

November 4, 2011

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Patrick J. Alford, Planning Manager
City of Newport Beach, Community Development Department
3300 Newport Boulevard
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RE: Newport Banning Ranch Project Draft Environmental Impact Report

Dear Mr. Alford,

The Kennedy Commission (the Commission) is a broad based coalition of residents and community organizations that advocates for the production of homes affordable for families earning less than \$20,000 annually in Orange County. Formed in 2001, the Commission has been successful in partnering and working with jurisdictions in Orange County to create strategic and effective housing and land-use policies that has led to new construction of homes affordable to lower income working families.

The Commission would like to thank the City for providing the community an opportunity to submit comments on the proposed Newport Banning Ranch Project Draft Environmental Impact Report (DEIR). As the City begins to evaluate and address the potential environmental effects of the proposed project, the Commission would like to address a few concerns regarding the proposed project and provide recommendations that should be taken into consideration.

Affordability for Extremely Low, Very Low and Low-Income Households

For the 2006-2014 Housing Element planning period, the City's total Regional Housing Needs Assessment (RHNA), including the unaccommodated portion of the 2000-2005 RHNA, for lower income households are: 451 homes at very low-income, 319 homes at low-income and; 442 homes at moderate-income.¹ To address the remaining RHNA needs, the City identified opportunity sites such as Banning Ranch as land suitable for residential development.²

It is important that every jurisdiction meet the housing needs of all income segments of the community and the Commission commends the City's leadership for proposing the construction of a minimum of 50percent of the required affordable homes in Banning Ranch. The development proposes 1,375 homes and includes the following: 69 homes at very low-income (5 percent of total homes); 138 homes at low-income (10 percent of total homes) or; 206 homes at moderate-income (15 percent of total homes).³

¹ City of Newport Beach General Plan Housing Element Draft, p. 5-45, August 2011.

² City of Newport Beach General Plan Housing Element Draft, p. 5-48, August 2011.

³ Draft Environmental Impact Report Volume 1, Newport Banning Ranch Project, City of Newport Beach, p. 4.7-15, Sept. 2011.

While the City requires at least 15 percent of the total homes in Banning Ranch to be affordable to lower income families, the Commission is concerned that the opportunity to meet some of the City's RHNA need for very low- and low-income homes may not be achieved. To meet the City's affordable housing obligation, developers are given the option to provide: 1) 15 percent of total units at very low- and low-income **OR**; 2) 15 percent of total units at moderate income **OR**; 3) 15 percent of total units at a combination of very-low, low- and moderate-income homes.⁴ With these options, developers may opt out of building homes affordable to very low- and low-income working families and instead focus on the option of building homes for moderate-income families.

The 2011 Orange County income limits for a moderate income four person household is \$84,200 and is significantly higher than the incomes of working families earning minimum wages.⁵ Moderate income housing developments are generally affordable to moderate- and above moderate-income wage earners. These housing needs are traditionally met by market rate developments that are not affordable to low-wage earners. In particular, the proposed project anticipates a total development capacity of 75,000 s.f. of commercial uses, a 75-room resort inn and an opportunity for increased economic opportunities.⁶ It is projected that 422 new full-time and part-time employment opportunities (247 retail jobs and 175 resort inn jobs) will be created with "varying salaries including minimum wage positions."⁷ A majority of these jobs will be service sector jobs that have earnings of less than a moderate income household.

Since 2006, the City has built 270 homes and all of these homes were market-rate and above-moderate income homes.⁸ Between 2010 and 2025, Banning Ranch is projected to represent 48 percent of the City's total new units⁹ and provides an opportunity to address the City's remaining RHNA needs for extremely low-, very low- and low-income households. To ensure the proposed project's objective to offer a "variety of housing types in a range of housing prices, including the provision of affordable housing to meet RHNA,"¹⁰ the Commission recommends the City to remove moderate-income homes from its housing requirements in Banning Ranch. The City instead should set the 15 percent affordable home requirements on extremely low-, very low- and low-income homes in Banning Ranch.

⁴ Draft Environmental Impact Report Volume 1, Newport Banning Ranch Project, City of Newport Beach, p. 4.7-15, Sept. 2011.

⁵ California Department of Housing and Community Development, O.C. Income Limits for 2011, July 2011.

⁶ Draft Environmental Impact Report Volume 1, Newport Banning Ranch Project, City of Newport Beach, p. 1-3, Sept. 2011.

⁷ Draft Environmental Impact Report Volume 1, Newport Banning Ranch Project, City of Newport Beach, p. 4.7-16, Sept. 2011.

⁸ Draft Environmental Impact Report Volume 1, Newport Banning Ranch Project, City of Newport Beach, p. 4.7-15, Sept. 2011.

⁹ Draft Environmental Impact Report Volume 1, Newport Banning Ranch Project, City of Newport Beach, p. 4.7-15, Sept. 2011.

¹⁰ Draft Environmental Impact Report Volume 1, Newport Banning Ranch Project, City of Newport Beach, p. 1-6, Sept. 2011.

Addressing and Mitigating Environmental Impacts

With high housing costs and significant lack of affordable homes, many workers and families, especially those who earn lower wages, struggle financially to live in the city they work in. Compared to other cities in Orange County, housing costs are significantly higher in Newport Beach and simply out of reach for extremely low-, very low- and low-income families. In 2007, the median home price in Newport Beach was \$1,485,000¹¹ and rents ranged from \$1,099 for a one-bedroom up to \$3,040 for a three-bedroom apartment.¹² These impacts not only hurt workers and families but may also have negative environmental impacts to the City. In particular, the environmental impacts of a development are especially less drastic when a person can afford to live and spend their money in the same community in which they work in. With low wages and high housing costs, many workers live in other cities and become dependant on their automobile to commute to and from work and other destinations. These trips may increase traffic congestion and air pollutants that not only negatively impact the environment but also the quality of life for the community. Locating homes, specifically affordable homes, near transit, job centers and neighborhood services will decrease the environmental impacts of traffic congestion, vehicle miles travelled (VMT) and greenhouse gas emissions.

In Orange County, many residents are heavily dependent on driving on a daily basis. In 2009, the average commute time to work for Orange County residents was approximately 26 minutes and approximately 78percent of commuters drove alone.¹³ Improving location accessibility and connectivity reduces the dependency for residents, especially for lower income households and workers, to drive their automobiles. This will lead to decreased environmental impacts and will contribute to Banning Ranch's objective to create "cohesive neighborhoods... a system of pedestrian walkways and bikeways that connect residential neighborhoods, commercial uses, parks, open space... and reduces overall vehicle miles travelled."¹⁴ The project will also align with the Sustainable Communities and Climate Protection Act of 2008 (SB 375) and help the City implement and comply with SB 375 goals of reducing VMT and greenhouse gas emissions.

To ensure the impacts are identified and mitigated, the Commission would like the draft EIR to also address the City's jobs-housing "fit." Different from jobs-housing balance, which evaluates the number of jobs to the number of homes in a specific geographic location, the jobs-housing fit provides a more detailed analysis. The jobs-housing fit analyzes the discrepancies between the types of jobs and wages (especially for low-wage jobs) that will be created in a City and the housing costs and opportunities that are available in the City. Simply stated, will an individual working at a new job that has been generated from a development be able to afford to live in the City that he/she is working in?

¹¹ City of Newport Beach General Plan Housing Element Draft, p. 5-30, August 2011.

¹² City of Newport Beach General Plan Housing Element Draft, p. 5-31, August 2011.

¹³ Orange County 2011 Community Indicators, Children & Families Commission of Orange County, p. 25, 2011.

¹⁴ Draft Environmental Impact Report Volume 1, Newport Banning Ranch Project, City of Newport Beach, p. 1-7, Sept. 2011.

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Recommendation

The variety of residential and commercial developments in the proposed Newport Beach Banning Ranch Project should be an environmentally sustainable, economically competitive and opportunity rich development. The effectiveness and success of the proposed project will be dependent on the City's leadership to thoroughly analyze and address the environmental impacts of the proposed project. The Commission recommends the draft EIR analysis to:

1. Remove moderate-income homes from the Banning Ranch Project affordable home requirements.
2. Set the 15 percent affordable home requirements on extremely low-, very low- and low-income homes in the Banning Ranch Project.
3. Provide a detailed jobs-housing "fit" analysis.
4. Continue with meaningful outreach and incorporate public comments in the Banning Ranch Project planning process.

The Commission looks forward to hearing the City's response to our concerns and partnering with the City to achieve our mutually beneficially goals in creating more livable and economically competitive communities to all working families in the City. The Commission also welcomes the opportunity to continue our dialogue that will result in the production of new homes affordable to extremely low, very low and low-income working families.

Please keep us informed of any upcoming meetings and proposed changes in the Newport Beach Banning Ranch EIR. If you have any questions, feel free to contact me at (949) 250-0909 or cesarc@kennedycommission.org.

Sincerely,



Cesar Covarrubias
Executive Director

cc: Cathy Creswell, State Department of Housing and Community Development
Pauline Chow, Public Law Center