



City of Aliso Viejo

2021 Housing Element FAQ

1. What is a Housing Element?

The Housing Element is part of the City's General Plan, which sets forth guiding policies for future development. Aliso Viejo's General Plan¹ is divided into the following six "elements" or chapters that contain goals, policies and programs which are intended to guide land use and development decisions:

- Land Use
- Housing
- Circulation
- Conservation/Open Space
- Safety
- Noise

The purpose of the Housing Element is to evaluate the housing needs of Aliso Viejo's current and future residents and set forth policies and programs to address those needs. State law requires that the Housing Element be updated every eight years. The time from one update to the next is called a housing cycle. The upcoming sixth Housing Element cycle will cover the next eight-year planning period (2021-2029).

State law² establishes detailed requirements for Housing Elements which include:

- An analysis of existing and projected housing needs;
- A statement of goals, policies, quantified objectives, financial resources and scheduled programs for the preservation, improvement and development of housing;
- Identification of adequate sites for housing;
- Provisions for the existing and projected needs of all economic segments of the community; and
- An analysis of housing for persons with special needs including persons with disabilities, transitional and supportive housing, emergency shelters and housing for large (5+) families.

2. What is Housing Element "certification" and why is it important?

The State Legislature has delegated to the California Department of Housing and Community Development ("HCD") the authority to review Housing Elements and issue findings regarding the elements' compliance with the law.³ When HCD issues a letter

¹ <https://avcity.org/300/General-Plan>

² California Government Code Sec. 65580 *et seq.*

³ California Government Code Sec. 65585



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finding that the Housing Element is in substantial compliance with State law it is referred to as “certification” of the Housing Element.

Without a certified Element, the City would be ineligible for some of the state housing grants and funds it currently receives. Other state funds, including those used to maintain roads and utilities, could also be jeopardized. The City would be vulnerable to lawsuits for not working proactively to meet its housing needs. Typical remedies for such lawsuits include suspension of local control over zoning and building matters and court orders to meet state certification requirements. These lawsuits are expensive and can have adverse fiscal and economic effects. Aliso Viejo’s last Housing Element update was completed in 2014 and was certified by HCD as fully compliant with State law.

3. What is “affordable” housing?

By definition, housing is considered “affordable” when total housing cost, including utilities, is no more than 30% of a family’s gross income. State law describes five income categories, which are based on county median income as shown in Table 1.

Table 1. Household Income Categories

Income Category	% of county median income
Extremely low	Up to 30%
Very low	31-50%
Low	51-80%
Moderate	81-120%
Above moderate	Over 120%

Source: California Government Code Sec. 65584(f)

Affordable housing costs for all jurisdictions in Orange County are determined based on these income categories as shown in Table 2. These incomes, rents and housing prices are based on a 4-person family and are adjusted for different family sizes.

Table 2. Income Categories and Affordable Housing Costs – Orange County

Income Category	Maximum Income	Affordable Rent	Affordable Price (est.)
Extremely Low	\$38,450	\$961	(1)
Very Low	\$64,050	\$1,601	(1)
Low	\$102,450	\$2,562	(1)
Moderate	\$123,600	\$3,090	\$500,000
Above moderate	Over \$123,600	Over \$3,090	Over \$500,000

Assumptions:

- Based on a family of 4 and 2020 State income limits
- 30% of gross income for rent or principal, interest, taxes & insurance
- 5% down payment, 4.0% interest, 1.25% taxes & insurance, \$350 HOA dues

Notes:

- (1) For-sale affordable housing is typically at the moderate income level

Source: Cal. HCD; JHD Planning LLC

4. What is the “RHNA” and why is it important?

RHNA stands for “Regional Housing Needs Assessment.” Every eight years, the State of California determines the number of housing units that should be accommodated in the Southern California region. The Southern California Regional Association of Governments



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(SCAG) takes that larger number and devises a methodology to allocate the units among local jurisdictions as well as unincorporated areas. As a part of the Housing Element, Aliso Viejo must demonstrate to the State that there is available capacity for the units allocated to the City while also eliminating existing problems of overcrowding and overpayment.

SCAG is currently finalizing the RHNA plan for the 6th cycle, which must fully allocate the total RHNA to jurisdictions in the SCAG region.⁴ SCAG expects to adopt the final RHNA plan by February 2021. Table 3 shows the preliminary draft RHNA allocations for Aliso Viejo, Orange County, and the entire SCAG region.

Table 3. Draft 6th Cycle RHNA – Aliso Viejo, Orange County and SCAG Region

	Aliso Viejo	Orange County	SCAG Region
Draft housing need allocation 2021-2029	1,193	183,425	1,341,834

Source: SCAG, 3/5/2020

The RHNA also distributes each jurisdiction’s total housing need into four income categories (the extremely-low and very-low categories are combined for RHNA purposes). Aliso Viejo’s 6th cycle draft RHNA allocation by income category is shown in Table 4.

Table 4. Draft 6th RHNA by Income Category – Aliso Viejo

Extremely Low + Very Low	Low	Moderate	Above Moderate	Total
388	213	205	386	1,193

Source: SCAG, 3/5/2020

5. Does RHNA require us to build housing?

Through the RHNA process, we must show that the City has the regulatory and land use policies to accommodate housing needs, but the actual development of housing is largely conducted by the private market. The Housing Element is required to demonstrate potential sites where housing can be accommodated. Identification of a site’s capacity does not guarantee that construction will occur on that site. If there are insufficient sites and capacity to meet the RHNA allocation, then the Housing Element is required to identify programs such as amendments to land use and zoning regulations which would create the required capacity.

6. Aliso Viejo is fully developed. Why is the RHNA allocation so high?

SCAG’s 6th cycle RHNA allocation for the entire 6-county region is 1,341,827 units compared to 412,137 units in the 5th cycle. There are two main reasons why the 6th RHNA allocation is so much higher than the 5th cycle.

First, the 5th cycle RHNA allocation was established in 2012 while the severe economic effects of the “Great Recession” were discouraging growth. As a result, the 5th RHNA was uncharacteristically low. For comparison, SCAG’s 4th cycle (2006-2013) RHNA allocation was approximately 700,000 housing units.

⁴ <http://www.scag.ca.gov/programs/pages/housing.aspx>



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Second, for the 6th cycle the State made a major modification to the process for determining RHNA allocations. In prior RHNA cycles, total housing need was based only on *projected population growth*. However, for the 6th RHNA cycle the State added *existing need* to the total RHNA calculation. Existing need includes households that are currently overcrowded (defined as more than one person per room) or are overpaying for housing (defined as more than 30% of gross income). The total 6th cycle RHNA allocation for the SCAG region is comprised of the sum of existing need and projected need, as follows:

Existing need:	577,422 units
Projected need:	<u>764,405 units</u>
Total need:	1,341,827 units

As seen from this breakdown, if existing need were excluded (as was the case in prior RHNA cycles) the total need would be similar to the 4th cycle RHNA.

With regard to jurisdictional RHNA allocations, the methodology adopted by SCAG for the 6th cycle places greater emphasis on the proximity of housing to jobs and public transit rather than availability of vacant developable land. As a result, the urbanized areas of Los Angeles and Orange counties are assigned much higher housing need as compared to prior cycles even though they generally have much less vacant land than inland areas.

The draft RHNA allocations assume that in many urbanized cities of Los Angeles and Orange counties, a significant portion of new housing needs will be met through the redevelopment of older commercial properties.

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