

AFFORDABLE HOUSING TOOLKIT CITY OF ORANGE

1. Introduction and Purpose

The City of Orange strives to meet the housing needs of its diverse population through housing production, conservation, preservation, rehabilitation, and equal housing opportunities. The City also recognizes the importance of providing suitable housing that is affordable for its current and future residents and is committed to assisting developers and builders in providing affordable housing in the City. To accomplish this, this Affordable Housing Toolkit has been prepared to guide potential developers and builders by identifying the approvals necessary to provide affordable housing in the City, possible development incentives, funding incentives, potential affordable housing locations, relevant demographics information, and City contacts.



2. Demographics

The latest statistics related to population, households, employment, and housing stock and costs for the City of Orange can be found in the [City of Orange 2014-2021 Housing Element](#). The following describes household characteristics and housing costs in the City.

- **Household Size**

In 2000, the U.S. Census Bureau reported 40,803 households in the City of Orange, which was a 10.8 percent increase from the number of households in 1990. The Department of Finance estimated that the City had 43,486 households in 2012. Regarding household size, the average number persons per household was 3.02 in 2000 and 3.03 in 2012. The following table summarizes the household size distribution and the percentage of owners and renters.

Table H-11
Household Size Distribution
2007-2011 ACS

Household Size	Total Households ¹	% of Total	Renter Households	% of Total ²	Owner Households	% of Total ²

1 Person	8,875	20.8%	4,234	9.9%	4,641	10.9%
2 Persons	12,813	30.0%	3,891	9.1%	8,922	20.9%
3-4 Persons	14,608	34.2%	4,913	11.5%	9,695	22.7%
5+ Persons	6,456	15.1%	3,020	7.1%	3,436	8.0%
Total	42,752	100%	16,058	37.6%	26,694	62.4%

Notes:

¹Represents Total Households

²Percent of Total Households

Source: 2007-2011 ACS B25009

- **Household Income**

The U.S. Department of Housing and Urban Development (HUD) estimated that the 2013 annual median family income was \$87,200. The State utilizes five income categories to determine housing affordability. The following table shows the distribution of income by each income category. As shown, almost 43 percent of the households in the City fall within the Above Moderate Income category, while 38 percent fall within the Lower Income category.

Table H-14
Household Distribution by Income Category

Income Category	Number of Households	% of Households
Extremely Low-Income	4,678	11.4%
Very Low-Income	3,996	9.7%
Low-Income	7,242	17.6%
Moderate-Income	7,675	18.6%
Above Moderate-Income	17,599	42.7%
Total	41,190	100%

Source: 2005-2009 ACS as reported in SCAG Existing Housing Needs Data Report, 2012

- **Median Sales Prices**

The median sales price for new and resale homes was \$425,000 in December 2012. The following table provides a comparison of the median sales prices for homes found in the City of

Orange, as compared to other neighboring jurisdictions.

Table H-26

Median Sales Price

Jurisdiction	December 2011	December 2012	% Change
Orange	\$408,000	\$425,000	4.17%
Anaheim	\$354,000	\$408,000	15.25%
Garden Grove	\$325,000	\$353,750	8.85%
Fullerton	\$346,000	\$419,000	21.10%
Orange County	\$400,000	\$470,000	17.50%

Source: dqnews.com, accessed February 5, 2013

- **Average Monthly Rents**

Refer to the following table which presents the average monthly rents by unit size for 2012.

Table H-27

Average Monthly Rent by Unit Size, 2012

Unit Size	Average Monthly Rent
Studio	\$1,159
1 bedroom, 1 bath	\$1,429
2 bedrooms, 1 bath	\$1,444
2 bedrooms, 2 baths	\$1,819
3 bedrooms, 2 baths	\$1,922
ALL	\$1,619

Source: RealFacts, Third Quarter 2012

3. **Development Incentives**

In accordance with the State Density Bonus Law (Section 65915) of the California Government Code and Section 17.15 (Density Bonus) of the City's Municipal Code, the City offers density bonuses, and other regulatory concessions and incentives to developers who agrees to construct a specified percentage of housing for low-income, very low-income, moderate-income households, and other

qualifying residents.

- **Density Bonus Requirements**

Any housing development that consists of five or more dwelling units (excluding any units permitted by the density bonus awarded pursuant to Section 17.15) is eligible for one density bonus. The amount of density is calculated based on [Section 17.15.040](#) of the City Zoning Ordinance. Those other regulatory concessions or incentives that are discussed in the following sections will be allowed if at least one of the following conditions is satisfied:

- a. Five percent of the total units of a housing development are affordable to very low-income households.
- b. Ten percent of the total units of a housing development are affordable to lower-income households.
- c. Ten percent of the total units in a common interest development for moderate-income households where all of the units in the housing development, including the moderate-income units, are available for sale to the public.

A maximum of three concessions and incentives would be allowed for any particular development based on those conditions described in [Section 17.15.050](#).

- **Reduced Parking Requirements**

Section 65915 (p)(2) of the California Government Code and Section 17.15 (Density Bonus) of the City's Municipal Code allow a developer or builder to request that a reduced ratio of parking spaces per unit be applied to affordable housing projects. The intent is to reduce the cost of development by reducing the minimum parking requirements for affordable housing projects. Any affordable housing development that qualifies for a density bonus can satisfy the following parking requirements. These numbers include guest parking and handicapped parking. These reduced parking standards will be treated as a concession or incentive if they are lower than normally required by the Zoning Ordinance.

Parking Standards for Qualified Affordable Housing Projects

Zero to one bedroom	1 on-site parking space/unit
Two to three bedrooms	2 on-site parking spaces/unit
Four or more bedrooms	2.5 on-site parking spaces/unit

- **Waiver and Reductions of Other Development Standards**

The developer can request waivers or reductions of an unlimited number of development standards that would be needed to make the housing affordable development economically feasible. The City can waive or reduce those development standards that: (1) meet the

threshold requirements of the definition of waiver or reduction set forth in [Section 17.15.020](#), or (2) would not have a specific adverse impact on the health, safety or the physical environment, as defined in paragraph (2) of subdivision (d) of Section 65589.5 of the California Government Code; or (3) would not have an adverse impact on any real property that is listed in the California Register of Historical Resources.

Contact: Anna Pehoushek, AICP, Assistant Community Development Director, (714) 744-7228 or apehoushek@cityoforange.org.

4. **Funding Assistance**

The City of Orange offers the following funding programs to facilitate the development of affordable housing, including Community Development Block Grant and HOME Investment Partnerships.

- **Community Development Block Grant Funds (CDBG)**

CDBG is a Federal program that provides the City of Orange with grants to improve the physical, economic, and social conditions in the City. While spending priorities are determined by the City of Orange, the program is primarily intended to provide affordable housing, establish and maintain a suitable living environment, and expand economic opportunities for low and moderate income residents. Potential developers are encouraged to meet with the City in determining how available CDBG funds could be utilized to assist in the construction of affordable housing in the City.

- **HOME Investment Partnerships (HOME)**

HOME funds are also part of a Federal program to facilitate long-term public-private partnerships in an effort to expand the availability of affordable housing in the City of Orange. HOME funds are used exclusively to create affordable housing for low and moderate income residents. Potential developers are encouraged to meet with the City in determining how available HOME funds could be utilized to assist in the construction of affordable housing in the City.

Contact: Mary Ellen Laster, Senior Housing Manager, (714) 744-7211 or mlaster@cityoforange.org.

5. **Procedures Relating to Entitlement, Plan Check, and Construction of Affordable Housing**

- **CDBG and HOME Funds Procedures and Approvals**

CDBG and HOME funds may be available to the City as grants or loans. Potential developers that seek financial assistance via the CDBG and Home funds programs must have the financial management and programmatic expertise to successfully develop, design, implement, and monitor any proposed affordable housing project. This expertise can be demonstrated through previous experience in successfully developing similar programs or projects, either by the organization or key staff within the organization. Potential developers must also be in good standing with and able to meet all Federal, State, and City of Orange requirements for participation in the CDBG and/or HOME programs.

The City solicits applications for CDBG annually from various groups. The applications are then reviewed by the City's Community Development Block Grant Program Committee and prioritized to determine those proposals that would best satisfy the goals of the CDBG program.

- **Major Site Plan Procedures and Approvals**

Potential developers of affordable that are seeking to acquire a density bonus, reduction in parking requirements, and/or other waivers or reductions of development standards must submit an application for a Major Site Plan and enter into a Density Bonus Housing Agreement with the City. The potential developer must show to the satisfaction of the City that unless the density bonus and waiver of development standards are granted, the proposed affordable housing development would be rendered economically infeasible. The applicant must submit a project financial report (pro forma) and any other documentation that the City may request from time to time to allow the City to evaluate the financial need for the request for a density bonus and/or waiver. The City may retain a consultant to review the financial report. The cost of the City's consultant shall be borne by the potential developer. The Planning Commission will make recommendations on the applications to the City Council, who has final approval. Refer to [Section 17.10.050](#) and [Section 17.15.060](#) of the Zoning Ordinance which describes the submittal requirements, process and procedures, and other related conditions for the Major Site Plan Review application and the density bonus.

The following summarizes the approval process:

- a. Potential developers submit a preliminary application for Major Site Plan approval. Staff provides preliminary comments on the submittal.
- b. Potential developers address staff's preliminary comments and submit a formal application for Major Site Plan approval.
- c. The City's Staff Review Committee, which is comprised of City departments, reviews the application and provides comments. The developer's request for a density bonus, reduction in parking requirements, and/or other waiver or reductions in development standards are also reviewed by City staff. If the requested density bonus is deemed acceptable by the City and developer, a Density Bonus Housing Agreement will be drafted for execution. During this time, staff will work with the developer on the project's design, required CEQA clearance, etc.
- d. The project design and Major Site Plan Review plans will be reviewed by the City's Design Review Committee, and if deemed acceptable, will recommend approval to the Planning Commission.
- e. With the recommended approval, the project design, Major Site Plan Review plans, CEQA documentation, and the Density Bonus Housing Agreement will be reviewed and approved by the Planning Commission.
- f. The project's plans for utilities, landscaping, street improvements, buildings, etc. will be reviewed and plan checked by the appropriate City departments and divisions, including

Planning, Public Works, and Building. Building permits will be issued.

Contact: Public Works Department (714) 744-5525

Contact: Pete Goodrich, Building Official, (714) 744-7201 or pgoodrich@cityororange.org.

- g. The Building Department will inspect all buildings under construction to verify compliance with Building, Plumbing, and Electrical Codes, and to confirm that projects are being built according to approved plans. Planning will issue certificates of occupancy after construction is completed.

[Overview of Planning Development Review Process](#)

6. Affordable Housing Opportunity Locations

The following map shows where future affordable housing may be located in the City.

[Affordable Housing Opportunity Locations](#)