

4.11 Population and Housing

This section describes the Project's potential effects on population, housing, employment related to the addition of housing and retail uses on the site. The environmental effects of increased population, housing, and employment on factors such as traffic, air quality, and noise are addressed in their respective sections of this EIR.

4.11.1 REGULATORY SETTING

State of California

California Housing Element Law

The Housing Element is one of the seven General Plan Elements that are mandated by the State of California (California Government Code §§ 65580 to 65589.8). California State law requires that the Housing Element provides, "an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing" (Government Code § 65580).

State law requires that each city and county identify and analyze existing and forecasted housing needs within its jurisdiction and prepare goals, policies, and programs to further the development, improvement, and preservation of housing for all economic segments of the community, commensurate with local housing needs.

Regional and Local

The project area's demographics are examined in the context of existing and forecasted population and housing for the City and the County as a whole. Demographic information used in this analysis include, but are not limited to, the City of Newport Beach General Plan Housing Element, and demographic information from the California Department of Finance (DOF) and the California Economic Development Department (CA EDD).

Southern California Association of Governments (SCAG)

SCAG is a Joint Powers Agency established under Sections 6502 et seq. of the *California Government Code*. SCAG is designated as a Council of Governments (COG), a Regional Transportation Planning Agency (RTPA), and a Metropolitan Planning Organization (MPO) for the six-county region of Orange, Los Angeles, Ventura, San Bernardino, Riverside, and Imperial Counties. The region encompasses a population exceeding 18 million persons in an area that encompasses more than 38,000 square miles. As the designated MPO, SCAG is the responsible agency for developing and adopting regional housing, population, and employment growth forecasts for local governments. Newport Beach is a member of the Orange County COG, one of the 14 subregional organizations in the SCAG region.

SCAG's demographic data is developed to enable the proper planning of infrastructure and facilities to adequately meet the needs of anticipated growth in the region. In April 2016, SCAG adopted its *2016-2040 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS)*. Major themes in the 2016 RTP/SCS include integrating strategies for land use and transportation; striving for sustainability; protecting and preserving existing transportation infrastructure; increase capacity through improved

systems managements; providing more transportation choices; leveraging technology; responding to demographic and housing market changes; supporting commerce, economic growth and opportunity; promoting the links between public health, environmental protection and economic opportunity; and incorporating the principles of social equity and environmental justice into the plan. Growth forecasts contained in the 2016 RTP/SCS for Orange County and the City are used as the basis of analysis for housing, population, and employment forecasts in this section.

Regional Housing Needs Assessment (RHNA)

RHNA is an assessment process performed periodically as part of the General Plan Housing Element updates at the local level. The RHNA process begins with the California Department of Housing and Community Development's (HCD) projection of future statewide housing growth need, and the apportionment of this need of regional councils of governments throughout the State. As the region's designated COG, SCAG is the agency responsible for developing an allocation methodology to allocation the region's assigned share of statewide need to cities and counties by income level.

This "fair share" allocation concept seeks to ensure that each jurisdiction accepts responsibility for the housing needs of its resident population, as well as the jurisdiction's projected share of regional housing growth across all income categories. Regional growth needs are defined as the number of units that would have to be added in each jurisdiction to accommodate the forecasted number of households, as well as the number of units that need to be added to compensate for anticipated demolitions and changes to achieve an ideal vacancy rate. SCAG defines a "household" as an occupied dwelling unit.

The current RHNA cycle covers the planning period from October 2013 to October 2021. The housing construction need is determined for four broad household income categories: very low (households making less than 50 percent of area median income), low (50 to 80 percent of area median income), moderate (80 to 120 percent of area median income), and above moderate (more than 120 percent of area median income). The intent of the future needs allocation by income groups is to relieve the undue concentrations of very low-income and low-income households in a single jurisdiction and to help allocate resources in a fair and equitable manner.

City of Newport Beach 2014-2021 Housing Element

As required by State Housing Law, the City of Newport Beach must plan for its share of the region's new housing needs in four State-defined income categories by identifying an adequate supply of land zoned at appropriate densities to accommodate needs in each income category. The RHNA goals do not explicitly require the City to construct the identified housing need but rather seek to ensure that the City has, or plans to add policies, programs, zoning, and regulations that will accommodate new housing growth. The Housing Element examines the City's housing needs, as they currently exist, and forecasts future housing needs. It sets a housing plan for addressing the City's identified housing needs, constraints, and resources; including housing goals, policies, and programs.

To address the City's need for very low-income and low-income housing, the City must demonstrate that it has an adequate supply of land for the development of the housing. In terms of evaluating the adequacy of these sites to address the affordability targets established by the RHNA, Housing Element statutes provide for the use of "default densities" to assess affordability.

The City of Newport Beach 2014-2021 Housing Element was adopted on September 24, 2013. It identifies and analyzes existing and projected housing needs, and articulates the City's official policies for:

- Preserving and improving housing and neighborhoods;
- Providing adequate housing sites;
- Assisting in the provisions of affordable housing;
- Removing governmental and other constraints to housing investment; and
- Promoting fair and equal housing opportunities.

Airport Business Area Integrated Conceptual Development Plan

General Plan Policy LU 6.15.11 requires a conceptual development plan when residential units are proposed in the defined area of the Airport Area. The approval of a conceptual development plan is a prerequisite to the consideration of development projects with residential uses within the Airport Area. In September 2010, the Newport Beach City Council approved the Airport Business Area Integrated Conceptual Development Plan (ICDP) for that portion of the Airport Area generally bordered by MacArthur Boulevard, Jamboree Road, and Birch Street (see Figure 3-4, *Airport Business Area ICDP* in Section 3.0, *Project Description*). The Airport Business Area ICDP is approximately 37.7 acres: approximately 25 acres for Uptown Newport site, and approximately 12.7 additional acres of Koll Center Newport. The project site is within the 12.7-acre area of Koll Center Newport.

4.11.2 ENVIRONMENTAL SETTING

Existing and Projected Population

Orange County

Orange County has a current population of approximately 3,194,024 residents (DOF, 2017). *Table 4.11-1* shows population numbers for the County, as determined in the 2016 RTP/SCS prepared by SCAG. As identified in the table, SCAG forecasts that the population in Orange County to grow by nearly 13 percent between 2012 and 2040.

Location	2012	2017^a	2020	2035	2040
Orange County	3,071,600	3,194,024	3,271,100	3,431,200	3,461,500
Newport Beach	86,300	84,915	89,300	92,300	92,700

a. Department of Finance, Table 2: E-5, 1/1/2017.
Source: SCAG, 2016.

Newport Beach

Newport Beach has a current population of approximately 84,915 residents (DOF, 2017). SCAG forecasts the City's population to grow by approximately 7 percent between 2012 and 2040 (Table 4.11-1). SCAG anticipates growth in Newport Beach to occur at a slower rate than Orange County as a whole.

Existing and Projected Housing**Orange County**

As shown in *Table 4.11-2*, Orange County has an estimated 1,083,563 housing units with an average of 3.05 persons per household (DOF, 2017). As reported by the Department of Finance, the vacancy rate is a measure of the availability of housing in a community. It also demonstrates how well the types of units available meet the market demand. A low vacancy rate suggests that households may have difficulty finding housing within their price range; a high supply of vacant units may indicate either the existence of a high number of desired units, or an oversupply of units. The vacancy rate for housing in the County is estimated to be 4.9 percent (DOF, 2017). As identified in *Table 4.11-3*, households in Orange County are forecasted to increase by over 15 percent between 2012 and 2040.

Location	2017	Persons per Household	Vacancy Rate
Orange County	1,083,563	3.05	4.9
Newport Beach	44,126	2.23	14.2

Source: Department of Finance, Table 2: E-5, 1/1/2017

Location	2012	2017 ^a	2020	2035	2040
Orange County	999,500	1,083,563	1,074,700	1,135,300	1,152,300
Newport Beach	38,800	44,126	40,200	41,300	41,700

a. Department of Finance, Table 2: E-5, May 1, 2017
Source: SCAG, 2016.

Newport Beach

The City has an estimated 44,126 housing units with an average of 2.23 persons per household (Table 4.11-2). There is no existing residential development on the project site. The City has an estimated 44,126 households (Table 4.11-3). Households in Newport Beach are projected to increase by over 7 percent between 2012 and 2040. The vacancy rate for housing in the City was estimated to be 14.2 percent (DOF, 2017). The City has found that the discrepancy between overall vacancy rates and vacancy rates among available units may be due to the large number of seasonal units and second homes in Newport Beach (City of Newport Beach, 2006a).

SCAG determines total housing need for each community in Southern California based on three general factors: (1) the number of housing units needed to accommodate future population and employment growth; (2) the number of additional units needed to allow for housing vacancies; and (3) the number of very low, low, moderate, and above moderate income units needed in the community. Additional factors used to determine the RHNA include tenure, the average rate of units needed to replace housing units demolished, and other factors.

The City's RHNA allocation for the 2014–2021 period is shown in *Table 4.11-4*. The City is required to ensure that sufficient sites that are planned and zoned for housing are available to accommodate its need

and to implement proactive programs that facilitate and encourage the production of housing commensurate with its housing needs.

Income Level	Percent of AMI	Target (Units)	Percent
Very low	0-50%	1	20%
Low	51-80%	1	20%
Moderate	81-120%	1	20%
Above Moderate	120%+	2	40%
Total		5	100%

AMI = Area Median Income
Source: SCAG 5th Cycle Regional Housing Needs Assessment (RHNA) Final Allocation Plan, 2012.

Existing and Projected Employment

Orange County

As shown in *Table 4.11-5*, Orange County had 1,526,500 jobs in 2012. According to SCAG projections, jobs are forecasted to increase by 24 percent between 2012 and 2040. The population-to-employment ratio is lower in Orange County compared to the SCAG region as a whole. Comparing the population-to-employment ratio between Orange County and the SCAG region as whole indicates a need for more housing growth in Orange County (SCAG, 2016).

Location	2012	2020	2035	2040
Orange County	1,526,500	1,730,400	1,870,500	1,898,900
Newport Beach	76,000	77,900	78,900	79,100

Source: SCAG, 2016.

Newport Beach

The City of Newport Beach had 76,000 jobs in 2012 (Table 4.11-5). According to SCAG projections, jobs in the City are forecasted to increase by 4 percent between 2012 and 2040. The population-to-employment ratio is lower in the City compared to Orange County and the SCAG region.

Jobs to Housing Balance

SCAG states that “a balance between jobs and housing in a metropolitan region can be defined as a provision of an adequate supply of housing to house workers employed in a defined area (i.e., community or subregion). Alternatively, a jobs/housing balance can be defined as an adequate provision of employment in a defined area that generates enough local workers to fill the housing supply”. Jobs and housing are considered in balance when a subregion has enough employment opportunities for most people who live there and enough housing opportunities for most of the people who work there. The jobs/housing balance is one indicator of a project’s effect on growth and quality of life in a project area. SCAG uses the jobs/housing ratio to assess the relationship between housing and employment growth.

Alternatively, the 2016-2040 RTP/SCS states “the imbalance of jobs and housing is considered a key contributor to traffic congestion and an impediment to environmental justice” (SCAG, 2016). According to SCAG, improvements in job-housing balance may result in a reduction of transportation congestion and related air quality problems (SCAG, 2016). Communities with more than 1.5 jobs per dwelling unit are considered job-rich and those with fewer than 1.5 jobs per dwelling unit are considered housing-rich. As identified in *Table 4.11-6*, the jobs-housing balance in the City is projected to slightly decrease between 2012 and 2040 from 1.96 to 1.90 and would remain jobs rich. The jobs-housing balance in Orange County is estimated to increase from 1.53 to 1.65 during the same period.

Orange County	2012	2020	2035	2040
Employment	1,526,500	1,730,400	1,870,500	1,898,900
Households	999,500	1,074,700	1,135,300	1,152,300
Jobs/Housing Ratio	1.53	1.61	1.65	1.65
Newport Beach	2012	2020	2035	2040
Employment	76,000	77,900	78,900	79,100
Households	38,800	40,200	41,300	41,700
Jobs/Housing Ratio	1.96	1.94	1.91	1.90

Source: SCAG, 2016.

4.11.3 THRESHOLDS OF SIGNIFICANCE

The following significance criteria are from the City of Newport Beach Environmental Checklist. The Project would result in a significant impact related to population and housing if it would:

Threshold 4.11-1 Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure).

As addressed in Section 1.5, Summary of Effects with No Impact, the City has determined that the Proposed Project would not have a significant impact on the following threshold for the reasons stated below, and that no further analysis was required:

- Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere.
- Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere.

The project site is currently developed with surface parking lots and common landscape areas. The site does not currently have any housing or permanent population. Therefore, implementation of the Project would not displace a substantial number of existing housing or people.

4.11.4 ENVIRONMENTAL IMPACTS

This section describes the methodology used in conducting the impact analysis for population and housing, the thresholds of significance used in assessing impacts to population and housing, and the assessment of impacts to population and housing, including relevant mitigation measures.

Threshold 4.11-1: Would the Project induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?

The *City of Newport Beach General Plan* designates the project site as Mixed Use Horizontal (MU-H2). The MU-H2 designation applies to properties located in the Airport Area. The MU-H2 designation allows for a maximum of 1,650 units as replacement of existing office, retail and/or industrial uses at a maximum density of 50 units per net acre. The remaining 550 units are additive and the elimination of the existing office, retail and/or industrial uses is not required. Maximum density for the additive units is 50 per net acre. Non-residential uses are permitted according to the limits included in General Plan Table LU2: Anomaly Locations. The project site is located within General Plan Anomaly Location 2 of Statistical Area L4 which has a development limit of 1,052,880 sf. The Proposed Project's land uses are consistent with the MU-H2 designation.

Population projections were developed based on a generation factor of 2.23 persons per household, as determined in the California Department of Finance 2017 estimates (DOF, 2017). Employment projections assumes 450 sf of retail per employee, per SCAG's Employment Density Summary Report (SCAG, 2001).

Population

Assuming 2.23 persons per dwelling unit, the Proposed Project with 260 residential units has the potential to generate 580 residents. The estimated population increase of 580 new residents is well within the forecasted population increase by SCAG for the City of Newport Beach of 6,400 residents between 2012 and 2040 (Table 4.11-1) and would represent approximately 9 percent of the expected growth. Therefore, the Project's population growth is consistent with SCAG projections for the City.

Housing

The Project proposes 260 of the allowed 550 additive units as for-sale market rate condominium units. SCAG forecasts 41,700 households in 2040. The projected increase of households in the City between 2012 and 2040 is 2,900 households (Table 4.11-3). The increase of 260 residential units would potentially increase the number of households in the City by 260, which represent 9 percent of the housing growth in the City. The Proposed Project's housing growth is within the overall SCAG projections for the City.

As addressed in the Project Description of this EIR, the Project would be phased with expected completion in 2022. Because 87 dwelling units would be constructed by 2021, the Project would count toward the City's Above Moderate Income RHNA target.

Employment

The forecasted employment in the City by 2040 would be 79,100 jobs, according to SCAG projections. The increase in employment in the City between 2012 and 2040 would be 3,100 jobs. No jobs are currently

provided at the project site. Construction jobs would be provided for approximately 4.5 years. Based on SCAG's estimate of employment density, which is the number of employees per square foot of building space, the Proposed Project is anticipated to create seven new permanent employment opportunities. It is anticipated that this would include both full-time and part-time employment positions with varying salaries including minimum wage positions. Potential jobs could include building management, building maintenance, and security. The seven jobs represent approximately 0.2 percent of the City's total projected increase in employment between 2012 and 2040.

Jobs to Housing Balance

The jobs to housing balance is an indicator of a project's effect on growth and quality of life. The County's job to housing ratio in 2012 was 1.53 and is projected to be 1.65 in 2040, while the City's job to housing ratio in 2012 was 1.96 and is projected to be 1.90 in 2035 (Table 4.11-6). The City is currently and is expected to remain "jobs-rich". Communities with more than 1.5 jobs per dwelling unit are considered job-rich and those with fewer than 1.5 jobs per dwelling unit are considered housing-rich

Over time, the City is projected to become slightly less jobs-rich as a result of economic and demographic forces. The Project would provide housing and employment, and would benefit the overall City jobs to housing ratio. The Project has a job to housing ratio of 0.03 because an estimated 7 jobs and 260 residential units would be added. This results in greater benefits for balancing jobs and housing opportunities in the City by providing more housing near employment centers.

In summary, the Proposed Project's population, housing, and employment growth are within the overall forecasts for the City and the County. While the Project would result in population growth through the construction of new residences, the Project is consistent with the development assumptions for the project site and would not exceed the growth assumptions for the site, the City, or SCAG region. Based on the City's significance criteria set forth in this EIR, the increase in population, housing, and employment would be less than significant.

Impact Summary: ***Less Than Significant.*** The Proposed Project's population, housing, and employment growth are within City projections and SCAG projections for the City of Newport Beach. The Project results in greater benefits for balancing jobs and housing opportunities in the City.

4.11.5 CUMULATIVE IMPACTS

The prior analysis addresses potential impacts in the context of cumulative population, housing and employment growth in the City and County. Potential impacts are assessed relative to the City's General Plan and regional plans, including SCAG's 2016 RTP/SCS population, housing, and employment projections. SCAG regional growth projections reflect recent and past trends, key demographic and economic assumptions and include local and regional policies. Local justifications participate in the growth forecast development process (SCAG, 2016).

Development activity in the City includes residential projects (see Table 4-1 in Section 4.0, Environmental Setting). Most of the proposed development is consistent with the City of Newport Beach General Plan would therefore be expected to be consistent with SCAG's growth projections.

The Harbor Pointe Senior development would increase the population by approximately 121 residents in a 121-bed facility. This project requires a General Plan Amendment and was therefore not identified in SCAG's growth projections. Assuming 2.23 persons per dwelling unit, the remaining residential uses identified in Table 4-1 would cumulatively generate approximately 3,766 residents. This would represent an approximately 58 percent of the 6,400-resident increase between 2012 and 2040, based on the current Department of Finance population estimates, inclusive of the Harbor Pointe Senior project. Additionally, the City's job to housing ratio is currently and is expected to remain "jobs-rich". The addition of residential units would help better balance the jobs to housing ratio. It should be noted that many of the projects identified in Table 4-1 have been previously approved and are under construction.

Environmental review is required for individual projects located in the City, in the County, and the SCAG region in order that the potential impacts of each project may be assessed. Project-specific measures would be required, as needed, to reduce significant impacts. Additionally, the Proposed Project is an infill Project; the Project would not extend infrastructure that would induce additional population growth outside of the project site, and would therefore not combine with other related projects to contribute to a cumulative impact with respect to population growth. Infrastructure would be developed and sized to support the Project, and not future projects. Should future projects be developed in the vicinity of the project site, additional capacity and facilities would likely need to be developed at that time. In summary, the Proposed Project—when combined with past, present and reasonably foreseeable future projects—would not cumulatively contribute to significant adverse cumulative impacts to population, housing, or employment. Impacts would be less than significant.

4.11.6 MITIGATION PROGRAM

Project Design Features

No project design features have been identified by the Applicant.

Standard Conditions

No standard conditions are applicable to the Proposed Project.

Mitigation Measures

No mitigation is required.

4.11.7 LEVEL OF SIGNIFICANCE AFTER MITIGATION

The Proposed Project's increase in population, housing, and employment would be within regional projections. No significant impact would occur.

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