



May 18, 2021

City of San Clemente City Council
City Hall, 100 Avenida Presidio
San Clemente, California

Dear Mayor Ward, Mayor Pro Tem James, and Councilmembers Ferguson, Knoblock and Duncan,

I am writing you today about the Draft of the Housing Element (HE) that is before you tonight. The San Clemente Affordable Housing Coalition (SCAHC or the Coalition) is an organization of individuals who are committed to improving the opportunity and choices for Affordable Homes in San Clemente for those who live and work in our city.

Our team has had a chance to review this Draft HE and would like to offer you feedback, recommendations, and requests for additional information, in the form of this public comment. We appreciate your time in listening to our concerns. We realize the Draft HE is a work in progress.

The first part of our comments will focus largely on the Site Inventory and related RHNA planning you have outlined to meet the city's legal obligations. The second part of our comments will identify a number of other key HE issues where we also have concerns.

Three important requests up front:

- 1) Please use a "track changes" method as your team goes through its DRAFT revisions, so content changes can be apparent to the reader.
- 2) Please **provide us with an electronic file of the site inventory, i.e., a spreadsheet** so we may conduct our own analysis.
- 3) **We are requesting confirmation from the City** that it will allow a public review period of at least 30 days before any version of the revised HE – either the Draft HE or FINAL HE – is transmitted to HCD. The city should publicly announce the dates for the commencement and end of the review period.

Some general observations:

- 1) Throughout the draft HE, there is a pronounced lack of detailed action plans with specific steps, metrics, timelines/milestones, and accountability. This is one area where HCD has significantly increased its expectations of the planning documentation.

Two quick examples of such documentation gaps are:

- a. The section on Affirmatively Furthering Fair Housing
 - b. The lack of a plan for monitoring ADU compliance with income requirements over time.
- 2) The Site Inventory lacks crucial information required by HCD, such as documentation and analysis regarding the feasibility of building on non-vacant lots.

Background: Housing Element Annual Progress Report, 2020

According to the 2020 Housing Element Annual Progress Report on the 5th cycle HE, San Clemente built 68 very low income units and 28 low income units in 2014, but since then, no more units in that income tier were built. During that same HE cycle, only 39 moderate income units were built. There were just 7 ADU's built in 2020. However, during that same multi-year HE cycle, 559 above market rate homes were completed—250% of that particular RHNA target! San Clemente continued to build vigorously; it just didn't build Affordable Housing. This is a very unbalanced approach to the housing crisis, overlooking a large constituency that lives and works in our city. San Clemente needs to strengthen its approach to building affordable homes; this 6th Cycle plan is a good opportunity to do so.

Site Inventory

The sites identified for lower income categories are predominately identified based on default densities (minimum 30 dwelling units per acre (du/a)) for lower income. However, the identified sites are each unique in opportunities and challenges, with some appearing much less feasible than others. The city needs to identify the appropriate affordable housing policies and programs that will truly facilitate and create affordable housing at the extremely low, very low- and low-income categories on all these sites.

It is important that each site be evaluated for realistic development capacity and opportunities. We urge the city to increase densities at many sites— because greater density is essential to building the housing San Clemente needs. Importantly, greater density can be achieved without negative effects, as today's non-profit builders use well-designed exterior spaces and attractive designs to avoid any feeling of congestion or crowding.

Here are our specific comments, questions, and suggestions regarding the Site Inventory:

1) Site "potential units" metrics

- a) All sites show RHNA units rated as "Potential Units 80%". How is that percentage derived? Are you predicting all sites and housing units have the same potential probability for meeting RHNA numbers?
- b) Are the RHNA numbers seen in the spreadsheet already modified based on the 80% potential number, or is further calculation needed to reduce the predicted number of units for each site? If so, where does that show up?
- c) Site Inventories are required to display a "Likelihood of Development." Is the "Potential Units 80%" intended to fulfill this requirement?

2) Site feasibility analysis for non-vacant sites

- a) It is our understanding that non-vacant sites with existing structures, projects or other constraints should be adjusted downward in probability—as much as 50% downward -- but it appears this draft contains no such adjustment. Given the Site Inventory contains numerous

non-vacant sites, shouldn't the prediction of total RHNA units possible on identified sites be adjusted downward? If this has been done, please clarify the methodology.

- b) For each site that has an existing structure, HCD requires detailed and specific analysis (see HCD Inventory Guidebook pages 25+). The draft contains no such analysis for non-vacant sites.
- c) Without explanation of circumstances, including written verification from the site owner of availability, and examples of similar successful ventures (for example, comparable mixed-use projects) – a non-vacant site cannot be properly vetted as to its feasibility, reasonableness, and probability rating, as a site candidate.
- d) For example: Several large sites in the inventory are currently the homes of thriving, nationally recognized businesses, with busy parking lots. Specific analysis should be done so that true feasibility for inclusion of these sites can be determined.
- e) As for each of the non-vacant sites, we ask that you provide the missing “feasibility and likelihood” analysis and documentation, and further ask that you let us know when it is available for review.

3) Roll-over sites from prior cycles; Camino Los Mares District

- a) We recognize the city's efforts to re-zone and combine parcels in the Camino Los Mares District to improve housing opportunity there.
- b) However, there is still limited feasibility in that district due to existing structures or the fragmented nature of the building sites, as most sites are limited to 2 units. The investment needed to build only a few affordable units, here and there, puts many of those sites outside of the range of serious possibility for affordable housing, unless the city commits to supporting a complete revitalization of the Camino Los Mares district. The city should include specific programs in the HE to encourage and facilitate such an AH development there.
- c) There is one possible site in this area where it is noted that combining the several sites yields a possible 91 AH units. This may be a good opportunity to explore for a non-profit to effectively build affordable family homes in the Camino Los Mares district.
- d) We suggest that the overall probability of success in building RHNA units should be lowered for the Camino Los Mares district, given how long this group of sites has been in the site inventory, without any successful projects resulting.

4) Zoning and rezoning:

- a) Based on the city's development standards and experience, the city's candidate sites for rezoning total 65.01 acres and have the potential to yield 1,243 units (Table 4-5). We request that the city begin all rezoning as soon as the HE is approved, instead of waiting until the end of the 3-year period allowed for rezoning sites.
- b) Just looking at the numbers, rezoning of some sites will be critical to accommodating the city's RHNA shortfall of 145 lower income units and 357 moderate and above moderate-income units. Why wait, why delay opportunity, when housing availability is such an urgent issue?

5) Open space sites:

- a) The initial draft Site Inventory included some sites zoned for open space, but the revised list does not include any open space sites. We urge the city to include certain open space sites which are appropriate for affordable housing. For example, two parcels of open space, amounting to ten acres, which lie along Avenida Pico and are owned by the nonprofit

Emergency Shelter Coalition (ESC), should be zoned for AH as well as for an emergency shelter site (SB2 zone). These two parcels are specifically identified in the below “Additional Sites” section.

- b) The city should commit to making the necessary findings under the local land use initiative, Measure V, which will allow these particular open space parcels to be used for affordable housing. The city should also dismiss its eminent domain action against these two parcels, aimed at preventing their development into affordable housing or emergency shelter.

6) Additional sites

- a) SCAHC requests that the following additional sites be included in the Site Inventory:
 - i) Parcels ## 688-011-01 and 688-011-02 – These two parcels on Avenida Pico, owned by ESC, should be zoned High Density Residential Talega (40 du/a), for low/very low Affordable Housing.
 - ii) 100 Avenida Presidio, the old city hall site. We request the city to donate this site and dedicate accumulated in-lieu funds for building Affordable Housing here. The site is categorized as a moderate resource site and is very favorable for success as it is positioned near city resources, education, jobs, public transit, etc.
 - iii) Parcel # 701-043-08, a vacant site owned by the RSM Water District. Though currently categorized as open space, the city should include this site as an Affordable Housing site. The city should work with the Water District, under the Surplus Public Lands Act, to designate this site for donation and use for Affordable Housing.

7) SB2 zone

- a) The city’s existing SB2 zone (the area where an emergency shelter is allowed as of right) is improper because it is infeasible. The existing SB2 zone is a business park whose owners association is adamant in its opposition to allowing an emergency shelter to open there. In fact, a group of business park property owners have taken legal action to prevent a shelter from ever opening in the business park. Given that opposition, it will be extremely difficult for any nonprofit organization to open an emergency shelter in the current SB2 zone.
- b) The city should create a new SB2 zone comprising parcels ## 688-011-01 and 688-011-02, the two parcels of land on Avenida Pico owned by ESC, which has expressed interest in providing emergency shelter and affordable housing at that site.

ADDITIONAL TOPICS OF CONCERN

The Coalition offers the following additional comments on other important sections of the HE:

1) Accessory Dwelling Units (ADU’s)

- a) The HE fails to set forth any structured method for assessing whether ADU’s which are counted toward the city’s lower income RHNA numbers will remain affordable for lower income households during the entire 6th cycle planning period.
- b) The Coalition requests that you outline what specific method the city will use to monitor continued affordability for ADU’s under this program. This will give us all a way to measure the effectiveness of the ADU program in providing sustainable low and very low-income housing.

2) Inclusionary Housing Program (IHP) and in-lieu fees

- a) SCAHC believes that San Clemente’s Inclusionary Housing Program (IHP) needs substantial improvement to meet the city’s RHNA goals and to provide more affordable housing opportunities. We recommend that the policy be strengthened to provide that all new housing developments of more than six units must include 15% affordable units, with 5% for extremely low income, 5% for very low income and 5% for low income.
- b) The economic analysis performed by the city’s retained consultant, EPS, demonstrated that the housing market in San Clemente can bear a 15% affordability requirement without impeding market rate developments. In other words, EPS concluded builders could still achieve profitability in a San Clemente market rate development with a 15% affordability requirement. EPS specifically noted that the city’s current inclusionary housing program requiring just 4% of new units to be affordable is significantly below the inclusionary requirements of all nearby cities with inclusionary housing policies.
- c) The Coalition also recommends that in-lieu fees be raised to a meaningful level to cover the affordability gap, as the methodology is outlined by EPS. To that end, the in-lieu fee should be raised to a minimum of \$10 per square foot or \$10,000 per unit. The EPS analysis specifically supports an in-lieu fee in this amount. Moreover, we note increasing the in lieu fee in this manner will encourage builders to integrate more affordable units with moderate income and market rate housing.

3) Community Needs Assessment: Housing solutions need to be fairly balanced across the entire spectrum of community needs.

- a) The Community Needs Assessment should expand its line of sight to include a focus on those with disabilities, families with low or very low income, and those who are heavily burdened by the high cost of housing.
- b) Although there are many seniors in our community with demonstrated housing needs (and a tragically large percentage of San Clemente’s homeless are seniors), we find it significant that over 80% of San Clemente residents 55 and older own their own homes—and have for many years. This often means a rich asset base, which luckily fosters housing security for the great majority of the “55 and older” demographic in San Clemente.
- c) In contrast, home ownership in San Clemente drops significantly for those between 35 and 55—just between 50-60% of the members of this group are homeowners. The result is that San Clemente residents in this younger demographic, often families with young children, are experiencing significant housing insecurity and housing cost burden.
- d) Though this younger demographic in San Clemente suffers particularly from the lack of affordable housing, meeting the housing needs of lower income families with children is typically less politically palatable than providing affordable senior housing.
- e) Housing solutions must be balanced across the spectrum of community needs. In other words, San Clemente must actively encourage the development of affordable housing for lower income families with children as well as affordable senior housing. Otherwise, successive generations will not have the same opportunity to have secure housing and remain contributing members of our community who add to our long-term economic vitality and wonderful quality of life.

4) People without shelter

- a) San Clemente needs to reform its plans and resources for managing people without shelter. The city’s management of its unsheltered residents the last few years has been unstable, and often ineffective. Recently, we have seen several tragic occurrences (2 deaths) and other

difficult incidents (encampment issues). In short, the city must provide increased, proper resources and better accountability as to the effectiveness of its services and programs.

- b) The draft HE's description of homelessness resources available within the city (including Table 2-36) is not an accurate picture of what San Clemente provides for its homeless residents. Members of SCAHC's Homelessness Solutions Committee will be sending a follow up letter within the next two weeks providing detailed comments, concerns and questions regarding this descriptive portion of the HE.
- c) The economic impact of the Coronavirus pandemic still threatens the security of shelter for many San Clemente residents. Consequently, homelessness will remain a challenge for San Clemente, requiring better solutions and greater accountability.
- d) The city's Homelessness Sub-Committee needs more support and commitment from the City Council, including the ability to implement more effective tools in addressing homelessness. City documents show that the Sub-Committee has been restrained and hampered in implementing its plans and solutions for addressing problems related to homelessness.
- e) The city must identify a new, proper SB2 zone where an emergency shelter can actually open within the 2021-2029 planning period. (See item 7 in Site Inventory section, above.)
- f) The city should work with nonprofit developers and service providers to facilitate the opening of new permanent supportive housing facilities in San Clemente.
- g) The city should open safe parking areas for overnight sleeping, with restrooms and hygiene facilities for those living in their cars.

5) Prioritize getting access to funding for affordable housing

- a) San Clemente must exercise increased diligence in identifying and accessing new funding sources, both state and federal, to facilitate affordable housing development. Due to the pandemic-fueled economic crisis which is hurting the city's lower income residents, there is greater need in the community, and more funds are available now to meet that need.
- b) Here are some of the steps the city should take:
 - i) Apply for newly available federal and state funding to provide emergency shelter in motels or other transitional housing opportunities for the city's homeless residents.
 - ii) Partner with nonprofit builders and services providers to apply for newly available federal and state funding to convert motels, hotels, and office buildings into affordable housing.
 - iii) Develop relationships with non-profit builders in order to create opportunities for building good, affordable housing.
 - iv) Join the Orange County Housing Trust to tap grants and loans for housing and support services, to enable successful transition for those without shelter.

6) Affirmatively Furthering Fair Housing (AFFH)

- a) In general, we believe Program #12, the AFFH program, should be strengthened to include more quantifiable metrics and more specific goals, with a schedule of actions which includes timelines and milestones to be achieved during the 6th cycle. As the AFFH program refers to other programs to achieve its goals, this comment about metrics and milestones also applies to related programs.
- b) Additionally, the city should make a specific commitment to have a "beneficial impact" within the planning period to achieve the identified goals and objectives for addressing contributing factors to Fair Housing issues.

- c) We would like to see more specific plans that help balance housing patterns within the city. Examples include:
- A stronger inclusionary housing policy that is more robust than the current one. (See item 2, above, “Inclusionary Housing Program” in this “Additional Topics” section.)
 - Allocation of a larger percentage of the **vacant** parcels in the Site Inventory to lower income units. Right now, it appears that 79% of the total vacant units listed in the Site Inventory are allocated for moderate housing vs just 21% for lower income housing.
 - More housing voucher programs to access high-opportunity areas of the city.
 - Temporary replacement housing for displaced tenants during redevelopment.
- d) Listed below are a few specific examples of how the AFFH plan could benefit from having more specific timeframes and/or proactive approaches set forth in the HE. Note: we offer these as illustrations – not as a comprehensive list.
- AFFH Plan: “Acquire and convert market-rate housing to affordable housing (Program 10)
 - Program 10 Acquisition and Conversion of Market-Rate Housing to Affordable Housing
 - Objectives:
 - If approached by a non-profit organization or affordable housing developer, work with the organization or developer to assist in purchasing a site to be used as transitional housing and/or long-term permanent housing with the goal of increasing the affordable housing inventory by 446 lower income units by 2029. “
 - SCAHC COMMENT: *Rather than waiting to be approached, the city should proactively seek a partnership with an affordable housing developer.*
 - “Work with Code Enforcement to evaluate substandard properties as opportunities for rehabilitation as affordable housing units.”
 - SCAHC COMMENT: *This objective lacks a specific timeline.*
- AFFH Plan: “Outreach and education to landlords and tenants regarding the State’s new source of income protection (SB 329 and SB 229) that recognizes public assistance such as Housing Choice Vouchers (HCV) and Veterans Assistance Supportive Housing (VASH) as legitimate source of income for rent payments.”
 - SCAHC COMMENT: *This should have a specific timeframe associated with outreach and education efforts. Will this be done quarterly, yearly or on some other schedule?*
- AFFH Plan: “Provide rehabilitation financing assistance through the Neighborhood Revitalization Program (Program 16)
 - Objectives:
 - Continue to implement the Neighborhood Revitalization Program and advertise the availability of this program to eligible residents and property owners by announcing in City magazines, placing flyers at all City buildings,

posting on City website and social media. Code Enforcement also refers eligible property owners to the City's various programs for assistance."

- SCAHC COMMENT: *What will the schedule of actions be related to this objective? Quarterly, yearly or some other timetable?*
- "Provide 20 loans through the Home Rehabilitation Program during the Housing Element planning period."
 - SCAHC COMMENT: *Suggest the city develop interim milestones related to the issuing of loans through this program.*

In conclusion, we appreciate your time in reviewing this extensive public comment. We recognize a great amount of work has gone into the Draft HE. Given the tremendous importance of this endeavor, however, we urge City Council and city staff to continue working on the document. We ask that you revise the Draft HE, including the Site Inventory, in light of our comments and questions so the document can truly meet the housing needs of our community. We would welcome the opportunity to meet with members of City Council, city staff, and the HE consultant to further discuss our ideas for improving the Draft HE.

Sincerely,

Kathy Esfahani

Kathy Esfahani,
San Clemente resident and
Chair, San Clemente Affordable Housing Coalition

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