

November 9, 2021

**RE:** San Juan Capistrano September 2021 Housing Element Draft  
November 10, 2021 Planning Commission Meeting

Dear San Juan Capistrano Planning Commissioner Chair Harrison Taylor, Vice Chair Tami Wilhelm and Commissioners Braden, Gaffney, and Fancher,

We write representing a coalition of individuals in San Juan Capistrano advocating for more affordable housing, especially for people who currently live or work in our city who have extremely low or very low incomes.

We have reviewed [San Juan Capistrano's September 2021 Housing Element Draft](#). We offer the following comments for your consideration.

1. We are very supportive of the plan to revise the city's Inclusionary Housing policy to include a mixture of low and very low income units. We were glad to see the city plans to complete this work before 2023. **We recommend that the ordinance include a 15% requirement of affordable housing production at extremely low, very low- and low-income categories and that it apply to all residential projects.** The ordinance should be flexible to allow for the development of affordable housing onsite, off site or provide for an appropriate in lieu fee option. **We recommend an in-lieu fee option in the range of \$10,000 to \$15,000 per unit, or \$10 to \$15 per square foot, to go along with this policy.** The in-lieu fee must be calculated to achieve the gap financing needed to create affordable housing and be used to leverage additional state and federal housing funds. We recommend the affordable units be deed restricted for at least 55 years.

Please note that our neighboring city of San Clemente recently completed a study of their Inclusionary Housing Policy which showed that a 15% inclusionary housing program is feasible. See page 17 of the San Clemente April 20, 2021 Agenda Report for the draft report by EPS.

<https://www.san-clemente.org/home/showpublisheddocument/63555/637544200037470000>

2. We are very supportive of Program 1 and plans to adjust density levels. We think it's important to **couple the upzoning with a more robust inclusionary housing policy** so that the city is able to secure a commensurate level of community benefits as they increase the value of the properties by raising density levels.
3. We like the ADU plans and are encouraged to see you plan to track rental levels. We encourage you to **make the reporting of ADU rentals a requirement** so that the City has good data on the affordability of rental units.

4. We are supportive of Program 6 with the following modification: **We want residents and people who work in San Juan Capistrano to receive first level priority for affordable housing.**
5. The Housing Element describes current residents and their housing situations. But at this time when businesses are scrambling to find and keep workers, we encourage the City to also **examine the housing needs of people who work in San Juan Capistrano but who do not live here.** What can they afford? How far away do they live? Could they and their employers benefit from more affordable housing in our City? Do San Juan Capistrano employers have difficulty finding and retaining workers due to the high cost of housing in this area?

As the City reviews the proposed housing policies and opportunity sites, we recommend that it implement affordable housing policies that can be effective on proposed sites while considering all development standards, zoning, and past development.

The City cannot rely on the market to deliver affordable housing by identifying higher density sites for lower-income RHNA needs. As demonstrated in the 5th Cycle, this strategy has proven to be ineffective and has created an overproduction of luxury, market-rate housing that is unaffordable to most residents. Only 2 low-income units were built in the 5th Cycle compared to 29 moderate-income and 517 above-moderate-income units. That is a ratio of 273 to 1 of moderate and above moderate to lower income.

The need for more affordable housing for those earning less than \$50,000 per year is acute. We urge the city to take proactive steps, such as those outlined below, to promote the production of more affordable housing in San Juan Capistrano. To further that goal, we have consulted with staff at the Kennedy Commission to learn what housing programs will facilitate the production of affordable housing. **Below is their advice on programs that are not currently included in SJC's draft Housing Element.** We are in agreement with their recommendations and would like them included in SJC's draft Housing Element.

1. **Congregational Housing Overlay** - A Congregational Housing Overlay Zone provides an opportunity for the development of affordable housing on religious sites while retaining the existing religious use. The overlay would provide 100% affordable units on congregational sites, with a focus on extremely low-, very low- and low-income categories.
2. **Adaptive Reuse Ordinance** - Certain building, fire code, and parking requirements add additional costs to building conversion projects and reduce the likelihood of developers converting commercial buildings to residential. The City should consider the adoption of an Adaptive Reuse Ordinance, such as [Santa Ana's ordinance](#), to provide alternative building and fire standards for the conversion of eligible buildings in exchange for 15% of converted units dedicated to extremely low-, very low- and low-income categories.

3. **Affordable ADU Program** - We recommend developing an ADU program that incentivizes homeowners to create an affordable rental unit on their property. The City should offer homeowners assistance for financing (e.g. an [ADU Forgivable Loan Program](#)), designing, and permitting ADUs in exchange for a deed-restricted, affordable ADU. *The city has this program but not the ADU Forgivable Loan Program.*
4. **Community Land Trust** - The City should consider developing a Community Land Trust that would allow the City to retain ownership of land (either donated or purchased) and lease the land to the owner of the improvements for community benefit and the creation of 100 % affordable housing.
5. **Density Bonus** - The City should analyze the effectiveness of the City's density bonus ordinance to develop affordable housing for lower-income households. The City's 5th cycle RHNA progress demonstrates that moderate and above moderate-income housing production has outpaced lower-income housing development by a 273 to 1 ratio. The City should prioritize affordable housing for lower-income households in its update and implementation of density bonus. The review should include analysis as to how the density bonus is being implemented. This is especially important when analyzing its effectiveness in higher density specific plans and rezonings that give density and land use incentives and parking reductions, similar to density bonus, but without requiring affordable housing. It is worth noting that rental developments can only use density bonuses to incentivize lower-income units.
6. **Incentivizing 100% Affordable Housing** - Regulatory, zoning and administrative requirements can contribute to high construction costs, and negatively affect the feasibility of producing affordable housing. The City should develop a program that incentivizes 100% affordable developments and reevaluate the current zoning code to eliminate barriers and create incentives for affordable housing developments. Incentives could include reducing or eliminating permitting fees, offering additional by-right incentives beyond density bonus, reduced parking standards, and alternative development standards. The City should consult with for-profit and nonprofit developers to determine appropriate regulatory incentives.
7. **City Owned Sites and Surplus Property** - The City should prioritize city owned sites and surplus land to be developed exclusively for 100% affordable housing for low, very low and extremely low income families. The City must be proactive and implement a program that markets available surplus land to affordable housing developers.

In addition, with funding available from the State of California's HomeKey funds ([https://homekey.hcd.ca.gov/sites/default/files/2021-09/NOFA\\_Homekey\\_0.pdf](https://homekey.hcd.ca.gov/sites/default/files/2021-09/NOFA_Homekey_0.pdf)), and the federal government American Rescue Plan Act funds, it is important for the city to take advantage of these funding sources to make important strides in the provision of affordable housing.

Thank you for considering our public comment and for your public service.

Sincerely,

John and Heather Chapman, Co-Executive Directors, Unidos South OC  
San Juan Capistrano Residents

Amanda Lam, Welcoming Neighbors Home Volunteer  
San Juan Capistrano Resident

Sue and Ed Connor, San Juan Residents

Blake Goodfellow, San Juan Resident

Joanne Marquez, San Juan Resident

Travis Martz, San Juan Resident

Jessika McLaughlin, San Juan Resident

Carol Tuch, Welcoming Neighbors Home Volunteer  
San Juan Capistrano Resident

Bill and Tracey Wertz, San Juan Residents

Rona Henry, Chair, Welcoming Neighbors Home

Rev Kent Doss, Minister, Tapestry Unitarian Universalist Congregation

Miriam Zuñiga, Lead Facilitator, Community Leader Coalition of the Capistrano Villas  
San Juan Capistrano Resident