

Increasing Housing Supply and Affordability

The State Role in Meeting California's Housing Needs



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The State Role



- Establish Housing Policy and Planning Framework.
- Finance development, rehabilitation and preservation of housing.

State Role: Establish Housing Policy & Planning Framework



Strong State Role in Land Use re: Housing

- The California Legislature & courts have repeatedly indicated in statute & case law that housing is an issue of statewide concern.



State / Local Role In Housing

- State has interest in an adequate supply of affordable housing:
 - * critical to state economy
 - * critical to well being of residents
 - * critical to protecting environment
- Most fundamental decisions about housing supply and affordability are made at local level.

California Housing Planning Framework

State/Federal requirements for Local Housing Plans

- Housing Element Law
- Redevelopment Law
- Housing Planning
- Housing Approvals
- Consolidated Plan



Related Local Plans

- Housing Elements
- Redevelopment Implementation Plans
- Consolidated Plans (federal)



Housing Element Law

*Article 10.6 of
Government Code*



Housing Element: Key Statutory Provisions

- **Diligent effort to achieve Public Participation of all economic segments of the community (including low and mod households)**
- **Housing Needs Assessment: Existing and Projected Housing Needs**
- **Inventory of Resources including Land and Financing – Local government must zone sufficient land to address projected growth**
- **Analyze Potential Governmental Constraints**
- **Adopt Goals, Policies and Implementation Actions**

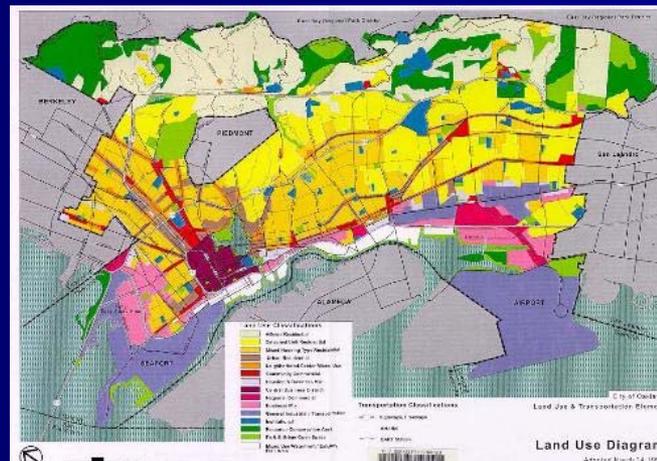
Recent Statutory Changes



SB 375—housing element revisions

- **Revised the schedules for housing element updates to correspond with updates of RTPs (for 5 cycle of housing element updates)**
- **Modified the corresponding RHNA schedule, methodology and process**
- **Integrated the sequencing of RHNA and RTP including the Sustainable Communities Strategy.**
- **Altered the time and conditions for rezoning programs**
- **Clarified program implementation schedule requirements**

Other State Housing and Planning Laws



Other State Housing and Planning Laws

- **Redevelopment Law**
- **State Density Bonus Law (GC 65915)**
- **Second Unit Law (GC 65852)**
- **Anti-NIMBY (GC 65589.5)**
- **No Net Residential Capacity Loss (GC 65863)**
- **Limited Conditional Use for Multifamily in Multifamily Zones (GC 65589.4)**
- **Least Cost Zoning (GC 65863)**
- **Article 34**
- **Fair Housing**

RDA Requirements

1. Redevelopment Plan:

- Generally effective for 30 years
- Update required every 5 years
- Must be consistent with General Plan

2. Low-Mod Fund:

- Set-aside at least 20% of Property Tax Increment
- Increase, improve, & preserve supply of low & moderate income housing
- Replace low & moderate income housing destroyed as a result of a RDA project

RDA Project Area Housing Production Requirement

Project Area Units (Construction/Rehabilitation):

- **Agency Developed: 30% Inclusionary:**
At least 50% must be very-low income units
- **Non-Agency Developed: 15% Inclusionary**
At least 40% of must be very-low units
- **Owner Units: Remain Affordable for 45 years**
- **Renter Units: Remain Affordable for 55 years**
- **2 for 1 Unit Requirement for Outside a Project Area**



State Density Bonus Law

Government Code Section 65915

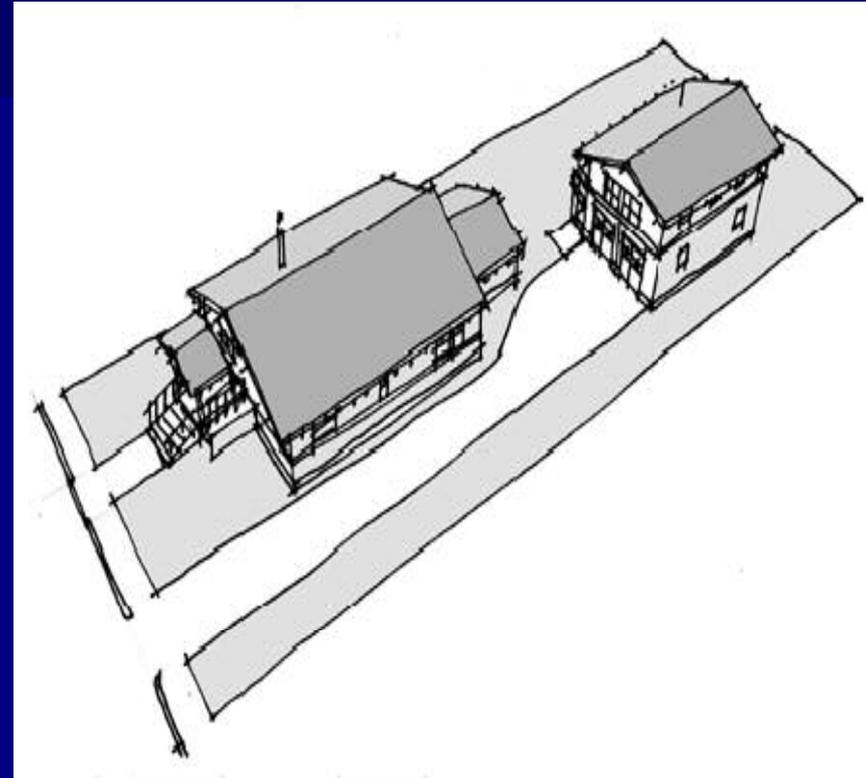
- **Requires local governments to provide density increases and reduce regulatory barriers to housing to promote supply and affordability**
- **SB 1818 Changes**
 - **Lowers Eligibility Criteria**
 - **Adds Seller Recapture for Moderate Income**
 - **Prescribes the Number of Incentives and Concessions**
 - **Creates a Sliding Scale Density Bonus based on Affordability**
 - **Establishes Parking Limits Upon Request**

Second Unit Law

Government Code *Section 65852*

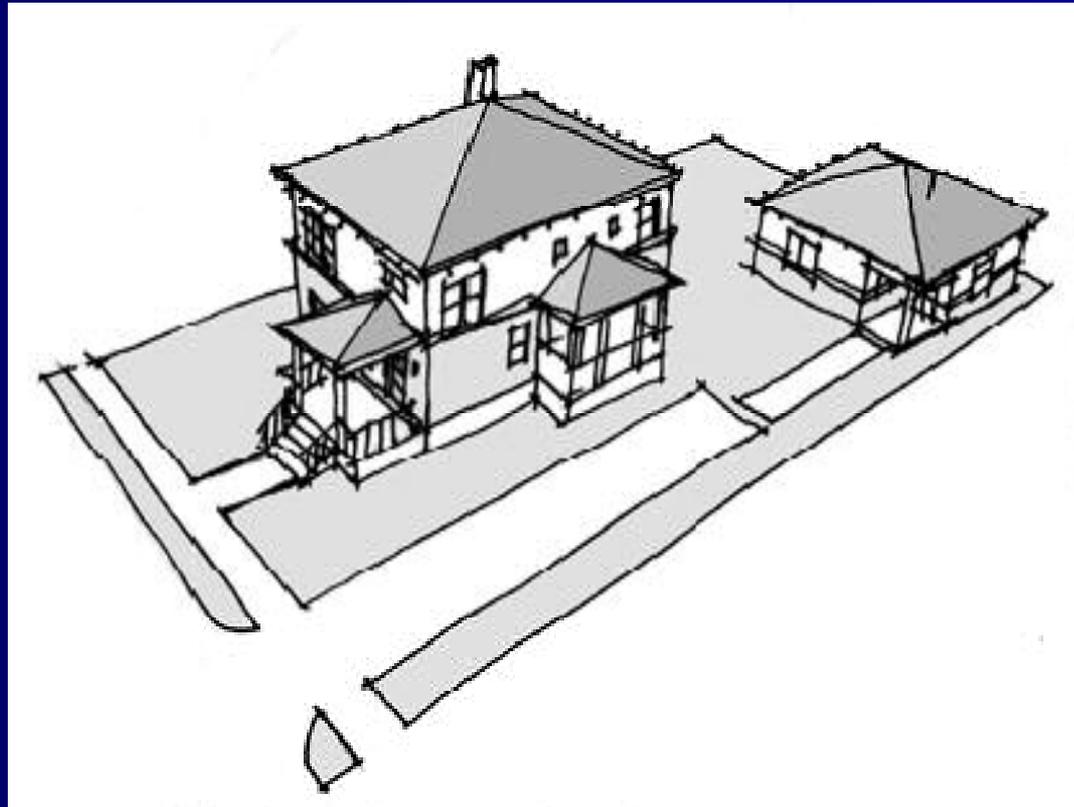
- Requires local government to establish process to consider second units.
- Requires ministerial approval.
- Requires standards that promote development of second units.
- Clarifies how to count second units to meet a local governments share of regional housing need.

Two Story ADU over Garage



- 5' side yard setback
- 20' rear yard setback
- Parking in garage and driveway

One Story Backyard Cottage



- 5' setbacks
- Uncovered parking in driveway

Anti-NIMBY Law—Housing Accountability Act

Gov. Code Sec. 65589.5

Developments for Low/Mod Households may not be denied unless findings are made:

- Housing Element in compliance and RHNA met and disapproval not based on reasons prohibited by GC 65008.**
- Development would have a specific health and safety impact and no feasible way to mitigate.**
- Denial is necessary to comply with State and Federal Laws.**
- Development is proposed on lands zone Agriculture or Resource Preservation and is surrounding on 2 sides by Agr. or Resource lands.**
- Development is inconsistent with the General Plan and Zoning and locality has compliant Housing Element EXCEPT if proposed site is identified in Housing Element to accommodate low or moderate income need. Also if housing element does not identify adequate sites, this finding may not be made.**



No Net Loss of Residential Capacity Loss

Government Code Section 65863

- Inventory of adequate sites must be maintained throughout the planning period.
- Prohibition against downzoning/no net loss: limits downzoning of sites identified in housing element unless no net loss in capacity and community can still identify "adequate sites" to address the regional housing need.

Limited CUPs for Multifamily

Government Code Section 65589.4

A multifamily housing project shall be a permitted use, not subject to a conditional use permit, on any parcel zoned for multifamily housing if it satisfies specified criteria.



Least Cost Zoning

Government Code Section 65913

- Sufficient land must be zoned for residential use with appropriate standards, in relation to zoning for nonresidential use, to meet the housing needs for all income groups.
- Appropriate standards mean densities and development requirements must contribute significantly to the economic feasibility of producing housing at the lowest possible cost

Article 34

- Requires public entities to demonstrate voter approval before they develop certain types of low-rent housing projects.
- Most jurisdictions seek voter approval for a specified number or percentage of units, rather than on a project-by-project basis.

There are numerous exclusions from Article 34

- Low income housing projects developed by private sponsors with only federal or private funding.
- Private developments with public funding with 49% or less of the units reserved for lower-income households.
- Reconstruction of a previously existing low-rent housing development.

Federal & State Fair Housing Laws

Prohibit discrimination by local government and individuals based on race, color, religion, sex, familial status, marital status, national origin, ancestry or mental or physical disability.

Fair Employment and Housing Acts

Gov. Code Sec. 12900 et seq. prohibits discrimination through land use practices and decisions that make housing opportunities unavailable.

Similarly, the federal Fair Housing Act (42 U.S.C. Sec. 3601 et seq., or "Title VIII") has been held to prohibit land use practices and decisions that have a disparate impact on protected groups.

U.S. Fair Housing Amendments Act of 1988

Requires local governments considering housing projects for the disabled to make reasonable accommodations in rules, policies and practices if necessary to afford disabled persons equal opportunity for housing.

(42 U.S.C. Sec. 3604(f)(3)(B)).

State Government Code Sec. 65008

Forbids discrimination against affordable or multi-family housing development proposals, developers or potential residents using planning and zoning powers.

Agencies are prohibited not only from exercising bias based on race, sex, age or religion, but from discriminating against developments because the development is subsidized or to be occupied by low or moderate income persons.

California's Housing Planning Framework

■ Strengths:

- Comprehensive and it Works!
- Holds local governments accountable for what they have control--over-land use authority
- Works to support public and private sector activity
- Important to implementing smarter land use planning

■ Weaknesses:

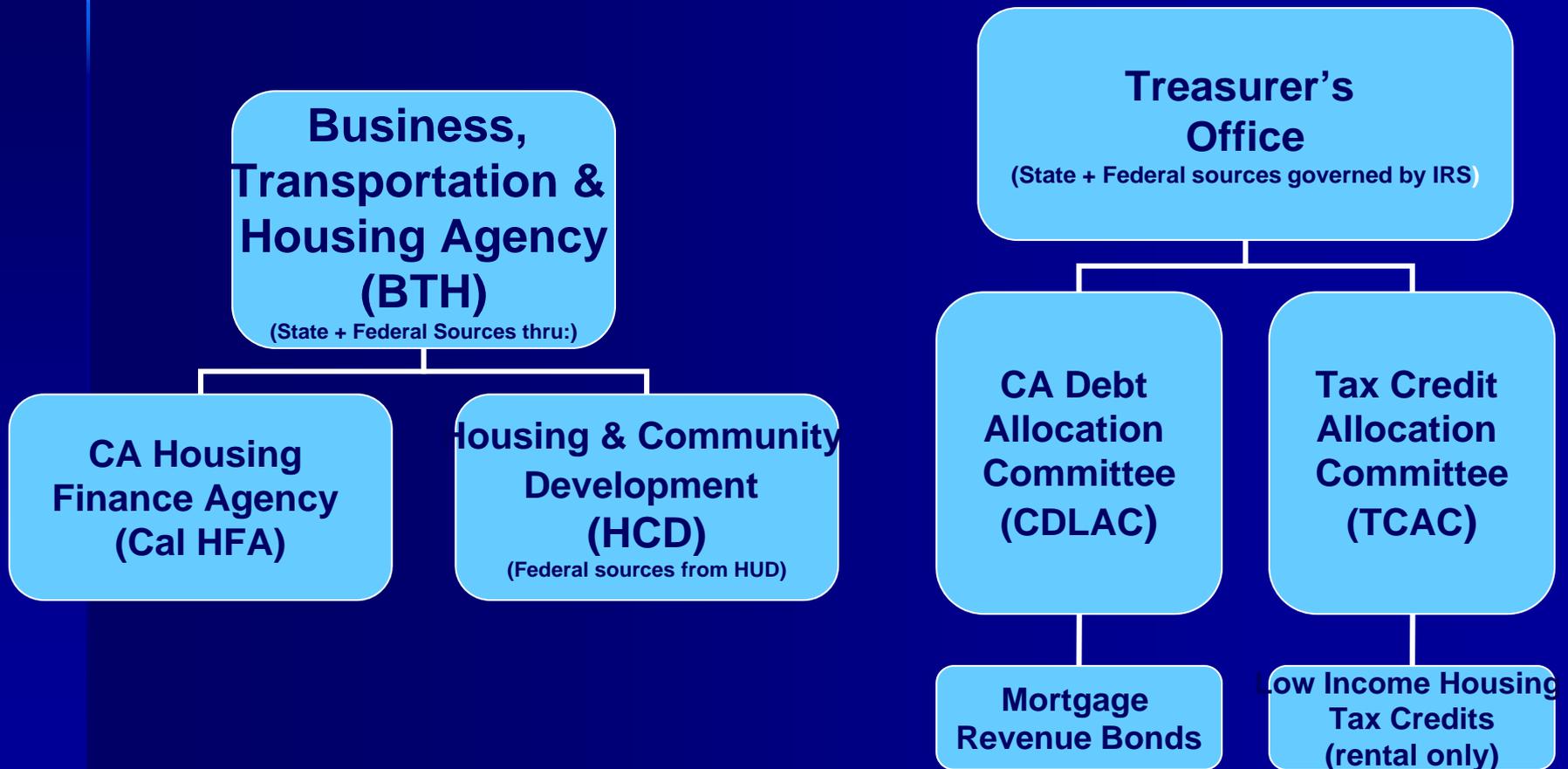
- Not self-enforcing
- Needs more rewards for compliance and penalties for non-compliance
- Increasingly complicated when integrated with other federal & state planning requirements

State Role:

**Finance development,
rehabilitation and
preservation of housing**



State Housing Assistance Available on Competitive Basis



Federal Sources



Eligible entities vary by program:

- cities and counties
- nonprofit developers
- for-profit developers

Local Funding Sources

- CDBG and HOME
- Federal Emergency Shelter
- Redevelopment
- Local Housing Trust



HCD



- Federal Resources

CDBG, HOME, FESG

- State Funds

Prop. 46 and 1C Bond Funds,
homeless funds, etc.



History of Housing Bonds in California

- **Proposition 77: \$150 Million, 1988**
- **Proposition 84: \$285 Million, 1988**
- **Proposition 107: \$115 million, 1990**
- **Proposition 46: \$2.1 Billion, November 2002**
- **Proposition 1C: \$2.8 Billion, November 2006**

Proposition 1C is the \$2.8 billion affordable housing bond component of the Strategic Growth Plan.

- Affordable homeownership programs: \$725 million would help over 23,600 (23,646) families become or remain homeowners. Includes funding for BEGIN, CalHome and California Homebuyers Downpayment Assistance Program.

Proposition 1C, continued

- **Affordable rental housing construction: \$345 million for over 4,000 families, including for the State's low income workers, the elderly, disabled, and veterans.**
- **Housing for farmworkers: \$135 million will produce rental and affordable ownership opportunities for over 2,800 farm worker families.**
- **Homeless permanent housing construction: \$245 million to build over 2,400 permanent housing for the homeless, those transitioning out of homelessness, and foster care youth.**

Proposition 1C, continued

- Homeless shelter housing construction: \$50 million to construct and expand shelters of last resort and transitional housing for the homeless.
- Transit-Oriented Development: \$300 million for the development and construction of housing and infrastructure development projects within close proximity to transit stations.
- A \$2.8 billion investment would leverage an estimated \$9.4 billion in other private and local funding, and create an estimated 87,000 full time jobs, almost \$3.5 billion in wages and \$520 million in combined federal, State and local tax revenues³⁸ over the award and construction period.

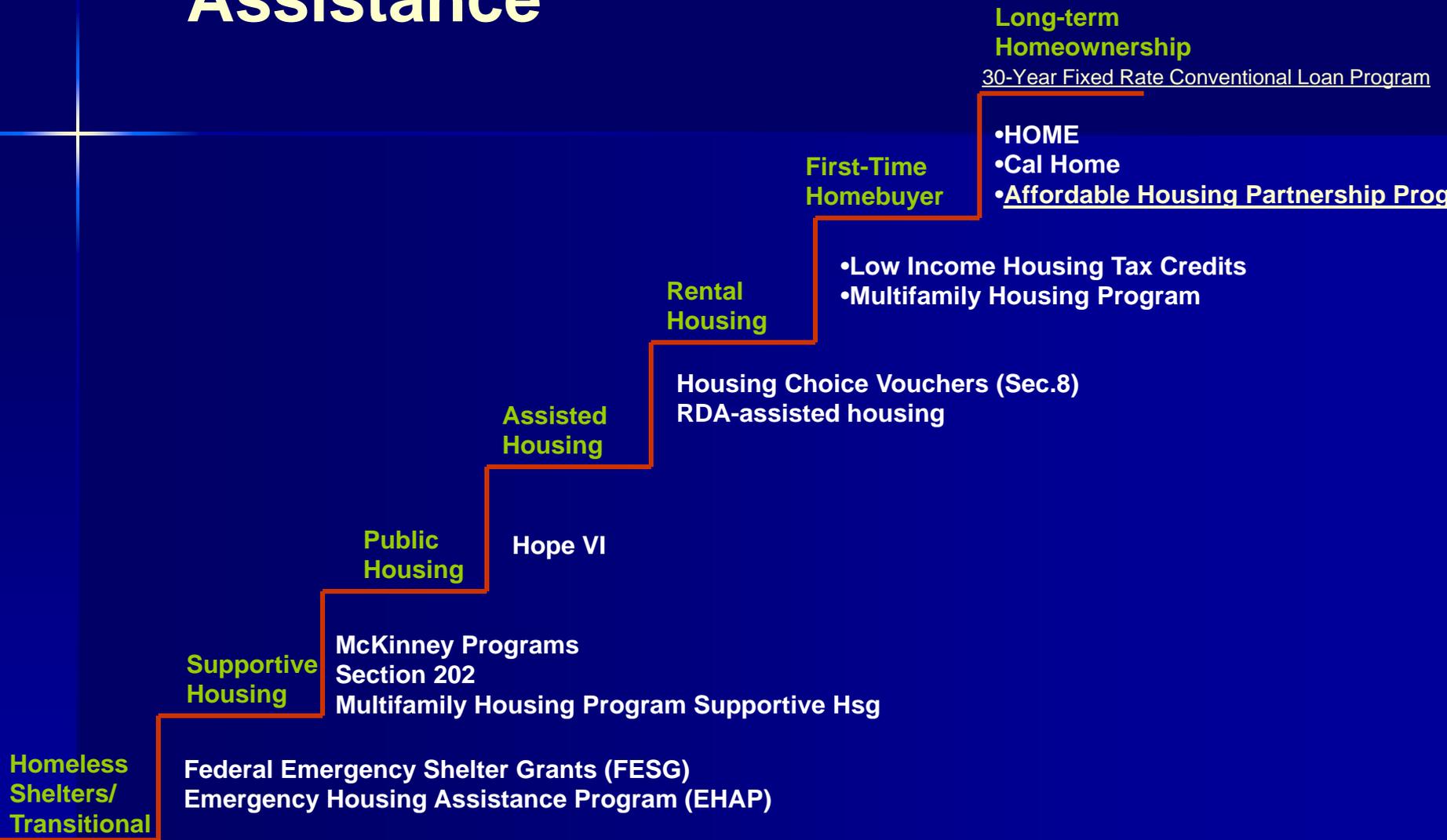


Proposition 1C, continued

In addition, the \$2.85 billion Strategic Growth Plan housing bond includes:

- **\$200 million for housing related urban, suburban and rural parks**
- **\$850 million in grants for development of public infrastructure projects that facilitate or support infill housing construction. Projects could include water, sewer and transportation improvements, traffic mitigation, brownfield cleanup and up to an additional \$200 million for parks.**

Continuum of Housing Assistance



Affordable and Beautiful



Views at 270 Los Angeles, CA



- The project incorporates 56 units of affordable family housing
- The housing is designed to integrate the residents into an urban village oriented to a town green, while maintaining its connection to Sunset Boulevard
- Pedestrian amenities provided to integrate the project into the community include a freestanding retail structure at the corner, integrated bus shelters and retail kiosks to serve the transit users of the two Rapid Bus lines and nearby Metro subway station
- \$2,671,400 MHP loan

Holly Street Village-Memorial Park METRO Station Pasadena





Photo: The Olson Company

Heritage Walk, Pasadena

42 units/acre

Above The Line

**20 Units
for Homeless
Teens**





**California Department of Housing
and Community Development**
Division of Housing Policy Development
www.hcd.ca.gov