

## 5. Environmental Analysis

### 5.10 POPULATION AND HOUSING

This section of the Draft Environmental Impact Report (DEIR) examines the potential for socioeconomic impacts of the proposed Museum House project on the City of Newport Beach, including changes in population, employment, and housing.

#### 5.10.1 Environmental Setting

##### 5.10.1.1 REGULATORY BACKGROUND

###### State

###### *California Housing Element Law*

California planning and zoning law requires each city and county to adopt a general plan for future growth (California Government Code Section 65300). This plan must include a housing element that identifies housing needs for all economic segments and provides opportunities for housing development to meet that need. At the state level, the Housing and Community Development Department (HCD) estimates the relative share of California's projected population growth that would occur in each county based on California Department of Finance (DOF) population projections and historical growth trends. These figures are compiled by HCD in a Regional Housing Needs Assessment (RHNA) for each region of California. Where there is a regional council of governments, the HCD provides the RHNA to the council. The council then assigns a share of the regional housing need to each of its cities and counties. The process of assigning shares gives cities and counties the opportunity to comment on the proposed allocations. The HCD oversees the process to ensure that the council of governments distributes its share of the state's projected housing need.

State law recognizes the vital role local governments play in the supply and affordability of housing. To that end, California Government Code requires that the housing element achieve legislative goals to:

- Identify adequate sites to facilitate and encourage the development, maintenance, and improvement of housing for households of all economic levels, including persons with disabilities.
- Remove, as legally feasible and appropriate, governmental constraints to the production, maintenance, and improvement of housing for persons of all incomes, including those with disabilities.
- Assist in the development of adequate housing to meet the needs of low and moderate income households.
- Conserve and improve the condition of housing and neighborhoods, including existing affordable housing. Promote housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability.

## 5. Environmental Analysis

### POPULATION AND HOUSING

- Preserve for lower income households the publicly assisted multifamily housing developments in each community.

The State of California Housing Element laws (Section 65580 to 65589 of the California Government Code) require that each city and county identify and analyze existing and projected 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

##### *Southern California Association of Governments*

The Southern California Association of Governments (SCAG) represents Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties. It is a regional planning agency and serves as a forum for addressing regional issues concerning transportation, the economy, community development, and the environment.

##### *Regional Transportation Plan/Sustainable Communities Strategy*

The 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) was adopted in April 2016 (SCAG 2016). 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.

#### Local

##### *City of Newport Beach Housing Element*

Development of housing in the City of Newport Beach is guided by the goals, objectives, and policies of the housing element. The 2013–2021 Housing Element is an update and revision of the 2008 element and consists of new technical data, revised goals, updated policies, and a series of programs and implementing measures. The housing element is designed to facilitate attainment of the City’s regional housing needs allocation and to foster the availability of housing affordable to all income levels to the extent possible, given Newport Beach’s constraints. The housing element includes policies aimed at ensuring that adequate housing is provided in the City of Newport Beach. In October 2013, the California Department of Housing and Community Development found the City’s 2013–2021 Housing Element consistent with state housing element law.

## 5. Environmental Analysis POPULATION AND HOUSING

### 5.10.1.2 EXISTING CONDITIONS

#### Population

The population of the City of Newport Beach and Orange County (for comparison purposes) from the 2000 and 2010 U.S. Censuses and the 2015 California DOF estimate are shown in Table 5.10-1. Note that the population growth percentage in the City of Newport Beach between 2000 and 2015—24.6 percent—was substantially more than the corresponding growth rate for Orange County—10.6 percent. Much of the City’s growth during that time is attributed to the annexation and continued buildout of Newport Coast.

**Table 5.10-1 City of Newport Beach and Orange County Population, 2000-2015**

	2000	2010	2015	Change, 2000-2015	Percent Change, 2000-2015
City of Newport Beach	70,032	85,186	87,249	17,217	24.6%
Orange County	2,846,289	3,010,232	3,147,655	301,366	10.6%

Sources: U.S. Census 2000 and 2010; DOF 2015.

#### Population Forecast

Taking into account a combination of recent and past trends, technical assumptions, and local or regional growth policies, SCAG is able to generate regional growth forecasts for counties and their cities. SCAG’s growth forecast for the City of Newport Beach and Orange County are shown in Table 5.10-2 and compared to 2010 Census populations. SCAG’s forecast shows the City growing at a slower pace than the rest of Orange County. Note also that the population of the City of Newport Beach is forecast to grow much slower from 2010 and 2040 than it did between 2000 and 2015 (see Table 5.10-1).

**Table 5.10-2 Population Forecast, City of Newport Beach and Orange County**

	2010	2012	2040	Change, 2010-2040	Percent Change, 2010-2040
City of Newport Beach	85,186	86,300	92,700	7,514	8.8%
Orange County	3,010,232	3,071,600	3,461,000	450,768	15.0%

Source: U.S. Census 2010, SCAG 2016.

The OCMA building and associated landscape and hardscape improvements currently cover the entire project site. Therefore, no residents currently live onsite.

#### Housing

Estimated available housing, including unit type characteristics, within the City of Newport Beach and Orange County is detailed below in Table 5.10-3. Based on the vacancy rate, the City and County have approximately 38,773 and 1,012,769 households, respectively.

## 5. Environmental Analysis

### POPULATION AND HOUSING

**Table 5.10-3 Housing Units, City of Newport Beach and Orange County**

Housing Unit Type	City of Newport Beach	Orange County
Single-Family Detached	20,152	541,800
Single-Family Attached	7,010	128,785
Multi-Family	15,875	365,324
Mobile Homes	1,174	33,535
<b>Total</b>	<b>44,211</b>	<b>1,069,450</b>
Average Household Size	2.24	3.06
Vacancy Rate	12.3%	5.3%
Households	38,773	1,012,769

Source: DOF 2015.

#### *Regional Housing Needs Assessment*

The RHNA is mandated by state housing law as part of the periodic process of updating housing elements of local general plans. State law requires that housing elements identify RHNA targets set by HCD to encourage each jurisdiction in the state to provide its fair share of very low, low, moderate, and upper income housing. State law does not require the City to build housing; rather, it requires cities and counties to adopt zoning regulations and standards that provide the opportunity for housing development. The RHNA does not promote growth, but provides a long-term outline for housing in the context of local and regional trends and housing production goals.

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 of Newport Beach's RHNA allocation for the 2014–2021 period is shown in Table 5.10-4. The City is required to ensure that sufficient sites 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.

**Table 5.10-4 City of Newport Beach RHNA Allocation, 2014-2021**

Household Income Category	Target (Units)
Very Low Income	1
Low Income	1
Moderate Income	1
Above Moderate Income	2
<b>Total</b>	<b>5</b>

Source: Newport Beach 2013.

## 5. Environmental Analysis POPULATION AND HOUSING

### *Household Forecast*

SCAG forecasts the number of households in the City of Newport Beach to increase by 2,900 between 2012 and 2040, as shown below in Table 5.10-5. Household forecasts for Orange County are provided as a comparison, and is forecast to grow much faster than Newport Beach.

**Table 5.10-5 Household Forecast, City of Newport Beach and Orange County**

	2012	2040	Change, 2012-2040	Percent Change, 2012-2040
City of Newport Beach	38,800	41,700	2,900	7.5%
Orange County	999,500	1,152,300	152,800	15.3%

Source: SCAG 2016.

The project site does not have any housing onsite.

### **Employment**

Based on the U.S. Census's 2010-2014 American Community Survey 5-Year Estimate, there are 42,756 workers in the City of Newport Beach and 1,478,643 workers in Orange County (Census 2014).

### *Employment Projections*

SCAG employment projections for the City of Newport Beach and Orange County are shown in Table 5.10-6. As shown, the overall County is projected to increase employment significantly by 2040.

**Table 5.10-6 Employment Projections, City of Newport Beach and Orange County**

	2012	2040	Change, 2012-2040	Percent Change, 2012-2040
City of Newport Beach	76,000	79,100	3,100	4.1%
Orange County	1,526,500	1,898,900	372,400	24.4%

Source: SCAG 2016.

Currently, there are approximately 20 employees working at the OCMA.

### **Jobs-Housing Balance**

The jobs-housing ratio is a general measure of the total number of jobs and housing units in a defined geographic area, without regard to economic constraints or individual preferences. The balance of jobs and housing in an area—in terms of the total number of jobs and housing units as well as the type of jobs versus the price of housing—has implications for mobility, air quality, and the distribution of tax revenues. The jobs/housing ratio is one indicator of a project's effect on growth and quality of life in the project area.

SCAG applies the jobs-housing ratio at the regional and subregional levels to analyze the fit between jobs, housing, and infrastructure. A major focus of SCAG's regional planning efforts has been to improve this

## 5. Environmental Analysis

### POPULATION AND HOUSING

balance. Jobs-housing goals and ratios are advisory only. No ideal jobs-housing ratio is adopted in state, regional, or city policies. Communities with more than 1.5 jobs per dwelling unit are considered job-rich and those with fewer than 1.50 jobs per dwelling unit are considered housing-rich. The American Planning Association (APA) is also an authoritative resource for community planning best practices, including recommendations for assessing jobs-housing ratios. Although the APA recognizes that an ideal jobs-housing ratio will vary from jurisdiction to jurisdiction, its recommended target for an appropriate jobs-housing ratio is 1.5, with a recommended range of 1.3 to 1.7 (Weltz 2003).

According to SCAG's 2016-2040 Regional Transportation Plan/Sustainable Communities Strategies, the jobs-housing balance in Newport Beach is forecast 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 and would maintain a healthy ratio (see Table 5.10-7).

**Table 5.10-7 Jobs-Housing Balance**

	Year	Employment	Households	Jobs-Housing Ratio
City of Newport Beach	2012	76,000	38,800	1.96
	2040	79,100	41,700	1.90
Orange County	2012	1,526,500	999,500	1.53
	2040	1,898,900	1,152,300	1.65

Source: SCAG 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy.

### 5.10.2 Thresholds of Significance

According to Appendix G of the CEQA Guidelines, a project would normally have a significant effect on the environment if the project would:

- P-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).
- P-2 Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere.
- P-3 Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?

The Initial Study, included as Appendix A, substantiates that impacts associated with the following thresholds would either be less than significant or have no impact:

- Threshold P-2
- Threshold P-3

These thresholds will not be addressed in the following analysis.

## 5. Environmental Analysis POPULATION AND HOUSING

### 5.10.3 Environmental Impacts

The following impact analysis addresses thresholds of significance for which the Initial Study disclosed potentially significant impacts. The applicable thresholds are identified in brackets after the impact statement.

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**Impact 5.10-1: The proposed project would add 100 condominium units and up to 224 residents into the project area. [Threshold P-1]**

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#### *Impact Analysis:*

#### **Population**

Based on 2015 data from the Department of Finance, the City of Newport Beach has an average household size of 2.24 people (DOF 2015). Therefore, the 100 proposed units would introduce approximately 224 people into the project area. The estimated population growth due to project buildout is well within the forecast population increase for the City of Newport Beach of 7,514 residents between 2010 and 2040 (see Table 5.10-2) and would represent approximately 3.0 percent of the expected growth. Thus, population growth impacts would be less than significant.

#### **Housing**

The project would also introduce homes into the City and provide more housing opportunities. The 100 condominiums would represent 3.4 percent of the forecast housing growth of 2,900 units anticipated by 2040 for the City (see Table 5.10-5). Thus, the project would also be within SCAG's projected housing growth.

#### **Jobs-Housing Balance**

OCMA currently staffs approximately 20 employees. Development of the Museum House project would eliminate these 20 jobs; however, it would introduce a similar number of new jobs related to front desk reception, landscaping maintenance, and valet parking attendants. Therefore, the project would not cause a substantial gain or loss in jobs onsite.

However, the increase in housing would affect the City's job housing balance. Incorporating the 100 units into SCAG's projected household number by 2040 would slightly decrease the City's jobs-housing ratio from 1.90 to 1.89, which would move the City closer to achieving an optimum jobs-housing ratio of 1.50. Also, this is a minimal decrease in jobs-housing balance, and the City would still be considered jobs-rich.

Overall impacts to population, housing, and jobs-housing balance would be less than significant.

### 5.10.4 Cumulative Impacts

Cumulative population and housing impacts are assessed relative to the City's General Plan and regional plans, including SCAG's 2016-2040 RTP/SCS population, housing, and employment projections. As detailed above,

## 5. Environmental Analysis

### POPULATION AND HOUSING

SCAG provides projections for net increases in population, housing, and employment in the City between 2012 and 2040 (see Tables 5.10-2, 5.10-5, and 5.10-6).

The cumulative projects listed in Table 4-1 include a number of projects with residential components. Buildout of these projects would introduce 4,240 residential units. Although the 4,240 units include a mix of single-family and multifamily residential homes, an average household size of 2.24 is used to be consistent with the estimated citywide average household size used for the proposed project. Thus, the cumulative projects would introduce up to 4,240 households (conservatively assuming full occupancy) and 9,498 residents. The estimated buildout population and households from the cumulative projects, in addition to the proposed project, would introduce approximately 9,722 residents and 4,340 units (households). These incremental increases would exceed the SCAG projections for incremental increases between 2012 and 2040 (7,514 residents and 2,900 household).

However, the project itself would only develop 100 residential units—2 percent of the 4,340 total cumulative residential units. Therefore, the project's minor contribution toward the overall cumulative impact to population and housing in the City of Newport Beach is not cumulatively considerable. Additionally, SCAG regularly updates the RTP/SCS every four years and includes population, households, and employment projections based on each jurisdiction's general plan updates. Therefore, the General Plan amendments required by the proposed project and cumulative projects listed in Table 4-1 would be accounted for in the next Newport Beach General Plan Update and in the subsequent update to SCAG's RTP/SCS, making the Museum House and cumulative projects consistent with SCAG's population and housing projections. The project's cumulative impact to population and housing, therefore, would not be cumulatively considerable and would be less than significant.

#### 5.10.5 Existing Regulations and Standard Conditions

##### Regulations

###### *State*

- California Government Code, Article 10.6, Housing Elements (Sections 65580–65589.8)

##### City of Newport Beach Standard Conditions of Approval

There are no specific City-adopted standard operating conditions of approval related to population and housing that are applicable to the proposed project at this time; however, project-specific conditions of approval may be applied to the project by the City during the discretionary approval (site development review, tentative tract map, etc.), subsequent design, and/or construction process.

#### 5.10.6 Level of Significance Before Mitigation

Upon implementation of regulatory requirements, Impact 5.10-1 would be less than significant.



## 5. Environmental Analysis POPULATION AND HOUSING

### 5.10.7 Mitigation Measures

No mitigation measures are required.

### 5.10.8 Level of Significance After Mitigation

Impacts would be less than significant.

### 5.10.9 References

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## 5. Environmental Analysis POPULATION AND HOUSING

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