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County of Orange

General Plan
Annual Progress Report
For Year 2004

Exhibit A

Prepared For:

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County of Orange General Plan Annual Progress Report For Year 2004

I. Introduction

The County of Orange is required by State law to have a legally adequate General Plan (Cal. Code § 65300 et seq.), which primarily addresses unincorporated territory, yet affects the entire county. As part of its General Plan, the County must include the following seven elements: 1) Land Use; 2) Circulation; 3) Housing; 4) Conservation; 5) Open Space; 6) Noise; and 7) Safety (§ 65301(c)). The County's General Plan also includes two optional elements: Public Services and Facilities, and Growth Management.

State law further requires the preparation of an annual progress report to the Board of Supervisors, the Governor's Office of Planning and Research (OPR) and the State Housing and Community Development Department (§ 65400(b)). The purpose of the report is to provide the Board of Supervisors and the state agencies with information on progress towards implementing the General Plan in accordance with adopted goals, policies and action items. It is for the purposes of meeting these requirements that this document has been prepared and submitted.

II. General Plan Modernization Project

The General Plan Modernization Project, a comprehensive technical update to the General Plan (GPA-2000), was completed in three phases. The first phase of the update, consisting mainly of technical revisions to text and tables, was completed and adopted by the Board of Supervisors on February 15, 2000. Phase Two of the technical update to the General Plan, which was separated into two parts, was initiated in late 2002.

The first part of Phase Two consisted of General Plan Amendment N03-01. This amendment modified the General Plan in order to implement Measure "W," a ballot initiative passed in March 2002 which set forth a non-aviation reuse for the former MCAS, El Toro. The passage of Measure "W" overturned a previously approved ballot measure known as Measure "A." Measure "A" was passed in November 1994 and had set forth the creation of a commercial airport at MCAS, El Toro. General Plan Amendment N03-01 was adopted by the Orange County Board of Supervisors on July 1, 2003.

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The second part of Phase Two consisted of General Plan Amendment TGPA04-01 which was completed and adopted by the Board on April 20, 2004. This amendment brought the General Plan into compliance with recently adopted State legislation and regional regulatory policies that required the General Plan to be amended by July 1, 2004. Several minor technical refinements and updates were also included as part of this amendment.

The last and final phase, Phase Three of the General Plan Modernization Project, was completed in September, 2005. This amendment (TGPA 05-01) consisted of a comprehensive re-evaluation of General Plan goals, policies, objectives and programs in light of significant annexations and incorporations that have occurred or are anticipated to be finalized within the unincorporated County. Phase Three focuses on all of the elements of the General Plan except the Housing Element. However, any necessary changes to the Housing Element, particularly those required to maintain consistency with the other elements, will be completed in a subsequent amendment to the Housing Element. Following the completion of Phase Three, the General Plan will be evaluated and amended on an annual basis in order to keep all elements up to date.

III. General Plan Amendment Activity

As mentioned earlier, the third and final phase of the General Plan Modernization Project was completed in September 2005. The objectives of this comprehensive Technical General Plan Amendment (TGPA05-01) were the following:

- Remove Goals, Policies and Objectives throughout the General Plan that are either outdated or no longer applicable.
- Add new or updated Goals, Policies and Objectives that are currently being implemented but are not reflected in the General Plan.
- Update outdated programs and agency references throughout the General Plan.
- Update facts, information and data for the various programs and agencies throughout the General Plan.
- Update the Land Use Element map to reflect recent annexations of unincorporated territory.
- Incorporate newly adopted Airport Environs Land Use Plan (AELUP) for John Wayne Airport by the Airport Land Use Commission (ALUC) language regarding building height and heliports and helipads into the Safety Element.

TGPA05-01 was adopted by the Orange County Planning Commission on June 22, 2005 and by the Orange County Board of Supervisors on September 13, 2005.

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IV. Housing Element Activity

Regional Housing Needs Assessment (RHNA)

Housing Element law requires jurisdictions to review their Housing Element as frequently as appropriate, but not less often than every five years. The Housing Element should be evaluated periodically for the purpose of determining the local agency's progress in meeting its share of regional housing needs and to ease governmental constraints to the development of affordable housing. The County's progress towards meeting its fair share RHNA objectives is presented in this report.

The County's current RHNA cycle is January 1, 1998 through June 30, 2005. The RHNA allocation for the unincorporated County during this time period is 22,687 new residential units. The total allocated housing need is distributed into income categories as noted in *Table 1*.

TABLE 1
RHNA BY INCOME CATEGORY
UNINCORPORATED ORANGE COUNTY
(1998-2005)

Very-Low	Low	Moderate	Above-Moderate	Total
4,084	2,950	4,992	10,661	22,687
18%	13%	22%	47%	100%

Source: SCAG RHNA

Although the Housing Element was certified in January 2002, housing construction data was primarily reported from January 1, 1998 through September 30, 2000, due to reporting and timing constraints. *Table 2* provides a summary of the County's progress in meeting its RHNA as reported in the certified Housing Element.

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TABLE 2
 PROGRESS TOWARDS MEETING NEW HOUSING NEED
 ORANGE COUNTY UNINCORPORATED AREA
 (AS REPORTED IN THE CURRENT HOUSING ELEMENT)
 1998-2000

	<i>Very-Low</i>	<i>Low</i>	<i>Moderate</i>	<i>Above-Moderate</i>	<i>Total</i>
Total Need 1998-2005	4,084	2,950	4,992	10,661	22,687
% of income category need	100%	100%	100%	100%	100%
Units Built 1998-2000 ^a	67	2,694	3,484	3,106	9,351
% of category need met	2%	91%	70%	29%	41%
Remaining Need 2002-2005	4,017	256	1,508	7,555	13,336
% of category need remaining	98%	9%	30%	71%	59%

a. Includes production through September 30, 2000.

Source: SCAG RHNA and The Planning Center

The County's progress towards meeting its fair share RHNA objectives during the period January 1, 1998 through December 31, 2004 is documented in *Table 3*. The previous Annual Report included activity up to December 31, 2002. This report includes the period January 1, 2003 to December 31, 2004 during which 3,711 units were constructed and 56 units demolished, for a net construction total of 3,655 units. Of these units, the total for-sale units equaled 2,744 and the total rental housing equaled 967 units.

Housing units were categorized into four income levels based on the same methodology used in the Housing Element. The Housing Element found that with for-sale units, approximately 1% would be affordable to very-low income, 15% to low income, 32% to moderate income and 53% to above-moderate income households. However, State HCD raised concerns during the Housing Element review process that using the above-mentioned income categorization methodology overestimates the number of units affordable for the very-low and low income due to the 10% down payment assumption. Therefore, for the period between January 1, 2003 and December 31, 2004, all for-sale units were assigned to the above-moderate category and the for-rent units were added to either the very-low or above-moderate category.

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TABLE 3
 PROGRESS TOWARDS MEETING NEW HOUSING NEED
 ORANGE COUNTY UNINCORPORATED AREA
 1998-2004

	<i>Very-Low</i>	<i>Low</i>	<i>Moderate</i>	<i>Above-Moderate</i>	<i>Total</i>
Total Need 1998-2005	4,084	2,950	4,992	10,661	22,687
% of income category need	100%	100%	100%	100%	100%
Units Built 1998- 2004 ^a	141	3,568	5,834	8,493	18,092
% of category need met	3%	121%	117%	80%	79%
Remaining Need 2005-2006	3,943	0	0	2,168	4,651
% of category need remaining	97%	0%	0%	20%	21%

a. Includes production through December 31, 2004.
 Source: SCAG RHNA and the County of Orange

As depicted in *Table 3*, 79% of the County's total housing need has been realized. The greatest achievement has occurred in the low and moderate income categories in which 121% and 117% of the RHNA, respectively, has been achieved. During the period January 1, 2003 to December 31, 2004, the number of available above-moderate housing units increased to 80% of the RHNA goal. During this same two-year period, 74 very-low units were constructed which increased the total number of units constructed since 1998 to 141. The County recognizes that the total number of units constructed in the very-low income category is far below the RHNA housing need goal. However, the County continues to work toward providing additional very-low income units through the implementation of the Housing Element Five-Year Action Plan and its goals, policies and programs that focus specifically on meeting very-low income needs.

One of the programs included in the Five-Year Action Plan is the Housing Opportunities Overlay Zone. The intent of the Overlay Zone is to facilitate the development of affordable housing units on non-residentially zoned land in the unincorporated area. These housing developments will be required to be 100% affordable and reserved for only very-low and low income households. The Overlay Zone is expected to be in place and available to affordable housing developers by early 2006.

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First-Time Homebuyers Program

As part of the County's Five Year Action Plan, the Public Finance section of the County Executive Office has been actively providing information and financial assistance for first-time homebuyers. Through participation in the Southern California Home Financing Authority Programs, the County has assisted in the financing of 113 homes for low income and 152 for moderate income residents during the time period between January 1, 2004 and June 30, 2005. The designations of "low income" and "moderate income" are made by the various loan programs and are not necessarily consistent with the income categories used in the County's Housing Element. Therefore, "low income" may include both low and very-low income households as defined in the Housing Element.

V. Major Planning Projects

Rancho Mission Viejo South Ranch

The Rancho Mission Viejo South Ranch EIR was certified and adopted on November 8, 2004. The Ranch Plan involves the development of a 22,815-acre Planned Community in southeastern Orange County. The project application proposes to construct 14,000 residential units on some of the 22,815 acres with approximately 14,000 acres being preserved as open space. The Ranch Plan also includes the dedication of 1,000 acres for County parkland and 60 acres for the development of affordable housing. Applications for a Zone Change and General Plan Amendment have been filed and the County is now working with the project applicant to resolve land use compatibility issues.

Tonner Hills

The Tonner Hills project consists of a 790-acre Planned Community in the northeastern portion of Orange County within the City of Brea Sphere of Influence. Multiple oil and gas production facilities are currently located on the Tonner Hills project site. The proposed Planned Community would retain 15 acres for oil production and also include the development of 795 residential units on 180 acres, including 78 units of affordable housing, 5.8 acres of parkland and 559 acres of open space. Draft Environmental Impact Report (EIR) No. 581 and an associated Area Plan were approved by the Orange County Board of Supervisors on November 19, 2002.

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VI. Conclusion

During calendar year 2004 the County completed Phase Two and initiated Phase Three of the General Plan Modernization Project. Completion of the Modernization Project will ensure the continued compliance of the County's General Plan with State law.

The County also continued to implement the goals and policies of the Housing Element by assisting low and moderate income families buy a home through the First-Time Homebuyers Program and by successfully negotiating for the dedication of 60 acres for the development of affordable housing in the Rancho Mission Viejo South Ranch project. It is anticipated that these 60 acres could result in the provision of over 1,200 affordable housing units to low and very-low income families in Orange County.