



FUTURE READY FOUNTAIN VALLEY

2040 General Plan

General Plan Advisory Committee (GPAC) Status Update – September 2020

Summary

As you know, the General Plan Update and GPAC meetings were postponed to align with the State mandated Regional Housing Needs Assessment (RHNA), which is the allocation of housing and affordable housing that each jurisdiction must accommodate. The number of housing units that the City will be required to accommodate dictates the land use plan and options that the GPAC will need to consider.

On September 3, 2020, The Southern California Association of Governments (SCAG) released the Draft 6th Cycle RHNA Allocation. This is the “final” number pending any reallocation of units resulting from successful appeals. At this point, Fountain Valley has been assigned 4,827 units.

However, before re-starting the General Plan update, we are seeking direction from the California Department of Housing and Community Development (HCD) on the number of potential Accessory Dwelling Units (ADUs), also known as granny flats, which the city can assume to count toward its RHNA allocation. This direction will determine the scale of housing units that we to plan and find sites for.

2020 Schedule Update

We anticipate providing HCD with the necessary analysis in October of this year, which will allow them to provide direction on the number of ADUs that the city can assume to count toward its RHNA allocation (see below for greater detail). While it is not known how long HCD will take to provide a response, it is hoped that the GPAC effort can safely restart this winter.

RHNA and ADU Update

The following is a summary of the latest developments:

- On September 3, 2020, the SCAG provided the final Draft RHNA Allocations, which allocate 1,341,827 housing units throughout the SCAG region. Fountain Valley has been allocated 4,827 units. 2,920 of these units will need to be for lower and moderate income residents and will need to be placed on lands zoned at higher densities. These numbers are the “draft final” pending any reallocation of units resulting from successful appeals.

The following links provide greater detail on the allocation of units:

<http://www.scag.ca.gov/programs/Documents/RHNA/RHNA-Draft-Allocations-090320-Updated.pdf>

<http://www.scag.ca.gov/programs/Pages/Housing.aspx> (open the link entitled “RHNA Draft Allocation Calculator (Updated 9/3/2020)” and, when opened, change the yellow highlighted box to select Fountain Valley)

- We have now entered the appeal phase of the RHNA process. This will be an opportunity to appeal the City’s RHNA allocation. However, due to restrictions, any successful appeal is not anticipated to result in a significant change in our allocation, and we may even see our allocation increase pending the reallocation of units from the successful appeals of other cities. State Housing Element law allows three bases for appeals in the 6th RHNA cycle:
 1. Local planning factors and information on affirmatively furthering fair housing (AFFH).
 2. Application of final methodology
 3. Change in circumstance

Statutory changes enacted since the 5th cycle appeals process prohibit the use of local ordinances, underproduction of housing based on the last RHNA cycle, and stable population growth as bases for appeals. In essence, natural market forces, availability of land, and character of the community are not factors that can be used as the basis for an appeal.

The 45-day filing period for appeals began on September 11, 2020, and ends on October 26, 2020. Staff is evaluating appeal procedures and potential merits of an appeal. One factor that is being considered is what happens to the units from a successful appeal. Per SCAG, the units from successful appeals will be reallocated back to the SCAG region. In accordance with Government Code Section 65584.05(g), if the successful appeals amount to 7% or less of the regional housing need, or 93,928 units, those appealed units will be reallocated proportionally to all jurisdictions in the SCAG region. For any amount above 7% region-wide need, the units will be reallocated back to the county from which they originated.

More details about the appeals process can be found here:

<http://www.scag.ca.gov/programs/Documents/RHNA/RHNA-Adopted-Appeals-Procedures090320.pdf>

<http://www.scag.ca.gov/programs/Documents/RHNA/RHNAAppealsFAQ.pdf>

- Critical for our General Plan Update process will be a determination by HCD on the number of ADUs that a city will be allowed to assume toward meeting their RHNA allocation. In January 2020, a package of housing bills went into effect allowing three units on every

single-family lot: the main house, an ADU, and a Junior ADU. More information on ADUs can be found here: <https://www.hcd.ca.gov/policy-research/AccessoryDwellingUnits.shtml>

Based upon these new laws, Fountain Valley has approximately 26,224 units of ADU capacity. This is more than enough capacity to accommodate the RHNA allocation without any land use changes. However, only a fraction of these ADUs will be developed within the next nine year Housing Element planning period. In order for the GPAC to effectively plan, HCD needs to provide direction on how many of those ADUs can be assumed to count toward the RHNA allocation and how many of those ADUs will be able to count as affordable housing.

On April 7, 2020, HCD provided some direction to Orange County but not a definitive answer to these questions. HCD stated that they will count ADUs toward the RHNA allocation and is willing to consider our assumptions for the numbers of ADUs we forecast to be developed; however, it will need to be accompanied by analysis and programs/policies that facilitate ADU development. HCD stated they would consider our ADU assumptions as early as possible so that we will know the scale of non-ADU units we must accommodate in our land use planning efforts.

To this end, Staff has been working with other Orange County cities and SCAG since April. Through these efforts, HCD has “pre-certified” some housing data and the affordability assumptions for ADUs. More information can be found here:

http://www.scag.ca.gov/programs/Documents/Housing/HE082720_ADUaffordabilityAnalyses.pdf

This is helpful and provides baseline levels and individual cities can then attempt to improve upon these assumptions based on individual characteristics. Based on our understanding of the City, Staff is in the process of developing an ADU assumption package for submittal to HCD to enhance Fountain Valley’s affordability assumptions and address the number of ADUs that can be assumed to count toward our RHNA allocation. This package will be distributed to GPAC when it is prepared.

If you would like background on the justifications for the RHNA allocation, you can see the following: <https://housingtoolkit.ca-ilg.org/affordable-housing-crisis>