Community Survey. Accessed November 3, 2021

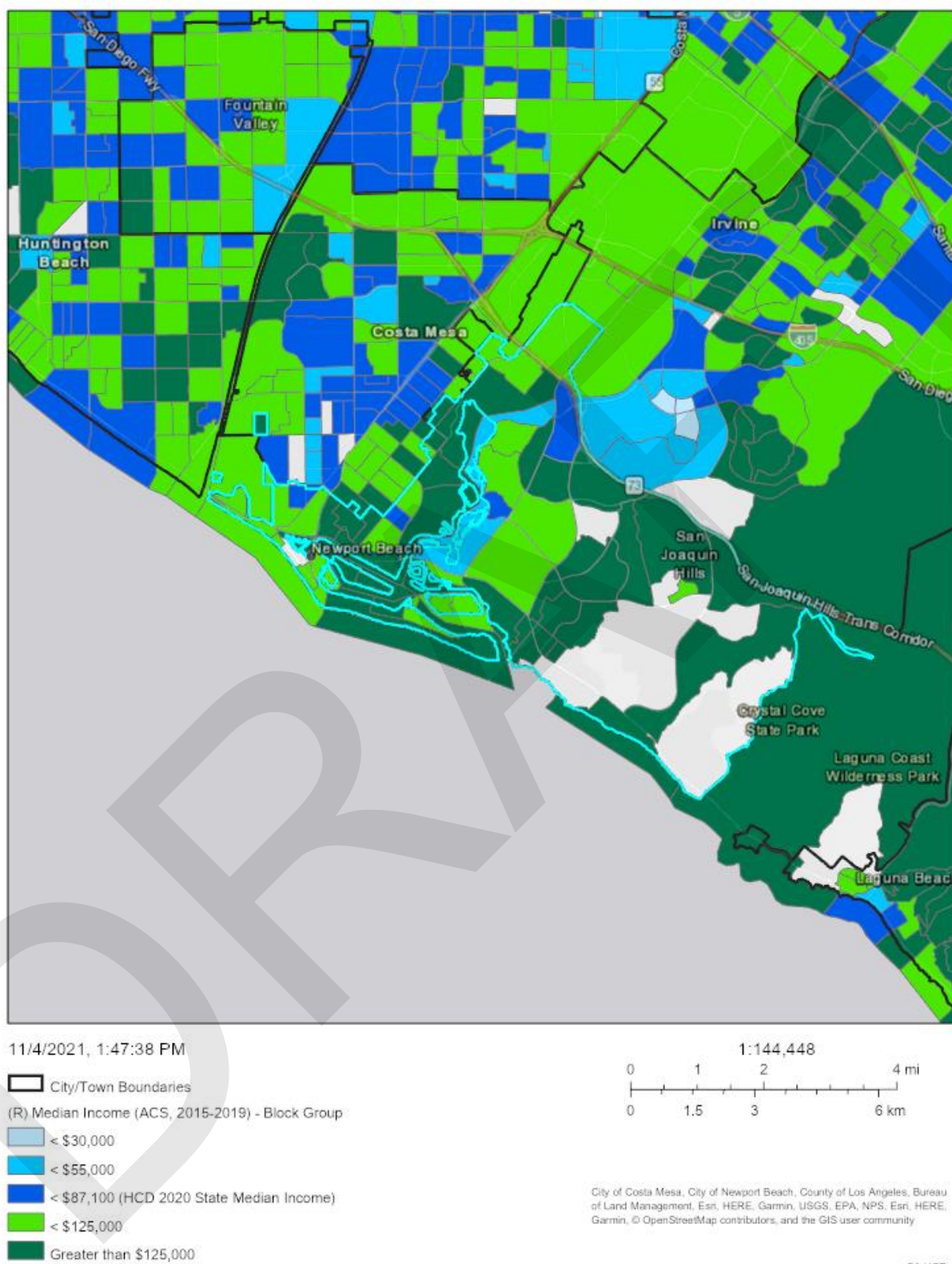


Regarding household income, the City had a significantly higher median household income than the County and State in 2019 (\$127,223 in the City compared to \$90,234 in the County and \$75,235 in the State). As **Table 3-19-24** shows, majority of the City's households are higher earning; in total 70.4 percent of households in Newport Beach earn more than the State median-income. Additionally, over 30 percent of households in Newport Beach earn \$200,000 or more annually. In the state, nearly 38 percent of households earn \$100,000 or more and 45.2 percent in the County of Orange. Just under 20 percent of City residents earn less than \$50,000 annually, compared to 27 percent and 34 percent for the County and State, respectively.

Table 3-19-24: Households by Income, Compared by Geography, 2019

Households Income	City of Newport Beach	County of Orange	California
Less than \$10,000	3.8%	4.2%	4.8%
\$10,000-\$14,999	2.5%	2.7%	4.1%
\$15,000-\$24,999	4.3%	5.6%	7.5%
\$25,000-\$34,999	3.6%	6.0%	7.5%
\$35,000-\$49,999	5.7%	8.8%	10.5%
\$50,000-\$74,999	9.8%	14.6%	15.5%
\$75,000-\$99,999	10.1%	12.8%	12.4%
\$100,000-\$149,999	16.7%	18.6%	16.6%
\$150,000-\$199,999	10.8%	11.1%	8.9%
\$200,000 or More	32.8%	15.5%	12.2%
Median-Income	\$127,223	\$90,234	\$75,235
Source: American Community Survey, 5-Year Estimates, 2019			

Figure 3-14: Median Income for Households in Newport Beach



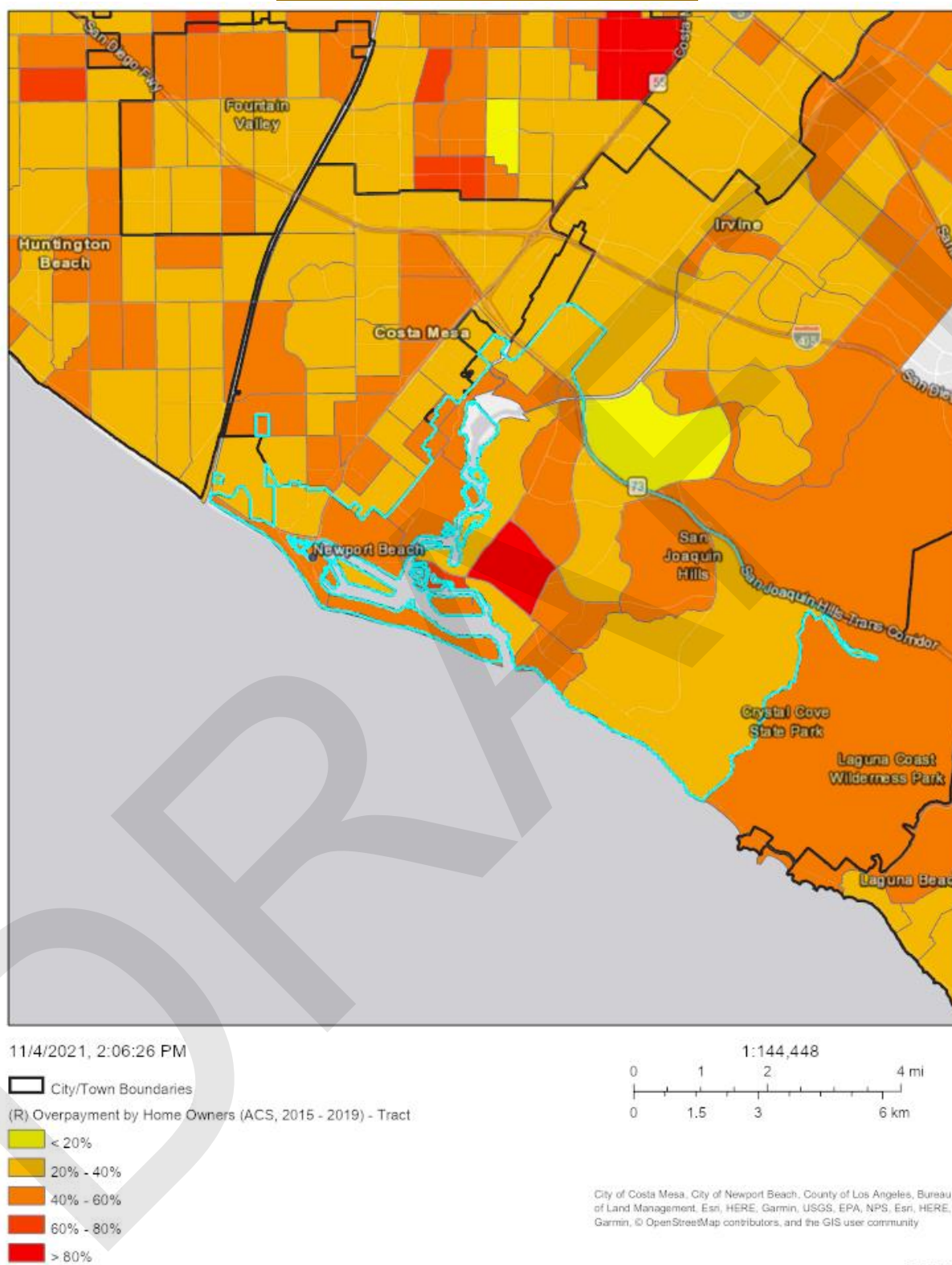
Source: HCD AFFH Database, American Community Survey. Accessed November 3, 2021.

Table 3-250 displays data for households experiencing overpayment or cost burden in the State, County and City. Housing Cost burden has a number of consequences for a household, mainly displacement from their existing living situation creating limited access essential goods and often employment by potentially increasing commute times. Overall, the percentage of households that experience a cost burden greater than 30 percent is similar amongst the City, County, and State with all three reporting about 75 to 80 percent. The City has a slightly higher percentage of households that have a ~~high-cost~~high-cost burden over 50 percent (21.4percent in the City, compared to about 19 percent in the County and State). Increased opportunity for affordable housing and housing assistance funds help to prevent cost burden on households.

Table 3-250: Households by Overpayment, Compared by Geography

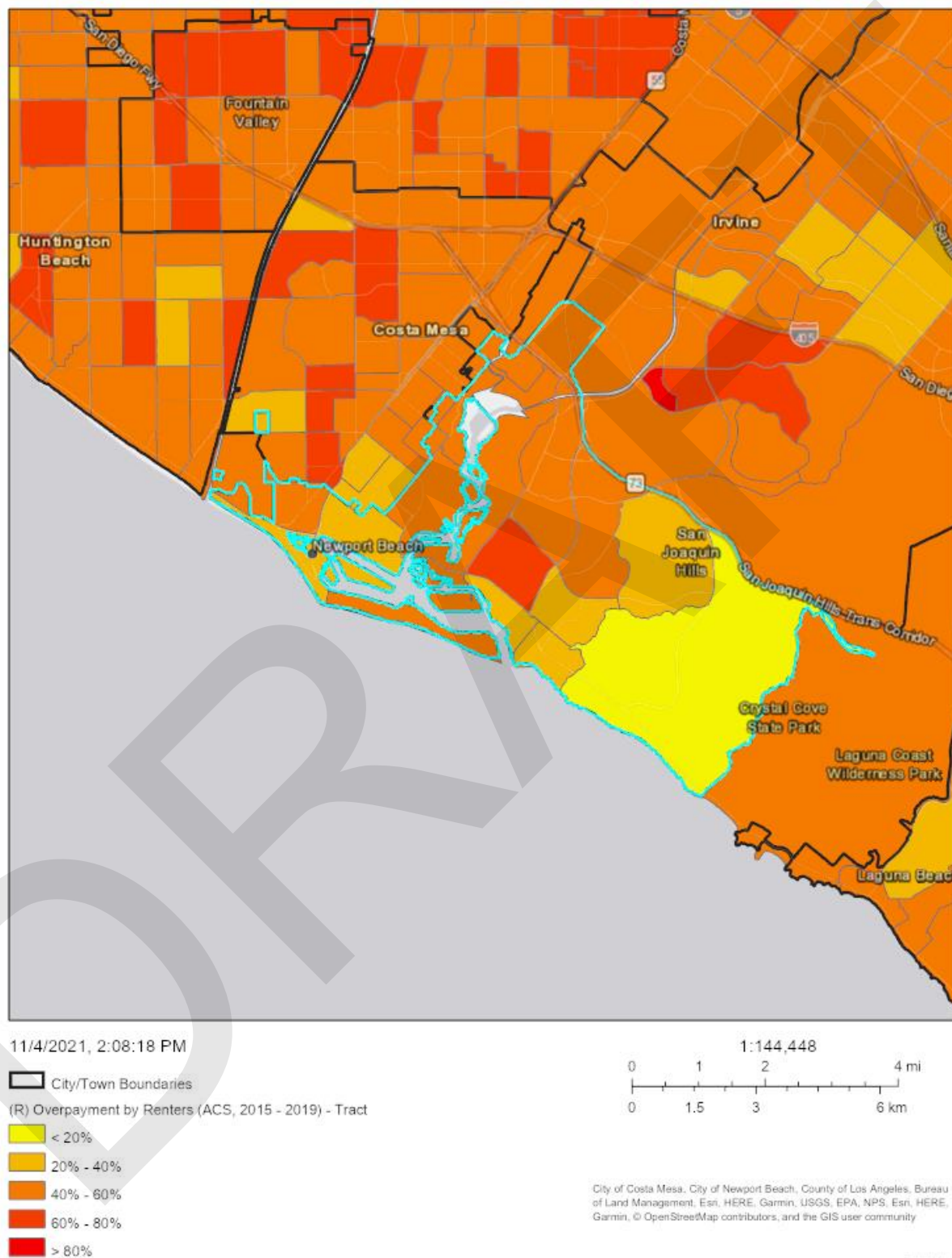
Overpayment/Cost Burden	City of Newport Beach	County of Orange	California
Cost Burden > 30%	76.3%	79.3%	79.2%
Cost Burden > 50%	21.4%	19.3%	19.4%
Cost Burden Not Available	2.1%	1.4%	1.4%
Source: Consolidated Planning/CHAS Data, 2013- 2017.			

Figure 3-15: Overpayment by Homeowners



Source: HCD AFFH Database, American Community Survey. Accessed November 3, 2021.

Figure 3-16: Overpayment by Renters



Source: HCD AFFH Database, American Community Survey. Accessed November 3, 2021.

Table 3-216 displays data for household tenure (owner vs. renter) for the State, County and City. Homeownership is a crucial foundation for helping families with low-incomes to build strength, stability and independence. The opportunity for transition into the homebuyer's market is important for persons and households in different communities, homeownership allows for increased stability and opportunity to age in place. **Table 3-216** shows that the City has a comparable rate of homeownership to the County and a slightly lower ownership rate than the State.

Table 3-261: Households by Tenure, Compared by Geography, 2019

Household Tenure	City of Newport Beach	County of Orange	California
Owner Households	56.7%	57.4%	66.0%
Renter Households	43.3%	42.6%	34.0%
Total Occupied Housing Units	37,605	1,037,492	13,044,266

Source: American Community Survey, 5-Year Estimates, 2019.

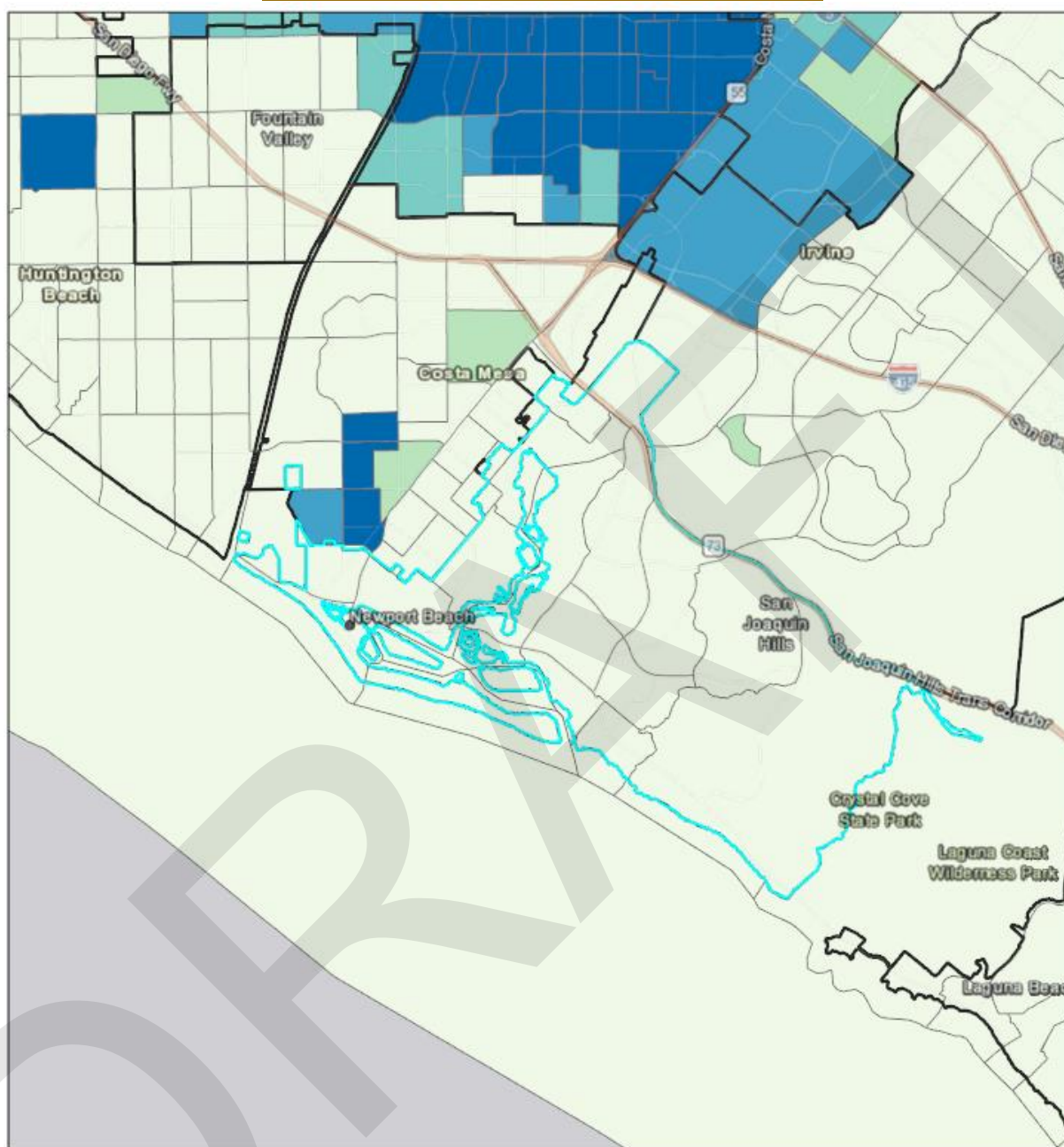
Additionally, **Table 3-227** displays data for overcrowding in the State, County and City. Overcrowding is defined as between 1.01 and 1.5 persons per room in a household, and severe overcrowding is defined as more than 1.51 persons per room. Overcrowding often occurs when nonfamily members combine incomes to live in one household, such as college students and roommates, it also occurs when there is not enough size appropriate housing options for large or multigenerational families. The City experiences very low rates of overcrowding in comparison to the County and the State. According to the data, overcrowding occurs more frequently in renter households rather than owner households. In Newport Beach, owner households that are severely overcrowded represent 0 percent of all households, while severely overcrowded renter households represent 0.3 percent. In the County and state a trend similar in the County and State.

Table 3-227: Households by Overcrowding, Compared by Geography

Overcrowding and Tenure	City of Newport Beach	County of Orange	California
Owner Households			
Overcrowded	0.5%	2.6%	1.6%
Severely Overcrowded	0%	1.0%	0.6%
Renter Households			
Overcrowded	3.1%	9.8%	3.6%
Severely Overcrowded	0.3%	6.0%	2.4%

Source: American Community Survey, 5-Year Estimates, 2019.

Figure 3-17: Households Experiencing Overcrowding



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- City/Town Boundaries
- (R) Overcrowded Households (CHHS) - Tract
- ≤ 8.2% (Statewide Average)
- 8.3% - 12%
- 12.01% - 15%
- 15.01% - 20%
- > 20%

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City of Costa Mesa, City of Newport Beach, County of Los Angeles, Bureau of Land Management, Esri, HERE, Garmin, USGS, EPA, NPS, Esri, HERE, Garmin, © OpenStreetMap contributors, and the GIS user community

Source: HCD AFFH Database, American Community Survey. Accessed November 3, 2021.

Figure 3-18: Households Experiencing Severe Overcrowding



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City/Town Boundaries

(R) Severely Overcrowded Households (CHHS) - Tract

No Data

1:144,448
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0 1.5 3 6 km

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Source: HCD AFFH Database, American Community Survey. Accessed November 3, 2021.

Housing Stock in Newport Beach

Table 3-283 displays comparative housing stock data for the State, County and City. Table 3-27 below shows data for occupied housing units by type. A variety of housing stock provides increased opportunity in communities for different size and households types. The majority of housing stock in Newport Beach is classified as one-unit-detached housing, or single-family housing. Just under 18 percent of Newport Beach homes include 20 or more units, referred to as multi-family housing. In comparison to the County Orange has a greater amount of single-family homes, and an overall smaller number multi-family housing (2 or more units).

Table 3-238: Occupied Housing Units by Type, Compared by Geography

Housing Unit Type	City of Newport Beach	County of Orange	California
1, detached	48.4%	50.6%	57.7%
1, attached	15.1%	12.3%	7.0%
2 units	4.8%	1.6%	2.4%
3 or 4 units	4.5%	6.9%	5.5%
5 to 9 units	4.4%	6.7%	6.0%
10 to 19 units	3.5%	5.4%	5.2%
20 or more units	17.9%	13.7%	12.3%
Mobile home or other type of housing	1.3%	2.7%	3.7%

Source: American Community Survey, 5-Year Estimates, 2019.

Table 3-294 below displays housing stock by year built or the City, County, and State. Older housing generally requires more upkeep, regular maintenance and can cause a cost burden on both renters and homeowners. Majority of Newport Beach's housing stock was built between 1960 and 1999. Development shows to have slowed significantly in the City after 2010, which could be indicative of the Great Recession. Majority of the County's and State's housing units were built between 1980 and 2009 whereas the distribution of development was more dispersed from 1950 to 1990 in the State. Overall, increased numbers of older housing which is not maintained can lead to cost burden and substandard living conditions.

Table 3-249: Housing Unit by Type, Compared by Geography

Year Built	City of Newport Beach	County of Orange	California
Built 2014 or later	1.6%	2.7%	1.7%
Built 2010 to 2013	1.7%	2.0%	1.7%
Built 2000 to 2009	10.4%	8.3%	11.2%
Built 1990 to 1999	14.3%	11.7%	10.9%
Built 1980 to 1989	10.9%	14.9%	15.0%
Built 1970 to 1979	22.7%	23.3%	17.6%
Built 1960 to 1969	19.8%	19.5%	13.4%
Built 1950 to 1959	10.9%	13.0%	13.4%
Built 1940 to 1949	3.6%	2.1%	5.9%
Built 1939 or earlier	4.1%	2.5%	9.1%

Source: American Community Survey, 5-Year Estimates, 2019.

Displacement Risk

The potential for economic displacement risk can result from a variety of factors, including large-scale development activity, neighborhood reinvestment, infrastructure investments, and changes in local and regional employment opportunity. Economic displacement can be an inadvertent result of public and private investment, where individuals and families may not be able to keep pace with increased property values and market rental rates.

Table 3-25-30 below identifies the assisted and affordable housing units within the City of Newport Beach and identifies the end date of each covenant. According to the table, 4 locations (with a total of 112 units) were up for renewal in the previous planning period (2014-2021). Additionally, 3 locations, with a total of 45 units are set to expire and be addressed for renewal over the next planning period (2021-2029).

The City of Newport Beach is committed to working with property owners and utilizing appropriate funds, as available, to review covenants set to expire for renewal.

Table 3-2305: City of Newport Beach Assisted (and Affordable) Housing Summary

Project Name/ Location	Type of Assistance Received	Earliest Possible Date of Change	Number of Units/Type
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 15th Street	Section 8 CDBG Fee Waivers Tax Credit Financing	2016	20 Very Low-Income 45 Low-Income
Pacific Heights Apartments 881- 887 W. 15th Street	Section 8 Density Bonus	2019	7 Low-Income
Newport Seashore Apartments 849 West 15th 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 15th 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

Cost of Replacement Analysis

In general, the cost for new land in the City cost about \$115/square foot, per market research (noted in Section 3.A.1). The actual construction cost for residential development ranges from \$118/square foot up



to \$131/square foot. The total replacement cost for the at-risk units identified in Table 3-17 are summarized below

- The cost for replacing the 65-unit Newport Seacrest Apartments would total more than \$12,499,600. This cost assumes that 1.5 acres of land will be required, and each unit will have a total floor area of 650 square feet (1-bedroom units). The land cost will be approximately \$7,514,100 (assuming \$115/square foot) while the construction cost will be approximately \$4,985,500 (assuming \$118/square foot for a 650-square foot unit= \$76,700/unit).
- The cost of replacing the 7-units in the Pacific Heights Apartments would total more than \$1,789,550. This cost assumes that 0.25 acres of land will be required, and each unit will have a total floor area of 650 square feet (1- bedroom). The land cost will be approximately \$1,252,350 (assuming \$115/square foot) while the construction cost will be approximately \$536,900 (assuming \$118/square foot for an 650-square foot unit=\$76,700/unit).
- The cost of replacing the 15 units in Newport Seashore Apartments would total more than \$3,655,200. This cost assumes that 0.5 acres of land (average 650 square feet per dwelling unit) will be required and each unit will have a total floor area of 650 square feet (1-bedroom units). The land cost will be approximately \$2,504,700 (assuming \$115/square foot) while the construction cost will be approximately \$1,150,500 (assuming \$118/square foot for a 650-square foot unit= \$76,700/unit).
- The cost of replacing the 25 units in Newport Seaside Apartments would total more than \$4,422,200. This cost assumes that .5 acres of land (average 650 square feet per dwelling unit) will be required and each unit will have a total floor area of 650 square feet (1-bedroom units). The land cost will be approximately \$2,504,700 (assuming \$115/square foot) while the construction cost will be approximately \$1,917,500 (assuming \$118/square foot for a 650-square foot unit= \$76,700/unit).
- The cost of replacing the 5 units for ownership in Villa del Este and Villa Siena developments would total more than \$1,809,100. This cost assumes that 0.25 acres of land (average 850 square feet per dwelling unit) will be required and each unit will have a total floor area of 850 square feet (2-bedroom units). The land cost will be approximately \$1,252,350 (assuming \$115/square foot) while the construction cost will be approximately \$556,750 (assuming \$131/square foot for an 850-square foot unit= \$111,350/unit).

To address the risk of affordable units converting to market rate housing, the City has identified **Programs 5A and 5C** to monitor these units. The City will actively work to create programs and seek additional funding in which the focus is to preserve these units beyond the expiration of the covenant so that the owners are able to have affordable housing options.

Resources to Preserve At-Risk Units

A variety of programs exist to help cities acquire, replace, or subsidize at-risk affordable housing units. The following summarizes financial resources available:

- Community Development Block Grant (CDBG) – CDBG funds are awarded to cities on a formula basis for housing activities. The primary objective of the CDBG program is the development of viable communities through the provision of decent housing, a suitable living environment and economic opportunity for principally low- and moderate-income persons. Eligible activities include administration, fair housing, energy conservation and renewable energy sources, assistance for economic development, public facilities and improvements and public services.
- HOME Investment Partnership – Local jurisdiction can receive funds by formula from the Department of Housing and Urban Development (HUD) to increase the supply of decent, safe, sanitary, and affordable housing to lower income households. Eligible activities include housing acquisition, rehabilitation, and development, homebuyer assistance, and rental assistance.
- Section 8 Rental Assistance Program – The Section 8 Rental Assistance Program provides rental assistance payments to owners of private, market rate units on behalf of very low-income tenants, senior citizens, disabled and/or handicapped persons, and other individuals for securing affordable housing.
- Section 202/811 Program – Non-profit and consumer cooperatives can receive no-interest capital advances from HUD under the Section 202 program for the construction of very low-income rental housing with the availability of supportive services for seniors and persons with disabilities. These funds can be used in conjunction with Section 811, which can be used to develop group homes, independent living facilities and immediate care facilities. The capital advance funding can also provide project rental assistance for the properties developed using the funds. Eligible activities include acquisition, rehabilitation, new construction, and rental assistance.
- California Housing Finance Agency (CalHFA) Multifamily Programs – CalHFA’s Multifamily Programs provide permanent financing for the acquisition, rehabilitation, and preservation or new construction of rental housing that includes affordable rents for low- and moderate-income families and individuals. One of the programs is the Preservation Loan program which provides acquisition/rehabilitation and permanent loan financing designed to preserve or increase the affordability status of existing multifamily housing projects.
- Low-Income Housing Tax Credit (LIHTC) – This program provides tax credits to individuals and corporations that invest in low-income rental housing. Tax credits are sold to those with high tax liability and proceeds are used to create housing. Eligible activities include new construction, rehabilitation, and acquisition of properties.
- California Community Reinvestment Corporation (CCRC) – The California Community Reinvestment Corporation is a multifamily affordable housing lender whose mission is to increase the availability of affordable housing for low-income families, seniors, and residents with special needs by facilitating private capital flow from its investors for debt and equity to developers of affordable housing. Eligible activities include new construction, rehabilitation, and acquisition of properties.

Qualified Entities to Preserve At-Risk Units

The following organizations may potentially assist in preserving future at-risk units:

- Jamboree Housing Corporation



- Irvine Housing Opportunities, Inc.
- Bridge Housing Corporation
- The Irvine Company
- Orange County Housing Authority
- Housing Corporation of America
- Southern California Housing Development Corporation
- Century Housing

Quantified Objectives

Housing Element law requires that cities establish the maximum number of units that can be preserved over the planning period. The City's objective is to preserve the 52 affordable housing units "at-risk" of converting to market rate through policy programs provided in **Section 4**.

Urban Displacement Analysis

The UC Berkeley Urban Displacement projects provides a database for Los Angeles, Orange and San Diego Counties displaying gentrifications and socioeconomic indicators based on 2015 ACS data. The final (2018) version of the database shows whether each Census tract comprising these three Southern California counties gentrified between 1990 and 2000; gentrified between 2000 and 2015; gentrified during both of these periods; or exhibited characteristics of a "disadvantaged" tract that did not gentrify between 1990 and 2015. The outcome of the data is a map which displays displacement typology by census tract (outlined below).

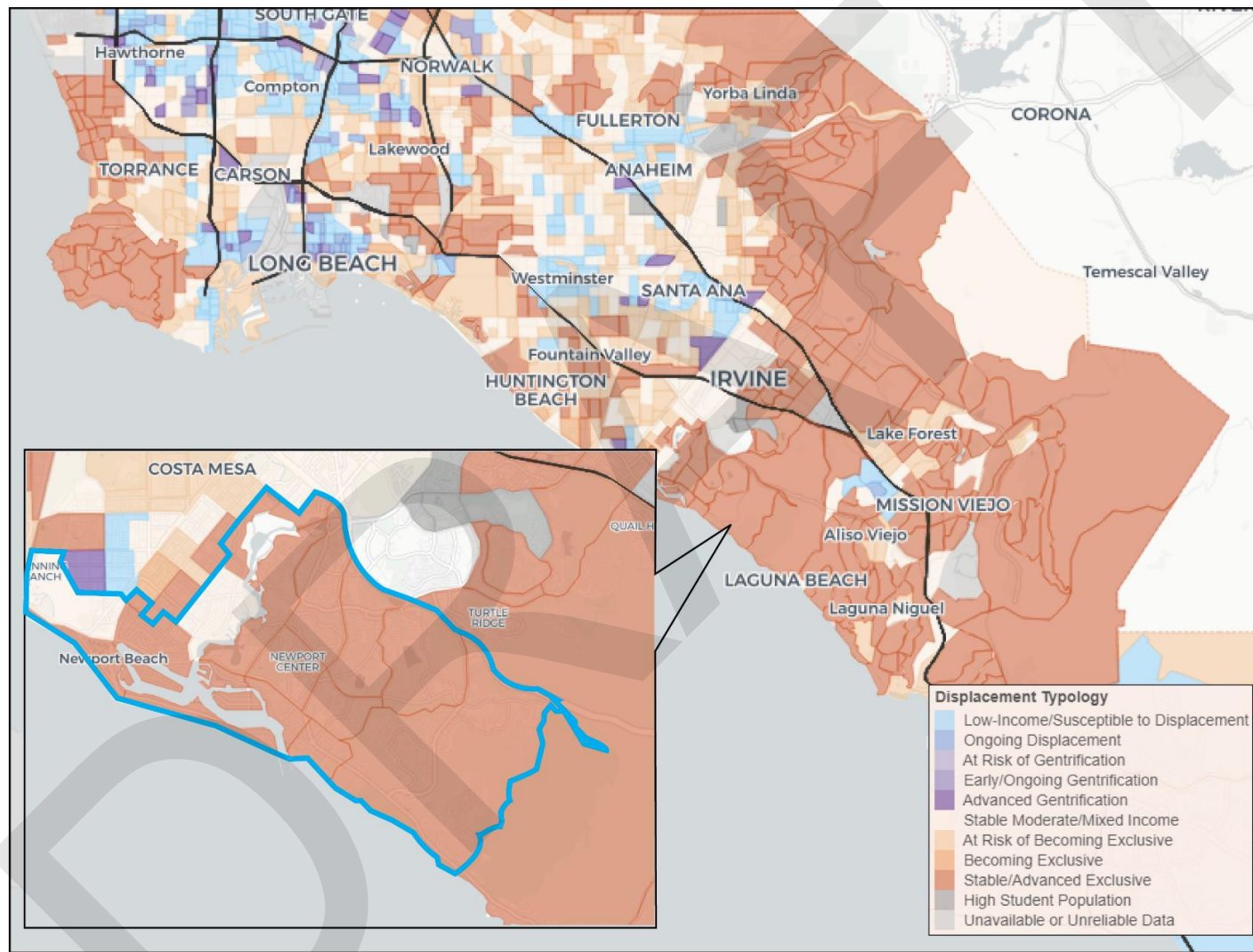
<u>Low Income/Susceptible to Displacement:</u>	<ul style="list-style-type: none"> • <u>Low or mixed low-income tract in 2018</u>
<u>Ongoing Displacement of Low-Income Households:</u>	<ul style="list-style-type: none"> • <u>Low or mixed low-income tract in 2018</u> • <u>Absolute loss of low-income households, 2000-2018</u>
<u>At Risk of Gentrification:</u>	<ul style="list-style-type: none"> • <u>Low-income or mixed low-income tract in 2018</u> • <u>Housing affordable to low or mixed low-income households in 2018</u> • <u>Didn't gentrify 1990-2000 OR 2000-2018</u> • <u>Marginal change in housing costs OR Zillow home or rental value increases in the 90th percentile between 2012-2018</u> • <u>Local and nearby increases in rent were greater than the regional median between 2012-2018 OR the 2018 rent gap is greater than the regional median rent gap</u>
<u>Early/Ongoing Gentrification:</u>	<ul style="list-style-type: none"> • <u>Low-income or mixed low-income tract in 2018</u> • <u>Housing affordable to moderate or mixed moderate-income households in 2018</u> • <u>Increase or rapid increase in housing costs OR above regional median change in Zillow home or rental values between 2012-2018</u> • <u>Gentrified in 1990-2000 or 2000-2018</u>



<u>Advanced Gentrification</u>	<ul style="list-style-type: none"> • <u>Moderate, mixed moderate, mixed high, or high-income tract in 2018</u> • <u>Housing affordable to middle, high, mixed moderate, and mixed high• income households in 2018</u> • <u>Marginal change, increase, or rapid increase in housing costs</u> • <u>Gentrified in 1990-2000 or 2000-2018</u>
<u>Stable Moderate/Mixed Income:</u>	<ul style="list-style-type: none"> • <u>Moderate, mixed moderate, mixed high, or high-income tract in 2018</u>
<u>Risk of Becoming Exclusive:</u>	<ul style="list-style-type: none"> • <u>Moderate, mixed moderate, mixed high, or high-income tract in 2018</u> • <u>Housing affordable to middle, high, mixed moderate, and mixed high• income households in 2018</u> • <u>Marginal change or increase in housing costs</u>
<u>Becoming Exclusive:</u>	<ul style="list-style-type: none"> • <u>Moderate, mixed moderate, mixed high, or high-income tract in 2018</u> • <u>Housing affordable to middle, high, mixed moderate, and mixed high• income households in 2018</u> • <u>Rapid increase in housing costs</u> • <u>Absolute loss of low-income households, 2000-2018</u> • <u>Declining low-income in-migration rate, 2012-2018</u> • <u>Median income higher in 2018 than in 2000</u>
<u>Stable/Advanced Exclusive:</u>	<ul style="list-style-type: none"> • <u>High-income tract in 2000 and 2018</u> • <u>Affordable to high or mixed high-income households in 2018</u> • <u>Marginal change, increase, or rapid increase in housing costs</u>

Figure 3-19 below displays the mapped displacement typology for Newport Beach. The data shows that nearly all of Newport Beach is considered Stable/Advanced Exclusive, furthering previous conclusions that the City is an overall high income and high-cost City to live in.

Figure 3-19: Displacement Risk, Newport Beach



Source: UC Berkeley, Urban Displacement Project, "Mapping Neighborhood Change in Southern California." Accessed November 4, 2021

SB 330

Effective January 1, 2020, Senate Bill 330 (SB 330) aims to increase residential unit development, protect existing housing inventory, and expedite permit processing. Under this legislation, municipal and county agencies are restricted in ordinances and policies that can be applied to residential development. The revised definition of “Housing Development” now contains residential projects of two or more units, mixed-use projects (with two-thirds of the floor area designated for residential use), transitional, supportive, and emergency housing projects. SB330 sets a temporary 5-year prohibition of residential density reduction associated with a “housing development project,” from January 1, 2020, to January 1, 2025. For example, during this temporary prohibition, a residential triplex cannot be demolished and replaced with a duplex as this would be a net loss of one unit.

None of the housing strategy sites contain significant existing housing with low-income tenants who will be displaced if the sites redevelop. To the extent that there is existing housing, all housing must be replaced (Government Code Section 66300).

The City of Newport Beach has developed an informative webpage on SB 330 available for the public. The State has also adopted just cause eviction provisions and statewide rent control to protect tenants from displacement. The City is committed to making diligent efforts to engage underrepresented and disadvantaged communities in studying displacement.

Assessment of Contributing Factors to Fair Housing Issues in Newport Beach

The AI identifies the following regional goals for mitigating impediments to fair housing within jurisdictions in Orange County:

- **Goal 1:** Increase the supply of affordable housing in high opportunity areas.¹
- **Goal 2:** Prevent displacement of low- and moderate-income residents with protected characteristics, including Hispanic residents, Vietnamese residents, other seniors, and people with disabilities
- **Goal 3:** Increase community integration for persons with disabilities.
- **Goal 4:** Ensure equal access to housing for persons with protected characteristics, who are disproportionately likely to be lower-income and to experience homelessness.
- **Goal 5:** Expand access to opportunity for protected classes

The Housing Element programs incorporate these recommended goals as they relate to Newport Beach. The analysis above regarding other fair housing issues within Newport Beach yields the following results:

- The City does not have any racial or ethnic groups that score higher than 60 on the dissimilarity index. However, those who identify as Native Hawaiian, Asian, American Indian, Black and Some Other Race experience moderate levels of segregation (a dissimilarity index of greater than 30). While there are no groups experience high segregation, the City should focus on the needs and targeted outreach to the populations experiencing moderate segregation.

- The City does not have any racially or ethnically concentrated census tracts (R/ECAPs) as identified by HUD. This indicates that there are no census tracts within Newport Beach with a non-white population of 50 percent or more or any census tracts that have a poverty rate that exceeds 40% or is three or more times the average tract poverty rate for the metropolitan/micropolitan area. However, one R/ECAP was identified in the neighboring city of Irvine, near the University of California Irvine. This will be considered in the housing plan as students within the R/ECAP may look for housing in Newport Beach.
- The UC Davis Regional Opportunity Index shows that the majority of residents within Newport Beach have a high level of access to opportunity throughout the majority of the City, with only two census tracts showing a moderate level of access to opportunity. No census tracts were shown as having the lowest level of access to opportunity. The City should focus on increasing resources, housing opportunity and encourage economic development in these areas.
- The analysis of the TCAC/HCD opportunity Area Maps show that most census tracts in Newport Beach are classified with the “Moderate Resource” “High Resource” or “Highest Resource” designation. This indicates that these census tracts are within the top forty percent in the region in terms of areas that lower-income residents may thrive if given the opportunity to live there. All but two census tracts within Newport Beach register within the top 20 percent in the index. One census tract registered as a “Low Resource” area, citing high economic opportunity and low educational opportunity.
- The Opportunity Indices identify overall high access to quality resources including economic and job proximity, educational access, and transportation access. However, there is a low health index, indicating increased pollution and low environmental quality across all racial/ethnic groups in the City. Additionally, the opportunity indices identify low affordable transportation options to both the Asian or Pacific Islander (Non-Hispanic) and Native American (Non-Hispanic).

4. Analysis of Sites Pursuant to AB 686

AB 686 requires that jurisdictions identify sites throughout the community in a manner that is consistent with its duty to affirmatively further fair housing. The site identification requirement involves not only an analysis of site capacity to accommodate the RHNA (provided in Appendix B), but also whether the identified sites serve the purpose of replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity.

Figures 3-720 through 3-229 below identify the sites to accommodate future housing, as identified in the adequate sites analysis, overlaid on demographic data using the 2018 American Community Survey 5-year Estimates.

- **Figure 3-720** – Newport Beach Proposed RHNA Sites, Hispanic/Latino, 2019
- **Figure 3-821** – Newport Beach Proposed RHNA Sites, Non-White Population 2019
- **Figure 3-229** – Newport Beach Proposed RHNA Sites, Low and Moderate-Income, 2019

Figure 3-7 shows the proposed candidate sites to meet the RHNA for Newport Beach in relation to the location of residents of Hispanic origin. These sites take into consideration access to vital goods, services, and public transportation and are therefore ideal areas for the City to focus much of its future housing growth. It is anticipated that accessory dwelling unit (ADU) growth, including growth for affordable ADUs, will occur in the less dense areas of the community. **Figure 3-7** shows the following findings:

- ~~291-156~~ proposed sites to accommodate the RHNA allocation (totaling ~~20,999~~3,902 potential units, or ~~944~~2% of the total potential units) are located within block groups that have a percentage of the population that identifies as Hispanic below 20 percent.
- ~~3-46~~ proposed sites to accommodate the RHNA allocation (totaling ~~153-2,229~~ potential units, or ~~124~~% of the total potential units) are located within block groups that have a percentage of the population that identifies as Hispanic between 20 and 40 percent.
- ~~17-109~~ proposed sites to accommodate the RHNA allocation (totaling ~~920-3,132~~ potential units, or ~~434~~% of the total potential units) are located within block groups that have a percentage of the population that identifies as Hispanic between 40 and 60 percent.
- 2 proposed sites to accommodate the RHNA allocation (totaling ~~188-75~~ potential units, or 1% of the total potential units) are located within block groups that have a percentage of the population that identifies as Hispanic between 60 and 80 percent.

The data shows that the proposed candidate sites to meet the ~~very low and low income~~City's RHNA allocation are ~~evenly~~ dispersed throughout the community with pockets on concentration in the north east, central city, and north west regions. The analysis of the sites focused on areas with the most opportunity for growth and best ability to accommodate more housing. Sites were also identified with an emphasis on locating units where there is a high level of access to important public services and transit. The distribution of potential units does not disproportionately impact areas with larger concentrations of the Hispanic population.

Figure 3-207: Newport Beach Proposed RHNA Sites, Hispanic/Latino, 2018

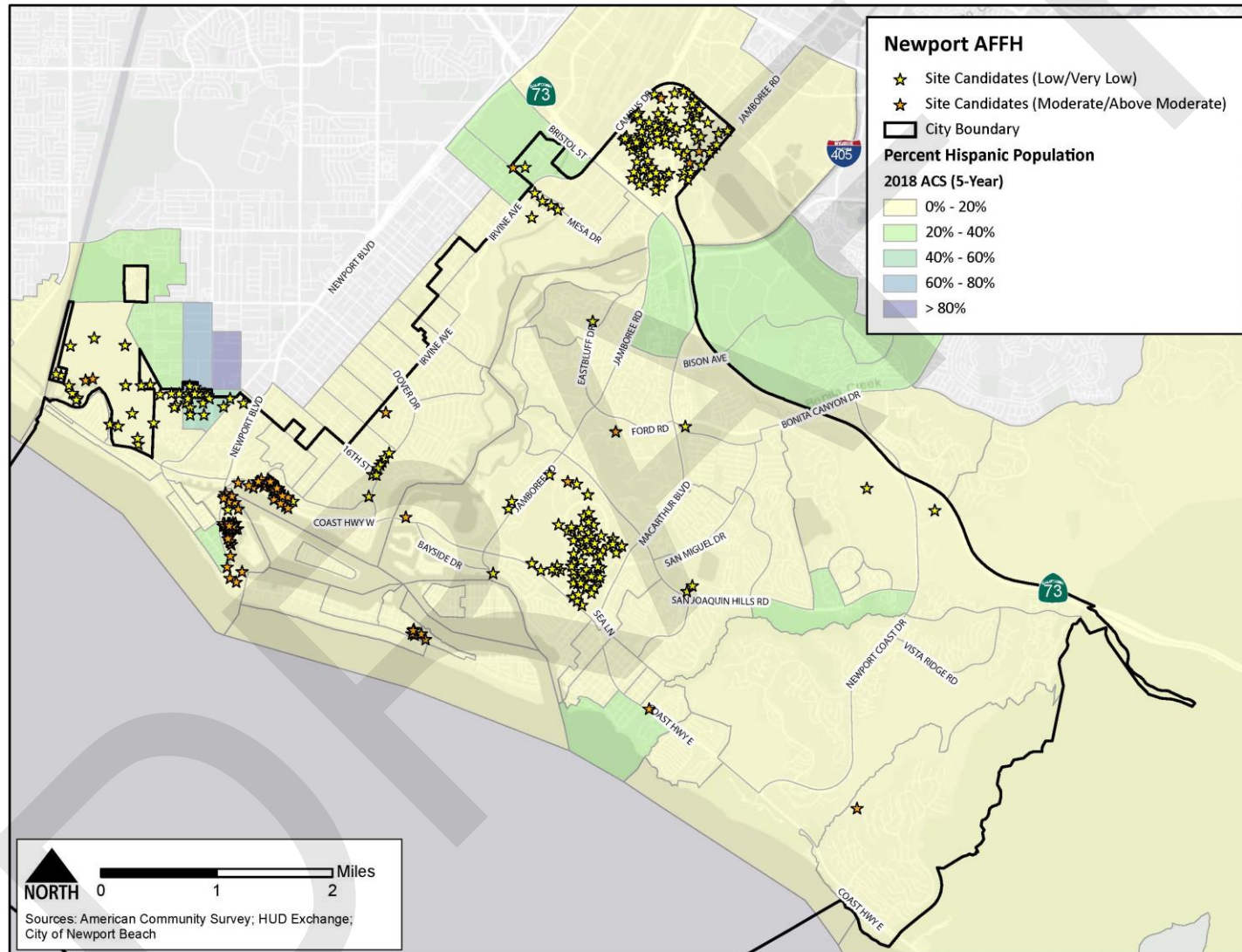




Figure 3-821 shows the proposed candidate sites to meet the RHNA for Newport Beach in relation with census data showing the percentage of the population within each block group that is Non-white.

Figure 3-21 8 shows the following findings:

- ~~156-193~~ proposed sites to accommodate the RHNA allocation (totaling ~~9,8675,855~~ potential units, or ~~4463~~% of the total potential units) are located within block groups that have a percentage of the population that identifies as Non-White less than 20 percent.
- ~~46-28~~ proposed sites to accommodate the RHNA allocation (totaling ~~3,166682~~ potential units, or ~~147~~% of the total potential units) are located within block groups that have a percentage of the population that identifies as Non-White between 20 and 40 percent.
- ~~109-90~~ proposed sites to accommodate the RHNA allocation (totaling ~~9,0392,726~~ potential units, or ~~4129~~% of the total potential units) are located within block groups that have a percentage of the population that identifies as Non-White between 40 and 60 percent.
- 2 proposed sites to accommodate the RHNA allocation (totaling ~~188-75~~ potential units, or 1% of the total potential units) are located within block groups that have a percentage of the population that identifies as Non-White between 60 and 80 percent.

The data shows that the proposed candidate sites to meet the ~~very low and low income~~ City's RHNA allocation are ~~evenly~~ dispersed throughout the community with pockets on concentration in the north east, central city, and north west regions. The analysis of the sites focused on areas with the most opportunity for growth and best ability to accommodate more housing. Sites were also identified with an emphasis on locating units where there is a high level of access to important public services and transit. The distribution of potential units does not disproportionately impact areas with larger concentrations of Non-white populations. The City of Newport Beach is a high resource and high-income community, the goal of the sites strategy is to increase housing opportunities in the most feasible and appropriate regions, providing access to the Newport Beach economy, education system and local resources.

Figure 3-821: Candidate Sites – Non-White Analysis

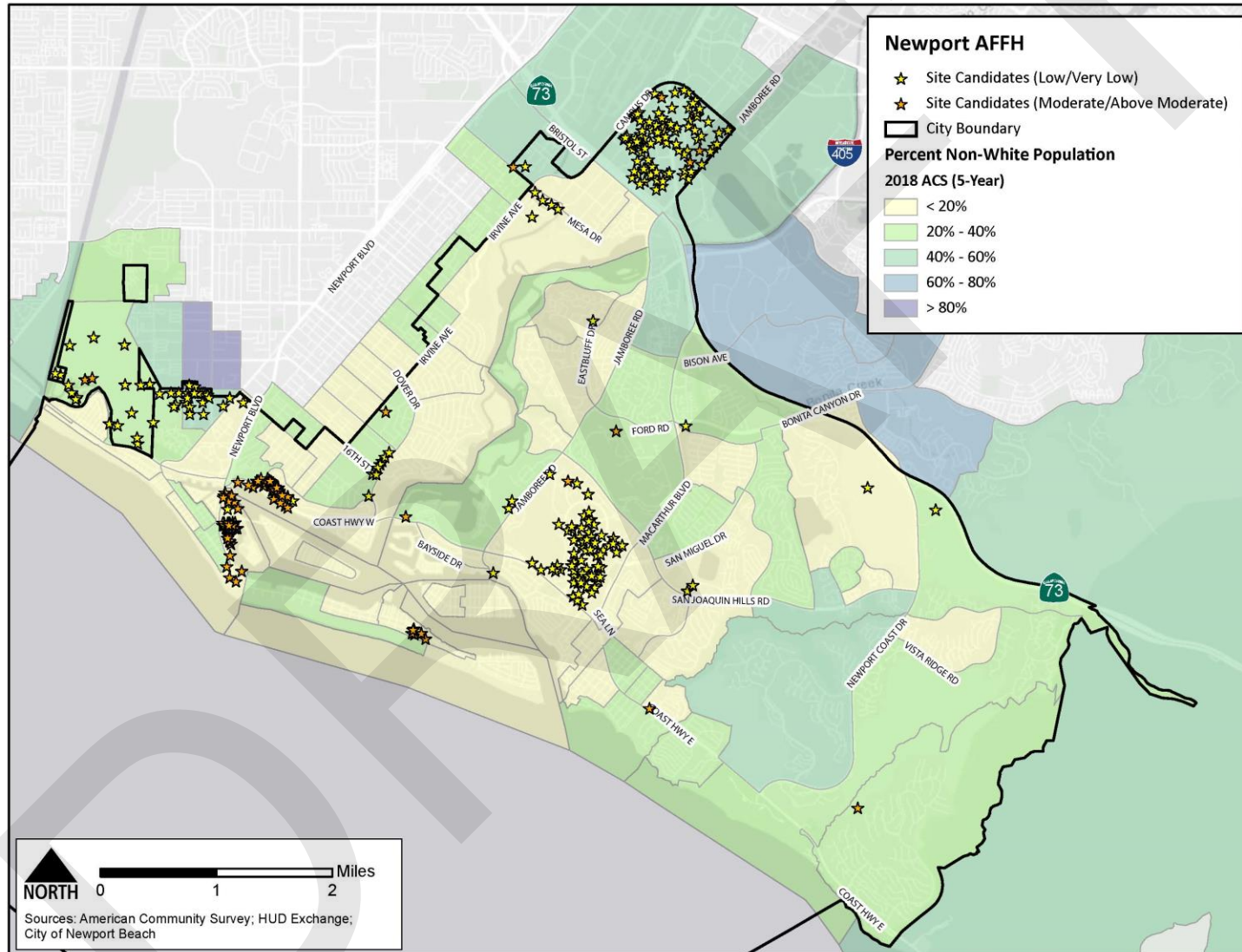
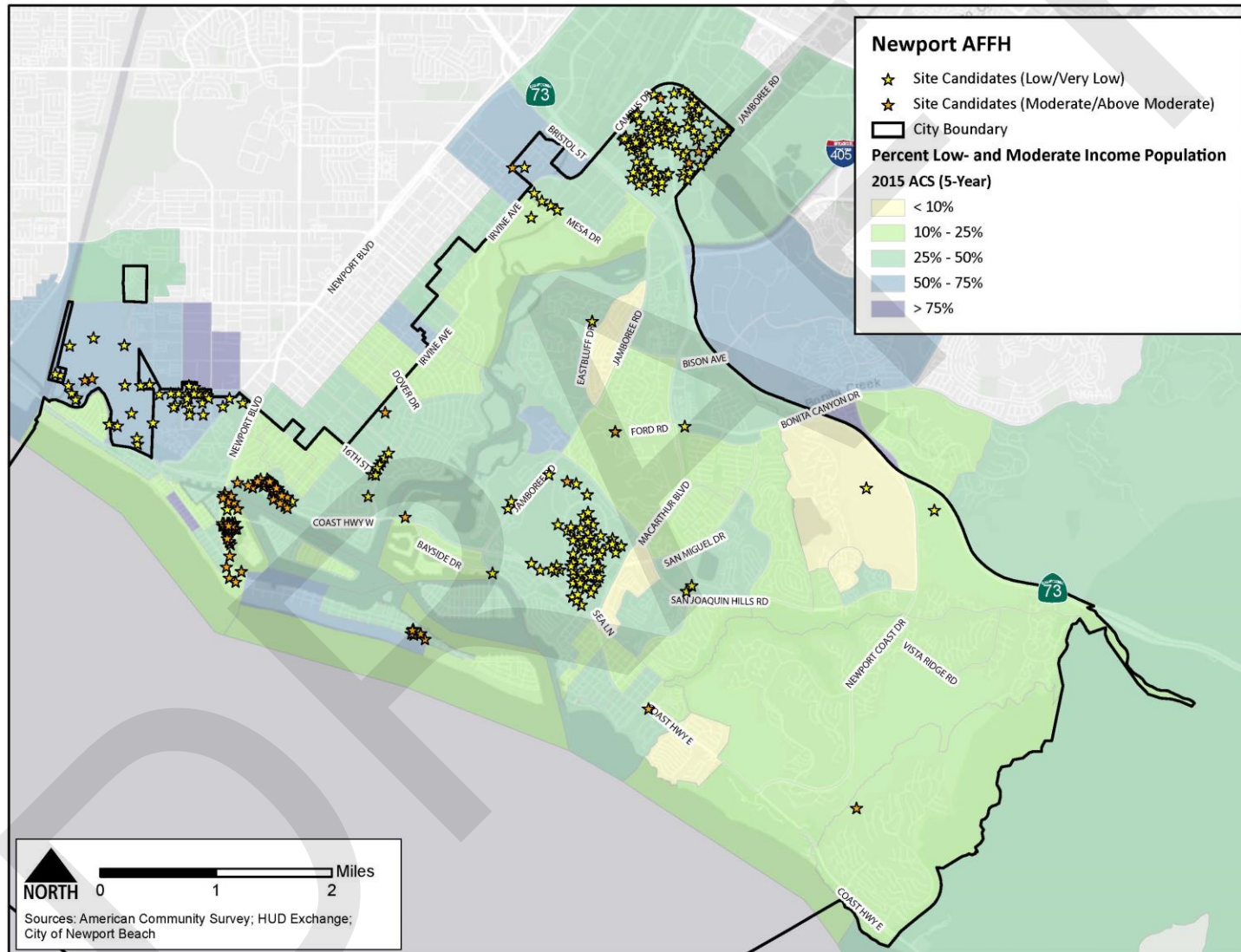


Figure 3-922 shows location of proposed candidate sites to meet the RHNA for Newport Beach in comparison with census data showing the percentage of the population within each block group who is categorized as low-income or moderate by the American Community Survey. **Figure 3-229** shows the following findings:

- 1 proposed site to accommodate the RHNA allocation (totaling ~~1,046~~320 potential units, or ~~5~~14% of the total potential units) are located within block groups that have a percentage of the population that identifies as low-and-moderate-income less than 10.
- ~~54~~54 proposed sites to accommodate the RHNA allocation (totaling ~~922~~403 potential units, or 4% of the total potential units) are located within block groups that have a percentage of the population that identifies as low-and moderate-income between 10 and 25 percent.
- 212 proposed sites to accommodate the RHNA allocation (totaling ~~16,784~~ 5,350 potential units, or ~~76~~57% of the total potential units) are located within block groups that have a percentage of the population that identifies as low-and moderate-income between 25 and 50 percent.
- 44 proposed sites to accommodate the RHNA allocation (totaling ~~3,320~~ 2,190 potential units, or ~~15~~23% of the total potential units) are located within block groups that have a percentage of the population that identifies as low-and moderate-income between 50 and 75 percent.
- 2 proposed sites to accommodate the RHNA allocation (totaling ~~188~~75 potential units, or 1% of the total potential units) are located within block groups that have a percentage of the population that identifies as low-and moderate-income greater than 75 percent.

The data shows that the proposed candidate sites to meet the ~~very low and low-income~~ City's RHNA allocation are evenly dispersed throughout the community with pockets on concentration in the north east, central city, and north west regions. The analysis of the sites focused on areas with the most opportunity for growth and best ability to accommodate more housing. Sites were also identified with an emphasis on locating units where there is a high level of access to important public services and transit. The distribution of potential units provides increased opportunities for low-income housing in areas with higher rates of low-income persons. The data shows that there a few households of low to moderate income in the City as Newport Beach is an overall high-income area. However, as tourism and retail are moderate to large industries in the City (Section 2), housing opportunities for persons working in these industries can create opportunity for people to live in the city they work in. The sites strategy focuses on providing increased affordable housing opportunities in areas with access to economic centers in Newport Beach.

Figure 3-922: Candidate Sites – Low/Moderate-Income Block Group Analysis



Figures 3-23 through Figure 3-25 displays the sites identified to accommodate the City's RHNA within HCD AFFH opportunity maps. Figure 3-23 shows proposed candidate sites to meet RHNA for Newport Beach in relation with data showing R/ECAP areas within the City. R/ECAPs are racially or ethnically concentrated areas of poverty; they are marked in red hatchings. The goal of the AB 686 analysis is to analyze how the sites identified to accommodate the RHNA allocation may exacerbate or mitigate existing fair housing issues. The City of Newport Beach does not have any areas that meet the criteria for a R/ECAP.

Figure 3-24 shows proposed candidate sites to meet RHNA for Newport Beach in relation with data showing RCAA areas within the City. RCAAs are racially or ethnically concentrated areas of affluence; they are identified as areas with a White Non-Hispanic population greater than 80 percent and a median household income greater than \$125,000. There are four census tracts in Newport Beach which are considered RCAA, each is analyzed below:

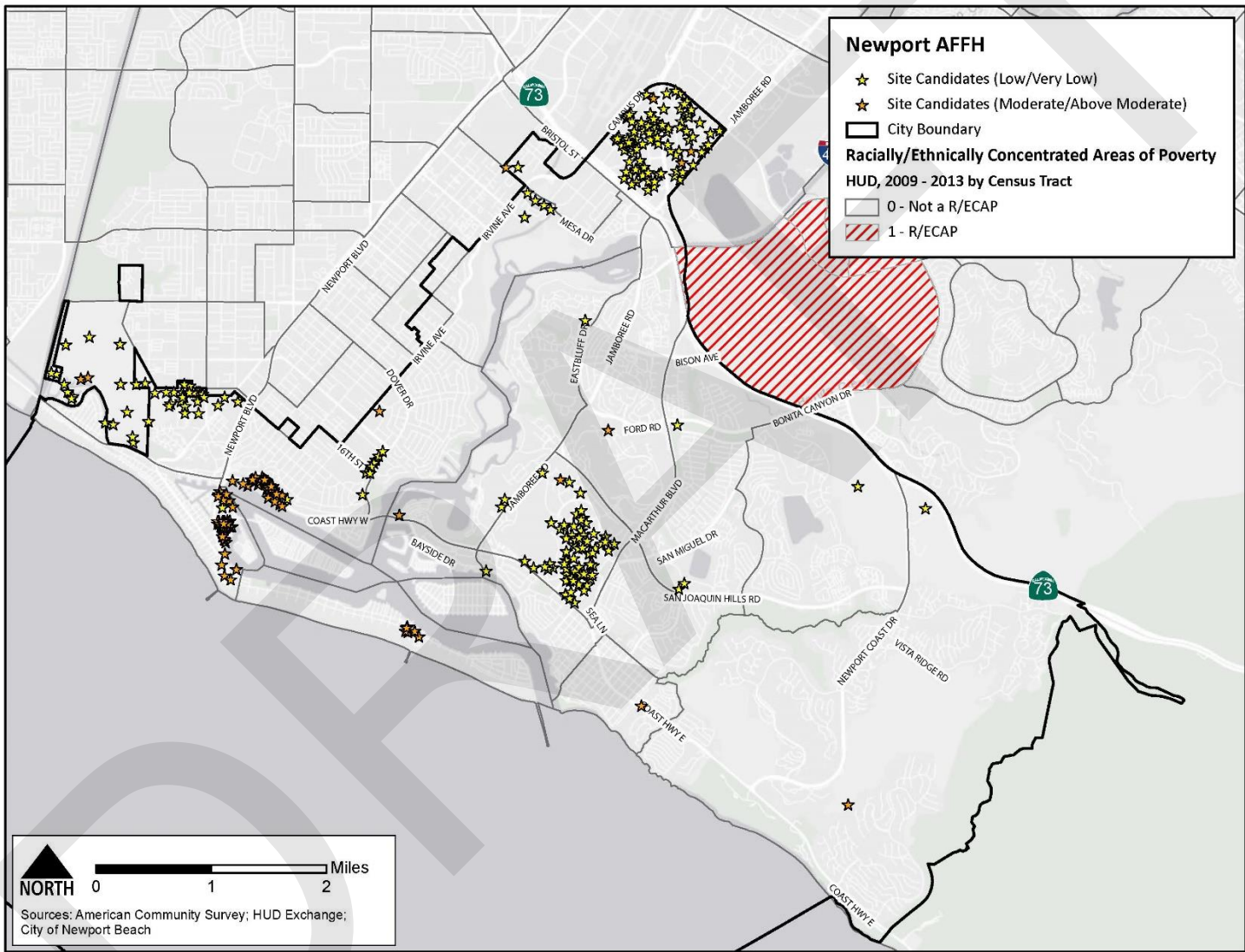
- Census Tract 626.44: Includes 3 proposed sites to accommodate the RHNA, totaling 91 units, 28 of which are considered affordable to lower income households.
- Census Tract 627.01: Includes 1 proposed site to accommodate the RHNA, totaling 17 units, 5 of which are considered affordable to lower income households.
- Census Tract 630.090: Includes 5 proposed sites to accommodate the RHNA, totaling 132 units, 40 of which are considered affordable to lower income households.
- Census Tract 634: Includes 37 proposed sites to accommodate the RHNA, totaling 544 units, 39 of which are considered affordable to lower income households.

Figure 3-25 shows proposed candidate sites to meet RHNA for Newport Beach in relation with the TCAC/HCD Opportunity areas within the City. TCAC is the California Tax Credit Allocation Committee/Housing and Community Development Opportunity Area Maps which show how resources are spatially distributed throughout the City.

Figure 3-25 shows the following findings:

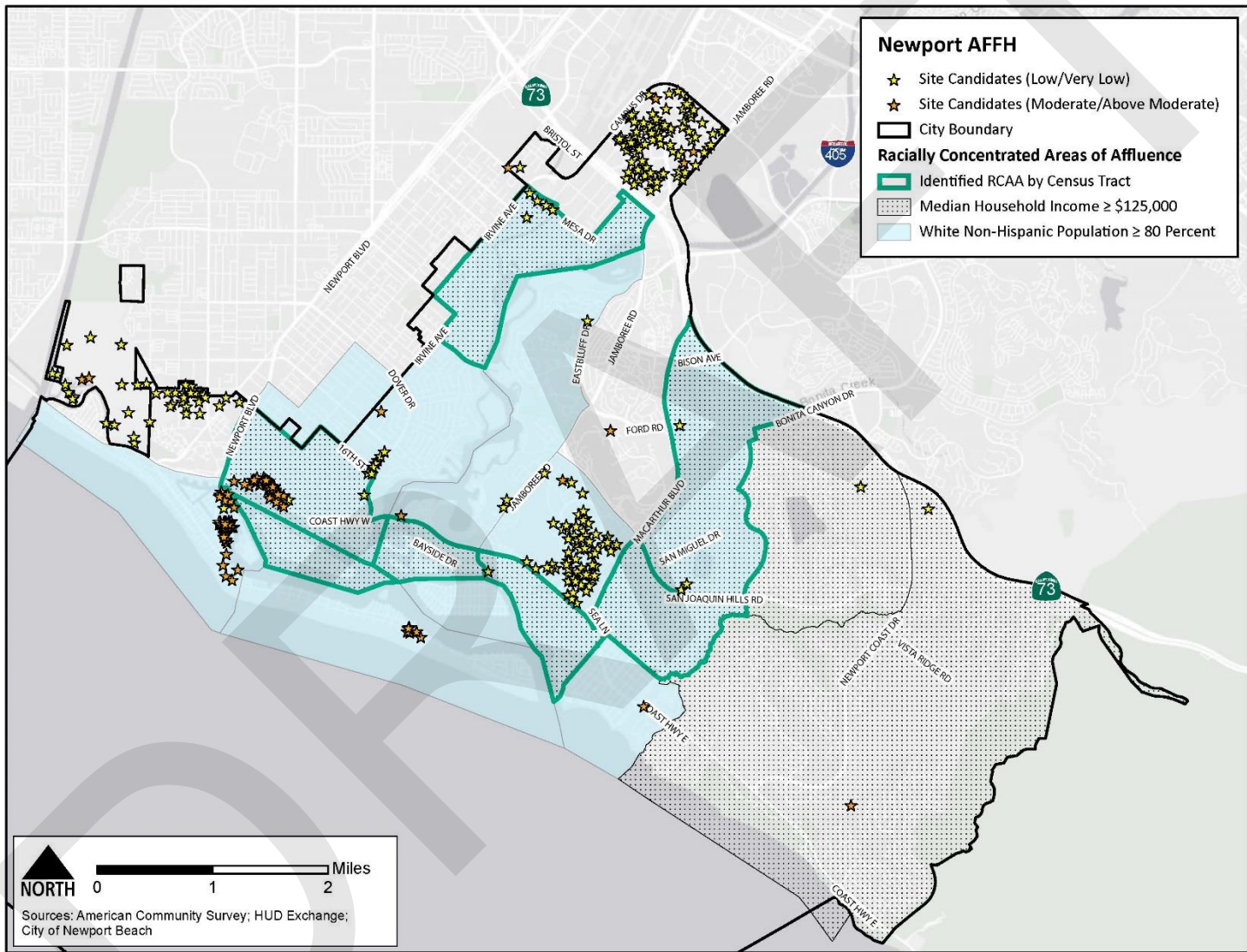
- The City of Newport Beach is a primarily high to highest resource City, with the majority of the City ranked at the high resource level.
- 129 proposed sites to accommodate the RHNA allocation (totaling 4,005 potential units, or 43% of the total potential units) are located within the Highest Resource areas of the City. Of those units, 2,738 are proposed as affordable to low and very low incomes.
- 47 proposed sites to accommodate the RHNA allocation (totaling 294 potential units, or 3% of the total potential units) are located within the High Resource areas of the City. Of those units, 215 are proposed as affordable to low and very low incomes.
- 133 proposed sites to accommodate the RHNA allocation (totaling 4,924 potential units, or 53% of the total potential units) are located within the Moderate Resource areas of the City. Of those units, 3,160 are proposed as affordable to low and very low incomes.
- 4 proposed sites to accommodate the RHNA allocation (totaling 115 potential units, or 1% of the total potential units) are located within the Low Resource areas of the City. Of those units, 100 are proposed as affordable to low and very low incomes.

Figure 3-23: Newport Beach RHNA, R/ECAP Analysis



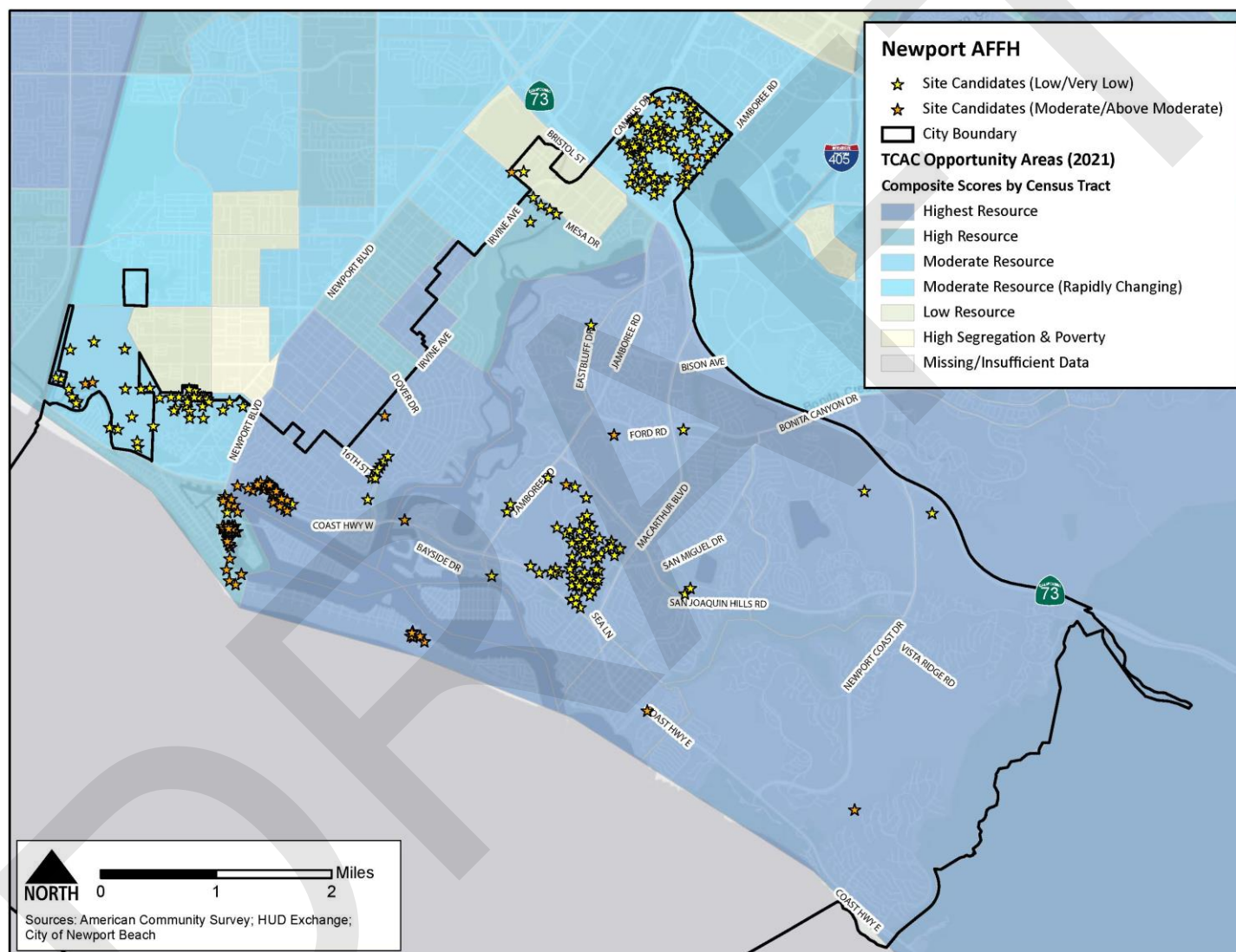
Source: AFFH Data Viewer, Access online November 9, 2021.

Figure 3-24: Newport Beach RHNA, RCAA Analysis



Source: AFFH Data Viewer, Access online November 9, 2021.

Figure 3-25: Newport Beach RHNA, TCAC Analysis



Source: AFFH Data Viewer, Access online November 9, 2021.

5. Local Contributing factors

Locally-derived contributing factors were developed in response to community participation in outreach events and through analysis conducted in Affirmatively Furthering Fair Housing development and analysis of sites inventory and feedback and comment on the draft Housing Elements data, analysis and policy program. The following local contributing factors have been identified. ~~the AI also~~ explicitly includes the following fair housing issues in the City of Newport Beach:

- **Aging Housing Stock** - Older housing stock areas in Newport Beach and whether there is a correlation between older units and lower-income households. We can touch on the Senior Home Assistance Repairs Program (SHARP) to assist with necessary home repairs.
- **Housing Conditions** - Several areas of Newport Beach were developed prior to 1970, which means a large part of the City's housing stock is aging and may need repairs or upgrades to alleviate substandard living conditions. In the areas, there are also aging populations with individuals who are on fixed incomes and may be considered lower-income households.
- **Senior Housing** – Seniors are predominately on fixed incomes and represent the largest group of residents in need of support to address high housing costs and unique housing needs. City's Senior Home Assistance Repair Program (SHARP) works to assist senior citizens with home repairs. Eligible applicants must be 60 or older and must have an income at or below the 50th-percentile of median income of Orange County with net assets not to exceed gross household income for 18 months.
- **High Cost of Housing** - The cost of housing in Newport Beach is very high; however, the City has aimed to encourage and preserve a number of affordable housing units through existing agreements. As part of this Housing Element update, Policy Action 1K is included to adopt an inclusionary housing program that would require affordable units to be developed as part of a residential project meeting the applicability criteria. This will help to boost affordable housing production, which will in turn boost affordable housing stock to help offset higher housing costs.
- **Lower Income Access to Opportunity** – High local employment in service industry at resort, hotel and other tourist-serving businesses contributes to the need for housing affordable to lower income households. To address this, Policy 4E grants exceptions for affordable housing projects, and supportive Policies for Housing Goal #5 provides for the preservation of lower income housing opportunities.

The City recognizes the fair housing issues that exist within the community and is committed to reduces barriers to housing affordable to all persons. The City has outline programs to address fair housing issues in Newport Beach in the **Section 4: Housing Plan**.

5.6. Analysis of Fair Housing Priorities and Goals

To enhance mobility and promote inclusion for protected classes, the chief strategy included in this housing element is to provide sites suitable for affordable housing in high-resource, high opportunity

areas, as demonstrated by the analysis of the housing resource sites contained in this section. Other programs that affirmatively further fair housing include:

- Policy Action 4A: Affirmatively Furthering Fair Housing
- Policy Action 7A: Supportive Housing / Low Barrier Navigation Centers
- Policy Action 7B: Transitional and Supportive Housing
- Policy Action 7C: Housing for Persons with Developmental Disabilities
- Policy Action 7D: Fair Housing Services

D. Housing Resources

1. Regional Housing Needs Allocation

This section of the Housing Element provides an overview of the resources available to the City to meet their Regional Housing Needs Allocation (RHNA).

Residential Sites Inventory

Appendix B of the Housing Element includes the required site analysis tables and site information for the vacant and non-vacant properties to meet the City's RHNA need through the 2021-2029 planning period. The following discussions summarize the City's site inventory and rezone plan.

Above Moderate- and Moderate-Income Sites

For the 2021-2029 planning period, the City's RHNA allocation is 1,050 for moderate-income site and 1,409 for above moderate-income sites. The City anticipates current planned growth, projects already in the approval process, to entirely meet the above moderate-income need within the planning period. The City will meet the moderate-income need through a combination of existing capacity on residentially zoned land, through the redevelopment of parcels rezoned within the focus areas, and through the development of accessory dwelling units (ADUs).

A total of 287 moderate-income and 40 above moderate-income units can be accommodated through existing zoning capacity on parcels. By subtracting existing units from maximum potential unit yield per parcel, the City projected additional capacity on several parcels. Each parcel included in the inventory was then vetted for likelihood of redevelopment and to ensure all HCD criteria were met. The required descriptive information for these sites can be found within **Appendix B**.

An additional 320-72 moderate and 5 above moderate-income units can be accommodated through the development of ADUs throughout the community. This is based on the methodology described within **Appendix D: Accessory Dwelling Units** and incorporates guidance from HCD's Housing Element Site Inventory Guidebook.

A supplemental 4,304-5,510 moderate and above moderate-income units can be accommodated through the rezone strategies proposed for six focus areas throughout the City. Originally identified by the Housing

Element Update Advisory Committee (HEAUC), the focus areas guided the development of area-specific rezone policies and City actions to ensure that Newport Beach has sufficient capacity to meet the RHNA Allocation for the 6th Cycle.

Analysis of The City's Existing Capacity and Zoning

Table 3-2631: Residential Capacity for Moderate and Above Moderate-Income Sites

Significant Zone	Max Density	Reasonable Density*	Number of Parcels	Acreage	Potential Units
Moderate-Income Sites					
MU-MM	26 du/ac	26 du/ac	24	9 acres	180 units
MU-W2	26 du/ac	23 du/ac	13	4 acres	51 units
MU-V	25 du/ac	20 du/ac	6	1 acre	13 units
MU-CV/15 th Street	18 du/ac	15 du/ac	24	3 acres	43 units
Subtotal			67	17 acres	287 units
Above Moderate-Income Sites					
MU-W1	5 du/ac	5 du/ac	7	9 acres	40 units
Subtotal			7	9 acres	40 units
TOTAL CAPACITY			74	26 acres	327 units
*Note – Specific densities vary within these zoning designations and potential unit projections are based on the parcel-specific requirements and existing conditions on parcels.					

Reasonable Capacity Assumptions

This section describes the methodology developed to determine the site capacity for the moderate and above moderate-income sites. The City assumes that above moderate-income units will develop at a maximum up eight dwelling units per acre, and that moderate-income units will develop at a maximum of 26 dwelling units per acre. Reasonable capacity for sites identified to meet the City's moderate and above moderate need was calculated based on a number of factors, including site size, existing zoning requirements, vacancy and total number of units entitled, and the maximum density achievable for projects within the following zones:

- **MU-MM – Mixed-Use Mariners' Mile:** The MU-MM Zoning District is intended to provide areas for the development of mixed-use structures that vertically integrate residential dwelling units above the ground floor with retail uses including office, restaurant, and retail. The zone permits a density range of 20.1 – 26.7 dwelling units per acre.
- **MU-W1 – Mixed-Use Water:** This zoning district applies to waterfront properties along the Mariners' Mile Corridor in which nonresidential uses and residential dwelling units may be intermixed. A minimum of fifty (50) percent of the allowed square footage in a mixed-use development shall be used for nonresidential uses in which marine-related and visitor-serving land uses are mixed. This zone permits a density range of up to 15 dwelling units per acre.
- **MU-W2 – Mixed-Use Water:** This zoning district applies to waterfront properties in which marine-related uses may be intermixed with general commercial, visitor-serving commercial and

residential dwelling units on the upper floors. This zone permits a density range of up to 15 dwelling units per acre.

- **MU-V – Mixed-Use Vertical:** This zoning district is intended to provide for areas appropriate for the development of mixed-use structures that vertically integrate residential dwelling units above the ground floor with retail uses including office, restaurant, retail, and similar nonresidential uses located on the ground floor or above.
- **MU-CV/15th Street – Mixed-Use Cannery Village and 15th Street:** This zoning district applies to areas where it is the intent to establish a cohesively developed district or neighborhood containing multi-unit residential dwelling units with clusters of mixed-use and/or commercial structures on interior lots of Cannery Village and 15th Street on Balboa Peninsula. Allowed uses may include multi-unit dwelling units; nonresidential uses; and/or mixed-use structures, where the ground floor is restricted to nonresidential uses along the street frontage. Residential uses and overnight accommodations are allowed above the ground floor and to the rear of uses along the street frontage. Mixed-use or nonresidential structures are required on lots at street intersections and are allowed, but not required, on other lots. This zone permits a density range of 20.1 – 26.7 dwelling units per acre.

Potential constraints, to the extent they are known, such as environmentally sensitive areas and steep slopes were considered, and deductions made where those factors decreased the net buildable area of a parcel. Additionally, existing units' non-vacant parcels were analyzed to determine the number of existing units currently on the parcel. Replacement of existing units was included as a factor to prevent no net loss of existing housing stock.

Rezones to Accommodate the Moderate and Above Moderate RHNA

In additional to residential use on specific plans and ADUs, the City of Newport Beach has identified 217 sites to be rezoned from commercial use to residential use or to be rezoned to a higher residential density. The sites for rezone are further detailed in **Appendix B** and a rezone program is identified in **Section 4: Housing Plan**. **Figure 3-10-26** displays the focus areas for rezone, accompanied by a corresponding table of strategy information shown below as **Table 3-27-32**. The specific development assumptions (both on affordability and overall development potential) that produce the Potential Units are described, area-by-area, in the **Sites Inventory** of **Appendix B**.

Table 3-2732: Moderate/Above Moderate-Income Rezone Strategy by Focus Area

Focus Area	Feasible Acreage	Rezone Density	Potential Moderate-Income Units	Potential Above Moderate-Income Units
Airport Area Environs	162 acres	50 du/ac	18634 units	1,116872 units
West Newport Mesa Area	49 acres	50 du/ac	9729 units	350584 units
Dover-Westcliff Area	189 acres	50 du/ac	4023 units	238136 units
Newport Center Area	1534 acres	50 du/ac	17522 units	1,052817 units
Coyote Canyon Area	4422 acres	60 du/ac	13206 units	858686 units
Banning Ranch Area	30 acres	50 du/ac	148 units	884 units
TOTAL	45532 acres	--	778558 units	4,732 3,746 units

Development of Non-Vacant Sites and Converting to Residential Uses

To analyze the potential for redevelopment of non-vacant sites, the City sent out more than 500 letters to property owners. Responses to the letters were recorded and are included within the inventory of sites within **Appendix B**. Although a positive response to the redevelopment interest letters does not guaranty the redevelopment of a parcel to residential as a primary use within the planning period, it is a strong indicator of likelihood of redevelopment and is used as sufficient evidence for inclusion within the Adequate Sites Inventory.

Accessory Dwelling Unit Production

The City of Newport Beach believes that ADUs present a viable option as part of the overall strategy to develop housing at all income levels during the 2021-2029 6th Cycle Housing Element planning period.

Appendix D describes:

- Recent ADU legislation and regional actions,
- Local factors that may increase ADU development over the next eight years, and
- Actions Newport Beach will take through housing programs to incentivizing ADU development

The City assumes a total development of ~~1,000~~240 ADUs from 2021-2029. Utilizing the Southern California Association of Governments (SCAG) approved ADU affordability assumptions, ~~163~~680 ADUs will be allocated to the low and very low-income RHNA, ~~723~~00 will be allocated to the City's moderate-income RHNA and ~~520~~ will be allocated to the above moderate. This is based on the methodology described within **Appendix D: Accessory Dwelling Units** and incorporates guidance from HCD's Housing Element Site Inventory Guidebook.

Sites Suitable for Lower-Income Housing

This section contains a description and listing of the candidate sites identified to meet the Newport Beach's very low and low-income RHNA need. A full list of these sites is presented in **Appendix B**.

Projects in the Pipeline and Accessory Dwelling Units

The City has identified a number of projects currently in the entitlements process which are likely to be developed during the planning period and count as credit towards the 2021-2029 RHNA allocation.



Projects with planned affordable components include:

- Newport Airport Village
- Residences at 4400 Von Karman
- Newport Village Mixed-Use
- West Coast Highway Mixed-Use
- Newport Crossings

The total anticipated development of Projects in the Pipeline and Accessory Dwelling Units is summarized in **Table 3-28-33** below to calculate the Remaining Need.

Table 3-3328: Low and Very Low-Income Remaining Need

	Very Low-Income	Low-Income
RHNA Allocation	1,456	930
Pipeline Projects	<u>9742</u>	<u>7878</u>
5 th Cycle Sites	0	0
Accessory Dwelling Units	<u>25060</u>	<u>103430</u>
Remaining Low/Very Low-Income Need	1,164299	422749

Sites Identified for Rezone to Accommodate Low and Very low

After the identification of projects in the pipeline and ADUs to accommodate the City's low and very low RHNA, a remaining 1,5862,048 units must be accommodated to meet the City's RHNA. To account for this remaining need, the City conducted a community-driven process to identify several parcels for inclusion in the Adequate Sites Inventory. This process was led by the Housing Element Update Advisory Committee (HEUAC). To guide the identification of adequate sites, the committee created focus areas. Sites identified by the committee and the public to meet the City's very low and low-income RHNA were selected based on the AB 1397 size requirements of at least 0.5 acres but not greater than 10 acres.

The 221 parcels are currently zoned as the following:

- 157 parcels are zoned non-residential
- 64 parcels are zoned residentially at a lower density.

All parcels are non-vacant and will be rezoned to higher densities (densities are specific to each focus area) able to accommodate the development of lower-income housing. **Figure 3-11** below displays the sites identified to accommodate the City's low and very low-income RHNA allocation. The **Housing Plan** section outlines actions the City will take to promote the development of affordable units within the following focus areas:

- Airport Vicinity Area
- West Newport Mesa Area
- Dover-Westcliff Area
- Newport Center Area
- Coyote Canyon Area
- Banning Ranch Area

The key assumptions and unit projections related to each focus area are shown below in **Table 3-29-34** and the focus areas are shown geographically below in **Figure 3-1260**. The specific development assumptions (both on affordability and overall development potential) that produce the Potential Units are described, area-by-area, in the **Sites Inventory** of **Appendix B**.

Table 3-2934: Low/Very Low-Income Rezone Strategy by Focus Area

Focus Area	Feasible Acreage (AC)	Rezone Density	Potential Low/Very Low-Income Units
Airport Area Environs	162 acres	50 du/ac	<u>558</u> 451 units
West Newport Mesa Area	49 acres	50 du/ac	<u>292</u> 04 units
Dover-Westcliff Area	<u>189</u> acres	50 du/ac	<u>119</u> 68 units
Newport Center Area	<u>153</u> 1 acres	50 du/ac	<u>526</u> 422 units
Coyote Canyon Area	<u>442</u> 2 acres	60 du/ac	<u>330</u> 264 units
Banning Ranch Area	30 acres	50 du/ac	443 units
TOTAL	<u>455</u>432 acres	--	<u>2,268</u>1,852 units

Figure 3-2310: Focus Areas for Rezones



Development of Nonvacant Sites to Accommodate Low and Very Low-Income

74 non-vacant sites were also identified in the 5th cycle. In accordance with AB 1397 the City will establish a program that permits By-Right development for projects that propose 20 percent of all units to be affordable to low and very low-income units. The program is outlined in detail in **Section 4: Housing Plan**.

Regional Housing Needs Allocation

Future Housing Needs

Future housing need refers to the share of the regional housing need that has been allocated to the City. The State Department of Housing and Community Development (HCD) supplies a regional housing goal number to the Southern California Association of Governments (SCAG). SCAG is then mandated to allocate the housing goal to city and county jurisdictions in the region through a RHNA Plan. In allocating the region's future housing needs to jurisdictions, SCAG is required to take the following factors into consideration pursuant to Section 65584 of the State Government Code:

- Market demand for housing.
- Employment opportunities.
- Availability of suitable sites and public facilities.
- Commuting patterns.
- Type and tenure of housing.
- Loss of units in assisted housing developments.
- Over-concentration of lower-income households.
- Geological and topographical constraints.

HCD, through a determination process, allocates units to each region across California. It is then up to each region to determine a methodology and process for allocating units to each jurisdiction within that region. SCAG adopted its final Regional Housing Needs Allocation (RHNA Plan) in February 2021. This RHNA covers an 8-year planning period (starting in 2021) and addresses housing issues that are related to future growth in the region. The RHNA allocates to each city and county a "fair share" of the region's projected housing needs by household income group. The major goal of the RHNA is to assure a fair distribution of housing among cities and counties within the Southern California region, so that every community provides an opportunity for a mix of housing for all economic segments.

Newport Beach's share of the SCAG regional growth allocation is 4,845 new units for the current planning period (2021-2029). **Table 3-3035, Housing Needs for 2021-2029**, indicates the City's RHNA need for the stated planning period.

Table 3-3035: Housing Needs for 2021-2029

Income Category (% of County AMI)	Number of Units	Percent
Extremely Low (30% or less)	728 units	15%
Very Low (31 to 50%) ¹	728 units	15%
Low (51 to 80%)	930 units	19%
Moderate (81% to 120%)	1,050 units	22%
Above Moderate (Over 120%)	1,409 units	29%
Total	4,845 units	100%
Note 1: Pursuant to AB 2634, local jurisdictions are also required to project the housing needs of extremely low-income households (0-30% AMI). In estimating the number of extremely low-income households, a jurisdiction can use 50% of the very low-income allocation or apportion the very low-income figure based on Census data.		

Adequacy of Sites For RHNA

The City of Newport Beach has a total 2021-2029 RHNA allocation of 4,845 units. The City is able to take credit for 1,591,662 units currently within the planning process (Projects in the Pipeline), 327 units of 5th Cycle Sites being projected at existing buildout capacity, and 1,000,240 units of ADU's (addressed in **Appendix B** and in **Appendix D**). These three categories of existing capacity lower the total RHNA planning need to a "Remaining Need" of 2,047,079 units as shown in **Table 3-3136**. The Housing Element update lists sites that would be able to accommodate an additional 7,784 total 6,156 units, well in excess of the remaining 2,707,049 unit RHNA need.

Newport Beach has identified sites with a capacity to accommodate 2,652,269 lower-income dwelling units, which is in excess of its 2,386-unit lower-income housing need. -The identified sites for lower-income dwelling units are on parcels that will permit residential development as a primary use at a base density of between 30 and 60 dwelling units per acre and at an assumed density of between 50 and 60 dwelling units per acre.

As described in **Appendix B**, the City believes that due to recent State legislation and local efforts to promote accessory dwelling unit (ADU) production, the City can realistically anticipate the development of 1,000,240 ADUs within the 8-year planning period. As outlined in the **Sites Inventory** within **Appendix B**, the City has compiled an inventory of sites for rezone that, combined, have development potential to wholly exceed and maintain the capacity to accommodate the RHNA Allocation throughout the 8-year planning period. Overall, the City has adequate capacity to accommodate its 2021-2029 RHNA.

Table 3-3136: Summary of RHNA Status and Sites Inventory

	<u>Extremely Low/ Very Low Income</u>	<u>Low Income</u>	<u>Moderate Income</u>	<u>Above Moderate Income</u>	<u>Total</u>
<u>2021-2029 RHNA</u>	<u>1,456</u>	<u>930</u>	<u>1,050</u>	<u>1,409</u>	<u>4,845</u>
<u>RHNA Credit (Units Built)</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>
<u>Total RHNA Obligations</u>	<u>1,456</u>	<u>930</u>	<u>1,050</u>	<u>1,409</u>	<u>4,845</u>
Sites Available					
<u>Projects in the Pipeline</u>	<u>175</u>	<u>32</u>	<u>1,455</u>	<u>1,662</u>	<u>1,662</u>
<u>Accessory Dwelling Units</u>	<u>163</u>	<u>72</u>	<u>5</u>	<u>240</u>	<u>240</u>
<u>5th Cycle Sites</u>	<u>0</u>	<u>287</u>	<u>40</u>	<u>327</u>	<u>327</u>
<u>Remaining RHNA</u>	<u>2,048</u>	<u>659</u>	<u>--</u>	<u>2,707</u>	<u>2,707</u>
<u>Airport Area Environs Rezone</u>	<u>558</u>	<u>186</u>	<u>1,116</u>	<u>1,860</u>	<u>1,860</u>
<u>West Newport Mesa Rezone</u>	<u>292</u>	<u>97</u>	<u>584</u>	<u>973</u>	<u>973</u>
<u>Dover-Westcliff Rezone</u>	<u>119</u>	<u>40</u>	<u>238</u>	<u>396</u>	<u>396</u>
<u>Newport Center Rezone</u>	<u>526</u>	<u>175</u>	<u>1,052</u>	<u>1,754</u>	<u>1,754</u>
<u>Coyote Canyon Rezone</u>	<u>330</u>	<u>132</u>	<u>858</u>	<u>1,320</u>	<u>1,320</u>
<u>Banning Ranch Rezone</u>	<u>443</u>	<u>148</u>	<u>884</u>	<u>1,475</u>	<u>1,475</u>
<u>Total Potential Capacity of Rezones</u>	<u>2,268</u>	<u>778</u>	<u>4,732</u>	<u>7,778</u>	<u>7,778</u>
<u>TOTAL POTENTIAL DEVELOPMENT CAPACITY</u>	<u>2,606</u>	<u>1,169</u>	<u>6,236</u>	<u>10,007</u>	<u>10,007</u>

<u>Sites Surplus/Shortfall (+/-)</u>	<u>+220</u>	<u>+119</u>	<u>+4,823</u>	<u>+5,162</u>
<u>Percentage Buffer</u>	<u>9%</u>	<u>11%</u>	<u>343%</u>	<u>107%</u>

Figure 3-~~11~~27: Sites Inventory and RHNA Obligations



Summary of Sites Inventory and RHNA Obligations

The data and map detailed in **Figure 3-~~11~~27** above shows the City of Newport Beach's ability to meet the 4,845 RHNA allocation in full capacity with a 4,2295,162-unit buffer. Along with the identifying appropriate sites to meet the current and future housing needs, the City has established a Housing Plan to support its efforts in providing housing opportunities for all income levels in Newport Beach.

2. Financial Resources

Providing an adequate supply of decent and affordable housing requires funding from various sources, the City has access to the following finding sources.

Section 8 Housing Choice Voucher

The Section 8 Housing Choice Voucher program is a Federal government program to assist very low-income families, the elderly, and the disabled with rent subsidy payments in privately owned rental housing units. Section 8 participants can choose any housing that meets the requirements of the program

and are not limited to units located within subsidized housing projects. They typically pay 30 to 40 percent of their income for rent and utilities. The Orange County Housing Authority administers Section 8 Housing Choice vouchers within the City of Newport Beach. As of October 30, 2020, the City has allocated 112 Section 8 vouchers to residents within the community: 30 for families, 20 for persons with disabilities, and 62 for seniors.

Community Development Block Grants (CDBG)

The Community Development Block Grant (CDBG) program provides annual grants on a formula basis to cities to develop viable urban communities by providing a suitable living environment and by expanding economic opportunities, principally for low- and moderate-income persons (up to 80 percent AMI).

CDBG funds can be used for a wide array of activities, including:

- Housing rehabilitation.
- Lead-based paint screening and abatement.
- Acquisition of buildings and land.
- Construction or rehabilitation of public facilities and infrastructure, and:
- Public services for low-income households and those with special needs.

According to the Federal regulations, the City of Newport Beach is allowed to spend no more than of 20% of CDBG funding on program administration, and 15% on community services such as senior meal delivery or homeless prevention programs. The remaining amount must be used other eligible projects that meet national objectives that principally benefit low- and moderate-income households or the disabled.

HUD requires Newport Beach to complete a Five-Year Consolidated Plan (Con Plan) to receive HUD's formula grant programs. The Con Plan identifies the City's 5-year strategies related to priority needs in housing, homelessness, community development, and economic development. It also identifies short- and long-term goals and objectives, strategies, and timetables for achieving its goals. Developed with the input of citizens and community groups, the Con Plan serves four basic functions:

- It is a planning document for the community built upon public participation and input.
- It is the application for funds under the CDBG Program.
- It articulates local priorities.
- It is a five-year strategy the City will follow in implementing HUD programs.

Additionally, HUD requires the City to prepare a One-Year Action Plan for each of the five years covered by the Con Plan. The City of Newport Beach reports a total of \$372,831 CDBG funds from HUD in the 2020-2021 Action Plan. In same report, the City reports an anticipated \$2.07 million of CDBG resources during the five-year period from July 1, 2020, through June 30, 2025.

HOME Investment Partnership Program (HOME)

The HOME program provides federal funds for the development and rehabilitation of affordable rental and ownership housing for households with incomes not exceeding 80 percent of area median-income. The program gives local governments the flexibility to fund a wide range of affordable housing activities through housing partnerships with private industry and non-profit organizations. HOME funds can be used for activities that promote affordable rental housing and homeownership by low-income households. The City of Newport Beach does not currently receive HOME funds.

3. Opportunities for Energy Conservation

Energy Use and Providers

The primary uses of energy in urban areas are for transportation lighting, water heating, and space heating and cooling. The high cost of energy demands that efforts be taken to reduce or minimize the overall level of urban energy consumption. Energy conservation is important in preserving non-renewable fuels to ensure that these resources are available for use by future generations. There are also a number of benefits associated with energy conservation including improved air quality and lower energy costs.

Southern California Gas Company (SCG) provides natural gas service for the City. Natural gas is a “fossil fuel” and is a non-renewable resource. Most of the major natural gas transmission pipelines within the City are owned and operated by SCG. SCG has the capacity and resources to deliver gas except in certain situations that are noted in state law. As development occurs, SCG will continue to extend its service to accommodate development and supply the necessary gas lines. Electricity is provided on an as-needed basis to customers within existing structures in the City. Southern California Edison Company (SCE) is the distribution provider for electricity in Newport Beach. Currently, SCE has no immediate plans for expansion of infrastructure, as most of the City is built out. However, every year SCE expands and improves existing facilities according to demand.

Energy Conservation

The City’s energy goals, stated in the Natural Resources Element of the General Plan, make every effort to conserve energy in the City thus reducing dependence on fossil fuels. The City’s policies relating to energy include increasing energy efficiency in City facilities and operations and in private developments and reducing the City’s reliance on fossil fuels. In order to reach the City’s goals, objectives include the following:

- Develop incentives that encourage the use of energy conservation strategies by private and public developments,
- Promote energy-efficient design features,
- Promote or provide incentives for “Green Building” programs that go beyond the requirements of Title 24 of the California Administrative Code and encourage energy efficient design elements as appropriate to achieve “green building” status; and,



- Provide incentives for implementing Leadership in Environmental and Energy Design (LEED) certified building such as fee waivers, bonus densities, and/or awards recognition programs.¹⁶

The City of Newport Beach's Energy Action Plan (EAP) is identified as a roadmap for the City of Newport Beach to reduce GHG through reductions in energy used in facility buildings and operations. According to the City's EAP, the City's long-term vision for energy efficiency focuses on the following objectives:

- Reduce the City's carbon footprint and its adverse effect on the environment
- Conserve energy at the local government facilities
- Raise energy conservation awareness in local community and improve the quality of life

Currently, the City of Newport Beach has developed the "Building Green" construction manual, created by the City's Task Force on Green Development. The City has also enacted a City-wide streetlight LED replacement program, replacing 400 units to date, and is continuing marketing. Education, and outreach to the community regarding every efficiency and conservation.

¹⁶ City of Newport Beach Natural Resource Element, 2006.