



October 27, 2021

Re: October 27, 2021 City Council Meeting Agenda Item #6.1 – Public Review Draft Housing Element Presentation

Dear RSM Mayor Tony Beall, Mayor Pro Tem Anne Figueroa, and City Council Members Gamble, Holloway & McGirr:

We write as members of the Welcoming Neighbors Home Initiative - a ministry of the Tapestry Unitarian Universalist Congregation. Tapestry has members who live in Rancho Santa Margarita (RSM). Welcoming Neighbors Home volunteers work to end and prevent homelessness by advocating for more affordable housing in South OC – including RSM.

We have reviewed [Rancho Santa Margarita's September 2021 Housing Element Draft](#). We offer the following comments and questions – some of which amplify our previously submitted comments dated June 1, 2021 and October 5, 2021.

PUBLIC INPUT:

We thank the city for offering yesterday's one-hour virtual Q&A session at 4:30 pm in response to our previous comment. Given the magnitude of importance of the city's Housing Element, we would encourage further opportunities to engage the public outside of normal business hours and widely publicized, as many community events are, by posting signs on our high traffic street corners.

SITE SPECIFIC QUESTIONS:

We are concerned that the site inventory proposed will not allow the city to be successful in meeting the city's RHNA numbers due to the inclusion of several sites whose current uses constitute an impediment to new residential development and the exclusion of sites that have a far greater likelihood of being developed. We offer the following feedback:

1. **Feasibility of "block" sites including the RSM Health Center & Town Center Car Wash –**
While we appreciate the prime location of this group of sites, we question how feasible

they are for housing given that they contain several thriving businesses including the RSM Health Center, BJ's Restaurant and the Town Center Car Wash (which includes a gas station). We did not see any analysis that shows the feasibility of these sites transitioning to include residential units. Has any outreach been conducted to determine the likelihood that the current owners would like to sell their property? What would be the costs to remove the gas tanks to build housing and mitigate any toxicity concerns?

Photo below: RSM Health Center, Wednesday 10/20/21 1:20pm



Photo below: BJs Restaurant, Saturday 10/23/21 8:25pm



Next two photos below: Town Center Car Wash, Wednesday 10/27/21 12:40pm



2. **Dove Canyon Plaza** – The city has not included the Dove Canyon Plaza located outside the gated community of Dove Canyon as a potential site despite it being in a High Resource area. There are many vacancies and photos from a recent Saturday morning (see below) document how underutilized this shopping center is. One concern raised by a minority of residents is that housing at this location would burden the ability of Dove Canyon residents to evacuate in the event of an emergency. However, if the shopping center was thriving, there would be a significant number of people seeking to evacuate from the center. The objection seems to only be raised if residents are living there in high density housing vs. patronizing businesses in the Plaza. Zoning this area to be mixed use would increase the chances of this becoming a more vibrant area. If housing were

built over the stores, or nearby, it would help bring business to the stores (thus producing sales tax revenue) – and provide some much-needed housing.

Photos below: Dove Canyon, some of the vacant sites, Saturday 10/9/21 10:28 am



3. **El Paseo** - A large percentage of the RHNA needs (190 units) are proposed to be met at the El Paseo shopping center by re-zoning for mixed-use. Unlike the Dove Canyon Plaza, 1.5 mi away, this is a thriving neighborhood shopping center in a densely utilized area, with popular restaurants busy in the evenings and businesses such as Kohls and Bed, Bath & Beyond busy during the day. While Parcel 11 includes a large amount of parking that may only become full during events at Central Park across the street, Parcels 10 and 13-15 are highly utilized. It is hard to envision how this shopping center could accommodate such a large number of housing units and parking for those units. Additionally, it is not located on any major roads and would potentially cause traffic congestion. We do not see any analysis to show how such an ambitious transition, to include 190 housing units in this area, would be accomplished.

Photo Below: Parcel 10, Saturday, 10/23/2021, 7:20pm

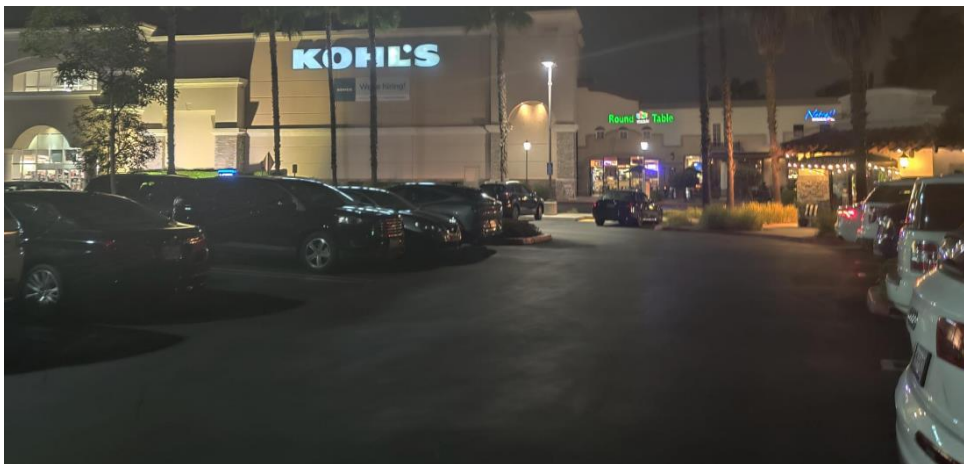


Photo Below: Parcel 13, Saturday, 10/23/2021, 7:15pm



Photo Below: Parcel 14, Saturday, 10/23/2021, 7:17pm facing the newly opened The Stand restaurant



Photo Below: Parcel 14 – Brand new Devi Rebel Yoga Studio on left, Tutto Fresco on right, 10/23/2021, 7:15pm



Photo Below: Parcel 15 Facing BevMo, Saturday, 10/23/2021, 7:15pm



4. **Chiquita Ridge** – Chiquita Ridge, an undeveloped parcel of land owned by the city with 32 developable acres, has not been included as a site. This is despite the fact that undeveloped/underdeveloped land was the top choice of land types indicated by stakeholders in Survey #2

(https://cityofrsm.granicus.com/MetaViewer.php?view_id=2&clip_id=668&meta_id=50539, pg. 5):

The three most acceptable development types among all respondents were as follows:

- Development on undeveloped/underdeveloped sites (58.47%)
- Repurposing of office sites to accommodate a mix of uses (office with residential) (52.54%)
- Workforce housing in the business park (43.22%)

Additionally, at the June 2nd Planning Commission meeting, the Commissioners directed city staff to develop a Scenario C that included development of Chiquita Ridge. One of

the Commissioners stated, “It is almost conspicuous by its absence.”

(https://cityofrsm.granicus.com/MediaPlayer.php?view_id=2&clip_id=668, 2:06:27)

At the August 11th City Council Meeting, the Planning Commission’s input was summarized here:

(https://cityofrsm.granicus.com/MetaViewer.php?view_id=2&event_id=281&meta_id=51177 , pg 12)

Planning Commission Discussion

The Planning Commission discussed pros and cons of various aspects of Scenarios A and B. The consensus among the Commission included the following:

- Support for including ADUs in the Sites Inventory due to State policies;
- A desire to reduce reliance on repurposed office sites to meet RHNA;
- A request to explore the use of the City-owned Chiquita Ridge property; and,
- Support for maintaining the integrity of the City’s master plan.

Overall, the Planning Commission preferred Scenario B over Scenario A. Additionally, the Planning Commission requested that staff take the input provided and develop a Scenario C to include use of the City-owned Chiquita Ridge property for City Council consideration.

However, this input was overridden at the August 11th City Council meeting, with discussion regarding the negative consequences of triggering the Surplus Land Act due to the loss of the city’s control over how this land might be used.

(https://cityofrsm.granicus.com/MediaPlayer.php?view_id=2&clip_id=678, 1:17:17).

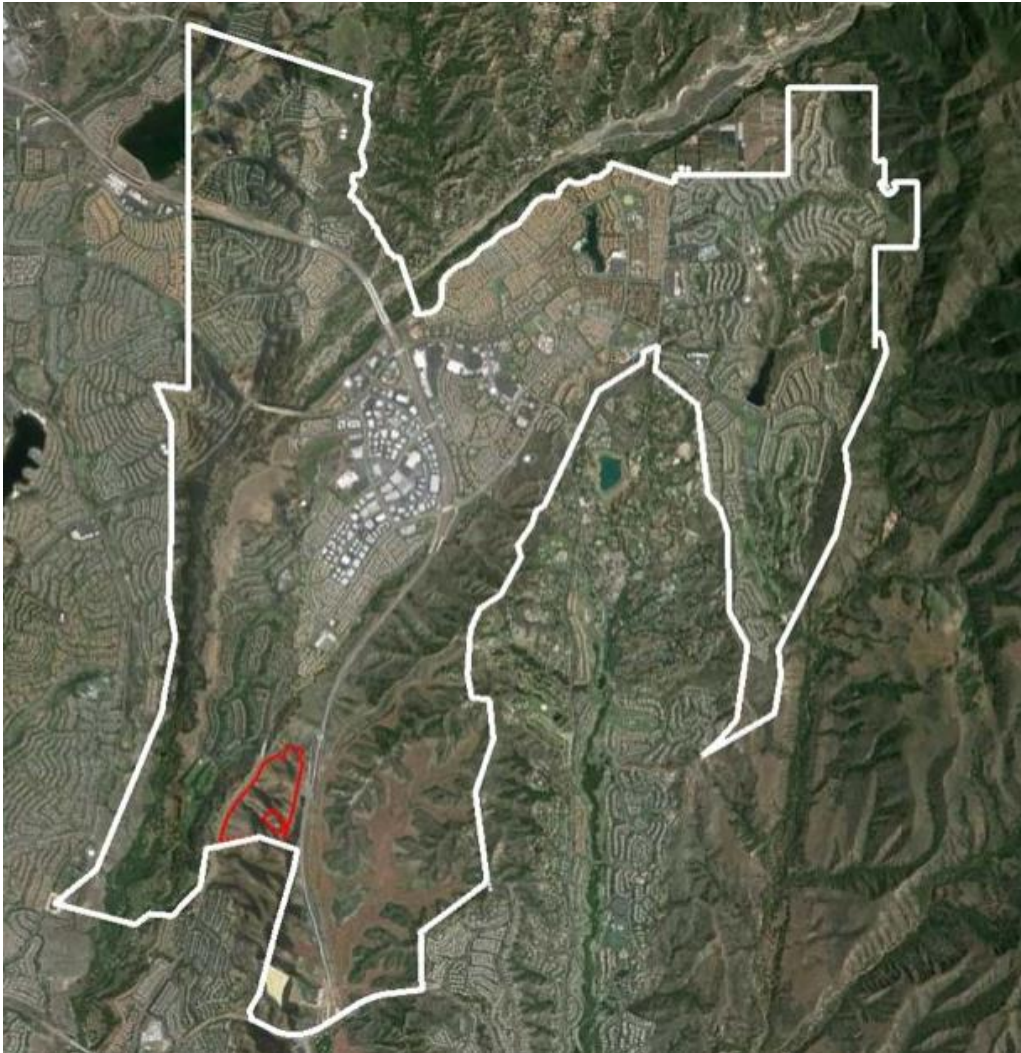
The fact that our five city council members are choosing to override all the input gathered as part of the Housing Element process is concerning. Chiquita Ridge has 33 acres of developable land to meet the region’s severe housing shortage.

Chiquita Ridge is listed under the Future Land Use Opportunities section of the city’s General Plan revised in 2020. While the loss of control seems to be the prime motivator in excluding Chiquita Ridge from the Site Inventory list, the land’s fire hazard rating has been given as a further reason to not develop here. While the land is located in a Very High Fire Hazard zone, newer building codes allow for housing to be developed far more safely than in the past. As Richard Montague, former director of Aviation and Fire Management for the US Forest Service wrote, “...if new home construction in [very high fire hazard severity] zones were to be banned, new home construction would [...] effectively cease. The fact is that [we] are in the midst of an historic housing crisis in California. [Elected officials] have been working with the development community to strengthen building regulations and create communities that are far more resistant to wildfires.”¹ As we know, the city has no authority to build or mandate any housing, only to zone to allow for the possibility. We encourage the city to include Chiquita Ridge and proceed with the steps to develop this land as has always been intended by the city. Much preliminary analysis can be found here: <http://www.cityofrsm.org/540/Chiquita-Ridge>.

¹ <https://www.voiceofsandiego.org/topics/opinion/new-developments-in-fire-hazard-areas-are-safer-than-ever/>

Excerpt from: <https://ca-ranchosantamargarita.civicplus.com/DocumentCenter/View/876/May-27-2015-Urban-Land-Institute-Technical-Assistance-Panel-Final-Report?bidId=>

White = City boundary, Red = Chiquita Ridge



We understand in talking with city staff at the Q&A session yesterday that there were some other concerns about the site. Infrastructure costs associated with developing this land were noted. But we have seen other cities negotiate with developers to pay infrastructure costs – so we are unclear why this should be a factor. Staff also mentioned the issue of the agreement with the County and how any development would trigger the need to build a Sports Park. As another attendee at the Q&A session noted, there seems to be waning interest in a Sports Park over the years – especially given what’s been developed around RSM. We believe it would make sense to renegotiate that agreement with Orange County.

5. **Workforce Housing** - We appreciate the support the city has secured from Applied Medical for Workforce Housing. What specific measures will the city adopt to ensure that the 107 units of the proposed 344 Workforce Housing units designated for Extremely-Low and Very-Low-income levels will be built? What additional programs and

incentives will the City propose to ensure that these sites maximize affordable housing for people with extremely-low and very-low incomes? We recommend the City and property owner should partner with an affordable housing developer who has expertise in leveraging regional and state funding sources to create deeper levels of affordability.

PROGRAM FEEDBACK:

1. We note that all the sites on the Site Inventory have existing uses and structures. Our concern is that **we do not see a set of housing programs that we think are commensurate with the challenge of attracting developers to build affordable housing on these sites with existing structures.**
 - a. **We wish the city had achieved a more balanced distribution between lower and above moderate income housing units during the 5th RHNA Cycle. Only 1 lower income unit was built compared to 36 Above-Moderate units.**
 - b. We fear this unbalanced ratio, favoring above-moderate income units will only continue unless a more robust set of housing programs are implemented.
 - c. Further, we are concerned that the city has identified a surplus of only 4% overall on its Site Inventory – when the best practice is to identify 15% to 20%. **We are especially troubled that the surplus in the Extremely-Low and Very-Low Income categories is only 2%.**

2. **Program 5 – Housing Choice Voucher (Section 8) Assistance**

We encourage the city to set a specific, measurable goal to expand assistance to an increased number of households. We encourage the city to identify specific activities to conduct outreach efforts to recruit potential landlords and increase program participation. We recommend that the city review the success of these efforts annually and revise as needed.

3. **Program 17 - Expand Housing Opportunities**

On pg. 181 of the Housing Element almost the entire city is displayed in orange and red, representing the percentage of renters who spend 40-60% (orange) or 60-80% (red) of their income on rent. Given that so many of our residents lack access to affordable housing, **we recommend that the Housing Element reflect the urgency of this problem and commit to making the necessary zoning changes in one year rather than three years.**

RECOMMENDED HOUSING PROGRAMS:

We have consulted with staff at the Kennedy Commission to learn what housing programs facilitate the production of affordable housing. Below is their advice. We are in agreement with their recommendations.

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The Kennedy Commission recommends the following affordable housing policies and programs to provide development incentives and collaborative opportunities for the production of affordable homes:

1. **Inclusionary Housing Ordinance** - Given the urgent need of residents for low-income housing, the Commission strongly recommends the City adopt an Inclusionary Housing Ordinance within the next year to ensure that identified sites are truly feasible and effectively provide affordable housing in a balanced manner. 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. A feasibility study and implementation of the ordinance should be completed no later than one year from the adoption of the Housing Element.
2. **Mixed-Use Zoning** – We support the city’s planning for mixed-use developments that provide residential units along major corridors and can provide significant opportunities for affordable housing development. We understand that mixed-use zoning allows for the integration of housing with other uses on underutilized commercial or industrial sites while retaining existing commercial/industrial square footage usage to provide services to new residents and the surrounding community. We recommend that the City require 15% of housing to be affordable at the extremely-low-, very-low-, and low-income levels in the mixed-use zoned focus areas.
3. **Affordable Housing Overlay** – The Commission recommends that the City adopt an Affordable Housing Overlay, especially over the mixed-use focus areas that are being rezoned and upzoned. A minimum of 15% of all units should be set aside for extremely low-, very low-, and low-income levels in exchange for development and regulatory incentives. The City must identify a timeframe to study the policy and a timeframe for adoption and implementation. We recommend that this happen in the first year of the 6th Cycle as part of the Zoning Code update.
4. **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. Click [here](#) for a survey of how other cities are using congregational zoning.

5. **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.
6. **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. In addition, the City should implement a monitoring program to track the creation and *affordability* of ADUs. The City must also commit to a mid-cycle review if ADU production is not meeting projected affordability targets.
7. **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.
8. **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 above moderate-income housing production has outpaced lower-income housing development by a 36 to 1 ratio. The City should prioritize affordable housing for lower-income households in its update and implementation of density bonuses. 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 the density bonus, but without requiring affordable housing. It is worth noting that rental developments can only use density bonuses to incentivize lower-income units.
9. **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, reducing parking

standards, and alternative development standards. The City should consult with for-profit and nonprofit developers to determine appropriate regulatory incentives.

10. **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.

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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 above, to promote the production of more affordable housing in Rancho Santa Margarita.

We also recommend that the city issue an RFP to actively solicit affordable housing developers to the city. We would like to see the city offer support from the fund of collected in-lieu fees in exchange for development of extremely-low-, very-low and low-income housing units as well as funding available from the State of California's HomeKey funds (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 NOW to make important strides in the provision of affordable housing.

Sincerely,

Cindy Ashley

Cindy Ashley, RSM Resident
RSM City Monitor for the Welcoming Neighbors Home Initiative

Tasia Surch

Tasia Surch, RSM Resident

Rona Henry

Rona Henry, Chair
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California State Housing and Community Development Office