

# California's Housing Future:

## Challenges and Opportunities

Public Draft





# California Department of Housing and Community Development

## California's Housing Future: Challenges and Opportunities

Public Draft – Statewide Housing Assessment 2025

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## Executive Summary

Home is the foundation for life. It's where we raise families, feel safe and secure, rest and recharge. Our options for where we live have far-reaching impacts in our lives – from our job opportunities to our physical and mental health, from our children's success in school to our environmental footprint.

With California's desirable climate, diverse economy, and many of the nation's top colleges, the State continues to experience strong housing demand; however, housing construction is constrained by regulatory barriers, high costs, and fewer public resources.

Some of the housing challenges facing California include:

- Production averaged less than 80,000 new homes annually over the last 10 years, and ongoing production continues to fall far below the projected need of 180,000 additional homes annually.
- Lack of supply and rising costs are compounding growing inequality and limiting advancement opportunities for younger Californians. Without intervention much of the housing growth is expected to overlap significantly with disadvantaged communities and areas with less job availability,
- Continued sprawl will decrease affordability and quality of life while increasing transportation costs.
- The majority of Californian renters — more than 3 million households — pay more than 30 percent of their income toward rent, and nearly one-third — more than 1.5 million households — pay more than 50% of their income toward rent.
- Overall homeownership rates are at their lowest since the 1940s.
- California is home to 12 percent of the nation's population, but a disproportionate 22 percent of the nation's homeless population.
- For California's vulnerable populations, discrimination and inadequate accommodations for people with disabilities are worsening housing cost and affordability challenges.

But while California's housing challenges may appear to be overwhelming, *California's Housing Future: Challenges and Opportunities* provides the data and analysis to describe the problem and frame the discussion surrounding solutions. This report offers five challenges to add context to discussions about the current state of housing affordability, and provides several possible options to address housing affordability.

## Challenges

*California's Housing Future: Challenges and Opportunities* includes five key challenges regarding housing affordability:

1. Housing supply continues to not keep pace with demand, and the existing system of land-use planning and regulation creates barriers to development.
2. The highest housing growth is expected in communities with environmental and socio-economic disparities.
3. Unstable funding for affordable home development is hindering California's ability to meet California's housing demand, particularly for lower-income households.
4. People experiencing homelessness and other vulnerable populations face additional barriers to obtaining housing.
5. High housing costs have far-reaching policy impacts on the quality of life in California, including health, transportation, education, the environment, and the economy.

## Options for Addressing Housing Challenges

Options for advancing the discussion about how to address the cost of housing fall into three broad categories, with specific potential actions falling under each:

- Reforming land use policies to advance affordability, sustainability, equity.
- Addressing housing and access needs for vulnerable populations through greater inter-agency coordination, program design, and evaluation.
- Investing in affordable home development and rehabilitation, rental and homeownership assistance, and community development.

## Introduction

### Need for Housing Outstrips Affordable Options

#### *Resulting Consequences: Environmental, Economic, and Social Impacts*

California's high cost of housing is well documented. Average housing costs in California have outpaced the nation and more acute problems exist in coastal areas. As affordability becomes more problematic, people "overpay" for housing, "over-commute" by driving long distances between home and work, and "overcrowd" by sharing space to the point that quality of life is severely impacted. In extreme cases people can become homeless, either visibly on the streets or less visibly as they experience housing instability and cope with temporary and unstable accommodations. In California's rural areas, high transportation costs often negate the relatively more affordable housing prices. The combined burden of housing and transportation costs can leave residents in rural communities with a cost-of-living comparable to their urban and suburban counterparts.

In addition, high housing costs — and related housing instability issues — also increase health care costs (for individuals and the State), decrease educational outcomes (affecting individuals, as well as the State's productivity), and make it difficult for California businesses to attract and retain employees.

### Land Use Policy Can Promote Sustainability, Affordability, and Equity

In the last 10 years, California has built an average of 80,000 homes a year, far below the 180,000 homes needed a year to keep up with housing growth from 2015-2025. This lack of supply greatly impacts housing affordability. Low production hasn't always been the case. From 1955-1990, the State was building more than 200,000 homes annually and a much greater percentage were multifamily (in contrast to today's focus on single-family). In addition to our supply challenges, the housing growth that does occur frequently takes the form of urban sprawl; expanding into undeveloped areas. These development patterns often resulted in reinforcing income inequality and patterns of segregation.

Today's population of 39 million is expected to grow to 50 million by 2050. Without intervention, much of the population increase can be expected to occur further from job centers, high-performing schools, and transit, constraining opportunity for future generations.

Land use policies and planning can help encourage greater supply and affordability, as well as influence the type and location of housing. Thoughtful land use policies and planning can translate into the ability for families to access neighborhoods of opportunity, with high-performing schools, greater availability of jobs that afford entry to the middle-class, and convenient access to transit and services. Easy access to jobs and amenities reduces a household's daily commute and other travel demands. Encouraging new homes in already developed areas and areas of opportunity not only alleviates the housing crisis, but also supports the State's climate change and equity goals.



## Moving Forward

There are several possible options for addressing California's housing challenges. *California's Housing Future: Challenges and Opportunities* can serve as a guide for those efforts by providing a detailed snapshot of the current state of housing affordability in California, five key challenges that can frame the discussion, and three broad policy avenues with specific potential options and action items in each.

*California's Housing Future: Challenges and Opportunities* has been prepared pursuant to Health and Safety Code Section 50450 and represents the 2025 Statewide Housing Assessment.

## Snapshot: The Current State of Housing Affordability in California

A fundamental purpose of this report is to assess California's housing needs. This section details the State's projected housing needs through 2025, demographic trends, current housing characteristics, and housing costs and affordability. As this section will show, California has severe housing issues for both rental and homeownership in terms of both supply and affordability. There is a shortfall of more than one million rental homes affordable to extremely and very low-income households and California's homeownership rate has declined to the lowest rate since the 1940s. In addition, California needs more than 1.8 million additional homes by 2025 to maintain pace with projected household growth.

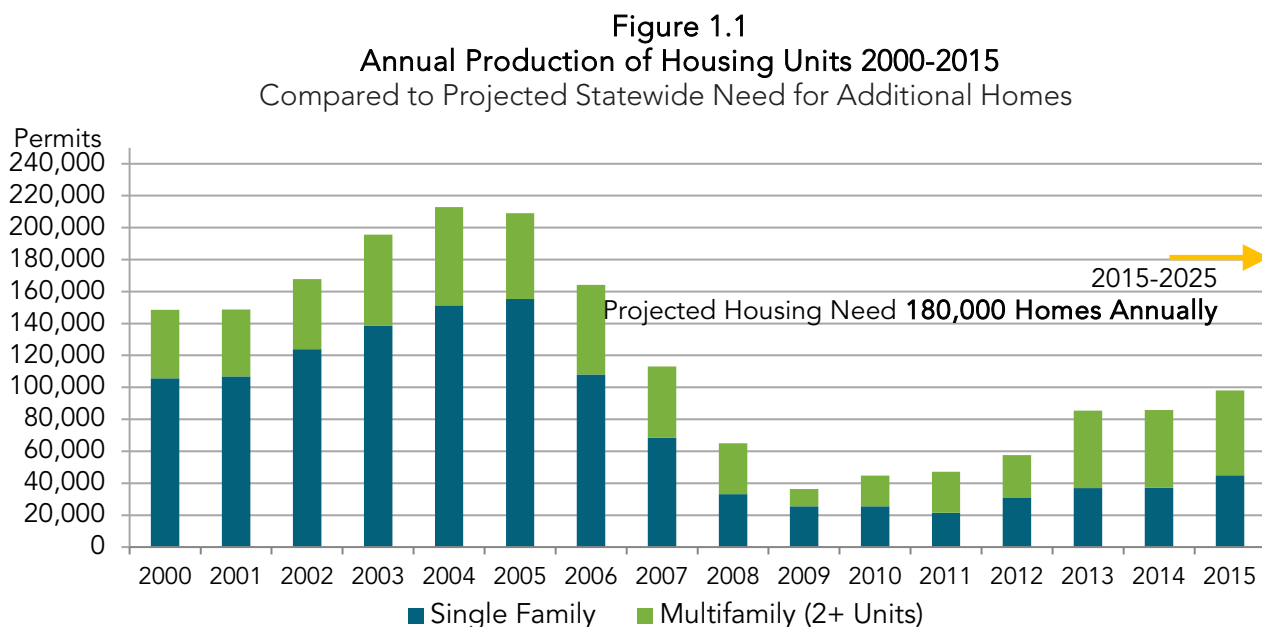
### Projected Housing Needs Through 2025

#### 1.8 Million New Homes Needed by 2025

From 2015-2025, approximately 1.8 million new housing units are needed to meet projected population and household growth, or 180,000 new homes annually.<sup>i</sup> The California Department of Housing and Community Development (HCD), in consultation with the California Department of Finance, determines the State's housing need for a 10-year period, based upon Department of Finance population projection and demographic household formation data.

#### Past Production

Figure 1.1 shows the annual growth in housing units from 2000-2015 compared to the current projected average annual need of 180,000 new homes.

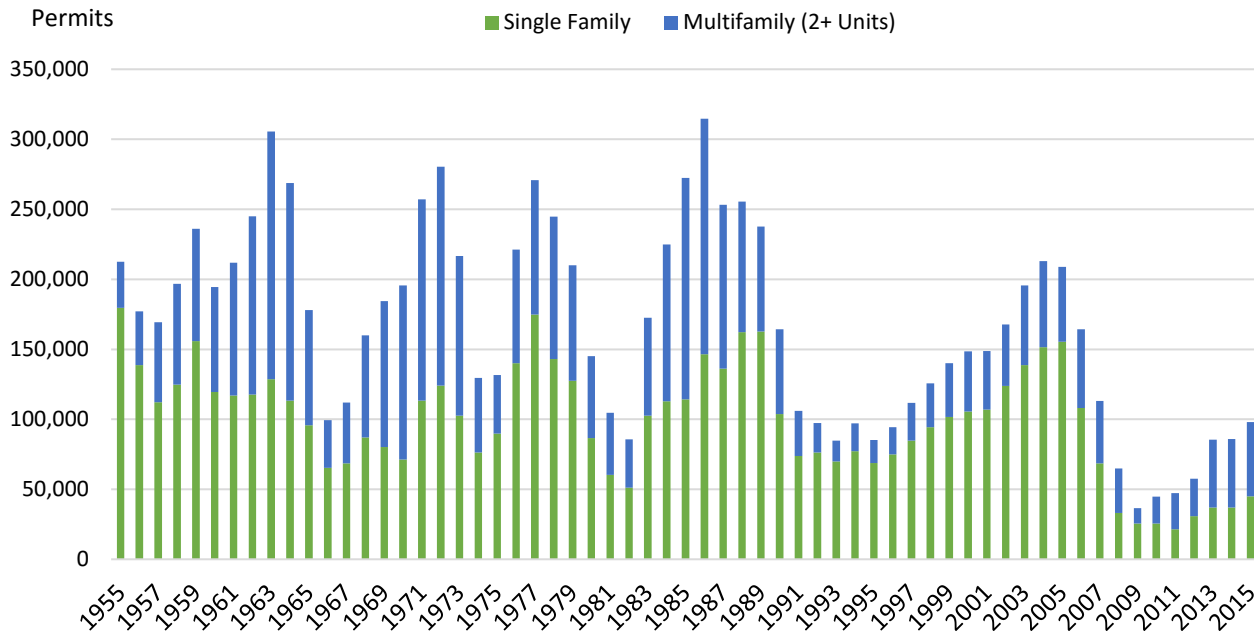


Sources: 2000-2015 New construction housing permit data from Construction Industry Research Board. 2015-2025 Projected Annual Need from HCD Analysis of State of California, Department of Finance P-4: State and County Projected Households, Household Population, Group Quarters, and Persons per Household 2010-2030—Based on Baseline 2013 Population Projection Series. Estimate is subject to change until final release. Graphic by HCD. Note: Prior Statewide Housing Plan, "Raising the Roof" (1997-2020), projected California needed to add an average of 220,000 new homes/yr to keep up with projected population increases; updated projected need is less due to lower population increase projections and higher household formation rates.

## Snapshot: The Current State of Housing Affordability in California

For the past 10 years the State has averaged less than 80,000 new homes annually. However, this has not always been the case. From 1955-1989, the State averaged more than 200,000 new homes annually, with multifamily housing accounting for more of the housing production.

**Figure 1.2**  
**Annual Production of Housing Units 1955-2015**



Source: Construction Industry Research Board/ California Homebuilding Research Reports 2005, 2013,2015; Graphic by HCD

California's housing needs are influenced by a number of factors that include both the size of the population (sheer number of people), but more importantly, the characteristics of that population (e.g. age, ethnicity, household size). Other characteristics also affect whether California has enough housing to meet the needs of the population, including the percentage of people who have disabilities, percentage of farmworkers whose work is seasonal, and percentage of people experiencing homelessness.

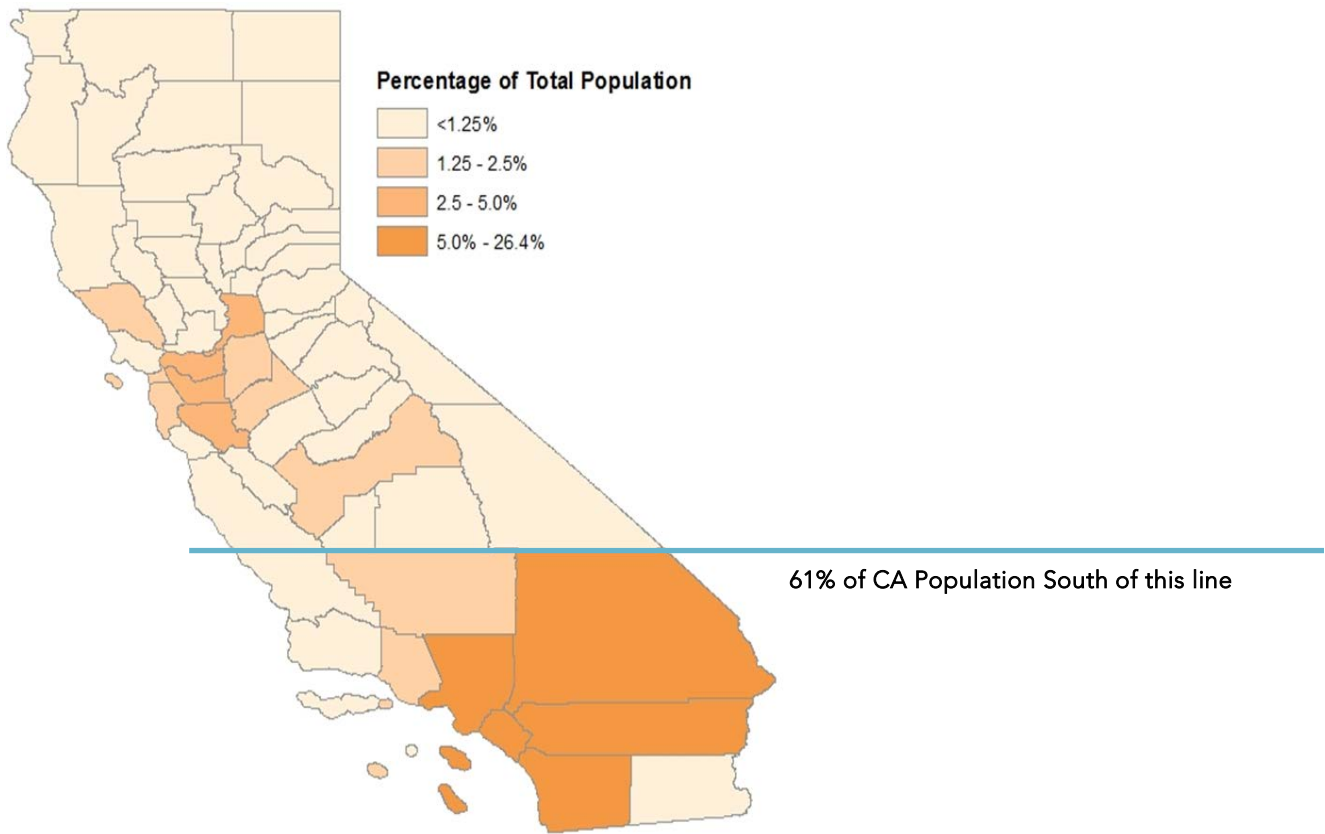
## Demographic Trends Drive Housing Needs

California has a diverse and growing population. Understanding the State's changing and unique demographics can inform housing policy decisions

### Population

California's 39 million people live in 13 million households across 58 counties and 482 cities. The graphic below shows the percentage of the total population that lives in each county. The State's cities and counties range greatly in population. While there are three cities with more than one million residents, there are 107 cities with less than 10,000 residents. The largest population concentration is in Southern California.

**Figure 1.3**  
**Largest Population Concentration in Southern California**  
Current Population by County



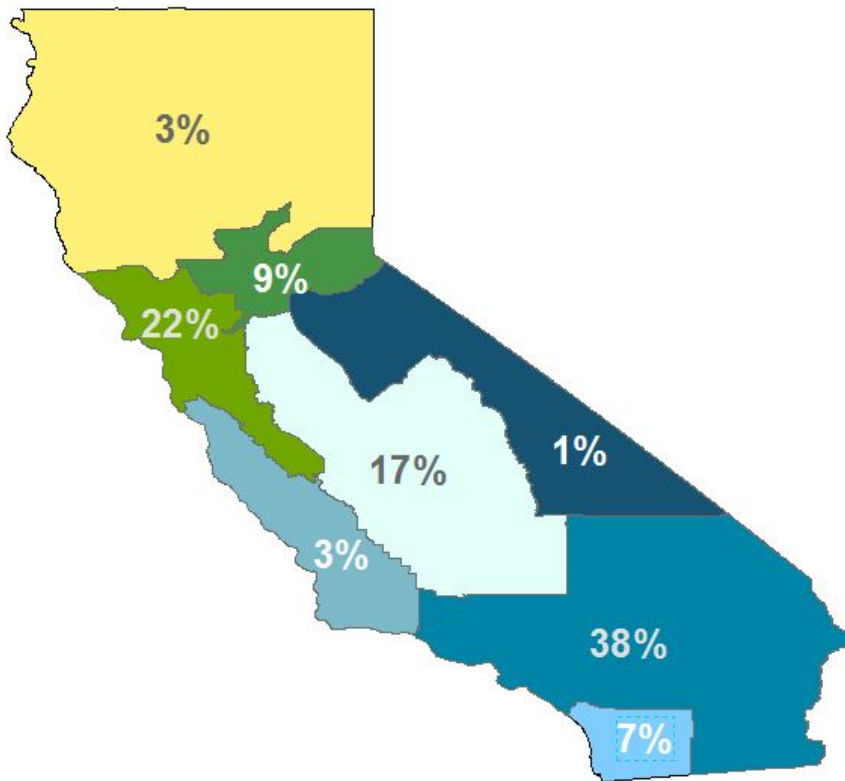
Source: U.S. Census Bureau, Census 2010 Summary File 1. Graphic by HCD.

## Household Growth

Through 2025, the highest percentage of household growth is expected to occur in the Bay Area, Southern California, and Central Valley communities. Between 2014 and 2015, approximately 25 percent of population growth came from migration from other states and countries; and 75 percent of population growth was attributable to births within California.<sup>ii</sup>

Future household growth projections, as opposed to population growth (of individuals), are helpful for understanding future housing needs as they take into account projected household sizes. Figure 1.4 below shows the expected total household growth of 1.83 million through 2025 and each region's corresponding percentage of the total household growth.

Figure 1.4  
Where Growth Is Expected Through 2025

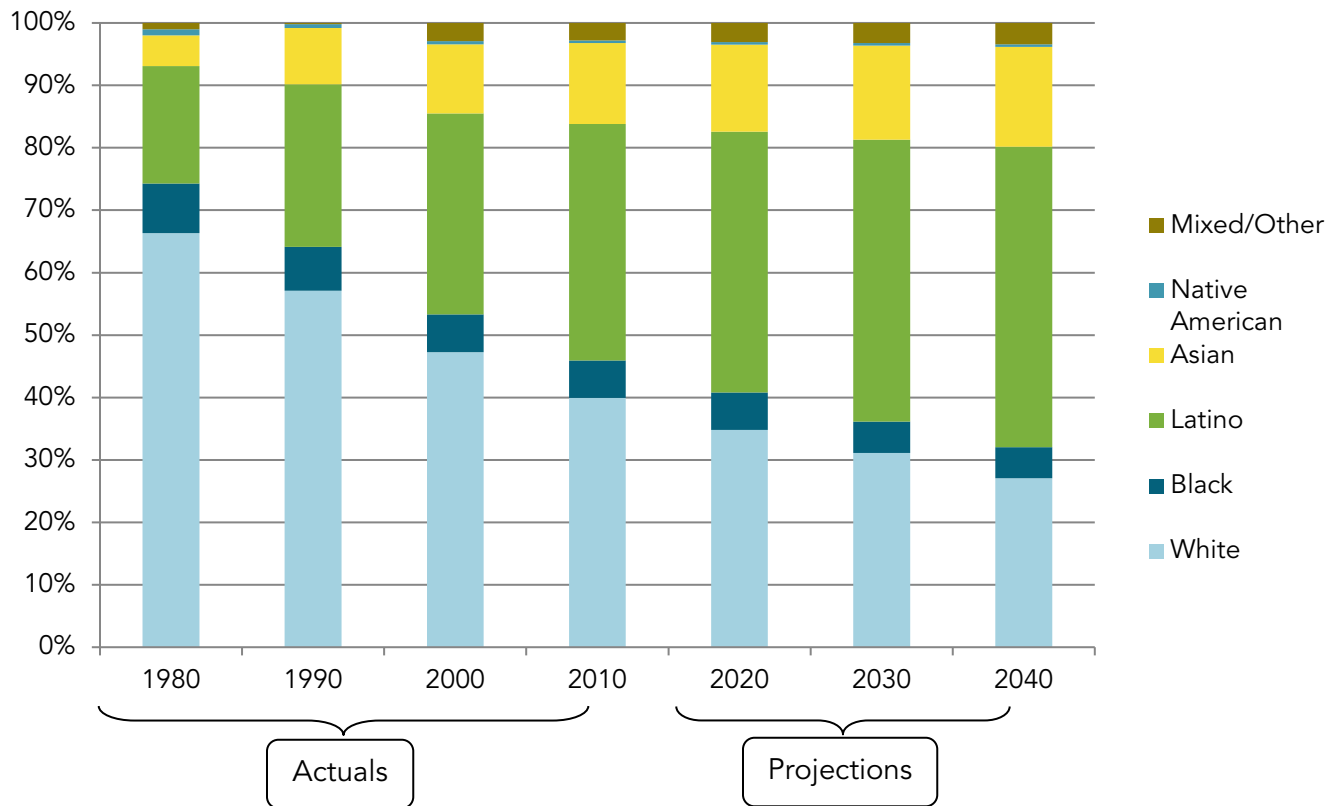


Source: 2015-2025 Projected New Households from HCD Analysis of State of California, Department of Finance State and County Projections of Households, Household Population, Group Quarters, and Persons per Household 2010-2030— Based on Baseline 2013 Population Projection Series. This estimate is subject to change until the final release of the 2025 California Statewide Housing Plan. Graphic by HCD.

### Race and Ethnicity Population Trends

California's population is projected to become increasingly racially diverse through 2040. According to the National Equity Atlas, as of the 2010 Census, California is second only to Hawaii in diversity<sup>iii</sup> in the nation. People of color have represented the majority of the population in California since 2000 and are projected to be the majority nationwide by 2044. As people of color continue to grow as a share of the workforce and population, California's success and prosperity will be ever more directly linked to the social and economic well-being of the State's communities of color.<sup>iv</sup>

**Figure 1.5**  
**California Is Becoming Increasingly Diverse**  
 Racial/Ethnic Composition: California, 1980-2040



Source: PolicyLink and the USC Program for Environmental and Regional Equity; National Equity Atlas, [www.nationalequityatlas.org](http://www.nationalequityatlas.org), 2014. These projections are based on county-level projections from Woods & Poole Economics, Inc.'s 2014 Complete Economic and Demographic Data Source, and 2014 national projections from the U.S. Census Bureau adjusted to account for different race/ethnicity categorization over time. Graphic recreated by HCD.

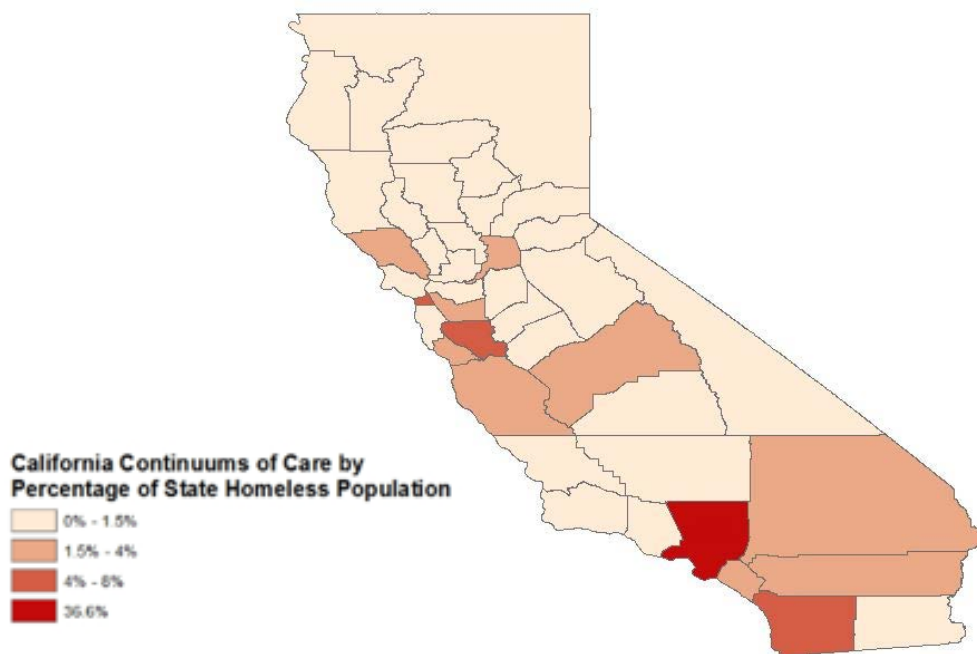
## Vulnerable Populations

Housing costs and supply issues particularly affect certain vulnerable populations that tend to have the lowest incomes and sometimes experience barriers to housing stability. These groups require targeted policy and programmatic responses. Some of these vulnerable populations are described below, including persons experiencing homelessness, seniors, persons with disabilities, farmworkers, and tribal populations. Further information on these special needs population can be found in Appendix A.

### *Persons Experiencing Homelessness*

On a single night in 2016, more than 118,000 people experienced homelessness in California—22 percent of the entire nation’s homeless population.<sup>v</sup> By comparison, California has 12 percent of the total population in the United States. California also had the highest number of unaccompanied youth, veterans and people experiencing chronic homelessness in the United States, with nearly one-third of the nation’s youth, nearly one-fourth of the nation’s homeless veterans, and more than one-third of the nation’s chronically homeless residents.<sup>vi</sup> Most of California’s homeless population resides in major metropolitan areas; however, homelessness impacts communities of all sizes and people experience homelessness throughout all regions of the State.

**Figure 1.6**  
**One-Third of California’s Homeless Population Is in Los Angeles County**

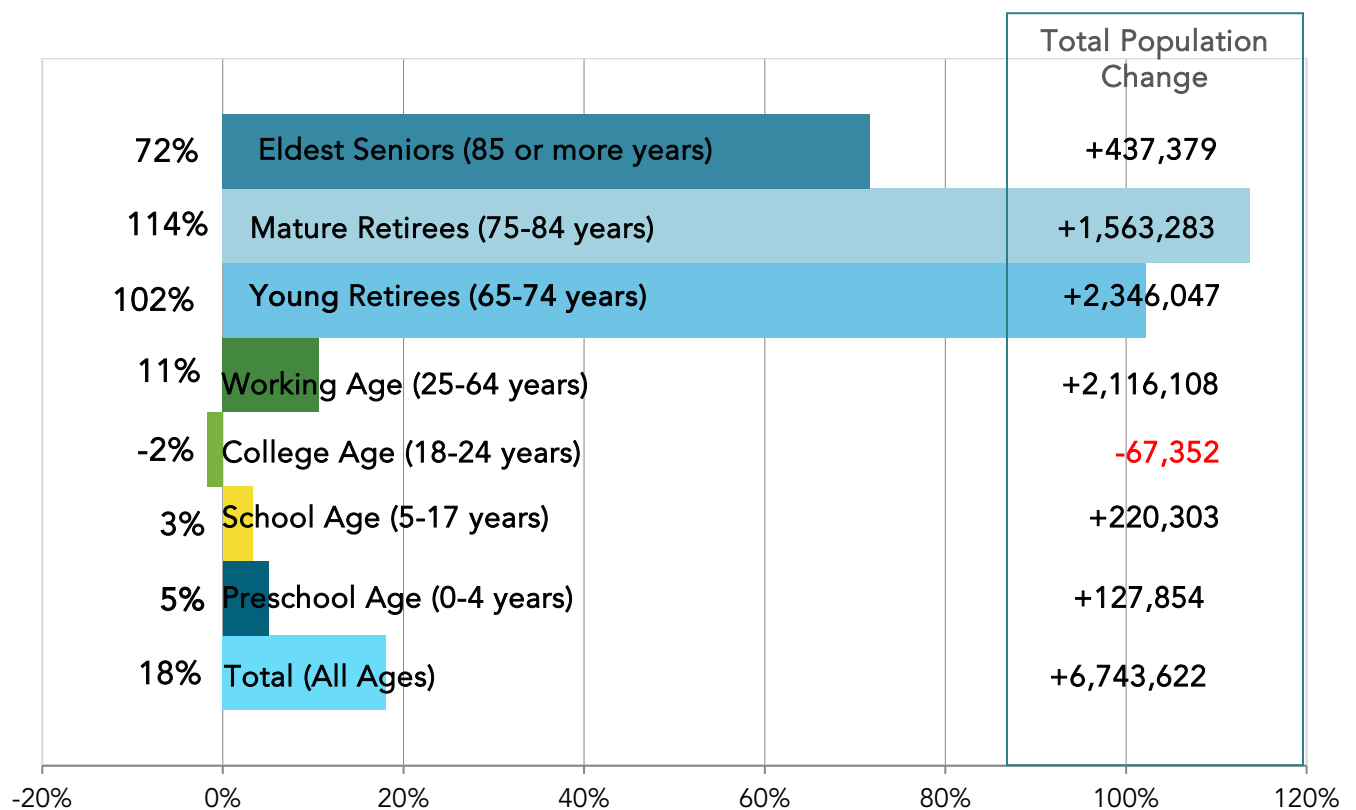


Source: 2016 Point-In-Time (PIT) Estimates of Homeless People by Continuum of Care  
<https://www.hudexchange.info/resources/documents/2007-2016-PIT-Counts-by-CoC.xlsx>. Graphic by HCD.

## Seniors

The number of Californians who are 65 years old or older is growing rapidly. According to the Department of Finance projections shown in Figure 1.7 the over-65 populations will grow by more than four million people by 2030. This trend, combined with the fact that California seniors currently have an average (median) personal income of \$21,300,<sup>vii</sup> will increase the need for affordable housing options, accessible design, and in-home supportive services.

**Figure 1.7**  
**California's Population Is Aging**  
Percentage and Total Population Change Projections by Age Group  
from 2010-2030 in California



Source: State of California, Department of Finance, Report P-1 (Age): State and County Population Projections by Major Age Groups, 2010-2030. December 2014. Graphic by HCD.



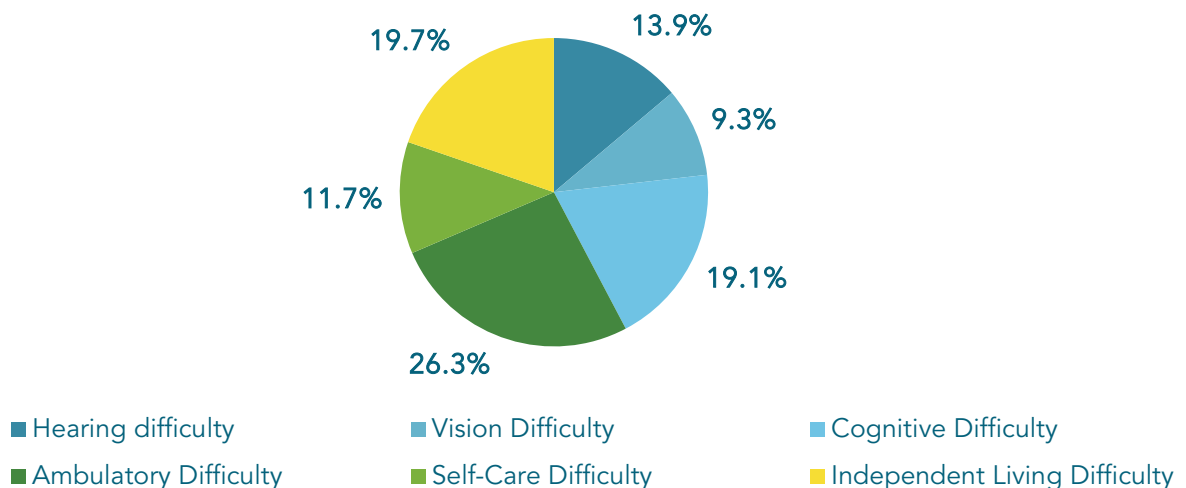
### *Persons with Disabilities, Including Persons with Developmental Disabilities*

The State of California defines "disability" as a physical or mental impairment that "limits a major life activity."<sup>1</sup> This segment of the population needs affordable, conveniently located, and accessible housing, which can be adapted to accommodate the limitations of a specific disability.

According to the U.S. Census, California has 3.8 million persons with disabilities.<sup>viii</sup> Figure 1.8 shows the breakdown of reported disabilities by type. Persons with ambulatory difficulty (i.e. those who need wheelchairs, canes, or other movement assistance) represent the largest percentage of people who reported that they have a disability. Housing for this group may require reasonable accommodation for their disabilities<sup>2</sup> or homes built with universal design standards.<sup>3</sup> In addition, 20 percent reported having an independent-living difficulty that requires flexible housing solutions (e.g., housing with supportive services, group homes, etc.).

The number of persons with developmental disabilities is difficult to quantify in California. The California State Council on Developmental Services uses Gollay and Associate's national prevalence of persons with developmental disabilities estimate of 1.8 percent to calculate that 684,000 Californians meet the federal definition of having a developmental disability. Client data from nonprofit regional centers and development centers contracted with the California Department of Developmental Services shows 250,000 people received assistance in 2015.

**Figure 1.8**  
**One-Third of Reported Disabilities Are Self-Care or Independent-Living Difficulties**



Source: Disability Characteristics 2010-2014 American Community Survey 5-year estimates Table S1810. Graphic by HCD.

<sup>1</sup> Government Code Section 12926-12926.1

<sup>2</sup> Accommodations made to the structure, rental policies, or others so that a person with a disability can enjoy the use of housing.

<sup>3</sup> Universal design involves designing spaces so that they can be used by the widest range of people possible taking into account physical, perceptual and cognitive abilities.

### *Farmworkers*

California is the largest producer of agricultural goods in the country and one of the largest agricultural producing regions in the world.<sup>ix</sup> Farmworkers play a key role in the operation and delivery of the State's food system. Despite this, farmworkers face a number of economic challenges compared to California's population as a whole. Farmworkers tend to have low incomes; higher risk of living in poverty; and have limited access to safe, healthy, and affordable housing choices. It is difficult to determine the State's current number of farmworkers both migratory and permanent. Estimates range from 391,700 to 802,662 depending on the source.

**Table 1.1**  
**Farmworker Numbers Are Difficult to Calculate**

Agency	Who Is Counted	Count
2010-2014 American Community Survey 5-Year Estimates	Agriculture, forestry, fishing and hunting, and mining	401,363
Employment Development Department (EDD) 2015	Agriculture, forestry, fishing and hunting	391,700
USDA Census of Agriculture (2012)	Hired farm labor – workers and payroll	465,422
Giannini Foundation of Agriculture, University of California, 2012	Workers with one agricultural job	802,622

### **Shifting Characteristics of Farmworkers**

Characteristics of the farmworker population have changed during the past two decades. Housing availability must adapt to the changing needs of this population. For example, there has been an increase in the number of farmworkers who work alongside or live with family members, from 59 percent in 1990 to 75 percent in 2012.\*

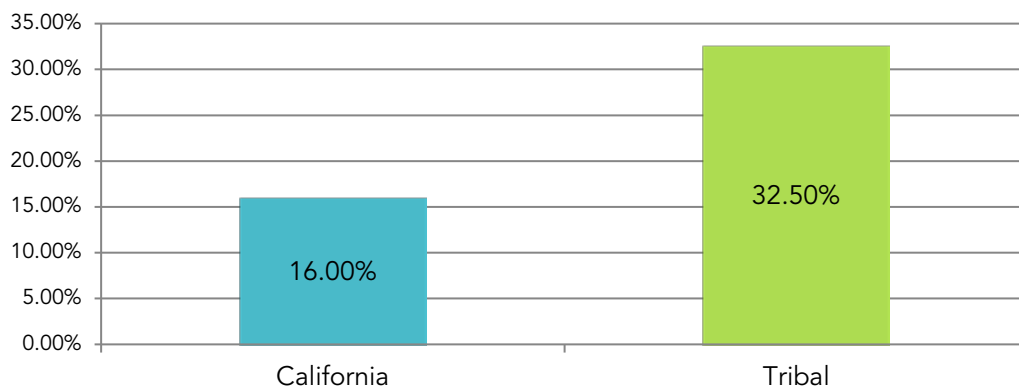
The population of farmworkers who are unauthorized to work in the United States is increasing. In 1990, only 13 percent of farmworkers were unauthorized. This was due primarily to the 1986 Immigration Reform and Control Act that granted legal status to many previously unauthorized workers and provided a path to legal, permanent-residence status and citizenship. By 2012, the number of unauthorized farmworkers in California had climbed to 60 percent; while of the remaining 40 percent, 9 percent reported they were U.S. citizens and 31 percent were legal permanent residents. Farmworkers who lack authorization to work in the United States are more vulnerable to exploitation by employers and face more challenges in obtaining decent housing. In addition, access to market-rate and subsidized housing is limited for farmworkers without proper documentation.

### *Native American Tribes*

According to the 2010 U.S. Census, California has the largest Native American population in the nation. Nearly 216,000 Californians identified solely as “American Indian,” 10.9 percent of the national total. California currently has 109 federally recognized tribes, almost one-fifth (19.2 percent) of all tribes nationwide.<sup>xi</sup> These tribes—which include nearly 100 small reservations and Rancherias—are spread out across the State, in urban, suburban, and rural jurisdictions.

Poverty disproportionately affects tribal populations. The rate of tribal poverty is more than twice that of the rest of the State’s population, and one-third of tribal residents live below the federal poverty rate. The high incidence of poverty among tribal populations equates to lower income available for other necessities after paying for high housing costs in the State.

**Figure 1.9**  
**Tribal Poverty Is More Than Twice That of California’s General Population**



Source: Special geographic analysis of 2010 Census by California Coalition for Rural Housing delineated by tribal census tracts and tribal block groups unique to and within the boundaries of federally recognized tribes. Graphic by HCD.

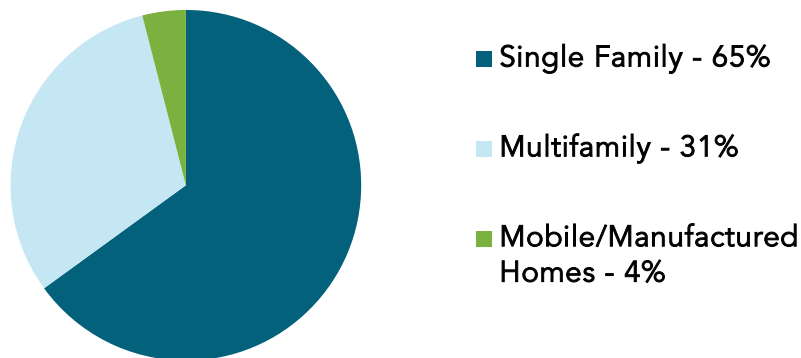
## Current Housing Characteristics

### Housing Types and Tenure

Housing type describes the type of dwelling a person resides in, while tenure describes whether a unit is renter- or owner-occupied. The majority of California households (about 65 percent) reside in single-family homes, while only about 31 percent reside in multifamily homes. The remainder resides in other housing types, such as mobile or manufactured homes, see Figure 1.10

**Figure 1.10**  
**California Housing Stock by Type**  
 2010-2014 Average: Multifamily, Single-Family, and Mobile/Manufactured Homes/Other

Housing Type	Total Number of Homes (million)
Single-Family (1 unit detached or attached)	9.0
Multifamily (2 or more units)	4.3
Mobilehomes/Manufactured Homes/Other	0.5
Total	13.5



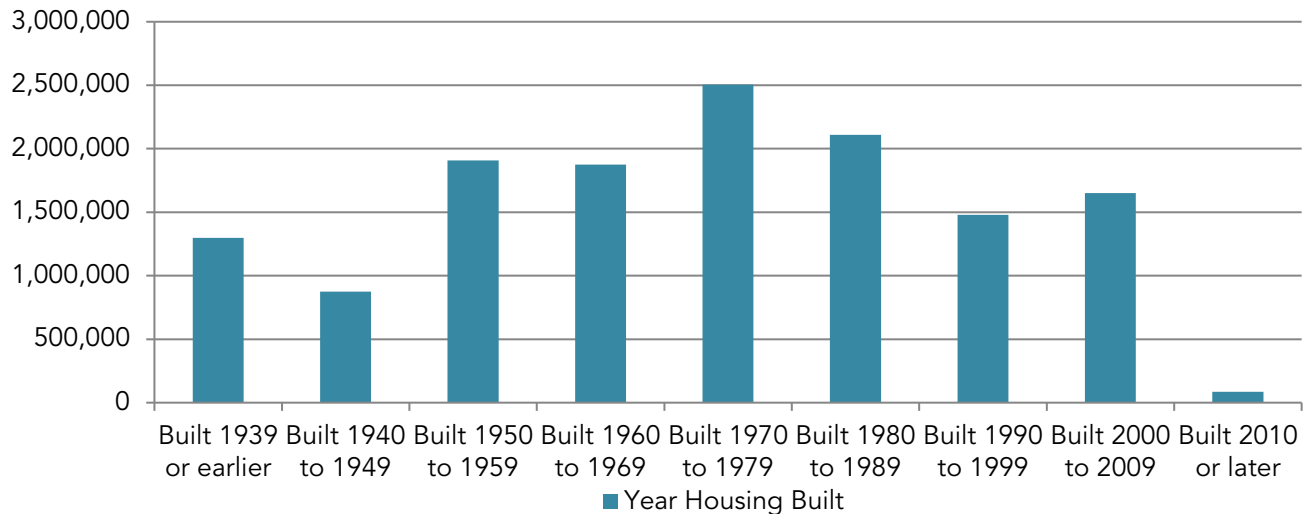
Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, DP04 Selected Housing Characteristics. Graphic by HCD.

Manufactured homes constitute a small, but meaningful portion of the housing stock in California; about 500,000 housing units. Though not a new idea, the concepts of manufactured housing (also called mobilehomes) and factory-built housing have evolved significantly in the past decade. Manufactured housing is built in one or more modular sections that can be transported to, and installed on, a site with or without a foundation. Factory-built housing components for the house are built and inspected off-site in pieces and then transported and assembled on a foundation at the desired location. Advances in technology and regulation have resulted in higher-quality homes, with greater energy efficiency than past generations, and at a cost that is 10 to 20 percent per square foot less than conventionally built homes.

## Age of Existing Housing Stock

As shown in Figure 1.11, the majority of housing in California was built before 1980. These older homes tend to have greater rehabilitation needs, as well as lower energy efficiency.

**Figure 1.11**  
**Majority of California Housing More than 35 Years Old**  
Age of Housing in California 2010-2014 Average

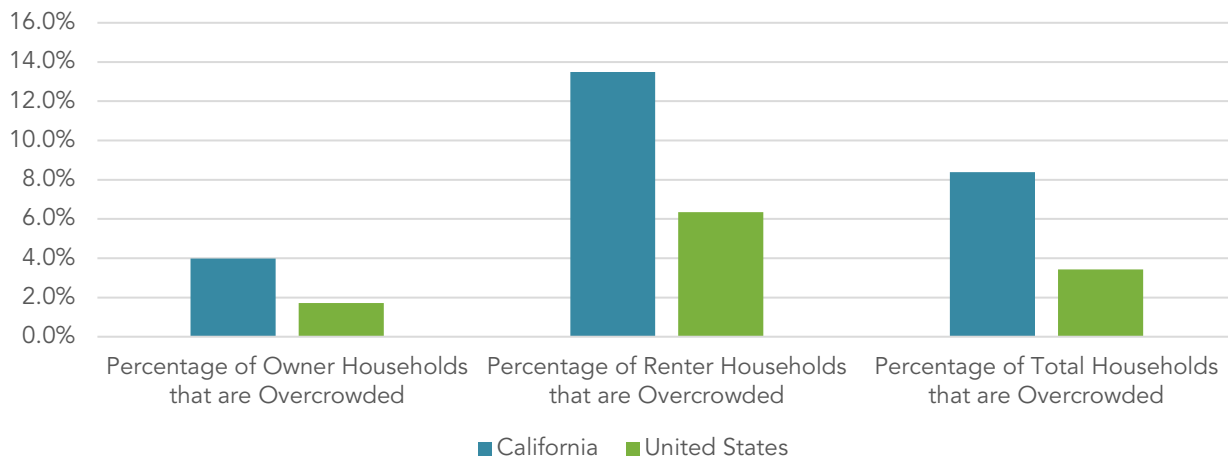


Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, DP04. Graphic by HCD.

## Overcrowding

Overcrowding is when there is more than one resident per room (every room in the home, bedrooms, kitchen, living room, etc. is included in this calculation). California's overcrowding rate is 8.4 percent, more than twice as high as the national average 3.4 percent. California has the second highest percentage of overcrowded households of any state. The renter overcrowding rate for California is 13.5 percent, more than triple the owner overcrowding rate of 4 percent.<sup>xii</sup>

**Figure 1.12**  
**California's Overcrowding Rate More Than Double U.S. Average**

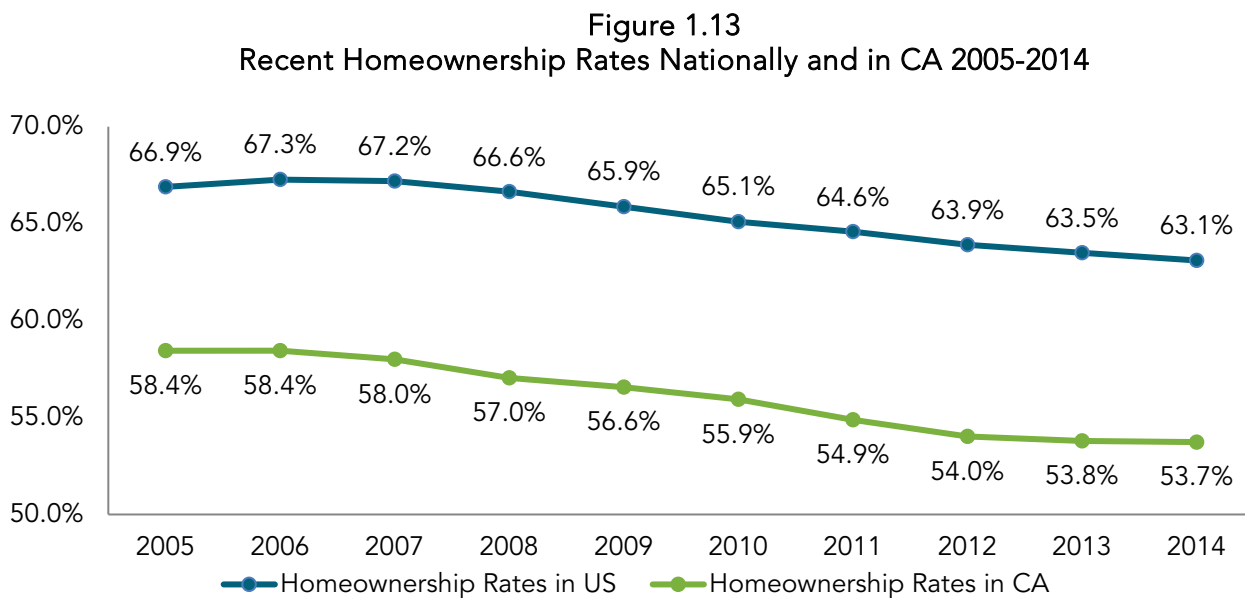


Source: U.S. Census Bureau, 2015 American Community Survey 1-Year Estimate, Tables B25014, Tenure by Occupants per Room. Graphic by HCD

## Homeownership Rate Trends

Since the 1950s, California's homeownership rate has fallen below the national rate, with a significant gap persisting since the 1970s. Between 2006 and 2014, the number of housing units that were owner-occupied fell by almost 250,000 in California, while the number of renter-occupied units increased by about 850,000.<sup>xiii</sup> According to the Public Policy Institute of California, "much of the increase in rental units occurred among formerly owned single family detached housing units."<sup>xiv</sup>

Figure 1.13 shows that following the foreclosure crisis, homeownership rates in California have fallen to 53.7 percent, reaching the lowest rate since the 1940s, when the homeownership rate in California was 43.4 percent.<sup>xv</sup>

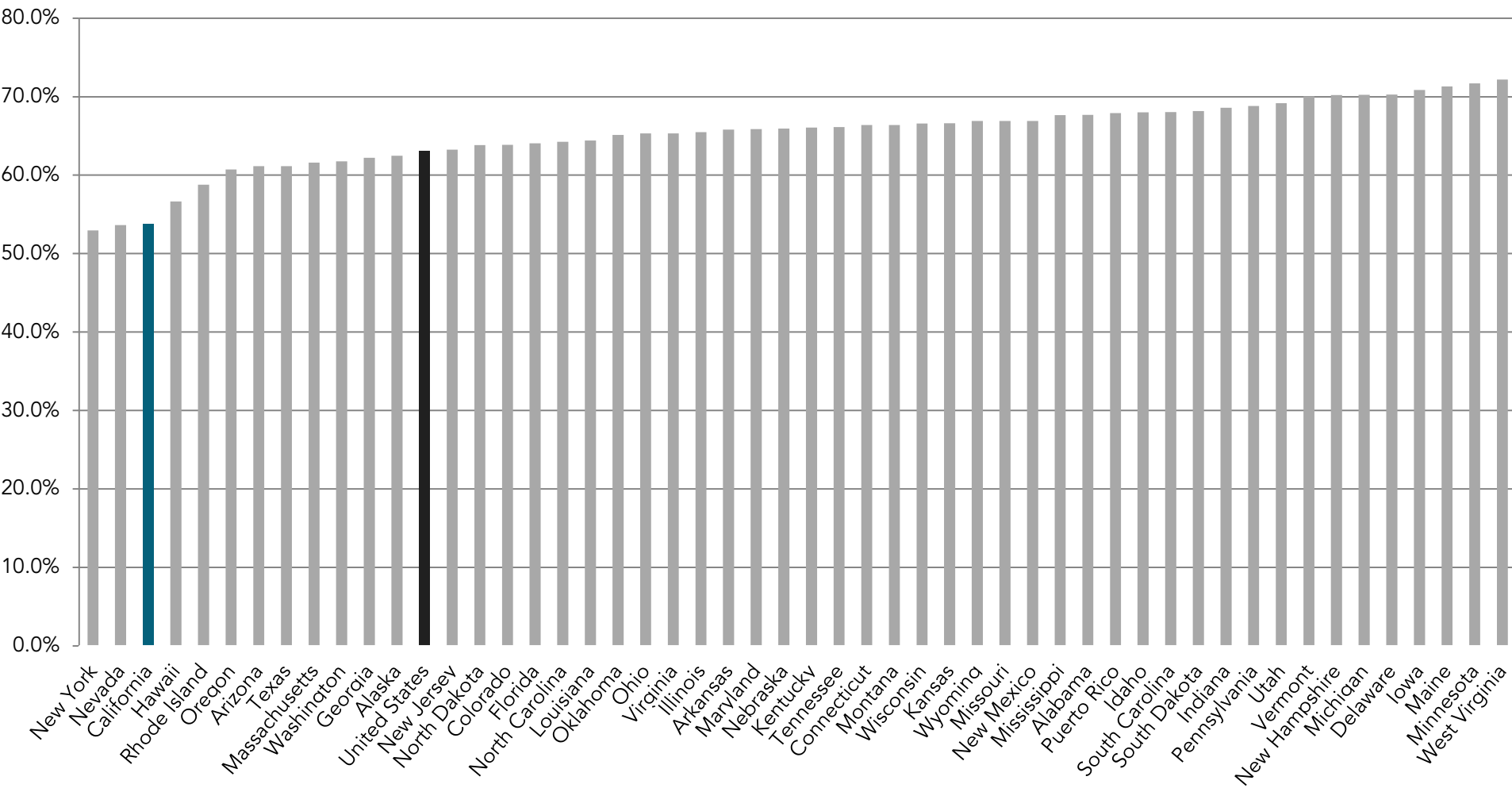


Source: U.S. Census Bureau, 2005-2009, 2011-2014 American Community Survey 1-Year Estimates, B25003, 2010 Decennial Census, General Housing Characteristics, QT-H1. Graphic by HCD.

Snapshot: The Current State of Housing Affordability in California

California’s homeownership rate is also lower than other large states. Only New York and Nevada have lower homeownership rates. See Figure 1.14.

Figure 1.14  
California Has the Third Lowest Homeownership Rate Among the 50 States

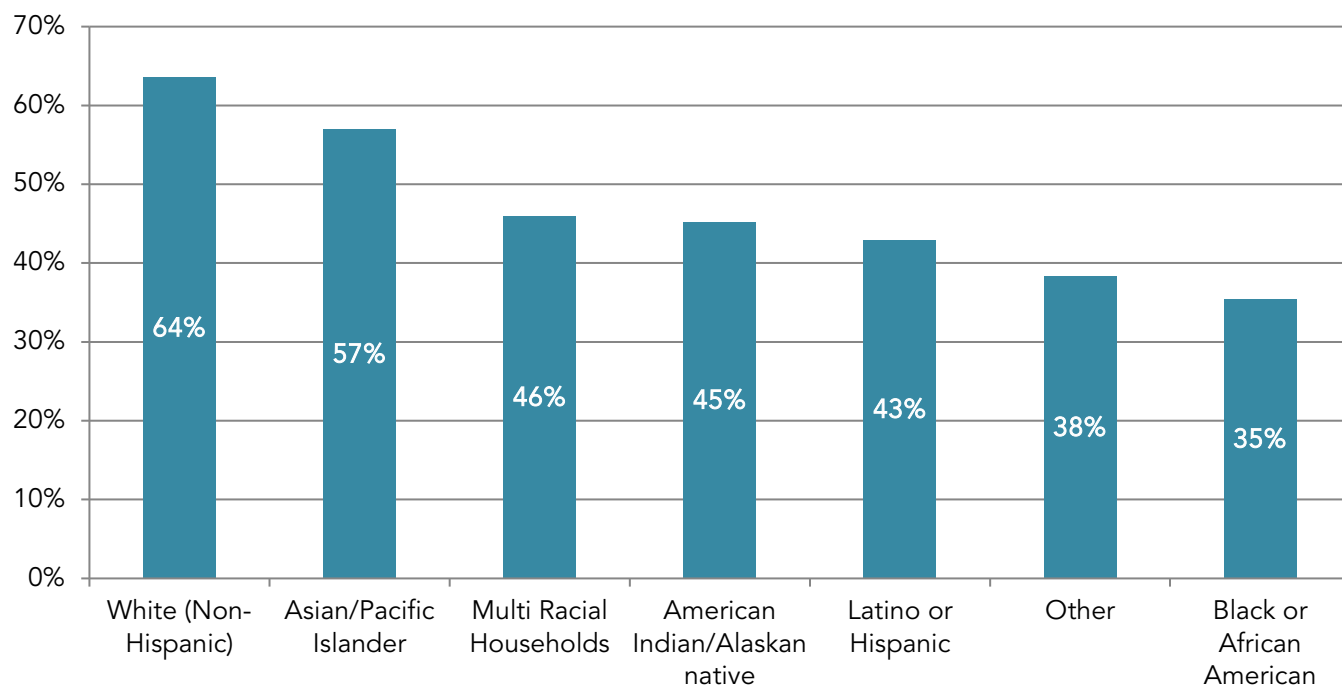


Source: 2014 American Community Survey 1-Year Estimates; Table B25003 – Tenure. Graphic by HCD

### Homeownership Rates by Race and Ethnicity

Homeownership rates also vary by race and ethnicity in California. As shown in Figure 1.15, 64 percent of households that identified as White (Non-Hispanic) were homeowners, compared to only 35 percent of households that identified as Black or African-American.

**Figure 1.15**  
**Homeownership Rates Vary by Race and Ethnicity**  
California Homeownership Rates by Race and Ethnicity 2010-2014 Average



Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, Tables B25003A-I, Tenure by Race/Ethnicity California. Graphic by HCD.

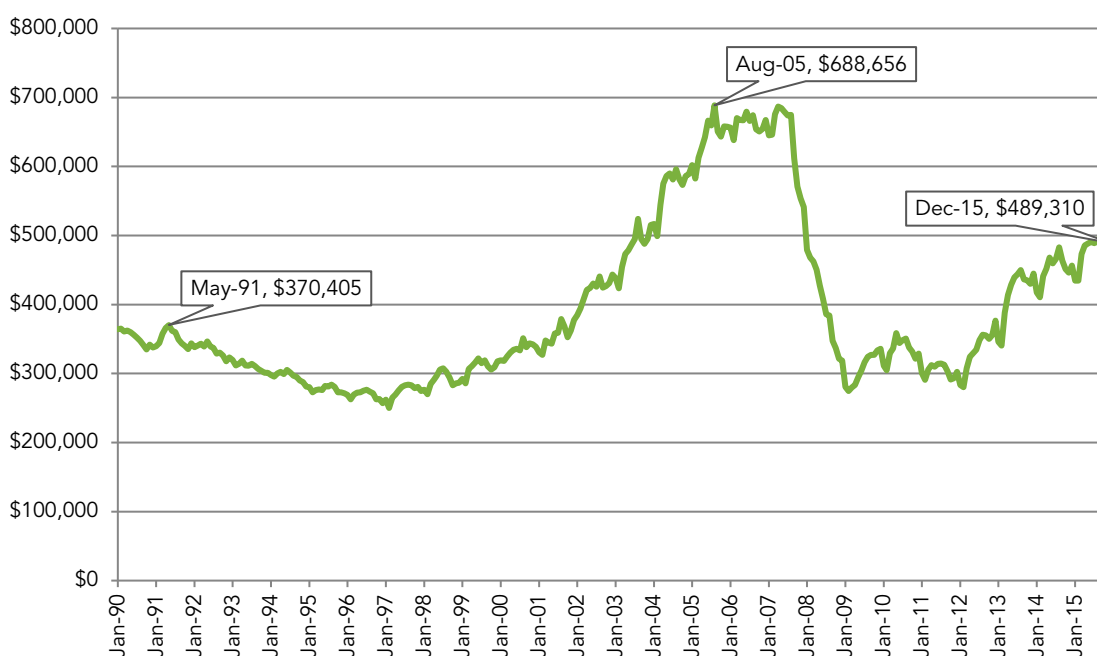


## Costs and Affordability

### Single-Family Home Sale Prices 1990-2015

Years of low housing production contributes to high demand and high home sale prices. However, home sale prices are also influenced by access to credit, current interest rates, and the role of homeownership as an investment tool. Home sales have experienced higher and lower price cycles throughout the last two decades, with an extreme boom from 2002-2008, followed by a significant decline during the time period sometimes referred to as the “Great Recession,” as shown in Figure 1.16.

**Figure 1.16**  
**Home Sales Price Trends in California 1990-2015**  
Median Sales Price in California Single Family Homes  
(adjusted for inflation in 2015 dollars)

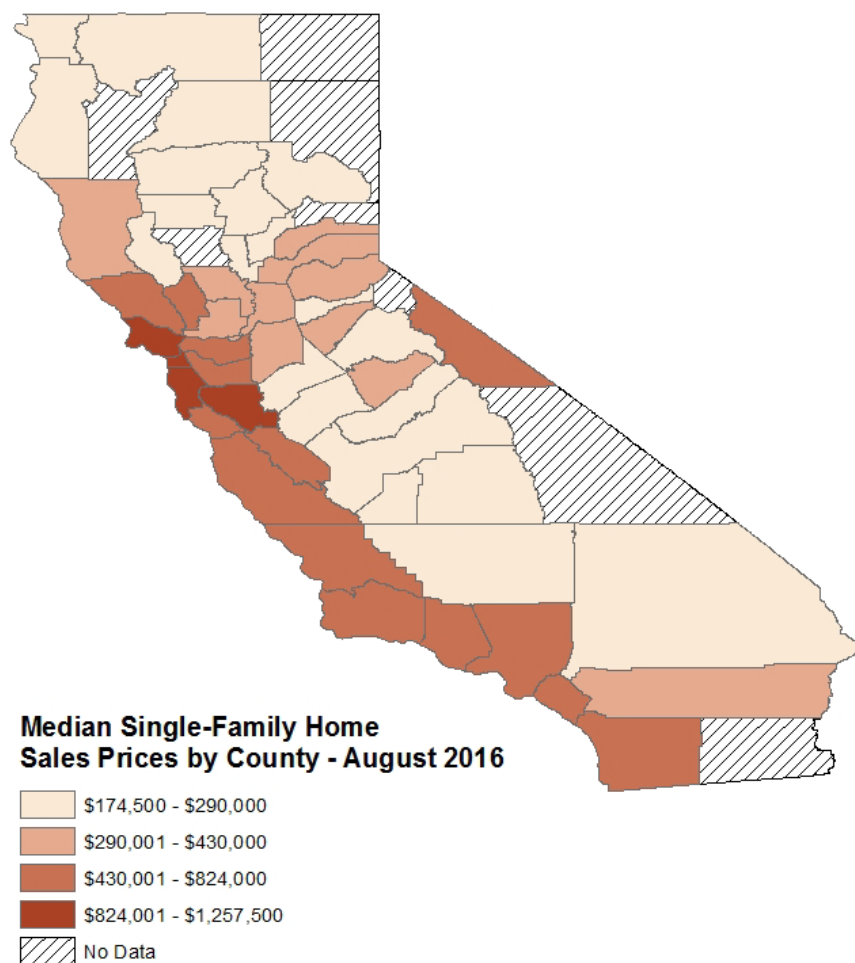


Source: California Association of Realtors – Historical Housing Data, Seasonally Adjusted Monthly Median Sales Price of Existing Detached Homes January 1990-December 2015. Inflation adjustment performed using Bureau of Labor Statistics Consumer Price Index 1990-2015. Graphic by HCD.

## Recent Home Sale Prices Throughout California

Figure 1.17 shows home prices in California by county in August 2016. The highest prices were found in the coastal areas. Statewide the highest-cost market was San Francisco with a median home price of more than \$1.25 million. The statewide median, existing single-family home sale price was \$526,580.<sup>xvi</sup> As of first quarter of 2016, the California Association of Realtors estimates that only 34 percent of households in California can afford to purchase the median priced home in the State.<sup>xvii</sup>

**Figure 1.17**  
**Median Home Sale Prices by County, August 2016**



Source: California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes August 2016.

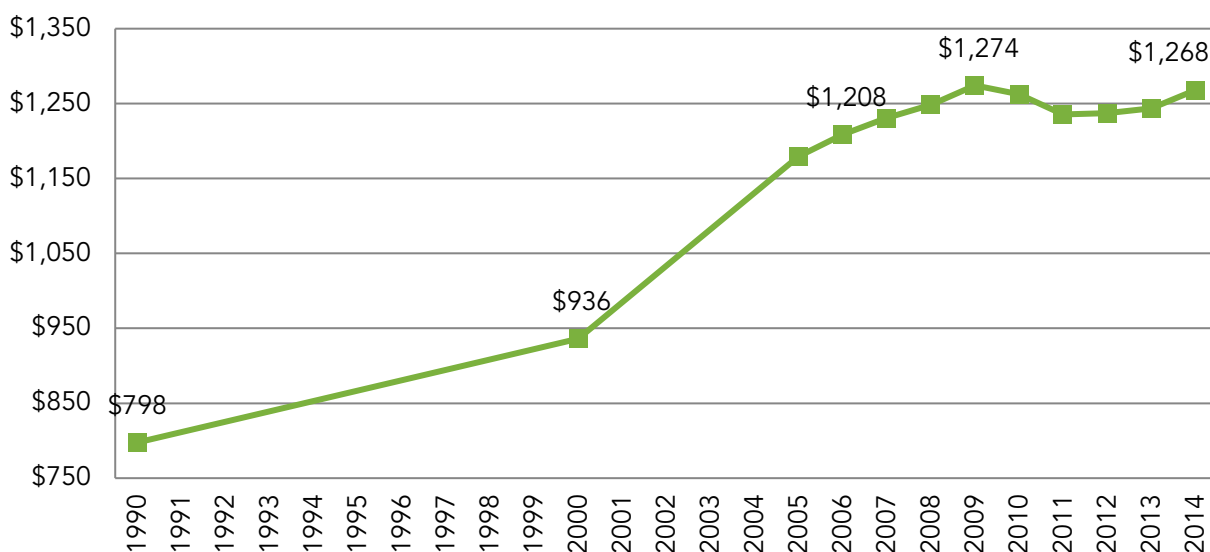
## Rental Housing Costs 1990-2014

Unlike home sales prices shown in Figure 1.18, rents did not experience a significant downward trend during the “Great Recession.” Instead, demand for rental housing has stayed strong and rents have trended upward, even when adjusting for inflation.

Some key factors in the increased demand for rental housing since the recession include:<sup>xviii</sup>

- Foreclosures and former owners moving into the rental market.
- Demographic shifts, particularly the generational boom of millennials coming of age and entering the housing market with strong rental tendencies.
- Lack of supply.
- Deferred home buying, due to:
  - Lack of market confidence.
  - Reduced access to mortgage credit following the recession.
  - Unemployment and stagnant wages.
  - Competition with investors buying homes to convert to rentals.

**Figure 1.18**  
**Rental Cost Trends in California**  
Median Gross Rent 1990 – 2014 (adjusted for inflation in 2014 dollars)



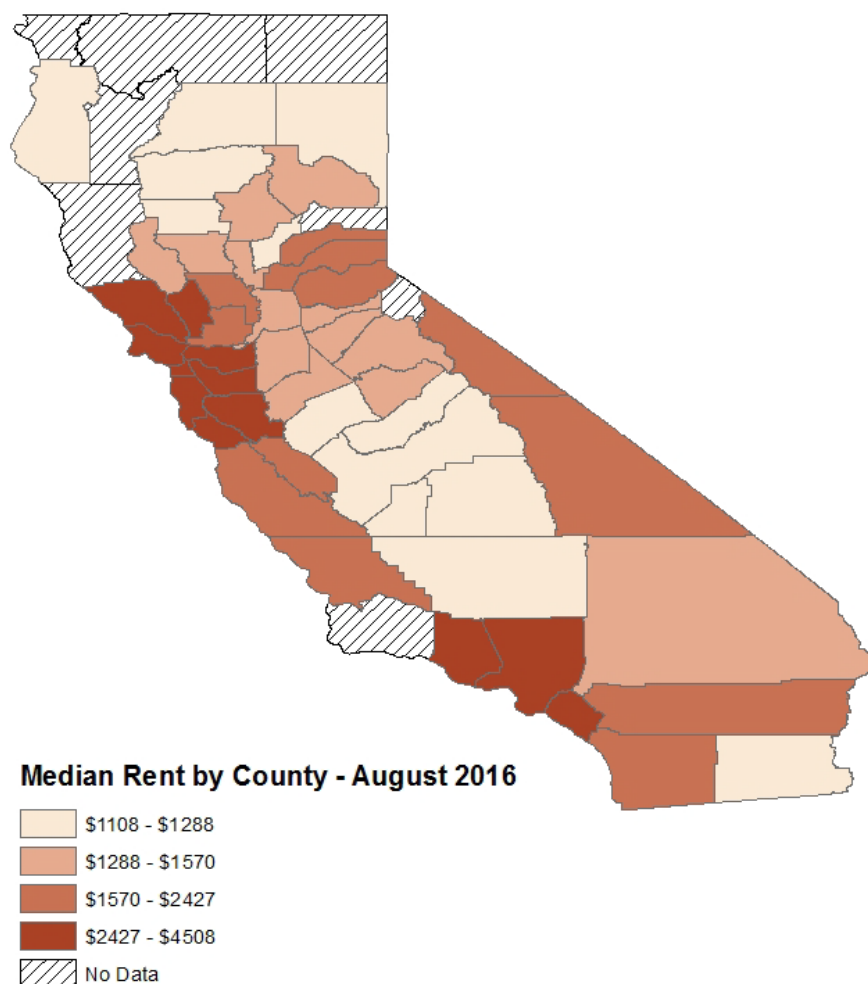
Source: Median Gross Rents, 1990-2010 Decennial Census, 2005-2014 American Community Survey 1 year data.<sup>4</sup>

<sup>4</sup> The Census and American Community Survey tend to reflect lower rents than are present in the market due to a time delay between data gathering and release. Data tools such as Zillow's Rent Index allow an alternative model for tracking rents closer to real time.

## Recent Rental Housing Costs Throughout California

Figure 1.19 shows the Zillow Median Rent Index data for August 2016,<sup>5</sup> which examines rental listings and uses modeling to estimate rents for multifamily and single-family homes for every county in California. Rental costs were higher in the coastal and urban areas, with the highest median rent recorded in San Francisco at above \$4,500 a month. No county with available data in California recorded a median rent below \$1,100 per month.

Figure 1.19  
Median Rent by County, August 2016



Source: Zillow Median Rent Index (All Homes; Multifamily, Single Family Rental, Condo) by County. August 2016. Graphic by HCD. For more information on Zillow Median Rent Index methodology visit <http://www.zillow.com/research/zillow-rent-index-methodology-2393/>

<sup>5</sup> The Census and American Community Survey tend to reflect lower rents than are present in the market due to a time delay between data gathering and release. Data tools such as Zillow's Rent Index allow an alternative model for tracking rents closer to real time. Zillow's Rent Index is used along with American Community Survey data in this report to estimate current housing cost information, however Zillow's Rent Index does not have historical rent information, nor information for every city and county in California.

## Primer on Housing Cost Affordability

The issue of home affordability is about more than just the cost of housing. It also includes the ability to access and to pay for housing; the cost of housing relative to income.

As defined by the U.S. Department of Housing and Urban Development, housing is considered affordable when a person pays no more than 30 percent of their income toward housing costs, including utilities. When a person pays more than 30 percent of income toward housing costs they are considered housing cost burdened, and when a person pays more than 50 percent of income toward housing costs they are considered severely housing cost burdened.

Working full-time at a minimum wage of \$10 an hour (the current California statewide minimum wage), a renter or homeowner can afford \$520 per month in housing costs; working full-time at a minimum wage of \$15 an hour (the California statewide minimum wage as of 2022 as set by Senate Bill 3), a renter or homeowner can afford \$780 per month in housing costs.<sup>xix</sup>

## Affordability and Income Categories

Income categories describe households with similar incomes adjusted for regional variations. Income categories are determined by the area median income (AMI) for a specific geographic area; typically set at the county level.

Each income category is determined as a percentage of the AMI (see inset). These categories are used to determine eligibility for most housing programs and as a base for setting affordable rents. They can also be helpful for comparing households across regions.

Forty-three percent of all Californian households are lower-income (incomes that are 0-80 percent of AMI for their county), but the percentages differ between renter and owner households: 29 percent of owner households and 61 percent of renter households in California are lower-income.<sup>xx</sup> Figure 1.20 below shows the percentage of renter households in each income category that are rent burdened, paying more than 30 percent of income toward rent, and severely rent burdened, paying more than 50 percent of income toward rent.

### Income Category Definitions

Above-Moderate Income: 121% area median income (AMI) and above

Moderate Income: 81-120% AMI

Low Income: 51-80% AMI

Very-Low Income: 31-50% AMI

Extremely Low Income: 0-30% AMI

**Figure 1.20**  
Percentage of California's Renters Experiencing Rent Burden  
by Income Category

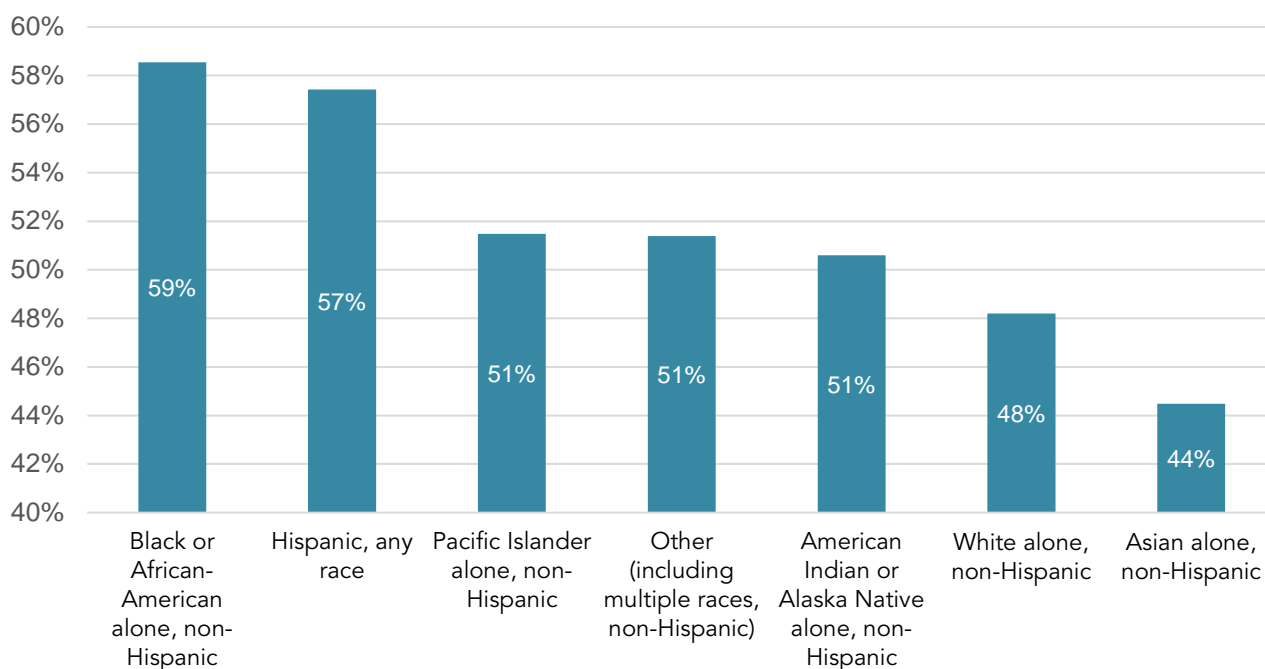


Income	Total Renter Households (million)	% Rent Burdened	% Severely Rent Burdened
Extremely Low-Income	1.27	90%	80%
Very Low-Income	.95	87%	51%
Low Income	1.11	65%	18%
All Lower-Income Renter Households (80% AMI and below) <b>Subtotal of above</b>	3.33	81%	51%
Moderate-Income	1.03	35%	4%
Above Moderate-Income	1.54	8%	0%
<b>All Renter Households Total</b>	<b>5.9</b>	<b>54%</b>	<b>30%</b>

Source: 2016 National Low-Income Housing Coalition tabulations of 2014 American Community Survey Public Use Microdata Sample (PUMS) housing file.

Housing-cost burden is experienced disproportionately by people of color. Figure 1.21 looks across all income levels in the State and shows that the percentage of renters paying more than 30 percent of their income toward rent is greater for households that identify as Black or African-American, Latino or Hispanic, American Indian or Alaska Native, or Pacific Islander, compared to renter households that identify as White. This may become an ever-greater factor in the need for affordable housing as population trends suggest that California will become increasingly diverse in the coming decades.

**Figure 1.21**  
**Housing-Cost Burden Is Distributed Unevenly Across Race and Ethnicity**  
Average Housing-Cost Burden by Race and Ethnicity 2009-2013



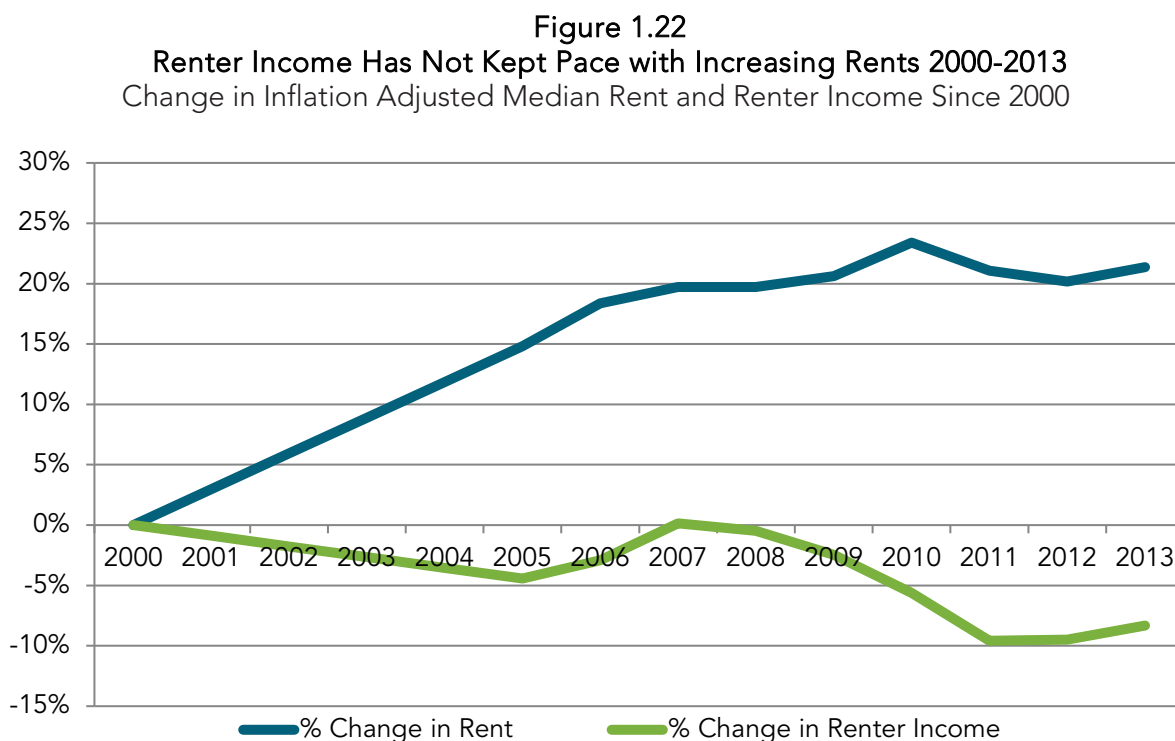
Source: HUD CHAS Data Sets based on 2009-2013 ACS. Graphic by HCD.

### The Growing Impact on Moderate-Income Households

Housing-cost burden (paying more than 30 percent of income toward housing) and severe, housing-cost burden (paying more than 50 percent of income toward housing) are near universal experiences for low-income renters, but in the highest-cost metropolitan areas, cost burden is rapidly spreading among moderate-income households. In the 10 metropolitan areas with the highest median-housing costs nationwide, 75 percent of renter households earning \$30,000–44,999 and half of those earning \$45,000–74,999, were experiencing housing cost burden in 2014.<sup>xxi</sup>

## Income and Affordability

Despite the economic recovery that has occurred since the recession, incomes, especially among renters, have not kept pace with housing cost increases.



Source: California Housing Partnership analysis of 2000 Decennial Census and 2005-2013 American Community Survey 1 year data. 2001-2004 are an estimated trend. Graphic recreated by HCD.

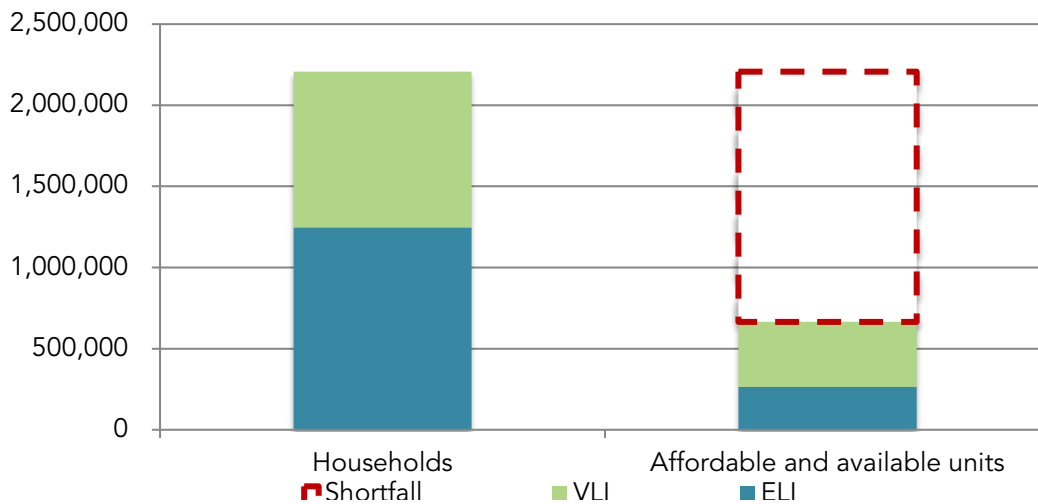
## Affordable Housing Gap Analysis<sup>xxii</sup>

Each year the National Low Income Housing Coalition (NLIHC) uses the American Community Survey data to evaluate the supply of rental housing affordable to all income levels, both market rate and deed restricted, across all 50 states. NLIHC compares housing stock, current pricing, and occupancy of that stock for each state against what the renter households living in that state earn and can afford to pay. The result is an annual gap analysis, which shows the shortage of affordable units for each income segment in each state.

Nationwide, the supply of affordable rental homes can only accommodate 31 of 100 renter households with extremely low incomes (ELI); California's supply of affordable rental homes can only accommodate 21 of every 100 ELI households. The NLIHC Gap Analysis shows a shortfall of 1.5 million homes in California that are available at rents affordable to ELI and very low-income (VLI) households.



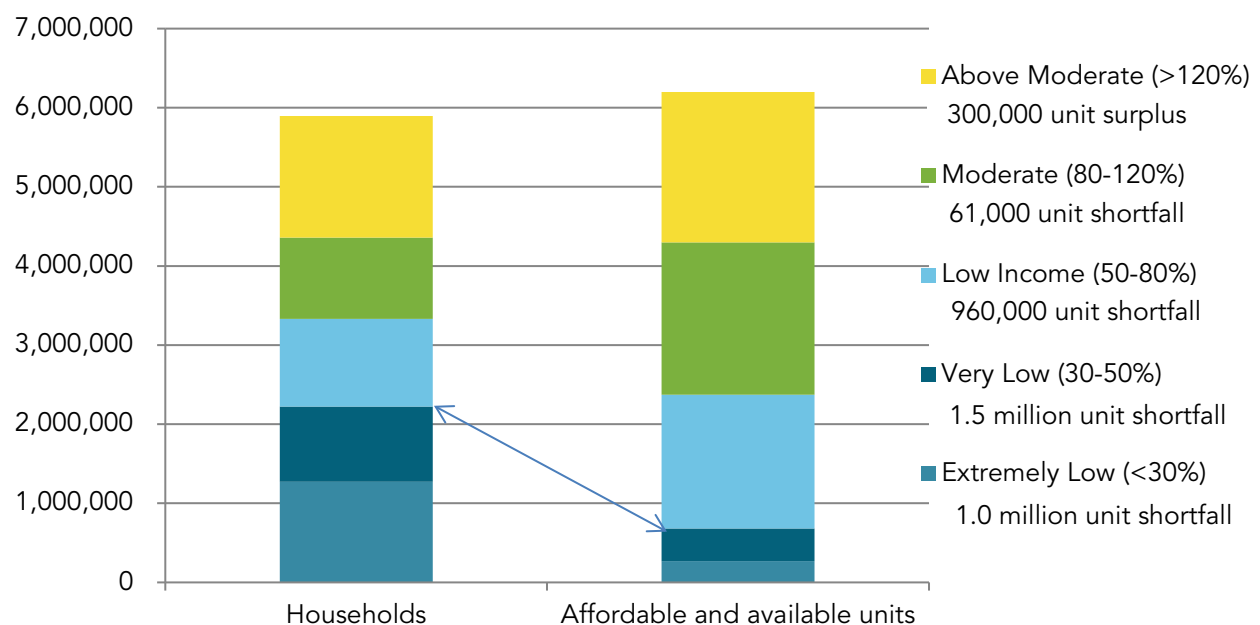
**Figure 1.23**  
1.5 Million Shortfall of Rental Units Affordable and Available to Very Low- and Extremely Low-Income Renter Households in California



Source: 2016 National Low Income Housing Coalition tabulations of 2014 American Community Survey Public Use Microdata Sample (PUMS) housing file. Graphic created by California Housing Partnership.

California's high housing costs disproportionately affect extremely low- and very low-income households, but many low- and moderate-income households also have trouble renting a home at an affordable level. Figure 1.24 below shows the affordable and available unit data for all renter-household income levels.

**Figure 1.24**  
Rental Housing Falls Short at All Income Levels, Except Above Moderate  
Comparison of Households and Affordable and Available Units in California



Source: 2016 National Low Income Housing Coalition tabulations of 2014 American Community Survey Public Use Microdata Sample (PUMS) housing file. Graphic by HCD.

## Total Number of Regulated, Deed-Restricted, Affordable Units in California

When housing rents or purchase price is made affordable to a certain income level, the housing is regulated by a use-restriction, limiting the price and occupancy to lower-income households for a period of time (generally 30 to 55 years).

The California Housing Partnership Corporation (CHPC), a State-created nonprofit dedicated to the preservation of affordable homes, estimates that the number of deed-restricted multifamily affordable units in California is 478,654<sup>xxiii</sup> out of 4,270,215 total multifamily units in the State.<sup>xxiv</sup>

Portions of these housing units are at-risk of losing their affordability restrictions and converting to market-rate once their subsidy contracts or regulatory agreements expire. For the people currently living in housing and paying an affordable rent, this means they may lose those affordability protections and have to pay market rents or move away. Potential conversion of affordable units to market-rate units is an ongoing and critical statewide problem.<sup>xxv</sup> Over the next decade, project-based rental assistance contracts covering thousands of affordable apartments in California will expire without assurance of renewal, potentially ending the subsidies that ensure affordable housing for thousands of low-income households in the State.

### Project-Based Rental Assistance

Assistance available only for lower-income residents provided they live *within a specified building*.

### Tenant-Based Rental Assistance

Assistance available only for lower-income residents that can be used *at any building* that accepts the voucher.

As shown in Table 1.2, from 2016-2021, 31,515 apartments in 499 properties statewide are at-risk of conversion to market rate. Without assistance, this affordable housing will be lost, further reducing the already extremely limited affordable housing supply.

Table 1.2  
Expiring Rental Assistance Contracts 2016-2021

RENT SUBSIDY RISK LEVEL	Contract Expiration	Properties with At-Risk Units	Total Units in Properties	At-Risk Rent Assisted Units (Project Based)
At-Risk	Within 5 years	499	35,785	31,515
Very High Risk	Within 1 year	266	15,471	12,866
High Risk	2-5 years	273	20,314	18,649
Moderate Risk	5-10 years	70	5,760	5,251
Low Risk	Over 10 years	1,209	91,814	80,948
Total		1,778	133,359	117,714

Source: Annual At-Risk Analysis, California Housing Partnership, April 2016

Rehabilitating existing homes and preserving affordability by putting in place or renewing affordability protections (use- or deed-restrictions) carries substantially lower costs than building new affordable homes. Given limited resources for new, affordable-home construction, preservation and rehabilitation of existing homes is an important tool to increase access to housing affordable to lower-income households. Preserving housing opportunities in areas close to transit, jobs, high-performing schools, and services helps prevent displacement of existing residents and increases access to opportunity for low-income households that might not otherwise be able to afford to live in these locations.

### **Housing and Transportation Affordability**

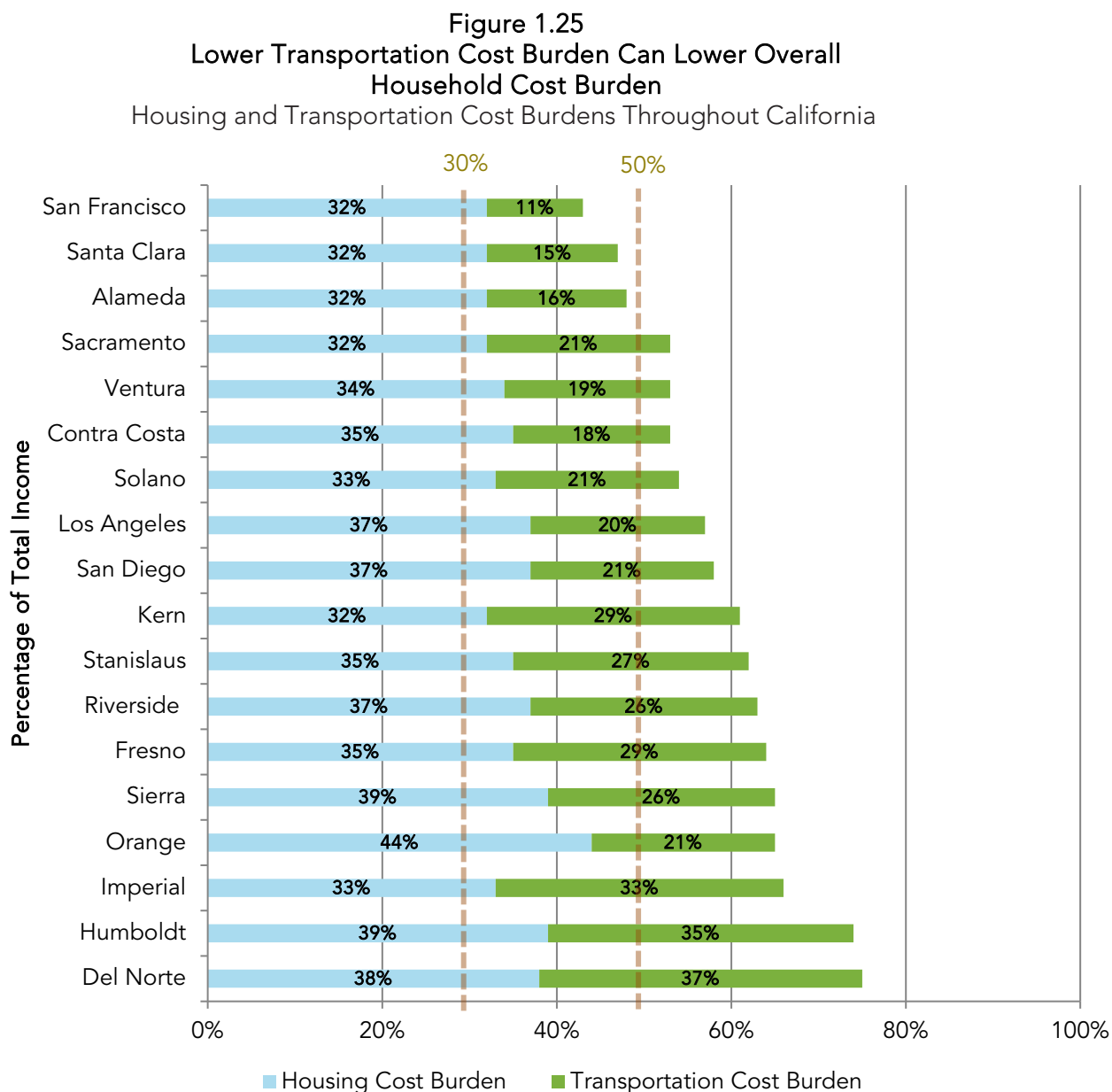
As discussed earlier, housing affordability is recognized as paying no more than 30 percent of income toward housing costs. However, it is also helpful to examine the cost implications of the second-largest household expense, transportation.

The Center for Neighborhood Technology developed a Housing and Transportation Affordability Index (H+T Index) that has been widely used to examine housing and transportation costs, as well as transportation behavior in different community contexts.

Travel demands are determined by where people choose to live, but also by where they can afford to live. The proximity of jobs and services, density, and the availability of public transportation are among the factors that can affect the need for automobile travel and thus transportation costs. In certain communities, higher housing costs can be mitigated by lower transportation costs when less automobile travel is required, and conversely a household seeking more-affordable housing costs by living further away from jobs and services may face higher transportation costs that increase its combined housing and transportation cost burden.

Figure 1.25, based on the H+T Index, shows the average percentage of income spent on housing for selected counties, with lower overall cost burdens aligning with more transit-accessible areas. By looking at costs as a percentage of income, the index allows comparisons across counties with differing average incomes and cost-of-living standards. However, that also means the lower cost burdens shown here are the result of both lower transit costs and higher overall incomes associated with more urbanized areas.

Unlike housing affordability, which is widely accepted as paying no more than 30 percent of income towards housing costs, there is no official affordability definition for housing and transportation costs combined. However, there are discussions about defining a combined affordability threshold at 50 percent of income. Figure 1.25 shows both a 30 percent and 50 percent threshold to demonstrate that in this prototypical sampling of California counties, no jurisdiction has a housing cost burden below 30 percent of income; and almost no counties have a combined housing and transportation burden below 50 percent of income.



Source: Center for Neighborhood Technology, Housing and Transportation Index, Average Percent of Income Spent on Housing and Transportation for Selected Counties. Graphic by HCD.

When total costs are evaluated, as in Table 1.3, rather than costs as a percentage of income, the H+T Index still shows that lower transportation costs can have a significant impact on overall household costs. For example, San Francisco has an average annual transportation cost of \$8,919, which is \$5,352 lower than the average annual transportation costs for a household in Solano. In this case, the lower transportation costs in San Francisco actually offset the high housing costs. However, for other counties, such as Fresno and Del Norte, lower-cost housing, even coupled with high transportation costs, still results in a lower overall housing and transportation total.

**Table 1.3**  
**Average Annual Housing and Transportation Costs Throughout California**

County	Total Annual Housing and Transportation Costs	Annual Housing Costs	Annual Transportation Costs
Santa Clara	\$42,919	\$29,364	\$13,555
Alameda	\$37,119	\$24,708	\$12,411
San Diego	\$36,563	\$23,544	\$13,019
Solano	\$36,279	\$22,008	\$14,271
Los Angeles	\$34,276	\$22,152	\$12,124
San Francisco	\$33,975	\$25,056	\$8,919
Stanislaus	\$30,799	\$17,280	\$13,519
Fresno	\$29,121	\$15,792	\$13,329
Del Norte	\$28,714	\$14,556	\$14,158

Source: Center for Neighborhood Technology, Housing and Transportation Index, Average Annual Housing and Transportation Costs for Selected Counties. Note: Housing Costs are based on 2013 American Community Survey data, and costs in most counties have continued to increase since the publication of that data.

## Challenges

As California seeks to promote a housing market that is more accessible, affordable, equitable, and sustainable, the State must be deliberate about understanding the diverse needs of Californians, the State's role in housing markets and assistance, and the tradeoffs inherent in the diverse policy options at its disposal. This is reflected in the following five major challenges evidenced through the analysis provided above, as well as information contained in the following appendices to this report:

- Appendix A — California's Diverse Needs: examines the specific housing needs of certain special population groups and briefly examines how housing challenges can be addressed across California's diverse areas.
- Appendix B — Land Use Planning and Policy's Influence on Housing Development: examines land use planning and development policies which can greatly influence California's ability to provide an adequate supply of housing and encourage land use patterns that support infill development.
- Appendix C — Housing and Community Development Production, Preservation, and Financial Assistance Programs: examines direct financing available to support the construction and preservation of affordable housing development as well as financial assistance directly to renters and owners through a variety of federal, State, and local resources.

### Challenge 1. Housing supply continues to not keep pace with demand.

California needs at least 1.8 million homes to address household growth from 2015 to 2025. State housing and planning law encourages housing development that also helps the State meet its sustainability goals (developing inward and more compactly, close to jobs, transit, and services), and encourages the development of housing that is affordable to Californians at a range of income levels. While the State can require that local governments plan to meet housing needs and offer incentives to build housing, we continue to fall short on what actually gets built.

Every eight years by law,<sup>6</sup> future housing needs are determined for each region of the State based on growth over a specific period of time (projection period) through the Regional Housing Need Allocation (RHNA) process. The RHNA process uses projected population growth to determine housing and affordability needs relative to household incomes, and provides estimates of how many new units are needed to meet those needs. Regional governments distribute this regional housing need to local governments who must develop a plan (housing element of the general plan) to accommodate the additional housing growth.

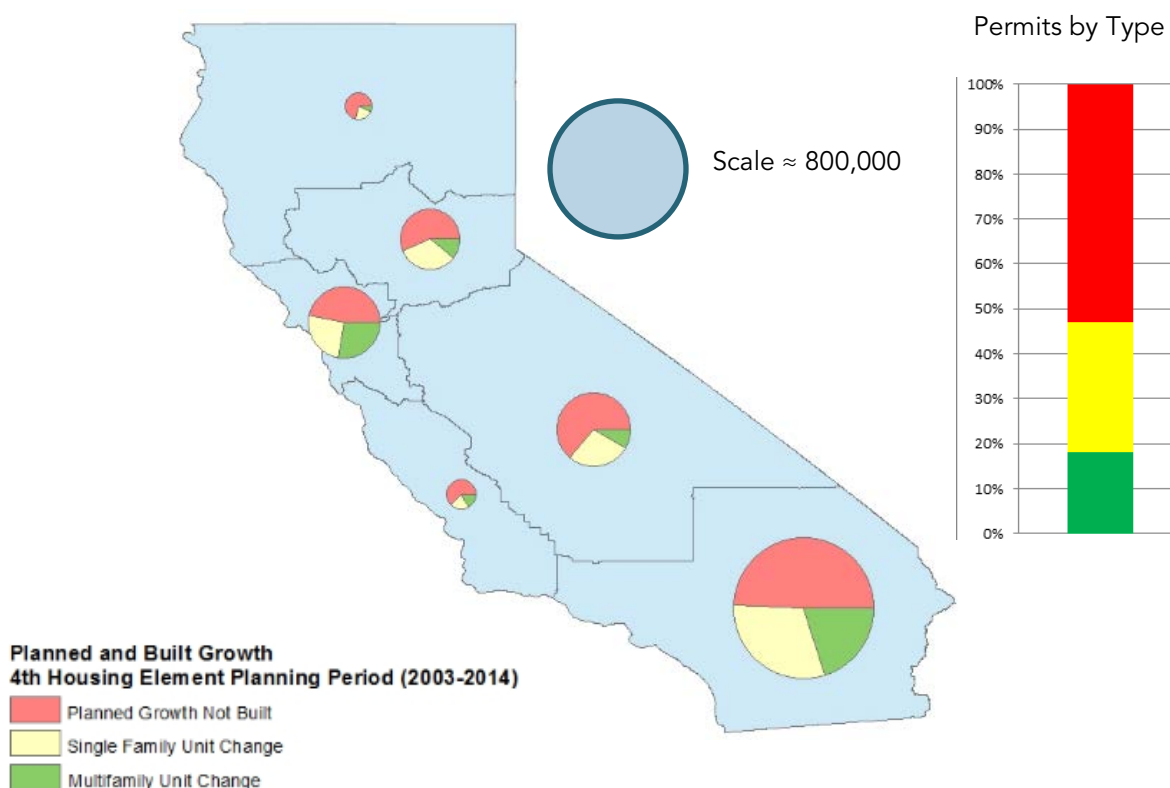
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<sup>6</sup> Government Code section 65800

## Challenges

As seen in Figure 2.1, during California's most-recent "Fourth-Cycle" Projection Period (2003-2014) not one region built enough housing to meet its regional need. For example, of the two most populous regions in the State, the Southern California Association of Governments region produced 46 percent and the Association of Bay Area Governments produced 53 percent of their respective regional needs. Statewide, 47 percent of the housing required to meet projected need was constructed during this time-period.

**Figure 2.1**  
**All Regions Have a Shortfall in Meeting Production Goals**



Sources: HCD Regional Housing Needs Allocations; DOF ES Population and Housing Estimates for Cities, Counties, and the State; E8 Historical Population and Housing Estimates for Cities, Counties, and the State; Graphic by HCD.

## Challenges

The low percentage of housing construction compared to the need is especially true for housing affordable to lower-income households. Figure 2.2 shows, for the most-recent projection period, the projected housing need for lower-income households compared to the net change in deed-restricted affordable homes. New home production falls short for all income segments, but is lowest for deed-restricted homes that serve lower-income households.

**Figure 2.2**  
**Home Production Is Lowest for Lower-income Households<sup>7</sup>**



Sources: HCD Regional Housing Needs Allocations 4<sup>th</sup> Cycle Housing Element (2003-2014); DOF E5 Population and Housing Estimates for Cities, Counties, and the State; E8 Historical Population and Housing Estimates for Cities, Counties, and the State; TCAC Mapped Developments.

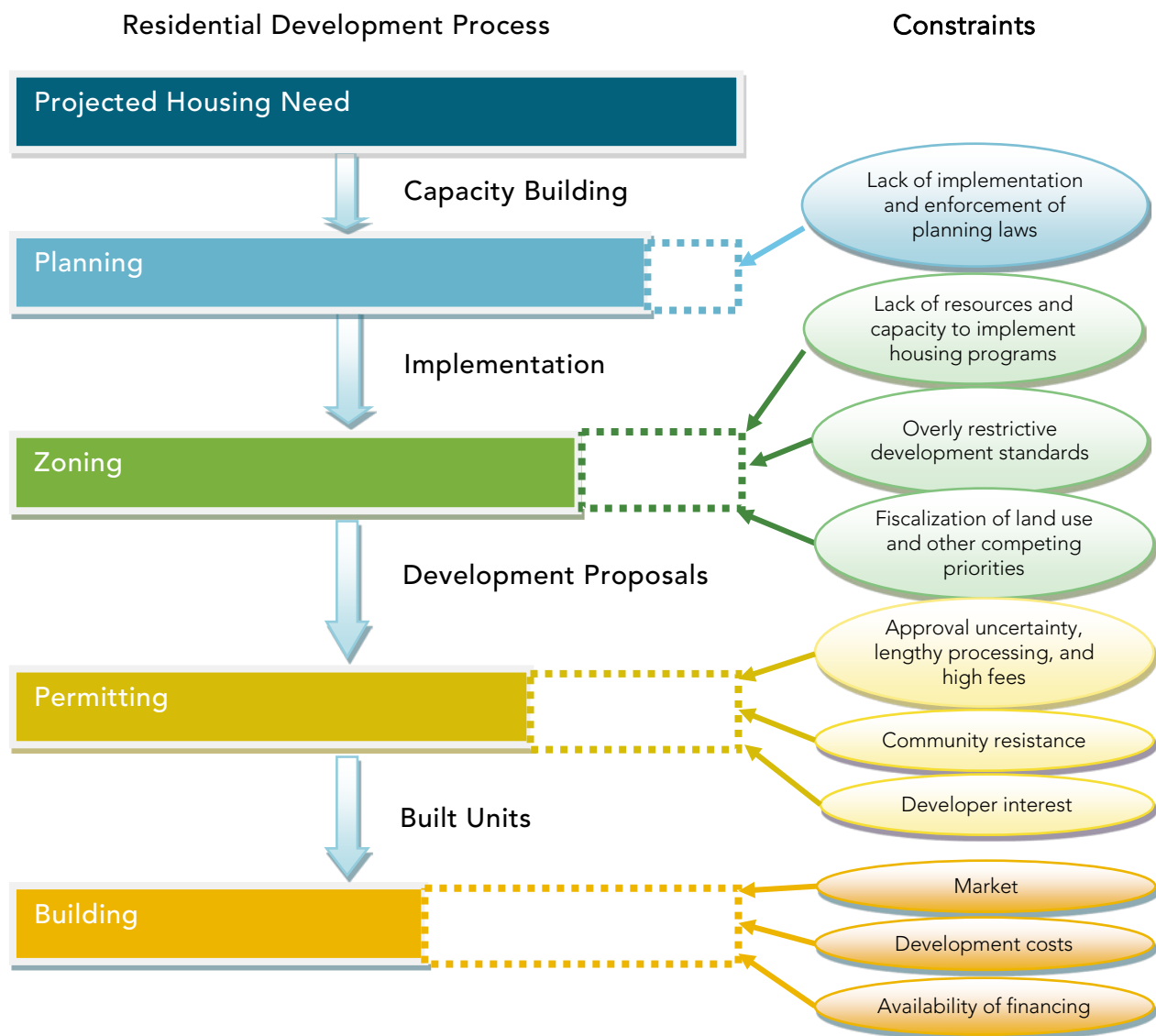
Barriers and constraints (such as lengthy development review, lack of certainty at the local level of where and what is economically and politically feasible to build, and local opposition) impact the type, quantity, and location of housing built. Often these barriers delay, or prevent new home development. Local governments do not permit enough housing to meet their need, in part because they face competing priorities throughout the development process, including community opposition, incentives to approve sales-tax generating development (like retail stores or entertainment venues) rather than residential development, and market conditions (such as limited access to predevelopment financing and high land and construction costs). These competing priorities can constrain housing production at any, or all, stages of the planning and development process. In addition, lack of enforcement of State housing laws limit the effectiveness of existing tools intended to guide housing development.

<sup>7</sup> Note: In this figure deed-restricted units created with public financing sources are used as a proxy for the number of low-income units produced during this time period. Local inclusionary units and non-deed restricted homes affordable to lower-income at initial sales or rental are not included in this total due to lack of statewide data. Comparisons with San Diego Association of Governments and Association of Bay Area Governments regional data show total actual affordable units produced during this time show up to twice the affordable units produced depending on local inclusionary policies.



Figure 2.3 below shows the five stages of the residential planning and development process in California. Constraints at each stage compound to create a large gap between projected housing need and amount of housing built. Figure 2.4 shows further detail on the constraints at each stage that deter the State's ability to meet its projected housing need.

**Figure 2.3**  
**Constraints Create a Gap Between Planned Capacity and Built Units**



**Figure 2.4**  
**Barriers and Constraints to Housing Development**

TYPE OF CONSTRAINT	CONSTRAINT
PLANNING PHASE	
Implementation and Enforcement of Planning Laws	Tension between State and local control
	Enforcement of State law
	Community resistance to growth and change
	Inadequate capacity and resources at a local level to complete plans
	Weak General Plan and housing program implementation
ZONING PHASE	
Competing Priorities	Local revenue generating mechanisms that favor nonresidential development
	Tensions between the need for transportation corridor or transit-oriented development (TOD) and health effects from exposure to poor air quality/pollutants
	Development standards that impact supply and cost of housing
PERMITTING PHASE	
Processes and Standards	High impact fees
	Lack of implementation of housing programs
	Multiple levels of discretionary review
Community Opposition	Community resistance to new affordable housing
	Environmental permit process reviews, which can be used to stop, or limit, housing development for various reasons
	Calls for preservation of character that raise development standards, limit density, etc.
	Referendums and requirements for voter approval
BUILDING PHASE	
Market Conditions	Limited access to predevelopment financing
	Weak market conditions
	High land and construction costs
	Public subsidies inadequate/declining

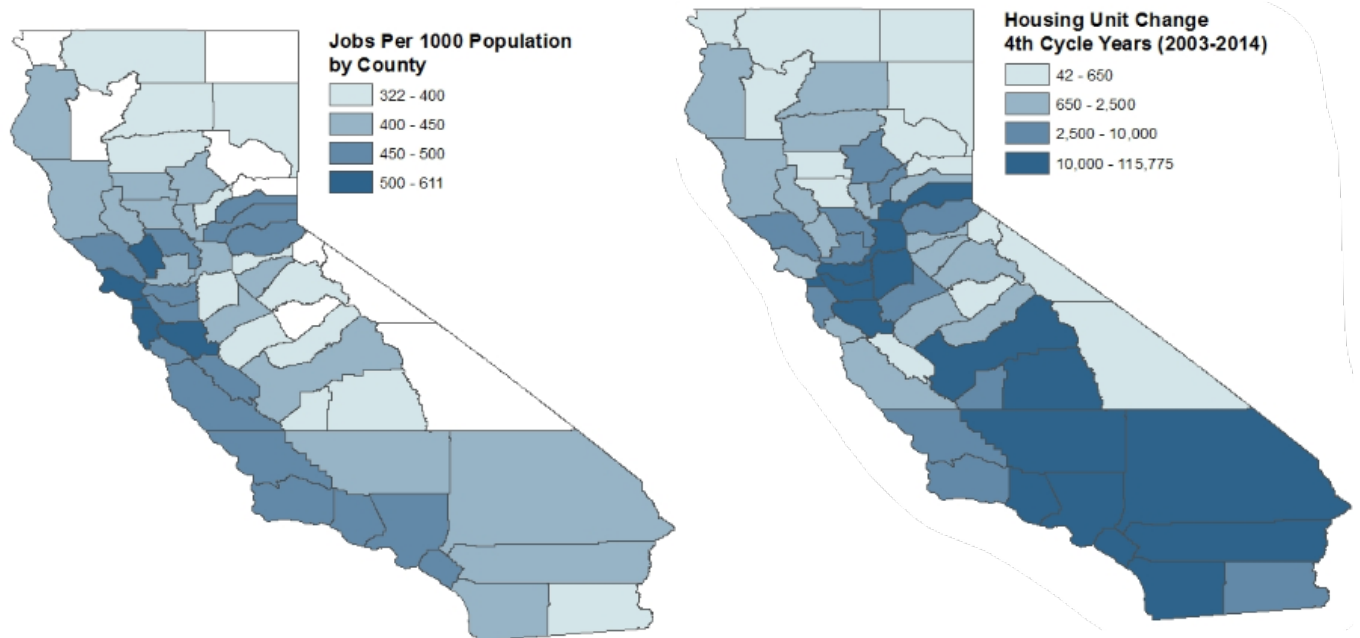
## Challenge 2. High housing growth is expected in communities with environmental and socio-economic disparities.

Many California residents live in areas characterized by low-investment, social and economic problems, and lack of infrastructure. As a result, California has determined that these areas need special attention to increase opportunities and improve conditions. The term “disadvantaged community” is a broad term that refers to areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, as well as lower-economic investment and opportunity. Increasing opportunities and improving conditions in these communities is especially critical for long-term childhood outcomes. Studies show that a child’s adulthood earning potential is reduced every year a child grows up in neighborhoods of poverty in comparison to children who reside in better neighborhoods.<sup>xxvi</sup> In addition, families that live in areas of concentrated poverty have less economic mobility and have difficulty escaping poverty as adults.<sup>xxvii</sup>

There is a mismatch between the State’s high-cost urban and coastal communities, where jobs and services are concentrated, and where housing production has occurred during the last 10 years. Limited production in the urban and coastal communities leaves most of the State’s housing production in the inland counties. Figure 2.5 demonstrates the mismatch between job availability and where past housing production occurred. The land use decisions of the State’s areas of greatest opportunity affect the economic mobility opportunities for the rest of the State if California continues these growth trends, the inland and disadvantaged communities will continue to see high household growth during the next 10 years. Figure 2.6 illustrates future household growth based on current trends, including the continued lack of housing in areas of opportunity, which results in the greatest household growth occurring in disadvantaged areas.

Figure 2.5 shows counties with high job availability as measured by total jobs per 1,000 residents and where housing unit growth occurred from 2003-2014.

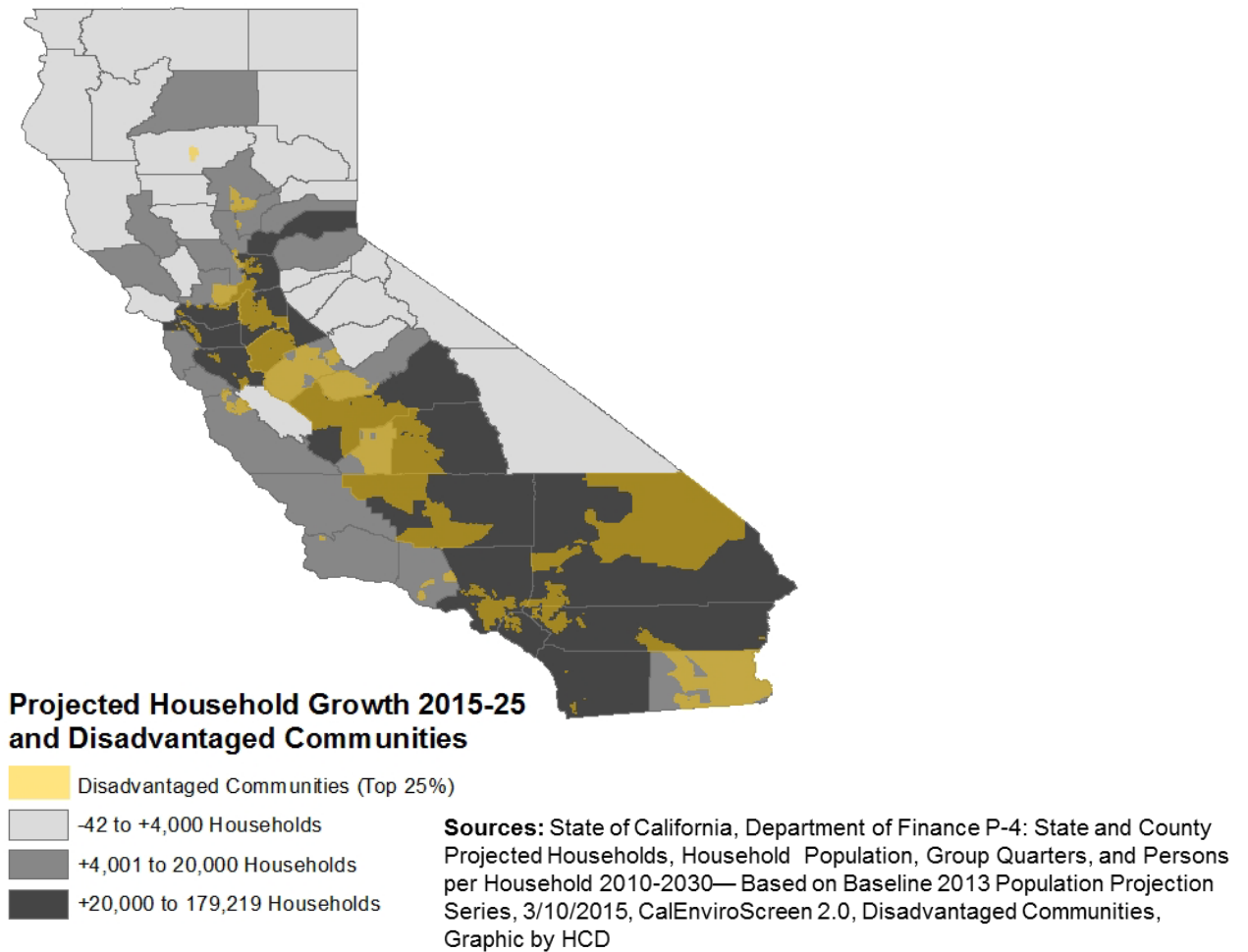
**Figure 2.5**  
Past Housing Production Lower in Counties with High Job Availability



Sources: Population: U.S. Census Bureau, Population Division, 2015 Population Estimates; Labor Force Estimates: State of California Employment Development Department 2015 Labor Force by County, note counties with labor forces under 10,000 were excluded from the map. DOF E5 Population and Housing Estimates for Cities, Counties, and the State; E8 Historical Population and Housing Estimates for Cities, Counties, and the State.

Figure 2.6 shows projected household growth by county overlaid with communities identified as in the top 25 percent most disadvantaged by CalEnviroScreen 2.0.

**Figure 2.6**  
**Projected Household Growth Is High in Counties with Disadvantaged Communities**

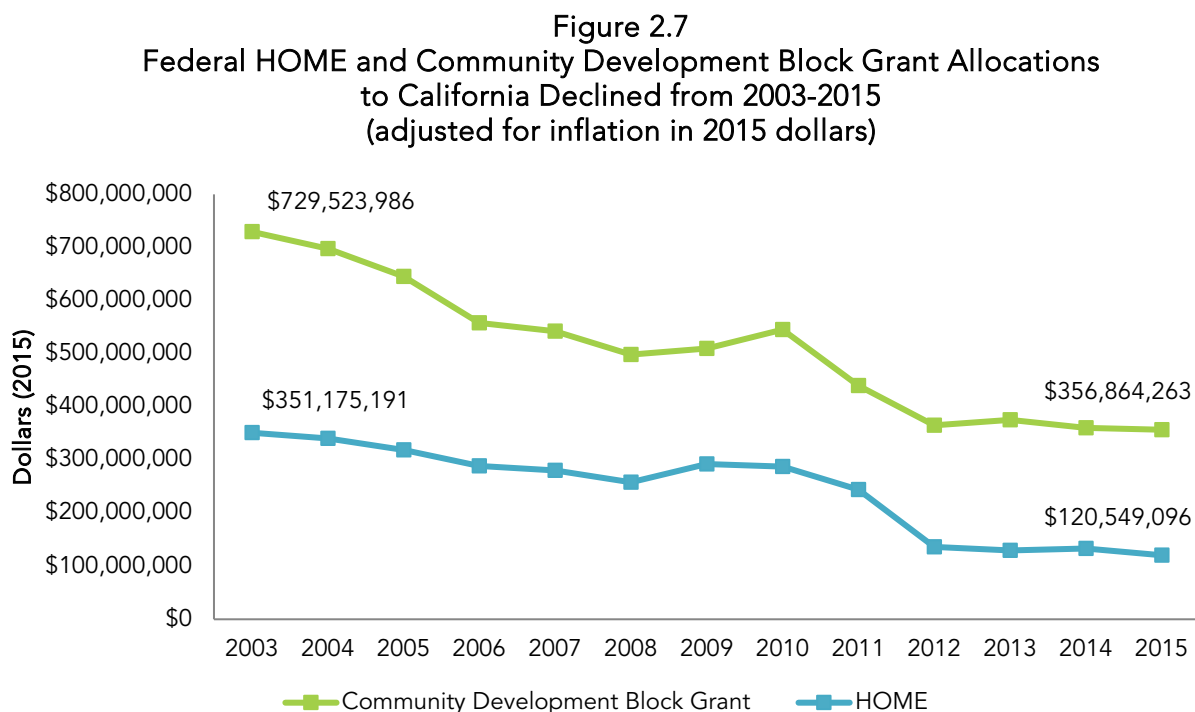


### Challenge 3. Unstable funding for affordable-home development is impeding our ability to meet California's housing needs, particularly for lower-income households.

To address housing needs, California must be able to plan for ongoing, sustainable development. Unstable funding makes it difficult to plan for new, affordable development and limits housing-production efficiency over time. Funding uncertainty also makes it difficult to identify and separate the cost impacts of location, construction, fees, and program requirements, and which cost drivers, if any, can be reduced without compromising program outcomes.

Even with important changes in land use policy to remove barriers and increase supply, a large number of Californians will always remain priced out of both the ownership and rental housing market. Public investment in housing programs will remain necessary to meet the needs of those who struggle most to keep roofs over their heads.

Figure 2.7 shows the decline in federal HOME and Community Development Block Grant funding to California between 2003 and 2015. Funding levels across other federal housing programs generally trended downward over this period.



Source: 2003-2015 Budget of the United States Government – Analytical Perspectives – California Actual Funding Public Housing Operating Fund and Public Housing Capital Fund. Inflation adjustment to 2015 dollars using Bureau of Labor Statistics Consumer Price Index 2003-2015. Graphic and inflation adjustment by HCD.

## Challenges

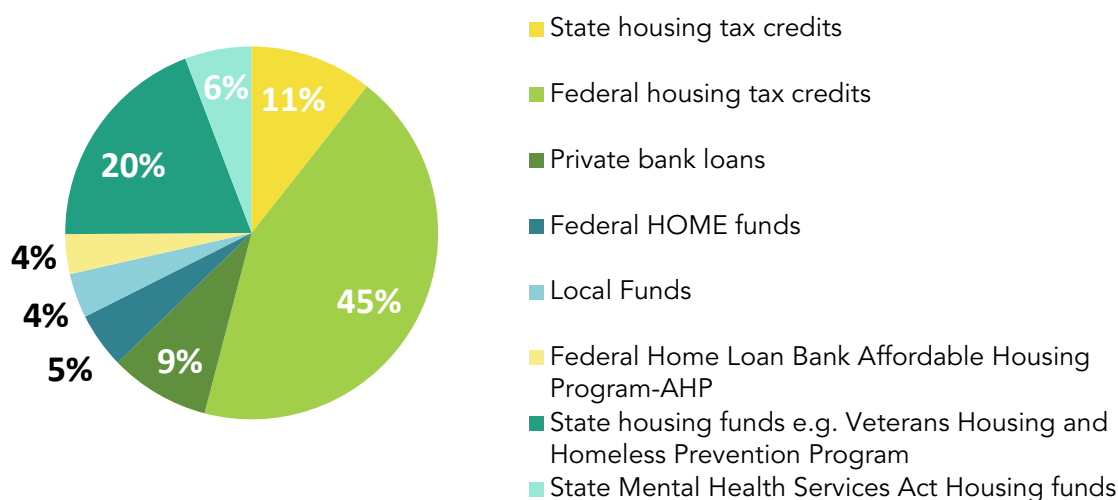
State funds have fluctuated as well, but have experienced some recent gains. For example:

- ✓ \$600 million in existing bond authority approved by voters through Proposition 41 to provide multifamily housing for veterans experiencing homelessness.
- ✓ 20 percent of Greenhouse Gas Reduction Fund revenues to fund the Affordable Housing Sustainable Communities Program, with at least half of the funds for affordable housing. Program available through 2020.
- ✓ \$100 million investment in the 2014-2015 Budget Act from the General Fund for the Multifamily Housing Program (MHP) and MHP Supportive Housing.
- ✓ \$2 billion in bonds to establish the “No Place Like Home” program in 2016 to fund permanent supportive housing for Californians experiencing homelessness and mental illness.

At the local level, some jurisdictions are also setting aside funds for affordable housing through bond measures, tax measures, and newly developed tools, such as Enhanced Infrastructure Financing Districts and Community Revitalization and Investment Authorities, to provide additional opportunities for local governments to support affordable housing goals with much needed funding.

Rarely does any single housing program provide sufficient resources to fund a complete development. Therefore, developers must apply for, and receive, funding from multiple programs and address each program’s overlapping policy goals along the way. Applying for, and securing, many layers of funding can add substantially to the time and difficulty it takes to start production. Scarce resources for housing bring even more attention to the need to control costs, and the effect of having to layer funding from multiple sources (among other issues that could impact costs) is being examined by the State’s housing agencies. Policies that speed up the development process, reduce excessive parking requirements, and limit unnecessary regulatory cost can help control costs and maximize public funding.

**Figure 2.8**  
**Sample Funding Mixes for Affordable Multifamily Developments**



Source: Examples based on actual development financing; percentages subject to change prior to Final Statewide Housing Plan as more sample developments are reviewed. Graphic by HCD.

## Challenge 4. People experiencing homelessness and other vulnerable populations face additional barriers to obtaining housing.

The availability of affordable homes is an important part of addressing California's housing needs, but many households bear additional challenges. For example, people exiting homelessness may not have the credit or rental history required to rent an apartment (even if they have financial assistance), or they may need a variety of services to help them transition into and stabilize their lives.

Both overt and subtle discrimination, inadequate accommodations for people with disabilities, lack of transportation access, and stringent financial requirements and background checks are among the barriers that prevent many people from finding an affordable place to live. For example, studies show that persons with disabilities are more likely to experience discrimination when seeking housing compared to other protected classes.

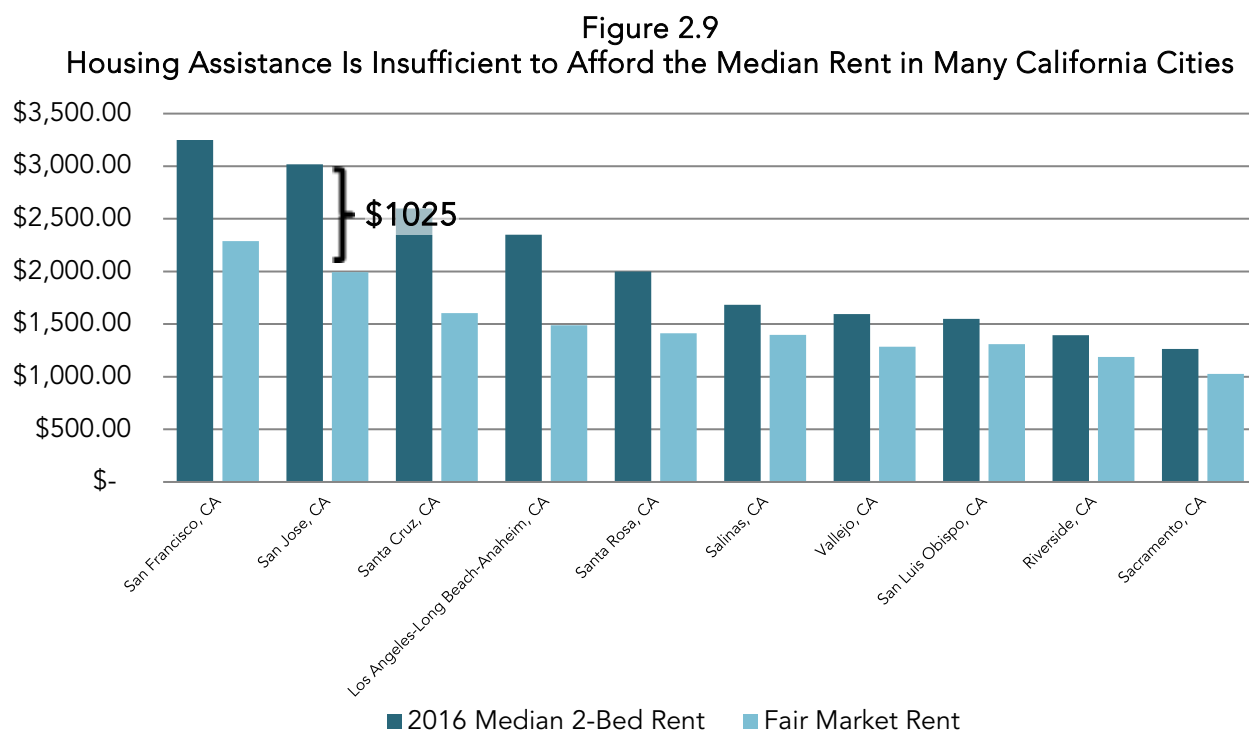
In California, 41 percent of the discrimination complaints received by the California Department of Fair Employment and Housing and the U.S Department of Housing and Urban Development were filed by people who felt discriminated against due to their disability.<sup>xxviii</sup>



## Challenges

Even with federal Housing Choice Vouchers that assist with rent, many households are still unable to find affordable homes. In many high-cost markets, the amount of rent a federal Housing Choice Voucher will cover is capped based on the Federal Housing and Urban Development (HUD) Fair Market Rent, which can fall significantly below the market rent. This, combined with too few available rentals and landlords who are unwilling to accept vouchers at all is exacerbating the problem.

Figure 2.9 compares for cities throughout California, the rent levels at which households can use Housing Choice Vouchers (HUD Fair Market Rents) to the median rents for two-bedroom apartments in 2016. In all of these cities, households receiving housing assistance cannot access the median apartment. In San Jose, for example, the median rent is more than \$1,000 higher than the level at which households can use vouchers.



Sources: 2016 Fair Market Rents – HUD, 2016 2-Bedroom Median Rents -- Zillow

### Challenge 5. Affordable housing has far-reaching policy impacts that benefit the quality of life in California, including health, transportation, education, the environment, and the economy.

When Californians have access to safe and affordable housing they have more money for food and health care, they are less likely to become homeless and need government subsidized services, their children are apt to do better in school, and their businesses do not have as hard a time recruiting and retaining employees. Housing programs can be used as a platform to achieve multiple policy goals, for example, California's Veterans Housing and Homelessness Prevention program connects the needs of veterans and people experiencing homelessness, and providing homes and supportive services for formerly homeless populations has been shown to improve health outcomes and reduce local and State health care spending. Another example is the state's Affordable Housing and Sustainable Communities program, which connects housing with environmental and transportation goals. Increased collaborations across these sectors to share knowledge and leverage resources can improve housing programs while providing multiple benefits to the State.

Consequences for the lack of housing choices and high housing costs can be summarized into the categories of overpaying (paying a higher percentage of income toward housing costs when only unaffordable options remain), over-commuting (when households need to move further from job and community centers in search of lower housing costs), and overcrowding (sharing space at a rate of more than one resident per room to reduce housing costs).<sup>8</sup>

#### Overpaying

When Californians are forced to pay a higher percentage of income toward housing costs because they only have unaffordable options, it can have a broad impact on the overall quality of their lives and the lives of their families. California's economy can also suffer.

#### *Educational Consequences*

Without access to, and supply of, sufficient affordable housing, many individuals are forced to live in substandard accommodations or move more frequently. Both substandard housing conditions and frequent moves are negatively correlated with children's academic performance. Frequent moves also disrupt the social connections among children, parents, and teachers that have been linked to educational success.<sup>xxx</sup> These negative consequences are particularly significant for homeless children. Research suggests that homeless children are more likely to be absent from school, repeat a grade, drop out, and perform poorly on standardized achievement tests.<sup>xxx</sup>

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<sup>8</sup> Much of the research for this section was previously gathered and cited for the 2014 California Affordable Housing Cost Study.

### *Health Consequences*

High housing costs impact the health of families. For example, families tend to shift their spending away from paying for health insurance and health care in order to cover basic necessities.<sup>xxx</sup> Lack of safe and sanitary shelter, homelessness, and housing insecurity are associated with a variety of poor mental and physical health outcomes. Homeless children are more vulnerable to developmental delays, depression, and mental health problems. Families with high portions of household income spent on rent or mortgages are often unable to afford nutritious food. Adequate nutrition is especially critical for both physical and mental child development.<sup>xxxii</sup>

While access to affordable housing can free up funds for other necessities and improve health outcomes for individuals and families, an emerging field of research is examining how affordable housing can also impact government social-services spending. A recent study in Oregon found that after people moved into affordable housing, costs to health care systems decreased along with an increase in care quality and access.<sup>xxxiii</sup> A pilot project in Los Angeles County, called Project 50, targets people who are high-risk and experiencing chronic homelessness and places them into affordable housing paired with social services. After the first year of program tracking, the County saw marked declines in incarceration and medical services and a decline in total service use. With these cost savings the County calculates that Project 50 generated a surplus of \$4,774 per program participant per year.<sup>xxxiv</sup>

### *Migration and Employment Consequences*

California is an attractive place to live and work, but housing costs affect the ability of families to stay in or migrate to California, with consequences for the State and national economy. McKinsey Global Institute estimates that California's housing shortage costs between \$143 billion and \$233 billion per year in lost economic output primarily from consumption that is crowded out by housing costs and lost construction activity.<sup>xxxv</sup> According to models by Chang-Tai Hsieh and Enrico Moretti, if high productivity cities across the United States, such as San Francisco and San Jose, relaxed their housing and land use restrictions to the level of the median American metropolitan area, U.S. productivity would increase by roughly \$1.4 trillion.<sup>xxxvi</sup>

In June 2015-2016, 61,100 more people moved out of California than moved in. According to the U.S. Census Current Population Survey, those moving out of the State listed housing as one of the most common factors, behind only family and job concerns.<sup>xxxvii</sup> The lack of housing has consequences for businesses trying to recruit and retain employees. In a 2014 survey of more than 200 business executives conducted by the Silicon Valley Leadership Group, 72 percent of the executives cited "housing cost for employees" as the most important challenge facing Silicon Valley businesses and "employee recruitment and retention" as the second-most frequently identified challenge.<sup>xxxviii</sup>

### Over-Commuting

When households of any income level live near transit and job centers they drive less.<sup>xxxix</sup> But it is becoming harder for them to afford housing near these locations. Housing near transit is in high demand, and rents and property values near transit are 10-20 percent higher on average than similar homes further from transit.<sup>xl</sup> Modeling and analysis by the California Legislative Analyst's Office "suggests that California's high housing costs cause workers to live further from where they work, likely because reasonably priced housing options are unavailable in locations nearer to where they work."<sup>xli</sup> When households move further from job- and transit-rich areas to find more affordable homes, they encounter consequences in the form of higher transportation costs and commute times. Beyond the individual consequences for households, there are societal consequences including greater pollution and greenhouse gas emissions and decreased productivity due to longer commutes.

### Overcrowding

California has the second highest percentage of overcrowded households of any state.<sup>xlii</sup> Overcrowding is one way struggling families address high housing costs, but overcrowding results in serious, negative impacts on Californians' physical and mental health. Because of greater exposure to infectious diseases and daily stressors, people living in overcrowded homes have higher blood pressure and experience more psychological distress and feelings of helplessness.<sup>xliii</sup>

## Options for Addressing Housing Challenges

Most of the potential options that begin to address housing challenges fall into one of three broad categories:

- Reforming land use policies to advance affordability, sustainability, and equity.
- Addressing housing and access needs for vulnerable populations through greater inter-agency coordination, program design and evaluation.
- Investing in affordable home development and rehabilitation, rental and homeownership assistance, and community development.

The following options are meant to be viewed as a guide for discussion among key stakeholders and not as an exhaustive list. Indeed, any discussion of the options below is likely to produce additional potential strategies as ideas are exchanged.

### Reforming land use policies to advance affordability, sustainability, and equity.

#### Option — Increase the supply of housing affordable to all income levels by reducing the time and cost of development.

- Streamline permitting at the development stage with robust public engagement and environmental review early and upfront, during updates of general plans, community and specific plans, and zoning ordinance updates.
- Increase regional coordination in land use planning both within and across regions. Housing, transportation, and economic changes in one region impact neighboring regions. Improved inter-regional, state, and local coordination can lead to better local land use planning.
- Increase certainty for infill development consistent with local governments' General Plans and zoning, timelines, and costs by clarifying and increasing opportunities for streamlining permitting where applicable.
- Strengthen existing regulatory and entitlement tools for local governments, such as Density Bonus Law, Housing Accountability Act, and Mitigation Fee Act (i.e. promote use of fees based on square footage rather than unit type), to further incentivize increased supply, density, and affordability.
- Maximize use of State and local public surplus lands for affordable housing development.

**Option — Link housing production and other housing goals (e.g. sustainable and equitable development patterns) to incentives and investments.**

- Provide infrastructure and other non-housing benefits as a reward to jurisdictions that produce housing and set aside funding for affordable housing through local tools such as Affordable Housing Beneficiary Districts (AB 2031, Bonta), Enhanced Infrastructure Financing Districts, local sales tax increase, etc.
- Expand infill and density incentives in order to encourage local governments to increase zoning for infill and compact development.
- Include compliance with State housing laws as a requirement to receive competitive State resources.
- Strengthen State oversight of housing laws to improve local housing production performance at all income levels and accountability.

**Option — Encourage land use policies and investment that support community development.**

- Continue to incorporate strategies in State planning activities to build more homes in job-, transit- and amenity-rich areas of economic opportunity.
- Encourage local governments to avoid displacement and gentrification by preserving housing opportunities for low-income residents.
- Continuously evaluate State and local strategies to promote community resiliency and adaptation to climate change and natural disasters.
- Improve existing reporting, tracking, and analysis to measure progress in key areas, such as:
  - Production in comparison to need (Regional Housing Need Allocation).
  - Implementation of programs proposed in local planning documents.
  - Use of incentive tools, such as ministerial permitting, density bonus, parking reductions, fee deferrals and waivers, California Environmental Quality Act (CEQA) exemptions, etc.
  - Location of new housing relative to jobs centers, transit, high-performing schools, recreational areas, and services.
  - Development costs for affordable and market rate housing.
  - Local fees and exactions.

**Addressing housing and access needs for vulnerable populations through greater inter-agency coordination, program design, and evaluation.**

**Option — Increase coordination and collaboration between State and federal health, social service, and housing systems to better deliver services integrated with housing to vulnerable populations, including seniors, people with disabilities, farmworkers, tribal populations, and those experiencing, or at-risk of, homelessness.**

- Continue aligning State housing programs with best practices, such as the “housing first” model to address homelessness, and improvement in supportive services, particularly where it can result in increased draw of federal funds to California.
- Assist local entities in developing coordinated entry systems that prioritize housing for the hardest to serve, improve data collection and program evaluation, and put in place other systems that create high performance outcomes.

**Option — Invest in the construction of permanent supportive housing and ensure it reaches seniors and people experiencing chronic homelessness, and ensure consistent evaluation of programs.**

- Continually review the needs and input of vulnerable populations in the creation and implementation of programs, including physical design, program flexibility, and removing access barriers.
- Require outcomes reporting that identifies barriers facing local jurisdictions, including a special assessment to better access the needs and barriers facing vulnerable populations.
- Target technical assistance to communities based on identified barriers.
- Use Medi-Cal 2020—expanded benefits such as the Whole Person Care Pilot and Medi-Cal’s Health Homes Program, to flexibly deliver services that help vulnerable populations secure permanent supportive housing, and achieve greatest potential for cost savings and improved wealth outcomes.

## **Investing in affordable home development and rehabilitation, rental and homeownership assistance, and community development.**

**Option — Identify an ongoing source of funding for affordable housing that does not add new costs or cost pressures to the state's General Fund, but that does support and align with other State policy goals.**

- Funding should address housing rehabilitation, preservation, infrastructure, and community development needs in rural, suburban, and urban areas.
- Promote Fair Housing principles through current programs and identify strategies for future funding.

**Option — Encourage continued federal support.**

- Where possible encourage Congress to avoid further cuts to housing in the federal budget, and to grow existing and new programs, such as the HOME Program, the Low Income Housing Tax Credit, and the National Housing Trust Fund.
- Identify additional sources of federal funding and modify programs to incentivize bringing these resources to California. For example, incentivize the underused federal 4-percent tax credit by providing greater matching funding from State programs for developments that use 4-percent credits.

**Option — Increase program data collection and evaluation to reduce costs and improve programs.**

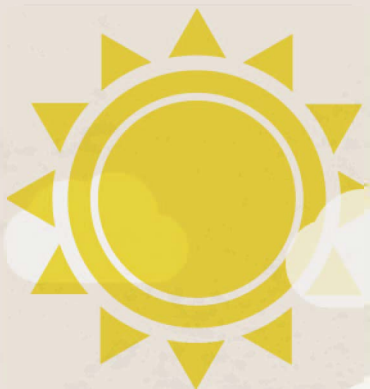
- Improve data collection and analysis, as well as availability of data to the public, the academic community, and across agencies, to better support implementation of program goals and evaluate program outcomes.
- Identify cost drivers and research opportunities to reduce complications, costs, and time in the interest of maximizing State investment.
- Create more consistency in guidelines and reporting requirements between housing agencies.



# Endnotes

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# California's Housing Future: Challenges and Opportunities

Public Draft - Appendices



## Appendix A: California's Diverse Needs

Housing needs vary across population groups and places, making one-size-fits-all policies difficult to implement and inefficient for meeting the diverse needs of all Californians. This appendix focuses on the specific housing needs of certain special population groups and briefly examines how they can be addressed across California's diverse areas.

### Vulnerable Populations

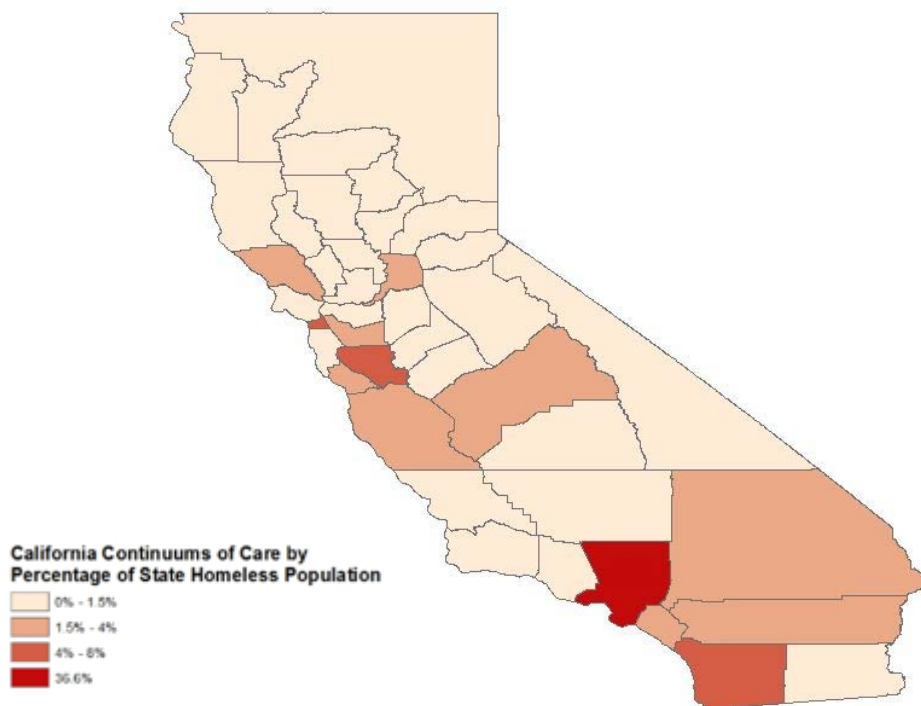
Housing costs and supply issues particularly affect certain vulnerable population groups that tend to have the lowest incomes as well as sometimes experience barriers to housing stability. These groups require targeted policy and programmatic responses. Such groups include persons experiencing homelessness, seniors, persons with disabilities, farmworkers, and tribal populations. It is important to note that California's special needs populations do not fit neatly into these categories; many people have multiple special needs. For example, persons with disabilities can also be chronically homeless, or certain tribal populations may also have specific housing requirements for older members.

#### *Persons Experiencing Homelessness*

This section highlights major demographic and housing issues for persons experiencing homelessness and the State's role in addressing the housing needs.

On a single night in 2016, more than 118,000 people experienced homelessness in California—22 percent of the entire nation's homeless population.<sup>i</sup> By comparison, California has 12 percent of the total population in the US. Most of California's homeless population resides in major metropolitan areas; however, homelessness impacts communities of all sizes and people experience homelessness throughout all regions of the State.

**Figure A.1**  
**One-Third of California's Homeless Population Is in Los Angeles County**



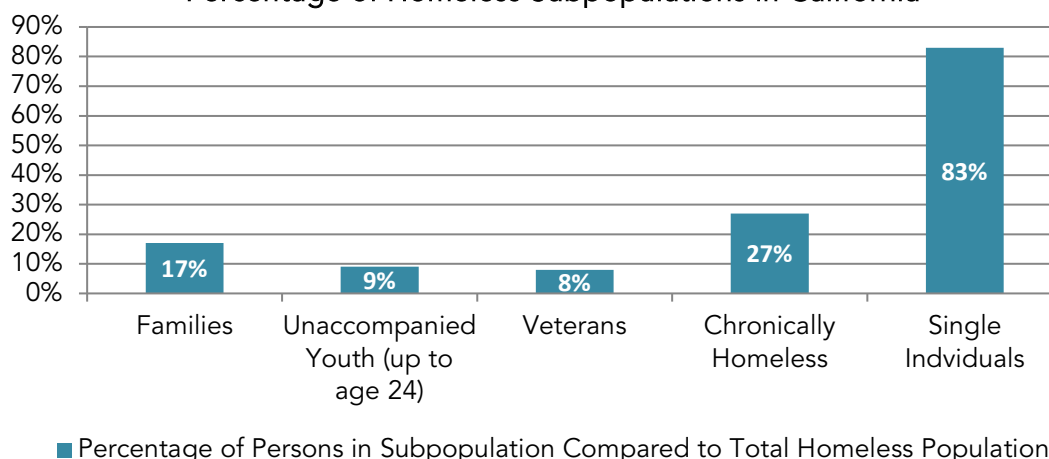
Source: 2016 Point-In-Time (PIT) Estimates of Homeless People by Continuum of Care  
<https://www.hudexchange.info/resources/documents/2007-2016-PIT-Counts-by-CoC.xlsx>. Graphic by HCD.

The Point-In-Time (PIT) estimates<sup>1</sup> and the Annual Homeless Assessment Report to Congress (AHAR), Part 1, provide useful information on homeless subpopulations, including individuals, families, unaccompanied youth, veterans, and people experiencing chronic homelessness. It is noted that the PIT estimate does not represent the total number of people who experience homelessness over the course of a year, which could be two to three times the PIT number. On a single night in 2016, single individuals made up 83 percent of California's homeless population, accounting for 28 percent of the nation's individuals experiencing homelessness, with 11 percent of the nation's homeless individuals living in Los Angeles alone. California also had the highest number of unaccompanied youth, veterans and chronically homeless in the United States, with nearly one-third of the nation's youth, nearly one-fourth of the nation's homeless veterans, and more than one-third of the nation's chronically homeless residents.<sup>ii</sup> In addition to the PIT estimates, HUD publishes annual estimates and characteristics of sheltered homeless persons (living in shelters, transitional housing, and permanent supportive housing) collected through local Homeless Management Information Systems (HMIS) in the AHAR, Part 2. Nationally, in 2015, this number was approximately 2.5 times the PIT estimate (1.48 million compared to 564,708).

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<sup>1</sup> The Point-in-Time (PIT) count is an annual count of sheltered and unsheltered homeless persons on a single night in January as required by HUD.

**Figure A.2**  
**Percentage of Homeless Subpopulations in California\***



Note: Subpopulations are not mutually exclusive and not all persons experiencing homelessness are included in a subpopulation.  
Source: HUD 2016 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations.  
[https://www.hudexchange.info/resource/reportmanagement/published/CoC\\_PopSub\\_State\\_CA\\_2016.pdf](https://www.hudexchange.info/resource/reportmanagement/published/CoC_PopSub_State_CA_2016.pdf)

## Demographics of Persons Experiencing Homelessness

While a complex issue, studies have looked at demographic characteristics that affect who becomes at-risk of or experiences homelessness. Understanding demographics and trends can help to inform strategies and solutions to address homelessness.

- HMIS and PIT data demonstrates clear racial disparities in the experience of homelessness. For example, nationally, African-Americans make up only 12 percent of all Americans, but comprised 39 percent of Americans experiencing homelessness in the 2016 PIT. In California, African-Americans make up 6.5 percent of the State's population, but represent 27 percent of persons experiencing homelessness.
- Other households with increased risk of homelessness include single, female-headed households with young children and single-person households.<sup>iii</sup> Single-headed households living in poverty are especially vulnerable to economic triggers into homelessness due to job loss, illness, or other catastrophic events or income changes.
- According to the 2015 AHAR, Part 2, adults with disabilities were almost three times more likely to be homeless than adults without disabilities. Adults with disabilities made up more than 40 percent of those experiencing sheltered homelessness nationally in 2015.
- Research projects a significant increase in people experiencing homelessness who are aging. As the "baby-boomer" generation ages, the number of homeless people nationally who are seniors is projected to increase 33 percent between 2010 and 2020 and to more than double by 2050.<sup>iv</sup> Research further demonstrates people experiencing homelessness age much more quickly than housed populations. A recent study showed



52-year-old individual experiencing homelessness has chronic physical conditions similar to a housed individual who is 76.<sup>v</sup>

- According to the 2016 AHAR, Part 1, 66 percent of California's homeless population is unsheltered, compared to 32 percent nationally. This is important because the health of unsheltered persons experiencing homelessness deteriorates more quickly than the sheltered population.

## Chronically Homeless Population

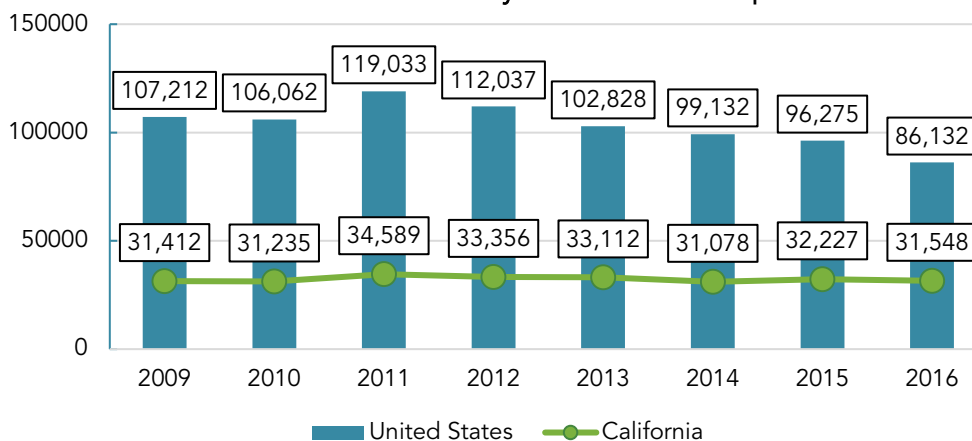
Chronically homeless individuals commonly have complex conditions, including behavioral and physical health issues that worsen while homeless. The chronically homeless population consumes a much greater share of the homeless services resources<sup>vi</sup>, but also cycle through other costly public institutions such as emergency rooms, hospital inpatient settings, jails and nursing homes. Thirty-nine percent of the nation's chronically homeless population lives in California (29,802 persons according to 2016 PIT), 94 percent of whom are single individuals. California experiences a disproportionate amount of chronically homeless in comparison to the nation. The chronically homeless population is 27 percent of California's total homeless population, while nationally the chronically homeless population is 16 percent of the total. Also of note, given that the majority of persons experiencing chronic homelessness meet the definition due to experiencing episodic periods of homelessness, the PIT counts may miss a significant portion of the population who may be housed when the count occurs.<sup>vii</sup>

### Chronically Homeless Definition:

A chronically homeless individual is a homeless individual with a disabling health condition who either has been continuously homeless for a year or more or has had at least four episodes of homelessness in the past three years adding up to 12 months.

Federal Departments of Housing and Urban Development and Veterans Affairs

**Figure A.3**  
**Chronic Homelessness Remains Steady in California Despite National Decline**



Source: United States Department of Housing and Urban Development, 2009-2016 California and National Point-in-Time estimates of Chronically Homeless Individuals. <https://www.hudexchange.info/resources/documents/2007-2016-PIT-Counts-by-State.xlsx>.  
Graphic by HCD.

While overall homelessness has declined, the chronically homeless population has remained steady or has risen in some areas of the State over the past five years. For example, Los Angeles experienced a 40 percent rise in chronic homelessness from 2011 to 2016.

### Who Becomes Homeless?

According to the Substance Abuse and Mental Health Services Agency research, the causes of homelessness are complex. In most cases, homelessness can be associated with a combination of structural and individual factors. Some of these factors include access to housing, size and availability of social safety-net programs (including income-support and behavioral-health programs), poverty and unemployment, and mental health and/or other debilitating illness (including veterans with war-related disabilities). However, accurate data to assess or determine who is likely to become homeless, and therefore target prevention efforts to those individuals and families, is not available or reliable.

Researchers have associated flat incomes during periods of increasing rent levels, along with shortfalls of affordable housing, with homelessness rates. For example, research found that every \$100 increase in median rent was associated with a 15 percent increase in homelessness in metropolitan areas and a 39 percent increase in non-metro areas<sup>viii</sup>. As individuals attempt to exit homelessness, housing affordability impact the length of stay in homelessness because individuals may have difficulty finding homes that they can afford or must compete in tight markets with other renters who likely have stronger employment, credit and rental histories. Low rental housing vacancy rates in a community, common especially in coastal regions, contribute also to increased rents, increased homelessness, and difficulties exiting homelessness.

### Impacts on Individuals and Communities

Homelessness has significant costs for the individuals that experience it:

- Homelessness both causes and results from serious health issues, including mental health and addictive disorders.
- The mortality rate of individuals experiencing homelessness is four to nine times higher than for the general population <sup>ix</sup>.
- Mothers experiencing homelessness are four to seven times more likely to suffer from depression than their female peers <sup>x</sup>.
- For people with physical and mental-health challenges, experiencing homelessness can create barriers to work and creative contributions, and the loss of future productivity to society is impossible to measure.
- Children experiencing homelessness are more likely than their peers to suffer from acute and chronic illness.
- Young children experiencing homelessness demonstrate delays in fine- and gross-motor skills and social skills.



## Appendix A: California's Diverse Needs

- For older children, unstable living situations impact education. Within a single year 97 percent of children who are homeless move as many as three times, 40 percent attend two different schools, and one-third repeat a grade.<sup>xi</sup>
- Chronically homeless individuals die 30 years younger than average life expectancy.<sup>xii</sup>

Homelessness also increases societal costs as homeless individuals cycle between homelessness, incarceration, nursing homes, and hospitals at public expense:

- A recent study in Santa Clara County looked at the public cost of homelessness across the healthcare, social welfare, and correctional systems and found that five percent of the homeless population who are also frequent users of public and medical services use about 47 percent of all public costs with an average individual cost of \$100,000 per year.<sup>xiii</sup>
- According to a report in the New England Journal of Medicine, persons experiencing homelessness spend an average of four days longer per hospital visit than comparable non-homeless persons. The extra cost of these visits is approximately \$2,414 per hospitalization.<sup>xiv</sup>
- A study in Los Angeles showed typical public cost for residents in supportive housing is only \$605 a month, while the typical public cost for similar homeless persons is \$2,897 per person, per month<sup>xv</sup>.

### Federal, State and Local Efforts to Solve Homelessness

Reducing homelessness requires a coordinated effort across federal, local, and State policies; programs; and investments as well as between various sectors (housing, health, and social services). At the federal level, two major actions initiated significant homelessness policy and investments shifts.

#### Federal Efforts:

Signed into law in 2009, the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act established a federal goal of "ensuring that individuals and families experiencing homelessness return to permanent housing within 30 days." HEARTH selection criteria and performance measurements include:

- Reducing the number of people who become homeless.
- Reducing the length of time people remain homeless.
- Reducing returns to homelessness.
- Increasing jobs and income for persons exiting homelessness.
- Thoroughness in reaching all segments of the homeless population.

In 2010, the United States Interagency Council on Homelessness released *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* (amended in 2015) to "transform

## Appendix A: California's Diverse Needs

homeless services into crisis response systems that prevent homelessness and rapidly return people who experience homelessness to stable housing.”

The plan identified four goals:

- 1) Ending chronic homelessness by 2017.
- 2) Preventing and ending homelessness among veterans by 2015.
- 3) Preventing and ending homelessness among families, youth and children by 2020.
- 4) Setting a path to ending all types of homelessness.

Through targeted initiatives at the national level, progress has been impressive with respective reductions since 2010 by 21 percent (chronic), 33 percent (veterans), and 15 percent (families). Applying a “systems approach” to ending homelessness, federal efforts have promoted:

- Using program- and system-level data and evidenced-informed practices to guide investments and improve results.
- Connecting people experiencing homelessness or at risk of homelessness quickly to permanent housing. Coordinated entry systems are an important local tool to streamline access to services (whether prevention, rapid re-housing, shelter, affordable housing, shelter, or permanent supportive housing) and to provide the most cost-effective intervention that prevents or ends the households' homelessness.
- Employing housing first not only for permanent supportive housing but as an overall orientation in responding to homelessness. Housing first strategies employ proactive outreach and engagement, low barrier and streamlined entry into housing, and voluntary services focusing on housing stability.
- Leveraging and integrating mainstream resources beyond targeted homelessness programs, in the areas of housing, employment, healthcare, education, and income supports.

### **Local Efforts:**

Through the Continuum of Care (CoC) program, HUD awards funds to local programs through local/regional bodies. The funding allows communities to work toward achieving the HEARTH goals. In 2015, California's 43 CoCs, covering most of California's geography, received \$336.5 million for permanent housing (rapid re-housing and permanent supportive housing), transitional housing, supportive services, homelessness prevention and HMIS activities.<sup>xvi</sup> In addition to strategically applying for federal CoC resources and community-wide planning, CoCs are also responsible for:

- Improving coordination of mainstream resources with other programs targeted to people experiencing homelessness.
- Establishing and operating a centralized or coordinated entry system.
- Establishing and following written standards for providing CoC services and assistance;

## Appendix A: California's Diverse Needs

- Operating HMIS and evaluating and reporting to HUD outcomes of CoC and the federal Emergency Solutions Grant Program.
- Conducting the bi-annual PIT homeless count.
- Reporting housing inventory and other information reflected in the Housing Inventory Count and CoC Dashboard Reports published by HUD. <sup>xvii</sup>

In addition to the CoCs' role, cities and counties, other local funders, and the non-profit sector play a distinct and critical role in responding to the crisis of homelessness. For example, local governments finance and approve new, permanent housing targeted to persons experiencing homelessness, use land-use policy to maximize housing opportunities, and work to prioritize housing resources (such as federal Housing Choice Vouchers). Hospitals or health-care systems participate in multi-sector outreach teams to support coordinated entry systems, operate drop-in centers, and partner with service providers to identify frequent users of health services and help them transition to stable housing with intensive services.

### State Efforts:

In February 2016, the Legislative Analyst's Office (LAO) issued an "Overview of State Homelessness Programs". Funding in State programs comes from State and federal sources and may be ongoing or in the form of one-time allocations. Several State housing, social services, and health entities administer these programs, including the HCD, the California Housing Finance Agency, Tax Credit Allocation Committee, Office of Emergency Services, California Department of Veteran's Affairs, Department of Social Services, and Department of Health Care Services. The following table highlights significant or current programs and funding. (For a detailed description of these programs, refer to Exhibit C1.)

**Table A.1**  
**State Programs for Addressing Homelessness**

Build Housing And Shelter	Help Pay For Housing	Provide Other Types Of Related Assistance
<b>Low-Income Housing Tax Credit</b>	Emergency Solutions Grants	Whole Person Care Pilots
<b>Veteran Housing and Homelessness Prevention Program</b>	CalWORKs Housing Support Program	Mental Health Services Act-Funded Mental Health Services
<b>Multifamily Housing Program</b>	CalWORKS Homeless Assistance	Medi-Cal
<b>Mental Health Services Act State Housing Program</b>	Community Services Block Grants	Supplemental Security Income/State Supplementary Payment
<b>Emergency Housing Assistance Program (Capital)</b>	Community-Based Transitional Housing Program	CalWORKs
<b>No Place Like Home - Permanent supportive housing for persons who are in need of mental health services</b>		

### 2013 Policy Academy to Reduce Chronic Homelessness:

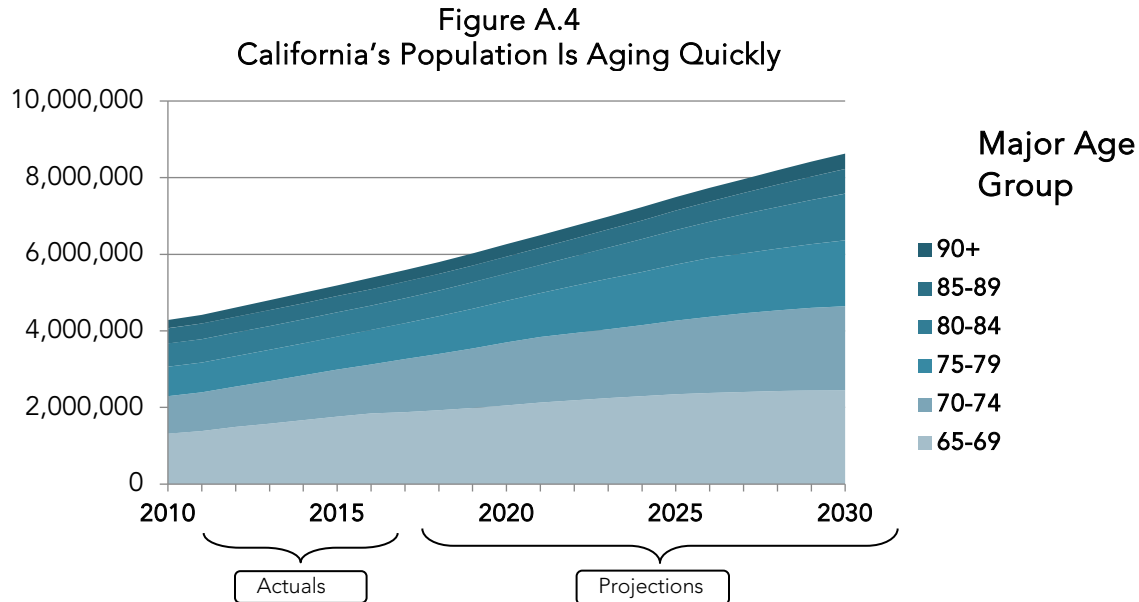
In 2013, California was one of four states selected to participate in the federally sponsored Substance Abuse and Mental Health Services Administration Policy Academy. Led by the HCD, this Academy brought together State agencies and departments, federal agencies, local governments, service and housing providers, continuums of care, public housing authorities, and statewide advocacy groups for intensive research, discussion, and policy development.

### Homeless Coordinating and Financing Council

In 2016, the Governor Signed Senate Bill 1380 (Mitchell), Chapter 847, which requires agencies and departments that oversee homeless programs to adopt guidelines and regulations incorporating core components of the Housing First model. In addition, the State will establish a Homeless Coordinating and Financing Council in 2017 to oversee the implementation of the Housing First guidelines and regulations and, among other things, to identify resources, benefits, and services that can be accessed to prevent and end homelessness in California.

### Seniors

California's senior population (65 and over) is currently 4.6 million<sup>xviii</sup> but this number will substantially increase over the next 20 years as the "baby boom" generation enters this age group. The California Department of Finance estimates the senior population in California will increase 63 percent to 7.5 million by 2025 and to 9.5 million in 2035.<sup>xix</sup> Figure A.4 shows the surge in the senior population expected in the next two decades.

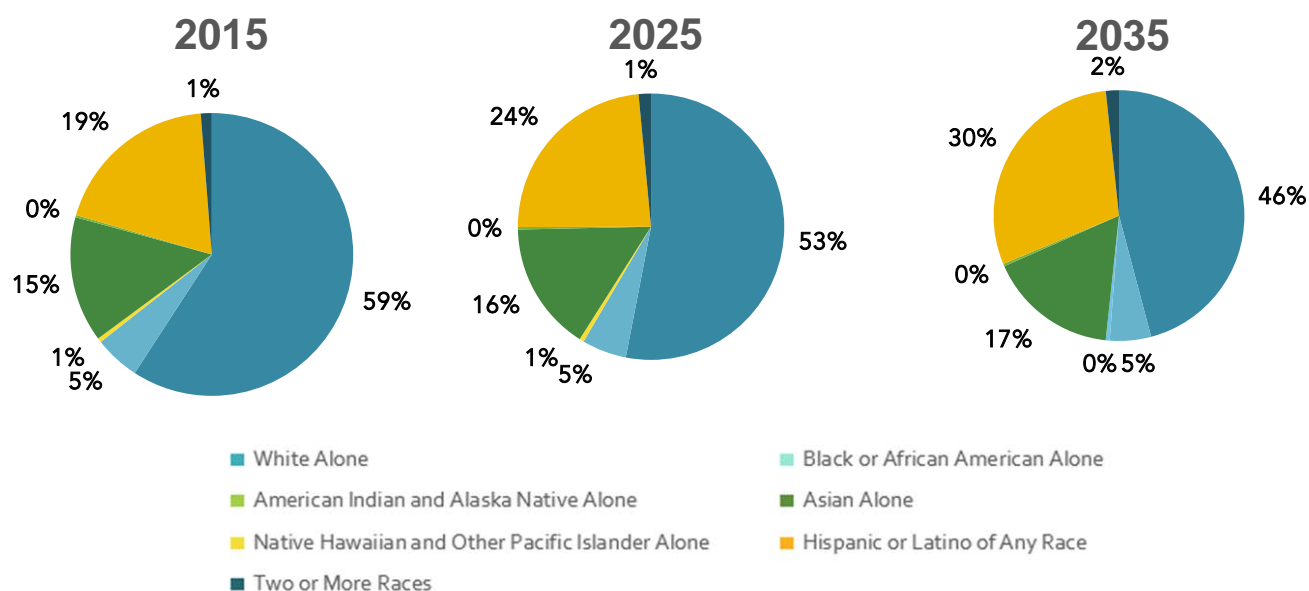


Source: State of California, Department of Finance, Report P-1 (Age): State and County Population Projections by Major Age Groups, 2010-2060. Sacramento, California, December 2014. Graphic by HCD.

## Seniors by Ethnicity

Within this growing senior population, there is also a gradual shift towards greater ethnic diversity. Hispanics and Asians will make up the majority of this growing population. This shift may affect housing and care needs. For example, studies have shown that Hispanic households have a higher prevalence of in-home care-giving compared to other ethnic groups. <sup>xx</sup>

**Figure A.5**  
The Senior Population Is Becoming More Diverse



Source: Analysis of State of California, Department of Finance State and County Population Projections by Race/Ethnicity, Sex and Age 2010-2060. Graphic by HCD.

## Eldest Seniors

Housing and care needs shift as the senior population ages. The fastest growing group within the senior population is aged 80 and older. The California Department of Finance projects the eldest senior population to more than double between 2015 and 2035<sup>xxi</sup> from 1.3 million to 2.8 million. Currently, 36 percent of the eldest seniors have incomes below 200 percent of the federal poverty level<sup>xxii</sup>. They are also the most vulnerable since they are most likely to require some form of medical and/or housing subsidy.

**Table A.2**  
Eldest Senior Population Expected to Double 2015-2035

	Young Seniors (60-69)	Mature Seniors (70-79)	Eldest Seniors (80+)
California (% Change)	26%	104%	111%

Source: State of California, Department of Finance State and County Population Projections by Race/Ethnicity, Sex and Age 2010-2060.

## Housing Needs and Other Policy Considerations for Seniors

Senior housing options operate on a continuum depending on the desires and needs of the individual. These housing options include traditional homeownership and rental housing, senior-only, independent-living homeownership and rental housing, congregate care, assisted living, skilled nursing, and living with a relative either in the home or in an accessory dwelling unit. Of those living independently, most senior households own their home (73.4 percent) versus rent their home (26.6 percent).<sup>xxiii</sup>

There are an estimated 1.3 million low-income senior households. California seniors have a median personal income of \$21,300. The average annual social security benefit for California seniors is \$12,179, which, for more than half the seniors in the State, accounts for 80 percent or more of their income. This leaves many seniors without enough income to meet their basic needs for food, shelter, and health care. Assistance for lower-income seniors can range from income-restricted multifamily housing, housing vouchers (rental assistance), in-home supportive care, and Medicaid or Medi-Cal-supported skilled nursing. Nearly two-thirds of senior renter households are rent burdened (paying more than 30 percent of their income towards housing).<sup>xxiv</sup>

In California, low-incomes among seniors make it difficult to afford independent-living and assisted-living arrangements. Seniors who remain living at home ("aging in place") will need in-home assistance as they age and their ability for self-care diminishes. The California Department of Social Services shows about 445,000 seniors had in-home supportive services benefits in fiscal year 2014-2015 and expects this number to double by 2030.<sup>xxv</sup> The Assisted Living Waiver Program, administered by the California Department of Health Care Services, also assists seniors who are aging-in-place. The program was created to help Medi-Cal recipients remain in their communities as an alternative to residing in nursing homes. However, the program only pays for medical services. Program recipients still must pay for room and board, which may be cost-prohibitive depending on the assisted living facility.

## State Housing Solutions for Seniors

California has a variety of programs that directly or indirectly provide affordable rental options and homeownership assistance. However, there are no dedicated funding programs exclusively for senior housing. The following are examples of programs that have financed senior-only multifamily developments or assisted senior households:

- Multifamily Housing Program (California Department of Housing and Community Development)
- 4- and 9-percent tax credits (California Tax Credit Allocation Committee)
- Mental Health Services Act Housing Program (California Housing Finance Agency)
- Mortgage Reinstatement Assistance Program (California Housing Finance Agency)
- Reverse Mortgage Assistance Pilot Program (California Housing Finance Agency)

## Appendix A: California's Diverse Needs

Funding for subsidized units for seniors in California is typically awarded through HUD or the California Tax Credit Allocation Committee. Though there may be some overlap, the combined total number of subsidized, senior units from these programs is approximately 50,800.<sup>2 3</sup>

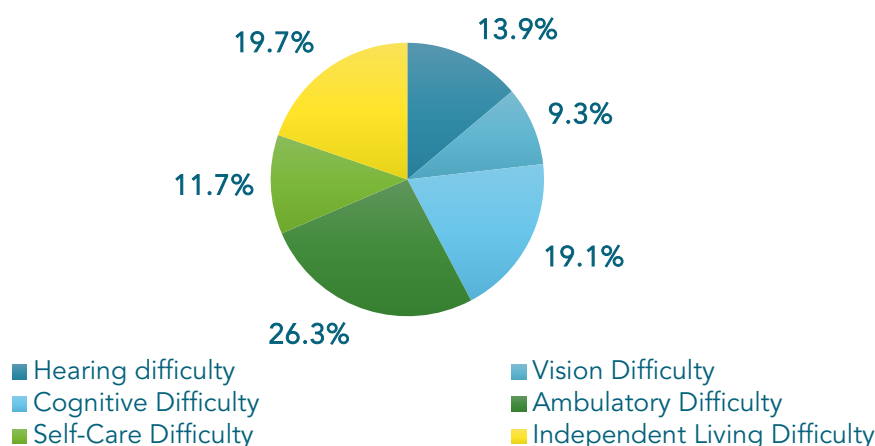
In addition, programs like the California Housing Finance Agency's Mortgage Reinstatement Assistance Program and the Reverse Mortgage Assistance Pilot Program aim to help seniors who are at-risk of losing their homes.

### *Persons with Disabilities, Including Persons with Developmental Disabilities*

The State of California defines disability as a physical or mental impairment that "limits a major life activity" (Government Code Section 12926-12926.1). This segment of the population needs affordable, conveniently located, and accessible housing, which can be adapted to accommodate the limitations of a specific disability.

According the U.S. Census, California has 3.8 million persons with disabilities.<sup>xxvi</sup> Figure A.6 shows the breakdown of reported disabilities by type. Those with ambulatory difficulty (i.e. those who need wheelchairs, canes, or other movement assistance) represent the largest percentage of people who reported that they have a disability. Housing for this group may require reasonable accommodation for their disabilities<sup>4</sup> or homes built with universal design standards.<sup>5</sup> In addition, 20 percent reported having an independent-living difficulty that requires flexible housing solutions (e.g., housing with supportive services, group homes, etc.).

**Figure A.6**  
**One-Third of Reported Disabilities Are Self-Care or Independent-Living Difficulties**



Source: Disability Characteristics 2010-2014 American Community Survey 5-year estimates Table S1810. Graphic by HCD.

<sup>2</sup> According to the HUD Inventory of Units for Seniors and Persons with Disabilities Report last completed in 2010 California has 38,259 subsidized affordable housing units for seniors. HUD Inventory of Units for the Elderly and Persons with Disabilities.

<sup>3</sup> Since 2010, the CTCAC has awarded funding through their 9% and 4% tax credits for 12,504 units for low income seniors Analysis of TCAC California Mapped Developments data list.

<sup>4</sup> Accommodations made to the structure, rental policies, or others so that a person with a disability can enjoy the use of housing.

<sup>5</sup> Universal design involves designing spaces so that they can be used by the widest range of people possible taking into account physical, perceptual and cognitive abilities.



The effect of disabilities on housing needs can vary depending on age and severity. For example, families with children who have severe disabilities may need access to affordable family housing to ensure that they can meet the child's care expenses. Adults with disabilities may need housing types that enable independent living within the community. Seniors with disabilities may need access to assisted living and in-home care. Table A.3 demonstrates that many persons with disabilities experience multiple disabilities with over half of disabled seniors reporting either independent-living difficulty or multiple types of disabilities.

**Table A.3**  
**Half of Persons with Disabilities Have Two or More Types of Disabilities**

Age Group	Number Of Persons With Disabilities	Percent With Self-Care Limitations	Percent With Independent Living Difficulty	Percent With Two Or More Types Of Disabilities
Under 18	288,110	20.9%	NA	30.2%
18-64 Years	1,916,028	19.6%	37%	46.0%
Over 64 Years	1,647,304	28.5%	49.5%	59.0%

Source: Disability Characteristics 2010-2014 American Community Survey 5-year estimates Table S1810 and C18108

### Housing Needs and Other Policy Considerations for Persons with Disabilities

The development of affordable and accessible homes is critical to the long-term stability of persons with disabilities, whose living arrangements depend on the severity of their disabilities. To maintain independent living, disabled persons may require assistance, and many live at home in an independent environment with the help of other family members. Other forms of assistance include special housing-design features for the physically disabled (including universal design criteria), income support for those who are unable to work, and in-home supportive services for persons with medical conditions.

One of the biggest obstacles to living independently in the community is limited financial resources. For the overall population, one in five California residents live under or near the poverty level; however, one in three persons with disabilities live under or near the poverty level (and 54 percent have very-low incomes).<sup>xxvii xxviii</sup> Families with children who have disabilities that include self-care limitations can find themselves additionally cost burdened due to the child's health care needs. For these families, having access to affordable, accessible housing is critical to ensure sufficient family resources are available to meet the children's needs.

In addition to affordability, other challenges can affect the housing needs of persons with disabilities, such as discrimination, reasonable accommodation, and community integration.



### **Discrimination:**

The Federal Fair Housing Amendments Act and California Fair Employment and Housing Act prohibit discrimination in the sale or rental of housing based upon a person's mental or physical disability.<sup>xxixxxx</sup>

However, studies show that persons with disabilities are more likely to experience discrimination when seeking housing compared to other protected classes. In California, 41 percent of the discrimination complaints received by the California Department of Fair Employment and Housing and the U.S Department of Housing and Urban Development were due to a disability<sup>xxxi</sup>.

### **Reasonable Accommodation:**

In some cases, a person's disability may require certain accommodations in order to utilize housing fully. Tenants who rent can request accommodations from the property owner, and tenants who own their homes can request accommodations from the local government. To meet Fair Housing requirements and requirements of State Housing Element Law<sup>xxxii</sup> many local governments have adopted reasonable accommodation procedures or ordinances. These ordinances allow individuals to ask for modifications in the application of land use, zoning and building regulations, policies, practices, and procedures.

### **Community Integration:**

One of the challenges persons with disabilities face is finding access to housing choices throughout the community. Historically, many people with disabilities had very few housing choices except for institutionalized settings that inhibited them from living independently. The Supreme Court through *Olmstead v. L.C.*, 527 U.S. 581 (1999), held that states are required to eliminate unnecessary segregation of persons with disabilities and to ensure that persons with disabilities receive services in the most-integrated setting appropriate to their needs. Ensuring community integration is a complex issue requiring balance between providing supportive housing opportunities, efficient delivery of services, and avoiding the creation of institutionalized settings. While California has established an Olmstead Advisory Group, most of the efforts have been to transition individuals from institutional settings<sup>xxxiii</sup> to community-integrated housing.

### **Persons with Developmental Disabilities**

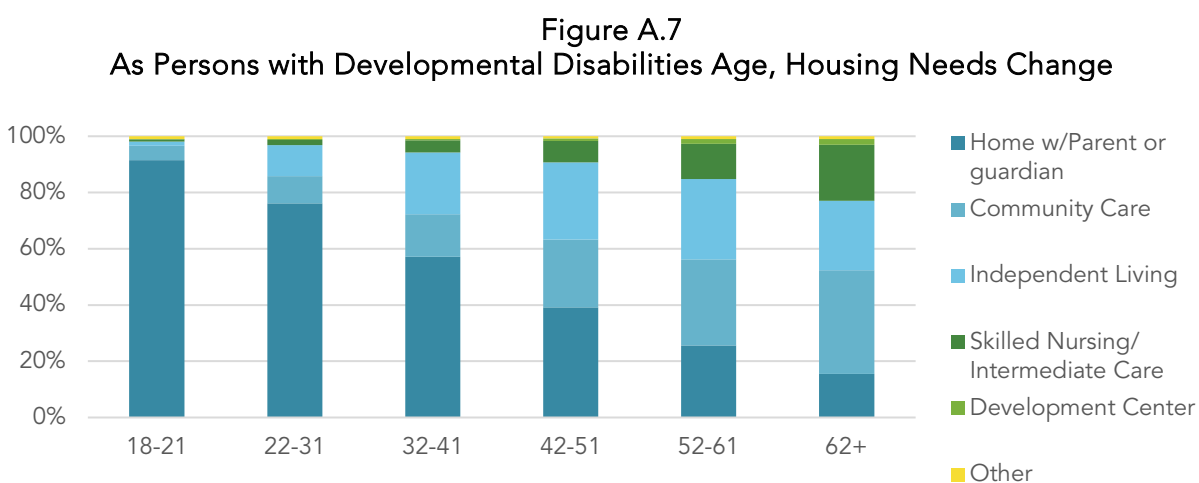
Persons with developmental disabilities represent a subcategory that requires specialized housing solutions in addition to the ones mentioned above. The term "developmental disability" refers to a severe and chronic disability that is attributable to a mental or physical impairment that begins before a person reaches adulthood. These disabilities include intellectual disability, cerebral palsy, epilepsy, autism, and disabling conditions closely related to intellectual disability or requiring similar treatment.<sup>xxxiv</sup> The number of persons with developmental disabilities is difficult to quantify in California. The California State Council on Developmental Services uses Gollay and Associate's national prevalence of persons with developmental disabilities estimate of 1.8 percent to calculate that 684,000 Californians meet the federal definition of having a developmental disability. Client data from nonprofit regional

## Appendix A: California's Diverse Needs

centers and development centers contracted with the California Department of Developmental Services shows 250,000 people received assistance in 2015.

Many developmentally disabled persons can live and work independently within a conventional housing environment. More severely disabled individuals require a group living environment that provides supervision. The most severely affected individuals may require institutional care. Because developmental disabilities exist before adulthood, a major issue in supportive housing for people with developmental disabilities is the transition from the person's living situation as a child to an appropriate level of independence as an adult.

Figure A.7 demonstrates that as people with developmental disabilities age, they become less reliant on home care with a parent or guardian and live independently or in community care facilities.



Source: State of California Developmental Services, Statewide Report from the Client Master File, December 2015. Graphic by HCD.

### State Housing Solutions for Persons with Developmental Disabilities

State agencies that address the needs of Californians with disabilities include the Department of Housing and Community Development (HCD), Health and Human Services Agency, Department of Public Health Office of Health Equity, Department of Developmental Services, and California Housing Finance Agency. Within these departments and agencies, California administers a number of programs to address the housing needs of Californians with disabilities. These programs include special needs funding as part of the Tax Credit Allocation Committee program, HCD's Multifamily Housing Program—Supportive Housing, Mental Health Services Act Housing Program, and the Federal Housing Choice Voucher Program. State Housing Element Law requires each jurisdiction to assess the housing needs of persons with disabilities, including developmental disabilities, and to analyze potential governmental constraints to the development, improvement and maintenance of housing for persons with disabilities. California's Lanterman Developmental Disabilities Services Act requires California to provide services and support to people with developmental disabilities.<sup>xxxv</sup> In addition, HCD has

developed a model universal-design ordinance applicable to new construction and alterations that local governments may voluntarily adopt.

### *Farmworkers*

California is the largest producer of agricultural goods in the country, and is one of the largest agricultural producing regions in the world.<sup>xxxvi</sup> Farmworkers play a key role in the operation and delivery of the State's food system. Despite this, farmworkers face a number of economic disadvantages compared to California's population as a whole. Farmworkers tend to have low incomes, higher risk of living in poverty, and have limited access to safe, healthy, and affordable housing choices.

It is difficult to determine the number of farmworkers both migratory and permanent. Estimates range from. 391,700 to 802,662 depending on the source.

**Table A.4**  
**Farmworker Numbers Are Difficult to Calculate**

Agency	Who Is Counted	Count
2010-2014 American Community Survey 5-Year Estimates	Agriculture, forestry, fishing and hunting, and mining	401,363
Employment Development Department (EDD) 2015	Agriculture, forestry, fishing and hunting	391,700
USDA Census of Agriculture (2012)	Hired farm labor – workers and payroll	465,422
Giannini Foundation of Agriculture, University of California, 2012	Workers with one agricultural job	802,622

### **Shifting Characteristics for Farmworkers**

Characteristics of the farmworker population have changed during the past two decades. For example, there has also been a decrease in the number of single farmworkers. In 1990, 41 percent of farmworkers were singles. In 2012, 75 percent of farmworkers worked alongside or lived with family members.<sup>xxxvii</sup>

Another shift is in the share of farmworkers who are unauthorized to work in the United States. In 1990, only 13 percent of farmworkers were unauthorized. This was due primarily to the 1986 Immigration Reform and Control Act that granted legal status to many previously unauthorized workers and provided a path to legal, permanent-residence status and citizenship. By 2012, the number of unauthorized farmworkers in California had climbed to 60 percent; while 9 percent reported they were U.S. citizens, 31 percent were legal permanent residents. Farmworkers who

lack authorization to work in the United States are more vulnerable to exploitation by employers and face more challenges in obtaining decent housing. In addition, access to market-rate and subsidized housing is limited for farmworkers without proper documentation or those who cannot pass a credit check.

The H-2A Temporary Agricultural Worker program allows U.S. Employers who meet specific regulatory requirements, such as showing they initially attempted to find U.S. workers to fill the positions, to bring foreign workers to the United States to fill temporary agricultural jobs.<sup>xxxviii</sup> The H-2A program has been used more frequently in California over the past few years as employers have reported a shortage of local agricultural workers. H-2A workers must be provided housing at no cost to the worker,<sup>xxxix</sup> however as discussed elsewhere in this report, there are barriers to building sufficient affordable housing, and the opposition to housing for guest agricultural workers can be particularly difficult to overcome. As a result, there are some concerns that the housing that is provided to H-2A workers may exhibit health and safety concerns. HCD's Codes and Standards division inspects all new and 25 percent of all the permitted employee housing facilities in California that house 5 employees or more, and has been active in monitoring the H-2A housing it is aware of. HCD will be working with the Employment Development Department to attempt to better track and monitor the housing provided to H-2A workers.

Finally, there have been substantial changes in agricultural employment between 1975 and 2013. Self-employed agricultural workers (farmers and ranchers, including unpaid family workers) have sharply declined from 70,600 in 1975 to 42,500 in 2013. Direct-hire farm labor employment has also declined from 241,300 in 1975 to 203,000 in 2013. In contrast, labor-contract employment has dramatically increased by 292 percent, from 35,000 in 1975 to 137,350 in 2013.<sup>xl</sup> In addition, there are fewer farmworkers migrating from farm to farm on an annual basis. In 1990, for example, 43 percent of farmworkers migrated (the remaining 57 percent were settled farmworkers who lived within 75 miles of their agricultural job sites).<sup>xli</sup> In 2012, only 16 percent of farmworkers migrated.<sup>xlii</sup>

These shifting demographics have implications for the types of housing needed for farmworkers. Greater numbers of farmworkers are living in off-farm permanent housing. Approximately one-quarter of all farmworkers live in urban cities and 65 percent live in incorporated cities within the most-agriculturally productive counties of the State. The Census numbers reflect only units that are formally defined as "housing," so farmworkers who live in other forms of shelter like motels or illegal units are not included in these totals.<sup>xliii</sup> In addition, greater numbers of farmworkers require housing more appropriate for families (e.g., more bedrooms, housing not intended to share amongst farmworker singles).

### **Housing Needs and Other Policy Consideration for Farmworkers**

Farmworkers live in a range of housing types. According to the National Agricultural Workers Survey, which is an interview-based survey of people performing seasonal agricultural jobs administered by the U.S. Department of Labor, in 2012 farmworkers lived in single-family homes, apartments, trailers or mobile homes, and other types of housing, including

dormitories, barracks, boarding houses, duplexes, triplexes, motels or hotels.<sup>xliv</sup> Some housing requirements can pose a particular challenge to farmworkers. For example, farmworkers may have difficulty establishing creditworthiness or demonstrating long-term residency commitments that are often standard requirements in the private rental-housing market.

On average, farmworker incomes are less than half of the area median household income. As a result, farmworkers also bear a heavy housing cost burden based upon median rents.

**Table A.5**  
**Farmworkers Have Low Incomes and High Housing Costs**

County	*Total Farmworkers	County Median Household Income**	***Farmworker Average Annual Income	Housing Cost Burden
Kern	101,884	\$48,552	\$19,804	54%
Fresno	94,039	\$45,563	\$21,057	50%
Monterey	75,045	\$59,168	\$27,090	54%
Tulare	65,141	\$43,803	\$20,678	48%
State	~800,000*	\$61,094	\$24,672	47%

Source: \*Giannini Foundation of Agriculture, University of California, 2012. \*\*HCD 2016 State Income Limits \*\*\*2012 Employment Development Department.

Substandard and structurally deficient conditions are common in farmworker housing; conditions that are often worsened by crowding or lack of affordability. The lack of an adequate, affordable housing supply forces farmworkers to live in overcrowded and unsafe houses and apartments or to seek housing in garages or other substandard structures that sometimes do not provide basic shelter or sanitation. Information about housing conditions for California farmworkers as a whole would help to assess the scale of the problem, but such information is not available. To date, there has not been a survey of farm-labor housing conditions throughout California.<sup>xlv</sup> However, there have been several county-level surveys of farmworker housing, such as those recently conducted by Kern, Monterey, Napa, Santa Cruz and Ventura counties. Most of these surveys suggest that overcrowding and sub-standard housing conditions are common.<sup>xlvi</sup>

### Housing Strategies for Farmworkers at the State and Federal Level

State law specifically identifies the provision of housing for farmworkers a matter of statewide importance<sup>xlvii</sup>. Farmworker housing needs are addressed through operation and maintenance of migrant centers, targeted multifamily housing programs, and administration of the State Employee Housing Law. To date, federal and State funds have constructed on-site and community housing for 16,851 farmworkers, 1,892 seasonal migrant center units, 120 USDA Rural Development Farmworker Centers and 6,700 permanent Joe Serna Jr. Farmworker Grant units. This is only enough housing for less than 10 percent of the farmworker population.

## Appendix A: California's Diverse Needs

Although California has farmworker multifamily housing programs, some on-farm employer housing, and 24 State-operated seasonal migrant centers, these programs only address a small portion of the total farmworker housing need. This is in addition to any locally funded or private farmworker housing created.

**Table A.6**  
**Seasonal and Permanent Units/Beds**

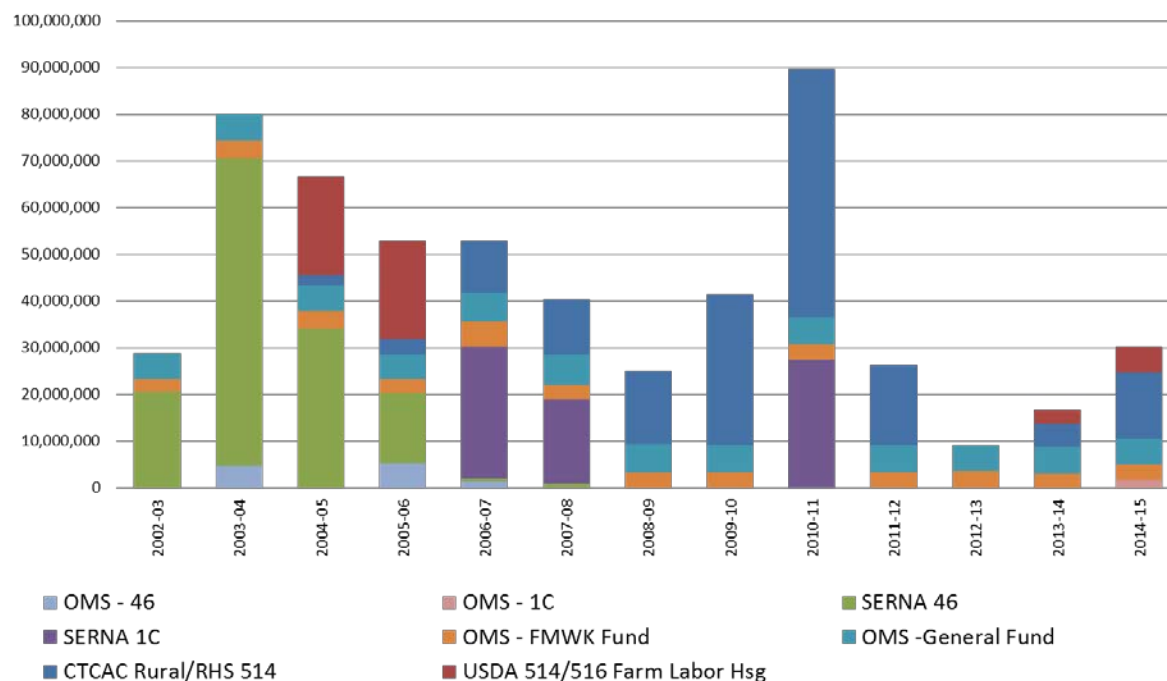
Program	Seasonal Units	Permanent Units
Office of Migrant Services	1,892	-
Joe Serna, Jr. Farmworker Grant	-	6,700
USDA Section 514/516	-	4,170
USDA Rural Development Farmworker Centers	72	48
<b>Total Units</b>	<b>1,964</b>	<b>10,918</b>

Program	Seasonal Beds	Permanent Beds
<b>Farmworker Housing Facilities</b>	<b>3,678</b>	<b>13,173</b>

Source: California Department of Housing and Community Development, 2015.

Funding for new farmworker housing is limited. Since 2002, California has awarded all of the Proposition 46 and 1C funding available for rental and ownership opportunities for farmworkers. In addition, the California Tax Credit Allocation Committee (TCAC) and USDA farmworker funding have been inconsistent throughout the years. As Figure A.8 shows, the CTCAC and USDA farmworker funding programs are erratic at the State level during periods of growth and economic recession. USDA funding is also driven by national budgetary decisions and, therefore, should not be considered a constant source of funding for farmworker housing programs. While funding from the California Office of Migrant Services supports the operations of centers, it does not support new development.

Figure A.8  
Farmworker Housing Funding 2002-2015



Sources: HCD CAPES Awards Data, TCAC, USDA data provided by HAC. Graphic by HCD.

Ninety-five percent of farmworkers live in housing units not located on a farm, with the remaining five percent living on the farm where they work. For those living on the farms, another important source of farmworker housing (especially for seasonal workers) is on-site employee housing. Under the State Employee Housing Act, employers of farmworkers can build onsite housing for their employees on land that permits "agricultural uses" provided the housing consists of no more than 36 beds in group quarters or includes 12 housing units (or less). In addition, employee housing is also allowed to be built on land that permits single-family residential for six or fewer persons per home <sup>xlvi</sup>.

The California Department of Housing and Community Development adopts and enforces statewide regulations for privately owned and operated employee housing facilities that provide housing for five or more employees. Though an important source of housing for farmworkers, only 3.6 percent of farm employers participating in a 2012 annual survey indicated they provided housing for seasonal employees, compared to 20.6 percent in 1986. <sup>xlix</sup> The number of employee housing facilities has declined dramatically in the last 51 years, from an estimated high of 5,000 camps in 1964, to fewer than 750 in 2015. This is partly due to closures following more stringent building standards enacted in the 70s and changes in household dynamics of the farmworker population. Also during this time, trends in hiring changed and more farmworkers were hired by contractors and not directly by farmers which made it less important for farmers to offer housing as an incentive.

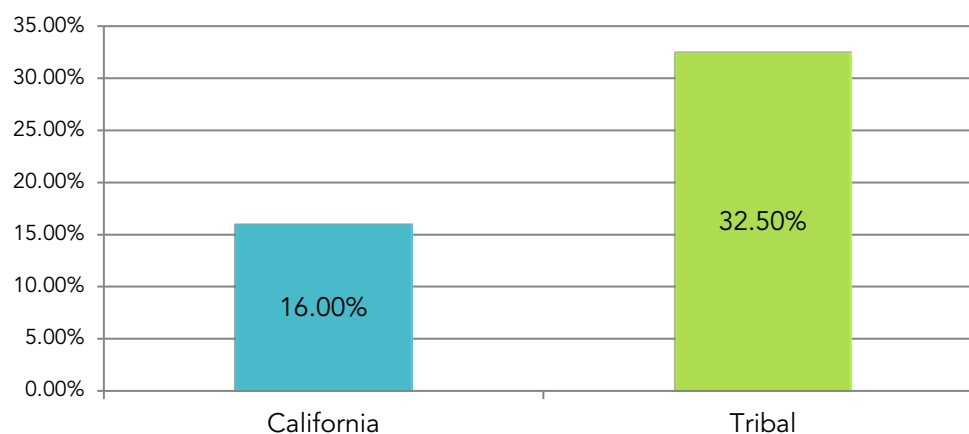


### *Tribal Population*

According to the 2010 U.S. Census, California has the largest Native American population in the nation. Nearly 216,000 Californians identified solely as “American Indian,” 10.9 percent of the national total. California currently has 109 federally-recognized tribes, almost one-fifth (19.2 percent) of all tribes nationwide.<sup>l</sup> These tribes—which include nearly 100 small reservations and Rancherias—are spread out across the State, in urban, suburban, and rural jurisdictions. California differs from other states in that only a small percentage of California tribes' land base is held in trust by the U.S. government.

Poverty disproportionately affects tribal populations. The rate of tribal poverty is more than twice that of the rest of the State's population, and one-third of tribal residents live below the federal poverty rate.

**Figure A.9**  
**Tribal Poverty Is More Than Twice That of California's General Population**



Source: Special geographic analysis of 2010 Census by California Coalition for Rural Housing delineated by tribal census tracts and tribal block groups unique to and within the boundaries of federally recognized tribes. Graphic by HCD.

### **Other Policy Considerations for Tribal Populations**

Due to low incomes and relatively high housing costs, many tribal members have a serious housing affordability problem. Most tribal members (93 percent) reside in single-family (59 percent) or mobile homes (34 percent).<sup>li</sup> Data from the American Community Survey 2009-2013 indicates that, of the occupied units on tribal land, 8.4 percent lacked complete plumbing and 6.5 percent lacked complete kitchens. In comparison, only 0.5 percent of all occupied units in California lacked complete plumbing and 1.2 percent lacked complete kitchens.

In September 2015, HCD contracted with the California Coalition for Rural Housing to conduct a study on the housing conditions and needs on American Indian lands. The study includes an analysis of existing data, surveys with tribal leaders, a physical survey to assess housing conditions on tribal lands, and an analysis of infrastructure, including water and sewer systems.



The study also analyzes tribal utilization of State and federal housing funds and assesses tribal participation in local and State planning.

According to survey data, respondents estimate that between 15 and 20 percent of homes on tribal land require major physical improvements and need to be modernized, substantially rehabilitated, or completely replaced. Housing condition problems identified by respondents included energy-inefficiency, leaking roofs, failing or inadequate plumbing, faulty wiring, poor insulation, poor ventilation, subsiding foundations, and dry rot. Other problems cited were the presence of mold, mildew, and termites as well as the need to replace old roofs, siding, and HVAC systems.<sup>lii</sup>

### **Housing Solutions for Tribal Populations**

Nearly all tribes receive Native American Housing Assistance and Self-Determination Act funding annually, but the grants are typically small (~\$50,000) and are often used for housing rehab and maintenance activities. Tribes can also apply for Indian Community Development Block Grant (ICDBG) awards, but these funds are highly competitive. Between 2012 and 2014, only approximately one-quarter of tribes received an ICDBG grant.

The State of California's Community Development Block Grant (CDBG) program provides annual grant funding on a competitive basis to small rural cities and counties throughout the state, known as non-entitlement areas. Federally recognized tribes are not eligible for State CDBG funding based on federal regulations, which limit CDBG funding awards to cities and counties. However, all tribal members are considered citizens of the jurisdiction by HUD regardless of whether tribal members are part of a non-federally recognized tribe, or a federally recognized tribe on tribal land. As such, all tribal members are considered to be like any other eligible resident of the jurisdiction who may access CDBG program activities operated by the jurisdiction in which they live and a tribe may work with a jurisdiction to apply on their behalf.

In addition, State CDBG statute requires a set aside of 1.25 percent of annual CDBG funding, which allows eligible cities and counties to access additional annual CDBG funding to serve areas in their jurisdictions where groups of non-federally recognized tribal members live. The CDBG non-recognized tribe set aside's fundable activities are limited by state statute to "housing and housing related" (public infrastructure) activities only.

Barriers to State-administered funding programs can make it difficult to access funding sources such as requirements for local government partnerships and different underwriting standards than federal programs. To overcome these barriers, programs could directly name tribes as eligible applicants, and consider adjustments to land ownership, zoning, and affordability requirements to increase potential successful applications from tribes. The California Department of Housing and Community Development's Tribal Working Group has discussed these and other issues, resulting in several upcoming modifications to the HOME program guidelines and the Uniform Multifamily Regulations.

## California's Diverse Places

California's policies support affordable housing, sustainability and economic growth, but the challenges and strategies to get there will differ depending on the place. In some places with very high housing costs (e.g., coastal areas, San Francisco, San Jose, Los Angeles), challenges may be more related to avoiding displacement and housing lower-wage earners. In the Central Valley, challenges may relate to both the cost of housing and stimulating economic growth, as well as connecting housing to transportation. Cities like Fresno and Stockton need to contend with multiple challenges, including addressing aging housing stock and community development needs in pockets of urban poverty, as well as ensuring that expanding supply is done in ways that contribute to the State's environmental goals.

This section will examine the impact of place types and geography on the types of housing challenges communities face in order to identify trends that provide insight into the underlying issues. With a better understanding of how housing issues affect various communities, programs and policies can be designed to provide effective solutions to address housing problems across the entire State.

### *Impact of Place Type*

Place type—rural, suburban, and urban areas—each present their own unique housing challenges (even when located in the same geographical area) and can require different types of solutions. Table A.7 demonstrates the differences between these place types in sales price, transportation cost and access, and other housing characteristics within the greater Los Angeles Area.

**Table A.7**  
**Housing Characteristics for Cities in the Same Geographic Region Vary**  
**Depending on Place Type**

	Los Angeles City (Urban)	Lancaster (Suburban)	Taft (Rural)
Population*	3,862,210	159,092	9,063
Median Sales Price***	\$572,800	\$216,900	\$114,700
Median Rent* (2010-2014 ACS)	\$1,194	\$1,075	\$791
Median Rent** (Zillow Median Rent Index August 2016)	\$2,715	\$1,596	\$928
Housing(H) and Transportation (T) Cost Burden****	54% H– 35% T – 19%	53% H – 29% T – 24%	58% H – 29% T – 30%
Overcrowding*	13.7%	4.2%	8.3%
Maximum Zoning Densities*****	218 units/acre	30 units/acre	24 units/acre
Median Year Structure Built*	1960	1986	1963
Transportation Access*	There are more than 200 Metro Bus lines and 6 metro rail lines	Antelope Valley Transit Authority operates bus lines	Taft Area Transit

Source: \*2010-2014 American Community Survey 5-year estimates, \*\*Zillow Median Rent Index (All Homes; Multifamily, Single Family Rental, Condo) by City. August 2016, \*\*\*Zillow.com median sales price index, \*\*\*\*Center for Neighborhood Technology Housing and Transportation Affordability Index, \*\*\*\*\*City Housing Elements.

### *Impact of Geography*

California's diverse geography means that housing challenges differ across the State depending upon factors such as land value, job opportunities, infrastructure availability, and desirability of location. For example, communities along the coast experience high housing costs while inland communities experience environmental and social economic disparities. Table A.8 demonstrates the differences between two similarly sized cities with economies that revolve around agribusiness and manufacturing. Watsonville is located in Monterey County on the coast of California and the City of Madera is located in Madera County in the Central Valley. Geographical location is reflected in the differences in income and housing costs.

**Table A.8**  
**Land and Housing Cost Differ in Coastal and Non-Coastal Cities**

	Watsonville	Madera
<b>Population*</b>	52,035	62,559
<b>Median Sales Price***</b>	\$471,200	\$188,600
<b>Median Rent* (2010-2014 ACS)</b>	\$1,203	\$904
<b>Median Rent** (Zillow Median Rent Index August 2016)</b>	\$2,567	\$1,099
<b>Median Income*</b>	\$46,691	\$42,027
<b>Median Land Cost****</b>	\$479,160 per acre	\$125,500 per acre
<b>Median Year Structure Built*</b>	1975	1976
<b>Major industries*</b>	Agribusiness, Manufacturing	Agribusiness, Manufacturing

Source: \*2010-2014 American Community Survey 5-year estimates, \*\*Zillow Median Rent Index (All Homes; Multifamily, Single Family Rental, Condo) by City. August 2016, \*\*\*Zillow.com median sales price index, \*\*\*\*City 2015-2023 Housing Elements.

### ***Continuum of Place-types: Urban, Suburban, and Rural Do Not Neatly Define Every Community***

Neither place type nor geography fully define communities due to differing landscapes, economies, and the ways in which places evolve and change over time. This section will review the three major place types in detail, and examine some of the differences that are important to acknowledge when forming housing policy solutions. Understanding both the general challenges faced by urban, suburban, and rural communities as well as the specific differences between each community allow for the development of effective, place-based policy solutions.

*Urban communities* have the greatest economic opportunity compared to surrounding areas, yet they are most likely to experience the risks of economic displacement. For example, San Jose and Fresno are both urban and may share similar goals in terms of affordable housing, sustainability, and economic growth, but due to their differing geographies and economies, the strategies needed to fulfill these goals will vary.

Table A.9 demonstrates those areas where housing challenges may differ within urban place types.

**Table A.9**  
**Major Urban Cities Face Complex and Varied Housing Problems**

	San Jose	Fresno
<b>Population*</b>	986,320	506,132
<b>Median Sales Price***</b>	\$828,700	\$189,700
<b>Median Rent* (2010-2014 ACS)</b>	\$1,528	\$890
<b>Median Rent** (Zillow Median Rent Index August 2016)</b>	\$3,386	\$1,217
<b>Median Income*</b>	\$83,787	\$41,455
<b>Housing(H) and Transportation (T) Cost Burden****</b>	45% H – 30% T – 15%	60% H – 33% T – 27%
<b>Overcrowding*</b>	9.6%	10.3%
<b>Median Year Structure Built*</b>	1974	1977
<b>Transportation Access*</b>	Santa Clara Valley Transportation Authority, Caltrain, Altamont Commuter Express, Amtrak	Fresno Area Express Bus, which has about 20 routes, Amtrak
<b>Major Industries*</b>	Technology, Education	Agribusiness, Health Care

Source: \*2010-2014 American Community Survey 5-year estimates, \*\*Zillow Median Rent Index (All Homes; Multifamily, Single Family Rental, Condo) by City. August 2016, \*\*\*Zillow.com median sales price index, \*\*\*\*Center for Neighborhood Technology Housing and Transportation Affordability Index.

Suburban communities tend to be lower-density, residentially zoned areas, but their origins, and by extension, the housing needs and characteristics of their population, can vary greatly.<sup>liii</sup> Examples of suburbs include large-scale development bedroom communities, speculative residential developments on prime farmland serving a distant urban core, or amenities-laden retirement communities. Some develop at the edge of urban areas, some around a specific industry, while others are bedroom communities with an extended commuting shed<sup>6</sup> to more distant urban centers. They typically experience higher-cost, new infrastructure investment and have lower-frequency transit than urban areas due to lack of ridership. While housing costs may be lower than in urban areas, high transportation costs often offset these savings.

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<sup>6</sup> The area from which employees travel to their places of employment.

Table A.10 highlights some of the differences between types of suburban communities. Both the City of Fremont and the City of Oakley have populations that work in Bay Area cities. The City of Oakley has newer housing stock because it only began to grow in the last 20 years due to housing pressures in the Bay Area region. By contrast, the City of Fairfield grew as a job center, primarily around a military base and manufacturing.

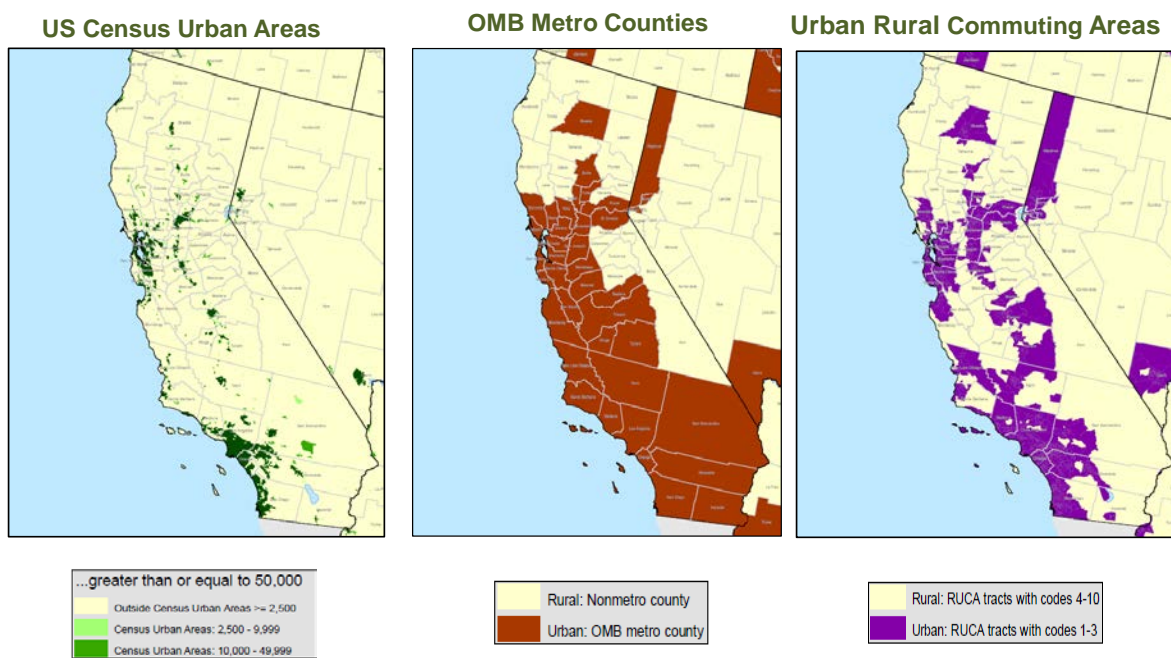
**Table A.10**  
**Suburban Cities Face Distinct Challenges Depending on Type**

	<b>Fremont (Urban-Suburban)</b>	<b>Fairfield (Job Center)</b>	<b>Oakley (Bedroom Community)</b>
<b>Population*</b>	221,654	107,983	37,391
<b>Maximum Zoning Densities***</b>	70 units/acre	32 units/acre	24 units/acre
<b>Median Sales Price****</b>	\$907,700	\$307,900	\$387,400
<b>Median Rent* (2010-2014 ACS)</b>	\$1,663	\$1,304	\$1,427
<b>Median Rent** (Zillow Median Rent Index August 2016)</b>	\$3,170	\$2,003	\$2,208
<b>Median Income*</b>	\$103,591	\$66,190	\$78,597
<b>Average Commute*</b>	31 Min	29 Min	40 Min
<b>Percent Working in City of Residence*</b>	29.0%	41.7%	11.1%
<b>Transportation Access*</b>	Alameda-Contra Costa Bus Transit, Bay Area Rapid Transit	Fairfield and Suisun Transit, Amtrak Capitol Corridor	Tri-Delta Transit
<b>Major Industries*</b>	Manufacturing, Technology	Military, Government, Manufacturing	Education, Service

Source: \*2010-2014 American Community Survey 5-year estimates, \*\*Zillow Median Rent Index (All Homes; Multifamily, Single Family Rental, Condo) by City. August 2016, \*\*\*Data from 5<sup>th</sup> Cycle Housing Elements Beginning 2014, \*\*\*\*Zillow.com median sales price index.

*Rural communities* are difficult to define. For example, the U.S. Census, the Federal Office of Management and Budget, the U.S. Bureau of Labor Statistics, and the USDA all designate rural areas differently, depending on the mission of their organization. Population clusters, agricultural land use practices, economies, or commute sheds are all examples of lenses used to define "rural." Rural areas in California pass in and out of urban designation under multiple and sometimes conflicting definitions. These conflicting definitions make it difficult to invest in rural areas because communities may be eligible as "rural" under one program, but not another.

**Figure A.10**  
**When Is Rural...Rural?**



Source: USDA, Economic Research Service using data from the U.S. Census Bureau's 2000 decennial census.

Rural communities range from agricultural and other resource-based production communities to natural resource tourism and recreation-based destination economies (destination communities) to fringe development (edge communities) that absorb growth from high-cost, primarily coastal, economic, and commute sheds.<sup>liv</sup>

Production communities that rely heavily on agriculture for employment tend to have a higher need for access to education, employment opportunities, and housing for a workforce whose employment patterns are specific to the agricultural industry. Destination communities' workforce housing needs are specifically impacted by climate and seasonality. Environmental preservation and topography influence the location and condition of housing. In destination communities, workers with families need housing opportunities close to schools and other



amenities but, living in a tourism or destination community, they may face higher housing costs than other rural areas. Edge communities in areas of projected rapid growth face infrastructure and service capacity issues as well as housing pressures akin to higher density areas, but with fewer resources.

Because employment opportunities and services are farther away from rural communities, longer vehicle trips are required. Rural counties generally have the highest total housing and transportation cost burden relative to urban and suburban areas.<sup>lv</sup> Rural job and housing markets are slower to recover after economic stress,<sup>lvi</sup> although not all rural housing is for moderate or low-income families. Many rural areas also have large lot, high-income, ranchette settlements located on the fringe of urban areas or embedded in non-metropolitan areas.

**Table A.11**  
**Universal Rural Strategies Do Not Capture the Diversity**  
**Across Rural Place Types**

	Glenn County (Production)	Mariposa County (Destination)	Imperial County (Rural Edge)
<b>Population*</b>	28,019	17,946	177,026
<b>Census Classification*</b>	40.9% Rural 59.1% Urban Cluster	100% Rural	17.4% Rural 20.3% Urban Cluster
<b>OMB Designation*</b>	Non-Metropolitan	Non-Metropolitan	El Centro MSA
<b>Median Sales Price***</b>	\$176,000	\$244,200	\$173,800
<b>Median Rent* (2010-2014 ACS)</b>	\$716	\$772	\$838
<b>Median Rent** (Zillow Median Rent Index August 2016)</b>	\$1,276	\$1,448	\$1,112
<b>Median Income*</b>	\$40,106	\$46,952	\$50,560
<b>Housing (H) and Transportation (T) Cost Burden****</b>	69% H – 26% T- 43%	71% H – 34% T – 37%	66% H-33% T- 33%
<b>Median Year Structure Built*</b>	1973	1983	1982
<b>Primary Industry*</b>	Agriculture	Recreation	Government

Source: \*2010-2014 American Community Survey 5-year estimates, \*\*Zillow Median Rent Index (All Homes; Multifamily, Single Family Rental, Condo) by County. August 2016, \*\*\*Zillow.com median sales price index, \*\*\*\*Center for Neighborhood Technology Housing and Transportation Affordability Index.



### *Disadvantaged Communities*

Many California residents live in areas characterized by low-investment, social and economic problems, and lack of infrastructure. As a result, California has determined that these areas need special attention to increase opportunities and improve conditions. The term “disadvantaged community” is a broad term that refers to areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, as well as lower-economic investment and opportunity. Increasing opportunities and improving conditions in these communities is especially critical for long-term childhood outcomes. Studies show that a child’s adulthood earning potential is reduced every year a child grows up in neighborhoods of poverty in comparison to children who reside in better neighborhoods<sup>lvii</sup>.

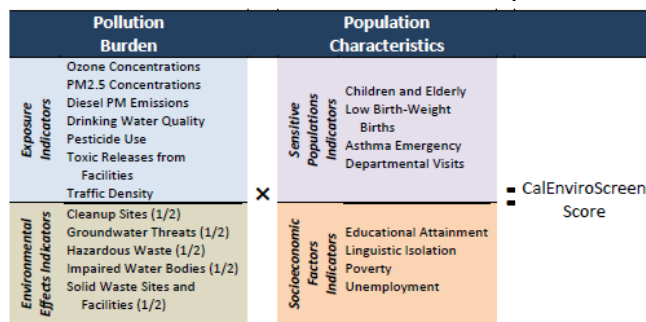
### **CalEnviroScreen Disadvantaged Communities**

In 2012, the Legislature passed SB 535 (Chapter 830) to direct investment to disadvantaged communities statewide. The bill directed that 25 percent of the funds generated by the State’s market based Cap-and-Trade Program and allocated to the Greenhouse Gas Reduction Fund must go to projects that provide a benefit to disadvantaged communities. The bill gave the California Environmental Protection Agency (CalEPA) the responsibility for defining and identifying disadvantaged communities (for purposes of this legislation) based on geographic, socioeconomic, public-health and environmental-hazard criteria.

In order to identify these communities CalEPA uses the California Communities Environmental Health Screening Tool (CalEnviroScreen). The most recent version, CalEnviroScreen 2.0, adopted in August 2014, uses 19 environmental and socio-economic indicators to assign a score to each census tract in California (see Figure A.11). The census tracts are then ranked relative to one another. Significant public engagement shaped the tool as it stands today. The decision to use census tracts, rather than a larger geographic unit, like cities or zip codes, is extremely valuable for evaluating the indicators on a local scale, but some stakeholders still have concerns about the use of census tracts in rural areas, where low population densities can increase the geographic coverage of the census tract.

For the purposes of SB 535 and the Cap-and-Trade Program, the top 25 percent most-disadvantaged census tracts are determined to be disadvantaged communities. All programs within the Greenhouse Gas Reduction Fund have provisions for benefiting disadvantaged communities as identified by CalEnviroScreen, including the Affordable Housing and Sustainable Communities (AHSC) Program, which provides affordable housing loans for compact, transit-oriented development as well as grants for transportation infrastructure and programs that reduce greenhouse gas emissions. The AHSC Program must allocate at least 50 percent of the funding to projects that benefit disadvantaged communities.

Figure A.11  
CalEnviroScreen 2.0 Indicator and Component Scoring

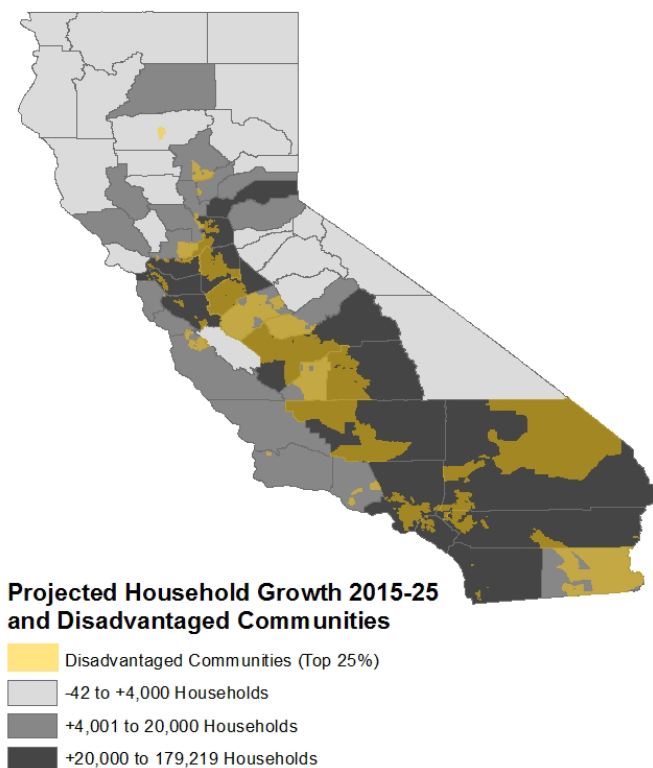


Source: California Environmental Protection Agency, Designation of Disadvantaged Communities Pursuant to Senate Bill 535 (De León), October 2014

### Future Growth Impact on Disadvantaged Communities

The regions that are expected to experience the largest amounts of growth are also areas with the most CalEnviroScreen-defined disadvantaged communities. As disadvantaged communities are disproportionately affected by socioeconomic issues and environmental hazards, it becomes increasingly important to think about how growth occurs in terms of infrastructure needs, cross-regional collaboration, and maximizing infill opportunities.

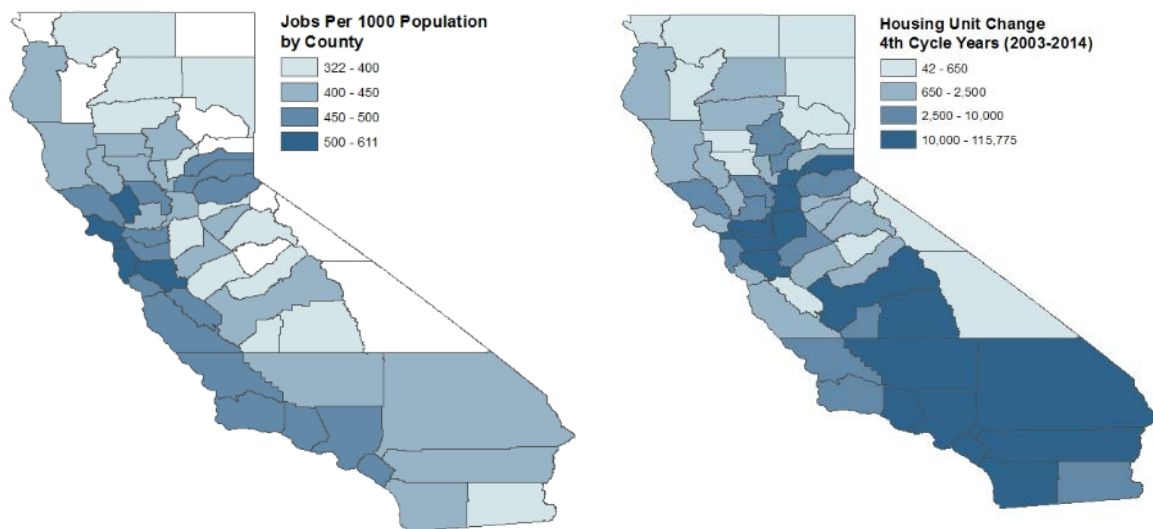
Figure A.12  
Disadvantaged Communities and Future Housing Growth



Sources: State of California, Department of Finance State and County Population Projections by Race/Ethnicity, Sex and Age 2010-2060; State of California, Office of Environmental Health Hazard Assessment, CalEnviroScreen 2.0; Graphic by HCD.

California's urban and coastal communities, where jobs and services are concentrated, are also where housing costs are the highest. To improve individual and societal outcomes, as well as community resiliency<sup>7</sup>, the State must both increase the availability of, and access to, housing in areas of opportunity throughout the State, those near jobs, services, high-performing schools, and transit; and improve the State's disadvantaged communities through community development interventions and infrastructure improvements. Development must also be weighed against the potential impacts of climate change on California's diverse geographic areas.

**Figure A.13**  
**Counties with High Job Availability Have Lower Housing Production**



Sources: *Population*: U.S. Census Bureau, Population Division, 2015 Population Estimates. *Labor Force Estimates*: State of California Employment Development Department 2015 Labor Force by County, note counties with labor forces under 10,000 were excluded from the map. *Housing Unit Change*: DOF E5 Population and Housing Estimates for Cities, Counties, and the State; E8 Historical Population and Housing Estimates for Cities, Counties, and the State. Graphic by HCD.

### Disadvantaged Unincorporated Communities

Senate Bill 244 (Chapter 513, Statutes of 2011) requires Local Agency Formation Committees to make specific written determinations on infrastructure needs or deficiencies related to public facilities and services in any Disadvantaged Unincorporated Communities (DUCs). DUCs are low-income, unincorporated communities, that can range from remote settlements throughout the State to neighborhoods that are surrounded by California's fast-growing cities, but not part of the cities themselves. They can lack access to basic community infrastructure like sidewalks, safe drinking water, and adequate waste processing. SB 244 also requires each city and county to identify and describe in its General Plan each DUC within its sphere of influence. They must

<sup>7</sup> Resiliency is the ability for a community to anticipate risk, limit impact, and utilize available resources to respond to, withstand, and recover from environmental, economic or other adverse situations.

include an analysis of water, wastewater, storm water drainage, and structural fire protection needs, as well as potential funding mechanisms that could make the extension of services and facilities to identified communities financially feasible.

### *Infrastructure*

Availability of infrastructure and infrastructure costs are a significant barrier to addressing housing challenges throughout California.

In urban and suburban areas, compact infill development at increased density is critical for addressing housing needs and using valuable, location-efficient land near transit and job centers. However, inadequate and crumbling infrastructure may require significant investment to improve capacity for development to occur.<sup>lviii</sup> A 2012 survey conducted by the California Governor's Office of Planning and Research showed the lack of adequate infrastructure as one of the primary barriers to development of infill housing, which causes sprawl and higher housing and transportation costs.<sup>lix</sup> Upgrades to existing infrastructure in infill areas can be more expensive than building in greenfield areas and increase housing costs.

Like urban and suburban communities, rural communities also struggle with crumbling infrastructure systems and costs associated with installing new infrastructure. Existing systems in rural areas may lack the capacity to accommodate new water and sewer connections. Some rural areas may also rely on septic systems for sewer, which constrains new development. DUCs can face deeper infrastructure problems. These communities often lack access to potable water, sewer systems, storm water drainage, and utilities.<sup>lx</sup>

In addition to local challenges, infrastructure problems affect entire regions. In the coastal regions of California, access to water is a barrier to new development. For example, access to water is a primary constraint to development on the Monterey Peninsula. The California American Water Company supplies water to most of the Monterey Peninsula through wells in Carmel Valley, dams on the Carmel River, and a well drawing from the Seaside Aquifer. The Monterey Peninsula Water Management District has established water allocations for jurisdictions within its district and communities have

#### **Lanare, California**

This DUC is an unincorporated community of approximately 400 people in Fresno County, most of who are low or very low-income. It has a community-organized service district to provide drinking water, but arsenic contaminated the water. While Community Development Block Grant funding enabled the construction of an arsenic treatment plant, it was only in operation for six months. Residents currently pay at least \$54 per month in addition to the cost of bottled water they must purchase for drinking and cooking. Homes in Lanare are dependent on dilapidated septic tanks, which leak and overflow, for their wastewater needs.

Source: Seaton, Phoebe and Garibay, Veronica  
"American Recovery and Reinvestment Act of 2009  
Analysis of Drinking Water and Waste Water  
Investment in Fresno and Stanislaus Counties"  
California Rural Legal Assistance, Inc. (2011)

distributed most of the available allocations. As a result, new development must either provide another water source such as a well or enter a waitlist for future allocations.<sup>lxii</sup>

As infrastructure challenges faced by various communities differ greatly, investment strategies to solve these issues must be place-based, sufficiently flexible, and context-sensitive in order to be effective.

### *Resiliency*

Almost every city, county, or town is vulnerable to at least one, if not several, effects of climate change. Our communities are beginning to understand these issues and many are acting to mitigate potential effects. Many climate-change impacts will exacerbate existing hazards. Modifying or expanding on existing policies and programs will address some of these hazards, while others will require institutional changes to address the impacts of climate change.

Land use and community development policies shape social and spatial environments. It is, therefore, important that State policy ensures that communities are located in places, and developed in ways, that make them abler to withstand and recover from climate threats. On one hand, land use decisions can dictate that communities and infrastructure are located to minimize the effect of climate impacts like sea-level rise, wildfires, and flooding. On the other hand, community development policy can help create sustainable and efficient communities with better access to transit options and other resources that will make residents abler to respond to disasters. In conjunction with each other, these two policy areas can create communities that are more self-sufficient, more tightly knit, and more sustainable.

Some principles that help guide ongoing and future efforts to reduce climate impacts and prepare for climate risks through land use and community development include:

- *Sustainability and Choice*: Promote vibrant and safe communities that have an affordable mix of safe and decent housing choices for different income categories.
- *Economic Development*: Retain and expand a diversity of jobs and businesses to improve and sustain economic prosperity and community resiliency.
- *Location and Connectivity*: Seek to locate housing and communities with access and connectivity to decent infrastructure, mobility choices, education, jobs, high-performing schools, open space and other community needs in a manner that seeks to preserve environmental resources and avoid, or ably adapt, to climate change.
- *Resilience in Existing Communities*: Improve housing conditions, choices, and community development deficiencies that especially impact disadvantaged and special-needs populations while avoiding the impacts of climate change.
- *Innovation*: Collaborate to develop models that will help California's communities and environment to be sustainable, equitable and adaptable under changing climatic conditions.

## Conclusions

- Land use planning influences location, type, price, and supply of housing; this contributes to achieving availability, affordability, and sustainability goals.
- The State has a number of tools to promote land use planning and facilitate housing development. However, improvements in the use of existing tools and the development of new tools are needed to attain better outcomes in achieving housing and sustainability goals.
- California is not producing enough housing in the right places and at the right affordability levels to accommodate the population. The State can require planning but actual production of housing falls short of housing needs in part due to the lack of certainty of where and what is economically and politically feasible to build. There are still many market, policy, and implementation factors that hinder the development of denser, affordable housing, near jobs and services.
- The entitlement (approval) process for developing housing is uncertain, complicated and lengthy, which affects housing delivery and production costs and goals.
- Lack of enforcement of State housing laws limit the effectiveness of existing planning tools intended to guide and facilitate housing development.

## End Notes

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<sup>i</sup> 2016 Point In Time Estimates by State. <https://www.hudexchange.info/resources/documents/2007-2016-PIT-Counts-by-State.xlsx>

<sup>ii</sup> The 2015 Annual Homeless Assessment Report (AHAR) to Congress, United States Department of Housing and Urban Development, November 2015.

<sup>iii</sup> Thomas Byrne, Ellen Munley, Jamison D Fargo, Anne Elizabeth Montgomery, et al. "New Perspectives on Community-level Determinants of Homelessness" *Journal of Urban Affairs* (2012)

<sup>iv</sup> Sermons, William M and Henry, Meghan, "Demographics of Homelessness Series: The Rising Elderly Population", National Alliance To End Homelessness, Research Matters, April 2010.

<sup>v</sup> Rebecca T. Brown, Kaveh Hemati, Elise D. Riley, Christopher T. Lee, Claudia Ponath, Lina Tieu, David Guzman, and Margot B. Kushel. Geriatric Conditions in a Population-Based Sample of Older Homeless Adults. *The Gerontologist*, February 2016

<sup>vi</sup> Randall Kuhn and Dennis P. Culhane, "Applying Cluster Analysis to Test a Typology of Homelessness by Pattern of Shelter Utilization: Results from the Analysis of Administrative Data," *American Journal of Community Psychology* 26 (1998): 207-32.

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## Appendix B: Land Use Planning and Policy Influence on Housing Development

Land use planning and development policies greatly influence California's ability to provide an adequate supply of housing and encourage land use patterns that support infill development. California local governments have primary control over land use and housing-related decisions and can enact policies which either encourage or discourage housing construction. Despite planning efforts to facilitate new housing, actual housing production in California falls far short of meeting the need, in part, due to the lack of certainty of where housing is economically and politically feasible to build. In addition, lack of enforcement of State housing laws limits the effectiveness of existing tools intended to promote housing development. This appendix examines how land use policies and practices affect the ability to meet State planning and housing production goals—particularly where and how much housing is built.

### State's Housing Lens on Land Use Planning

California State law declares the importance of safe, decent, suitable housing for Californians of all economic levels a matter of statewide importance. Over the years, California has developed a set of laws in which the State and local governments have interdependent roles to encourage and require adequate residential development sites in the right places,<sup>i</sup> for example, in locations with access to jobs, transportation, education, food and health-related services. State law also recognizes that efforts to expand housing opportunities and accommodate the housing needs of Californians require cooperation between government and the private sector.<sup>ii</sup>

Since the Brown Administration's 1978 "An Urban Strategy for California," the State has set forth goals including "providing an adequate supply of affordable housing in both cities and suburbs," and "encouraging land use patterns in a manner to stimulate necessary development while protecting environmental quality." State plans and policies—such as the California Statewide Housing Plan, the AB 32 Scoping Plan, the California Transportation Plan 2040, and Safeguarding California—include housing and land use provisions that form the foundation for decision-making at the statewide level. These plans and policies are designed to achieve dual goals of adequate supply and environmental sustainability. The location of housing is critical to improving connectivity, meeting greenhouse gas (GHG) reduction targets, and creating healthy communities.

Implementation of State land use policy relies upon the private sector, as well as cooperation and coordination of local and regional governments, as most land use decisions are made at the local level. State and local governments lay the groundwork for increasing the supply of affordable homes in location-efficient places through specific tools, incentives, requirements, and regulations. The private market develops the housing and creates affordable and sustainable development, guided by this groundwork. However, housing development often



contends with significant barriers, disincentives, and constraints that limit actual production, resulting in failure to meet housing production goals.

### Evolution of Land Use and Housing Policy

California has also enacted land use and housing-related laws that guide where development is not appropriate or is subject to significant mitigation. Efforts to conserve farmland (Williamson Act), protect coastal resources (Coastal Zone Requirements), and protect the environment (California Environmental Quality Act or CEQA), limit development by restricting and, in effect, directing growth. Some practices of CEQA implementation, for example, Level of Service (LOS) standards for traffic analysis, have worked against the goal of creating more infill development.<sup>iii</sup> Extensive restrictions on development in some areas—coupled with local preference that land be used for purposes that generate sales-tax revenue (e.g., commercial development) and resistance to higher density development—have resulted in growth concentrating in areas with less restriction and opposition to building, including outlying greenfield areas. The cumulative effect of a variety of regulatory policies and economic incentives have, therefore, resulted in urban sprawl, leap-frog development patterns, and concentrations of low-density, single-family housing, far from major job centers.

Development patterns directly influence the emissions of greenhouse gases, including those from transportation between jobs and housing. Research shows that as housing units per acre (density) decreases, vehicle miles traveled (VMT) increases.<sup>iv</sup> One study demonstrated that location-efficient affordable housing minimized vehicle use with 20-40 percent reduction in VMT.<sup>v</sup> Indirect effects of traditional, low-density development patterns also include low rates of physical activity due to the lack of walkable communities.

The unintended consequences of sprawling development patterns led to increased focus on reducing VMT and GHG through the encouragement of more infill housing. Housing Element Law and prior Statewide Housing Plans, completed in 1982 and 2000, have long recognized the importance of developing high-density housing in infill areas. The integration of land use requirements and sustainability objectives gained further momentum in the early 2000s through the following State laws and policies:

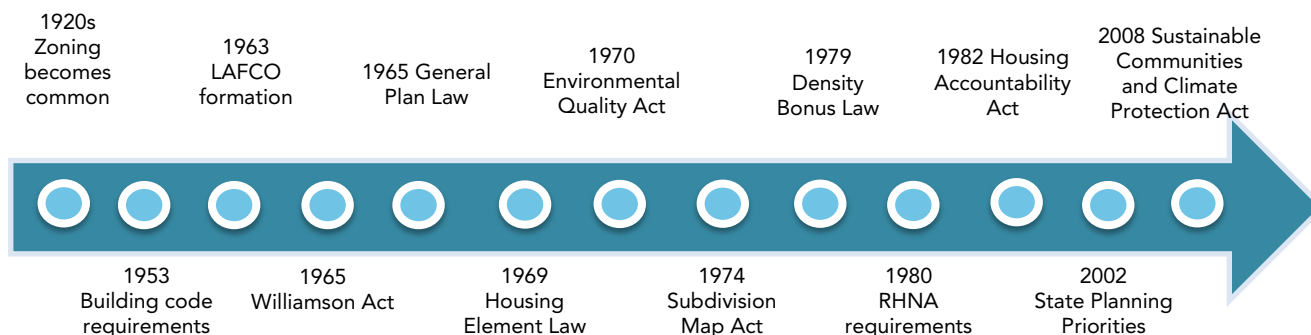
- In 2000, the Cortese-Knox-Hertzberg Local Government Reorganization Act directed Local Agency Formation Commissions (LAFCOs) to discourage urban sprawl, encourage orderly governmental boundaries, and preserve open space and prime agricultural land.
- In 2002, California adopted State Planning Priorities<sup>vi</sup> to promote and encourage infill and more efficient land use development patterns in order to protect environmental and agricultural resources and achieve greater equity from development patterns.
- In 2004, the State Planning Priorities were incorporated in the Regional Housing Need Assessment (RHNA) principles.
- In 2008, the State adopted the Sustainable Communities and Climate Protection Act (Sustainable Communities Act, SB 375, Chapter 728, Statutes of 2008) to increase

coordination of transportation and housing with the objective of reducing greenhouse gas emissions.

Infill and efficient land-use policies have had a positive effect on reducing sprawl. A comparison of sprawl scores in the 2002 and 2014 Smart Growth America studies<sup>vii</sup> showed a significant increase in the percentage of metropolitan statistical areas (MSA) in California that had a better than average score from 55 percent of MSAs scoring better than average in 2002 to 73 percent in 2014.<sup>viii</sup>

Housing needs vary across population groups and places, making one-size-fits-all policies difficult to implement and inefficient for meeting the diverse needs of all Californians. This appendix focuses on the specific housing needs of certain special population groups and briefly examines how they can be addressed across California's diverse areas.

**Figure B.1: Timeline of Selected Land Use and Housing Laws**



### Production Goals Continue to Fall Short of Planning Objectives

California's housing production and affordability has not kept up with demand. The State plans for housing by projecting future regional housing needs, after which local governments are required to plan to accommodate this need through their local planning and zoning processes. The RHNA process uses projected population growth to determine housing and affordability needs relative to household incomes, and provides estimates of how many new units will need to be affordable to lower- and moderate-income households. The RHNA has been a forerunner of "fair share" planning, wherein all local governments have an obligation to accommodate a mix of housing (e.g., apartments, single-family) for all income levels.

As seen in Figure 3.2, during the Regional Housing Needs Allocations Fourth Cycle Projection Period (2003-2014) the majority of housing built was single-family (62 percent versus and 38 percent multifamily). During that period, not one region built enough housing to meet its RHNA. For example, of the two most populous regions in the State, the Southern California Association of Governments region produced 46 percent and the Association of Bay Area Governments produced 53 percent of the regional RHNA. Generally, 47 percent of the housing required to meet projected need was constructed during this time-period.

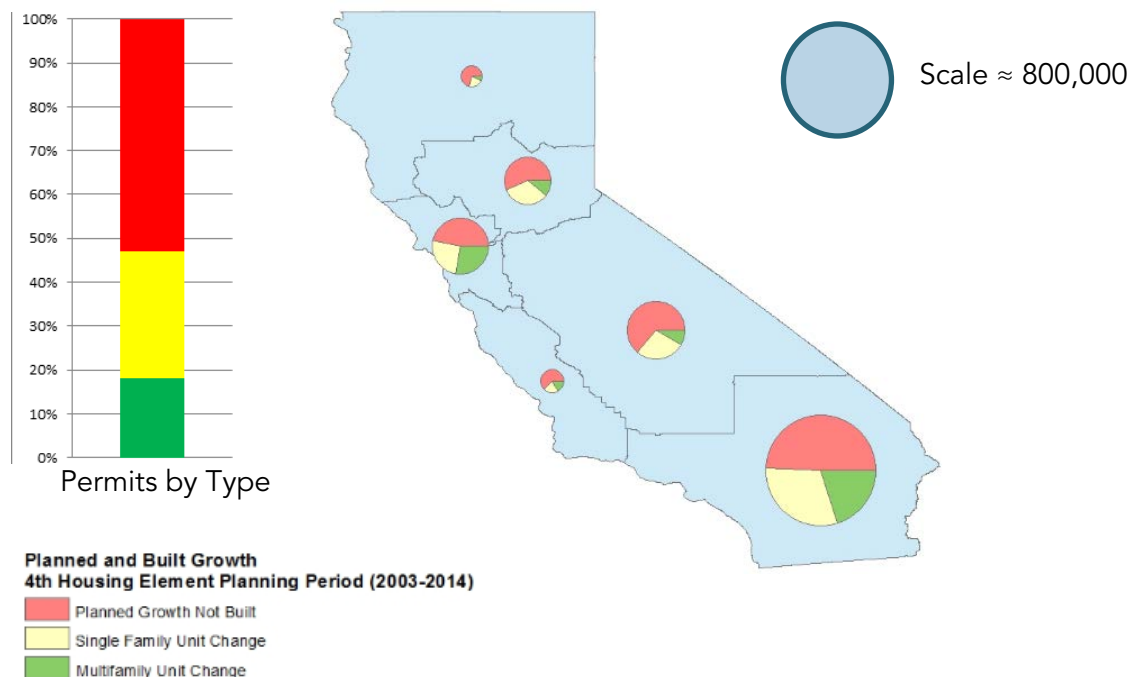
The low percentage of housing construction compared to the need is especially true for housing affordable to lower-income households. Figure B.3 shows, for the fourth cycle projection period, the projected housing need for lower-income households compared to the net change in deed-restricted affordable homes. It also shows the projected housing need for moderate- and above-moderate income households compared to the net change in market-rate multifamily and single-family homes. New home production falls short for all income segments, but is lowest for deed-restricted homes that serve lower-income households. For a list of RHNA by jurisdiction in comparison to constructed housing units for the fourth cycle, please See Exhibit B2.

Failure to meet housing production goals is a reflection of the following:

- Market conditions.
- Competition among builders for housing demand at the higher-income and price levels.
- Lack of subsidies for housing affordable to low- and moderate-income households.
- Legal and political processes that can stop or dramatically slow housing projects.

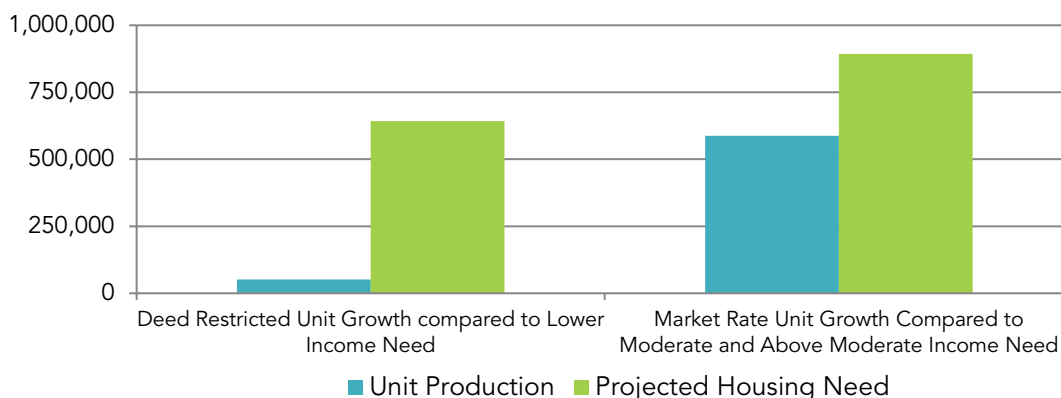
In addition, barriers and constraints, such as lengthy development review at the local level and local opposition, impact the type, quantity, and location of housing built. However, local planning and development processes also play a significant role in the production of housing supply, and can be important tools in helping to close the gap between the housing need and production.

**Figure B.2: All Regions Have a Shortfall in Meeting Production Goals**



Sources: HCD Regional Housing Needs Allocations; DOF ES Population and Housing Estimates for Cities, Counties, and the State; E8 Historical Population and Housing Estimates for Cities, Counties, and the State; TCAC Mapped Developments. Graphic by HCD.

**Figure B.3: Home Production Is Lowest for Lower-income Households<sup>1</sup>**



Sources: HCD Regional Housing Needs Allocations 4th Cycle Housing Element (2003-2014); DOF E5 Population and Housing Estimates for Cities, Counties, and the State; E8 Historical Population and Housing Estimates for Cities, Counties, and the State; TCAC Mapped Developments.

## Process for the Development of Housing

Land use refers generally to where and what is built in a community and is influenced by a complex system of regulatory control, market forces, and the policy decisions at multiple levels of government. The application of local land-use regulations has significant effects on the location and type of housing that is developed.

The following section describes the development phases and outlines barriers or obstacles that impact achieving housing supply, affordability, and sustainability goals.

Primary authority for land use decisions is at the local level<sup>2</sup> through the implementation of planning, zoning, permitting, and building requirements. However, in matters of statewide importance, the State Legislature passes laws that set limits on that authority or require local governments to include specific considerations in their planning efforts. State law also includes incentives to encourage certain development patterns, such as promoting development near jobs, services, high-performing schools, and transit. These State laws provide consistent policies that have statewide impact and are beyond the scope of local government planning alone.

Figure B.4 describes the four stages of the residential planning and development process in California; the role of the State, regional, and local governments, and some of the constraints at each stage, which compound to create a large gap between projected housing need and built units.

<sup>1</sup> Note: In this figure deed-restricted units created with public financing sources are used as a proxy for the number of low-income units produced during this time period. Local inclusionary units and non-deed restricted homes affordable to lower-income at initial sales or rental are not included in this total due to lack of statewide data. Comparisons with San Diego Association of Governments and Association of Bay Area Governments regional data show total actual affordable units produced during this time show up to twice the affordable units produced depending on local inclusionary policies.

<sup>2</sup> This includes incorporated cities and towns as well as unincorporated areas within counties.

Figure B.4: Residential Development Process Flowchart

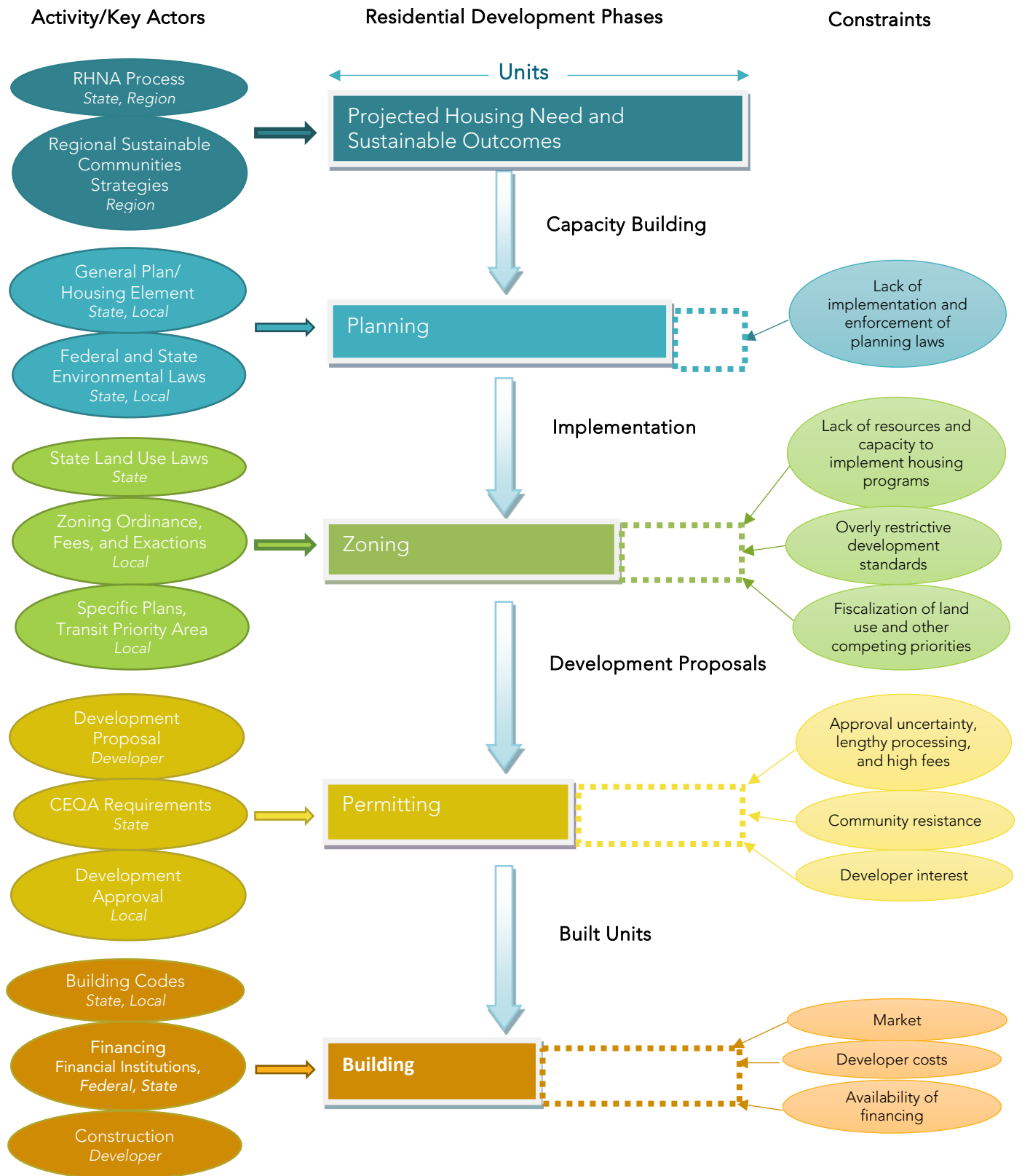


Table B.1 illustrates some of the State laws intended to facilitate and encourage housing development. Laws that guide development include those that influence the location of development and increase local capacity for new housing. Laws that remove barriers prescribe how certain uses are allowed throughout the State and remove some limitations on development. Those that incentivize housing offer concessions for the provision of affordable housing development. For a description of these laws, refer to Exhibit B1. In addition, Exhibit B3 includes excerpts from the White House Housing Development Toolkit released September 2016, which makes recommendations on actions that states and local jurisdictions can take to promote healthy, responsive, affordable, high-opportunity housing markets.

**Table B.1: State Laws to Encourage and Facilitate Housing Development**

Guides Development	Removes Barriers To Development	Incentivizes Housing
General Plan/Housing Element Law	Second Unit Law including establishment of junior accessory dwelling units	Density Bonus Law
Regional Housing Needs Assessment	Housing Accountability Act	Multifamily permit streamlining
No-Net-Loss Law	Mitigation Fee Act	CEQA streamlining
Subdivision Map Act	Permit Streamlining Act	Local assistance resources for housing and infrastructure including Enhanced Infrastructure Finance Districts, Community Revitalization and Investment Authorities, and Low and Moderate Income Housing Assets Funds of the Housing Successor Agencies.
The Cortese-Knox-Hertzberg Local Government Reorganization Act	Least-Cost Zoning	
Sustainable Communities and Climate Protection Act (SB 375)	Emergency shelter, transitional housing, and supportive-housing zoning requirements (SB 2)	
Williamson Act	Manufactured and Factory Built Housing Law	Affordable Housing Beneficiary Districts
California Environmental Quality Act (CEQA)	Employee Housing Act	
	Group Home Law	
	Federal and State Fair Housing Law	

While there are efforts to facilitate and encourage the type of housing development that meets planning goals, these tools are not enough to overcome other disincentives, barriers, or constraints that influence actual outcomes. There are many reasons why existing tools are not as effective as originally envisioned. Some tools are not widely implemented because people do not know they exist.

Other tools may be too complex and difficult to implement. Finally, most of the land use provisions lack enforcement mechanisms except through the judicial system. Table B.2 outlines broad categories of constraints associated with the planning level most affected.

**Table B.2**  
**Barriers and Constraints to Housing Development**

Type Of Constraint	Constraint
PLANNING PHASE	
Implementation and Enforcement of Planning Laws	Tension between State and local control
	Enforcement of State law
	Community resistance to growth and change
	Inadequate capacity and resources at a local level to complete plans
	Weak General Plan and housing program implementation
ZONING PHASE	
Competing Priorities	Local revenue generating mechanisms that favor nonresidential
	Tensions between the need for transportation corridor or transit oriented development (TOD) and health effects from exposure to poor air quality/pollutants
	Development standards that impact supply and cost of housing
PERMITTING PHASE	
Processes and Standards	High impact fees
	Lack of implementation of housing programs
	Multiple levels of discretionary review
Community Opposition	Community resistance to new affordable housing
	Environmental permit process reviews can be used to stop or limit housing development
	Growth vs. preservation of character (development standards, density)
	Referendums and requirements for voter approval
BUILDING PHASE	
Market Conditions	Limited access to predevelopment financing
	Weak market conditions
	High land and construction costs
	Public subsidies inadequate/declining



### Residential Development, Phase One: Planning

Planning at all levels of government allows for the development of policies that guide how land use occurs. Planning allows decision makers and the community to implement strategies to address many community objectives, such as economic development, environmental protection, healthy communities, equity, and affordability. This includes accounting for the long-term development needs of the community as well as accommodating the immediate wishes of the current residents.

The primary mechanism used by local governments for long-range planning is the General Plan. The General Plan usually encompasses a planning horizon of at least 20 years, providing a vision for future growth. All subsequent planning documents created by a local government—such as zoning codes or specific plans—must be consistent with the goals and policies adopted within its General Plan.

Housing Elements are a required part of each local government's General Plan and are updated to ensure that each local government is adequately planning to meet their existing and projected housing needs, including their share of the RHNA. The housing element is the primary mechanism to increase the amount of land available for housing development at the local level. Housing elements must be updated frequently (every five to eight years) and must include public engagement efforts to inform the plan. A major component of the Housing Element is the identification of sites with appropriate densities and development standards to accommodate construction of new housing that will meet the specific needs of the community. As communities update their General Plans, including their Housing Elements, local governments, with community input, analyze environmental impacts and set local rules for how their community will grow, enabling streamlined processing for subsequent development.

Community engagement early and upfront during General Plan update process allows communities to set a framework for how growth should occur, influencing multiple (instead of individual) developments and addressing community goals that cannot be achieved at the scale of individual developments. This is important to reduce the need for redundant approval of applications for each and every individual development, which constitutes a substantial barrier to increasing the supply of housing in many communities and lead to more opportunities for ministerial approval. Ministerial processing enables streamlined land use entitlements where by an application for a residential development is deemed approved when it meets objective standards.

#### *Planning Phase—Barriers to Development:*

#### **Tension between State and Local Control Can Affect the Success of Housing Programs**

State law recognizes that providing affordable housing to low- and moderate-income households requires the cooperation of all levels of government. The State legislature also recognizes that in carrying out this responsibility, each local government also has the responsibility to cooperate with other local governments and the State in addressing regional



housing needs (as determined in their RHNA)<sup>ix</sup>. However, the State's involvement in local, land use decision making can result in tensions between meeting State housing objectives and local control. Local decision makers may be opposed to planning for additional growth, increasing development density, or zoning for some kinds of housing (such as homeless shelters). As a result, State planning priorities are not equally achieved across communities.

Reasons for this opposition can include, but are not limited to:

- Concerns about preserving community character.
- Balancing competing community objectives.
- Needs for infrastructure upgrades.
- Responding to the desires of constituents.

### **Enforcement of State Law is Limited**

The primary mechanism to enforce State housing law is through the judicial system. For example, an interested party can legally challenge the actions of local government by filing a lawsuit when a local government's Housing Element is out of compliance with State law or when a local government denies approval of an affordable housing development.<sup>x</sup> However, money, time, and interest are necessary to pursue judicial remedies. In addition, developers are hesitant to seek a judicial remedy in localities where they intend to have future development. The lack of enforcement and lack of consequences for noncompliance with State requirements limits the effectiveness of these laws.

### **Inadequate Capacity and Resources at a Local Level to Complete and Implement Plans**

Development and implementation of housing and community plans can be a challenge for many localities due to the lack of staff capacity and resources. Many cities and counties rely on developer fees to fund planning and housing staff within local government. The slow-down in building during the Great Recession (2007-2009), resulted in many planning departments reducing staff and cutting back on implementation of housing programs. In addition, smaller localities may have very limited city staff with one or two people acting in multiple capacities. City staff may not have the expertise or the ability to develop required planning documents.

As a result, efforts at the State level to provide additional tools, resources, and technical expertise to local governments to plan and implement housing programs helps to encourage successful attainment of statewide housing goals. The State works to incentivize local governments to comply with State housing laws. For example, in order to be eligible to receive certain types of funding from the State, jurisdictions must have a current housing element that meets Housing Element Law requirements. However, these incentives to comply with State housing laws have lessened as the funding sources are depleted.

Since the last Statewide Housing Plan (2000), the California Department of Housing and Community Development (HCD) increased the availability of technical assistance to local governments that are preparing their Housing Elements by launching a webpage: *Building Blocks for Effective Housing Element*. This website, along with other technical assistance, helps local governments streamline the process for updating their Housing Elements and getting approval from HCD.

Housing Element compliance (Housing Elements submitted to HCD that meet the statutory requirements) steadily increased from 47 percent in the 2nd planning cycle to 90 percent in the 4th cycle. Current trends in the 5th cycle are on track to meet or exceed this percentage.

**Table B.3**  
**Housing Element Compliance Rates Have Risen**

PLANNING CYCLE	2 <sup>ND</sup> PLANNING CYCLE (1991– 1999)	3 <sup>RD</sup> PLANNING CYCLE (1999– 2009)	4 <sup>TH</sup> PLANNING CYCLE (2005–2015)
In Compliance	47% (254)	82% (439)	90% (485)
Out of Compliance	53% (281)	18% (98)	10% (54)

Source: HCD Housing Element Tracking Database

### Residential Development, Phase Two: Zoning

Local planning policies and goals are implemented through the zoning of land. Zoning specifies what can be developed and where it can be developed. It also details the standards for development, such as units allowed per acre, height standards, and parking standards. In addition to zoning parameters set by local governments, some State laws put additional parameters on local zoning in order to produce housing that is affordable to lower-income households or increase the general supply of housing (e.g., least cost zoning,<sup>xi</sup> second unit law,<sup>xii</sup> and the Employee Housing Act<sup>xiii</sup>).

Zoning can be in the form of traditional zoning ordinances, a form-based code, or through community or specific plans. Local governments can also adopt policies that encourage particular types of housing (e.g., inclusionary housing policies and/or other incentives that encourage development of housing affordable to low-income households).

### *Zoning Phase—Barriers to Development*

#### **Local Governments Must Balance Competing Priorities**

Land use policies can support a host of public policy objectives, such as promoting greater proportions of infill and transit-oriented residential development, improving a community's balance of jobs, housing, retail, and services, and creating higher density, more-compact,

walkable and bikeable development patterns. Local governments must balance these policy objectives with the need to address other policy and public health objectives. For example, building in transportation corridors may also necessitate mitigation of adverse health impacts, such as increased risk of asthma and cancer due to living close to roadways.<sup>xiv</sup> To address infrastructure constraints or control the amount and pace of growth, some local governments also have established growth-control measures. These growth measures can limit housing development; however, local governments are still required by State law to plan for enough housing development to meet their RHNA.<sup>xv</sup>

### **Local Revenue-Generating Mechanisms Favor Non-Residential Development**

Local governments must also balance the use of land that is available for residential development with other uses. In 1978, California voters passed Proposition 13, which limits how much homeowners' property taxes can increase each year. This limitation resulted in less property tax being paid to local governments and, therefore, less revenue available to fund government activities. Following the passage of Proposition 13, local governments began to pay more attention to the fiscal outcomes of land-use decisions as a way to replace the lost revenue from property taxes. As a result, land uses that generate sales tax revenues are often prioritized over residential and other land uses<sup>xvi</sup> as a way to provide more funding to local governments. This prioritization in land use can result in a lack of support for housing development.

### **Local Tools to Encourage Affordable Development Are Evolving**

Some local governments have adopted inclusionary (or "mixed-income") ordinances requiring that a percentage of units in a new housing development are affordable to (and reserved for) low- and moderate-income families. Following a 2009 appellate court ruling, *Palmer/Sixth Street Properties v. City of Los Angeles* 175 Cal.App.4th 1396, many local governments suspended enforcement of their inclusionary zoning ordinances for rental housing development.

The California Supreme Court in *California Building Industry Association v. City of San Jose* (2015) 61 Cal.4th 435 upheld the constitutionality of inclusionary ordinances and local government's authority to enact them in the case of for-sale housing.

The State has recently enacted tools such as Affordable Housing Beneficiary Districts, Enhanced Infrastructure Finance Districts and Community Revitalization and Investment Authorities to provide more flexibility to local governments to designate areas to support affordable housing and infrastructure development under certain parameters. However, as they are newly available, these tools have yet to see wide usage. (See Appendix C and Exhibit B1 for more information on these tools.)

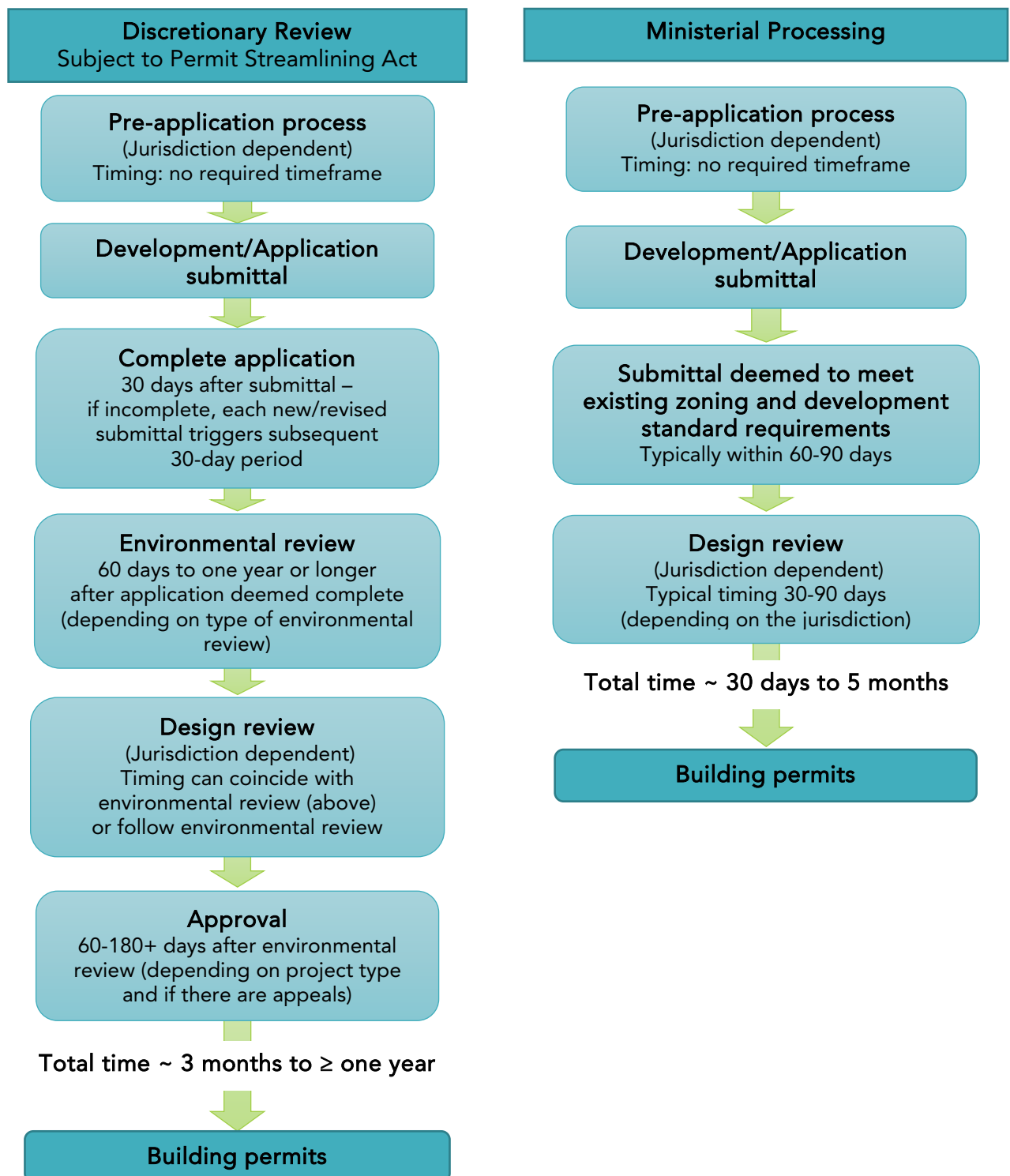
### Residential Development, Phase Three: Permitting

Through the planning and zoning phases, local governments facilitate the development of housing by identifying priority locations, providing infrastructure and incentives that encourage development, and actively seek investments and developers to build in the community. However, the private sector is also critical to the housing development process. Developers (both for- and nonprofit) must acquire the land, secure financing, assemble a design team, and apply for permits to build.

Once a developer has submitted an application for a new development, the local government must approve it prior to building—this is known as the entitlement process. As demonstrated by Figure B.5, the process can be as simple as local-government staff’s review of the development to ensure it meets all the existing development standards and any mitigation requirements (ministerial processing). The process can also entail a longer, discretionary process that requires review by the City Council or Board of Supervisors, and any number of multiple local bodies, for example, the planning commission, design review boards, neighborhood advisory councils, etc. In addition, local governments can impose development fees to defray all or a portion of the cost incurred by the local government related to the development.<sup>xvii</sup>

As with zoning, the State’s primary role in the permitting process is to establish parameters and protections for developments. The State also encourages local governments to approve affordable housing, through laws like the State Density Bonus Law,<sup>xviii</sup> which allows a developer to include more housing (up to 35 percent more) in a development, and up to three incentives or concessions for including housing affordable to lower-income households. These incentives can include a reduction in site development standards, a modification of architectural design requirements, approval of mixed-use zoning, or other incentives or concessions that result in cost reductions.

Figure B.5: Multifamily Development Permitting Discretionary vs. Ministerial<sup>3</sup>



<sup>3</sup> This figure expresses the permitting process for approval of a development application and does not show the environmental review at the planning and zoning stages, which ministerial projects implement.

### ***Permitting Phase—Barriers to Development:***

The planning phase is intended to consider the community as a whole, review and balance competing priorities through public engagement and discussion, and arrive at a set of policies for how a community will grow and develop. However, in reality, the agreements that were reached early on in the planning phase (for how a community will grow and develop) can (and often are) overridden or reversed for proposed developments through debates that occur during the permitting phase, which can delay, or all together prevent, development from occurring.

### **Multiple Levels of Discretionary Review Impact Certainty and Cost of Development**

Processing housing development proposals can be long and unpredictable. Timing can take anywhere from three months for simpler, ministerial, approvals to multiple years for controversial developments that include multiple levels of discretionary approvals. As mentioned above, discretionary permitting approvals can include multiple bodies, including planning commissions, design review boards, and/or neighborhood councils. It can also include approvals from special districts. A 2016 report by the American Planning Association<sup>xix</sup> indicated that because of their subjective nature, discretionary review sets up an adversarial process that can result in unpredictable negotiations on aspects of the development. These negotiations can include a reduction in units, increase in parking requirements, or the addition of costly amenities. In addition, citizens who disagree with approvals may accuse staff and decision makers of bias. Delays caused by long, discretionary, review processes can also translate into significant additional costs for developers, which, over time, can make a development so expensive, it's no longer financially feasible.

### **High Impact Fees and Restrictive Development Standards Impact Cost of Housing**

Fees and exactions affect the cost and feasibility of housing development. High fees for planning and site development can impact property owners' ability to make improvements or repairs, especially for lower-income households. Depending on the market, developers pass on those costs to consumers at time of purchase or rental. For example, in one city it can cost up to \$40,000 or more in fees for the development of a second unit (accessory dwelling unit), which is cost prohibitive for many homeowners.<sup>xx</sup> Restrictive development standards can also affect the development of housing. Parking standards, lot coverage, minimum unit sizes, and height requirements limit the available land on which housing can be built and affects the amount of housing that can be developed.

### **Community Opposition Can Delay or Stop a Development**

Despite important public engagement that takes place early on in the planning phase for how communities will build and grow (for example, during updates to General Plans, zoning ordinances, and design review guidelines), individual developments are still subject to additional public scrutiny through the above-mentioned discretionary processes, as well as others, such as ballot measures, referendums, and public forums. These processes can lead to additional costs due to delay, major modifications beyond General Plan and zoning

requirements, or possibly stop a development from being built in spite of the fact that it meets the requirements in existing plans.<sup>xxi</sup> At the last stages of the permitting approval process, residential developments are often subjected to lower densities and reduced unit counts than what was originally proposed and can be subjected to additional costly conditions.

The reasons for community opposition to development can include fears about potential negative impacts to property values, crime, and traffic, and concerns about the effect on school enrollment or change to community character. While research demonstrates that affordable housing has a neutral or positive impact on issues such as property value and crime, and has other many beneficial community building impacts, these facts are rarely enough to alleviate concerns that can stop a development.<sup>xxii, xxiii</sup>

Community-based constraints or opposition takes many forms

- **Referendums:** Citizens can use local referendums to overturn local decisions on housing. For example, in 2013, residents in Palo Alto, California, placed a measure on the local ballot that overturned a unanimous city council decision to rezone a 2.5-acre parcel to allow for a 60-unit, low-income, senior multifamily development.
- **Ballot Measures:** Measures that require voter approval for land use decisions also limit a community's ability to grow or plan for growth. For example, the City of Encinitas requires voter approval for any major changes to planning policy, including the Land Use Element of the General Plan, Land Use Policy Maps of the General Plan, Zoning Code, Zoning Map, any specific plan, and development agreements. It also requires voter approval for any exception to the citywide height limit of 30 feet or two stories. As a result, the City must have voter approval to adopt its required Housing Element and subsequent zoning amendments to meet the State's requirement that local governments plan to meet the housing needs of the community.
- **Opposition at Public Hearings:** The most prevalent form of opposition is expressed through public testimony during a city council or board of supervisor meeting where bias and objections, factual or otherwise, can result in significant modifications, delays, or denials to residential development.
- **Project-Level CEQA Lawsuits:** Another common form of opposition is using the provisions of the CEQA to challenge a development's environmental review documents. CEQA lawsuits are not limited to environmental groups but may be brought by any interested party or stakeholder. Costly and expensive, CEQA lawsuits can delay a development for years and/or make the development financially infeasible. A recent study found that residential development accounted for approximately 20 percent of all CEQA lawsuits. Of these lawsuits, multifamily residential developments were most targeted and more than two-thirds of them were in infill areas.<sup>xxiv</sup> Another study focused in the Southern California Association of Governments region showed the greatest percentage (33 percent) of CEQA lawsuits targeted residential development and 98 percent of the CEQA lawsuits on residential development were in



infill area<sup>sxxv</sup>. The vast majority (71 percent) of these lawsuits targeted multifamily residential development. Despite the environmental benefits of infill housing, some practices of CEQA implementation—for example, Level of Service (LOS) standards for traffic analysis—have worked against accommodating infill development.<sup>sxxvi</sup>

Certain types of development, such as some affordable housing, infill development, or transit-oriented development, are exempt from the provisions of CEQA. This reduces the costs and uncertainty associated with preparing full studies under CEQA. However, these exemptions have limitations in their applicability. For example, in order for a development to qualify for an exemption, many requirements must be met, which significantly narrows the pool of developments eligible for the exemption. In some areas, only developments in incorporated cities are eligible, which leaves out developments located in urban, but unincorporated parts of the county. In addition, using an exemption may make a development vulnerable to legal challenges, thus adding to the cost of a development. Ministerially processed development has been subject to environmental review and mitigation at a prior planning stage, such as a specific plan or other general plan update or zoning ordinance adoption.

### **Residential Development, Phase Four: Building**

Once a developer has secured all the local government approvals (entitlements), it must ensure its development financing is in place. It must also adhere to building code requirements that are developed by HCD's State Housing Law Program and adopted by the California Building Standards Commission. Local governments may adopt local amendments to these codes, provided they make express findings that the amendments are reasonable and necessary based upon climatic, geological or topographical conditions.

### ***Building Phase-Barriers to Development***

#### **Market Constraints Affect the Pipeline of Development**

High land and construction costs, the level of market certainty, and availability of financing can play major roles in determining whether a developer can, or will, build in a community. High land costs influence the amount of financing needed to construct the development, affecting the feasibility of the development and rent setting or sales pricing. In addition, there are only a few financing programs available to assist with land acquisition and many have limits on the amount of funding that can be acquired (see Exhibits C1-3 for more detail on funding for housing programs).

#### **Financing and Overall Development Cost Affect the Feasibility of Development**

Once the local government approves the development and issues building permits, the developer can begin construction. However, the developer must finish securing financing through various institutions, hire a general contractor, and adjust for any problems that could occur during the construction. These can include undiscovered soil contaminants, conflicts with construction documents, or lease-up issues that can affect loan terms and cause gaps in financing.



## Conclusions

- Land use planning influences location, type, price, and supply of housing; this contributes to achieving availability, affordability, and sustainability goals.
- The State has a number of tools to promote land use planning and facilitate housing development. However, improvements in the use of existing tools and the development of new tools are needed to attain better outcomes in achieving housing and sustainability goals.
- California is not producing enough housing in the right places and at the right affordability levels to accommodate the population. The State can require planning but actual production of housing falls short of housing needs in part due to the lack of certainty of where and what is economically and politically feasible to build. There are still many market, policy, and implementation factors that hinder the development of denser, affordable housing, near jobs and services.
- The entitlement (approval) process for developing housing is uncertain, complicated and lengthy, which affects housing delivery and production costs and goals.
- Lack of enforcement of State housing laws limit the effectiveness of existing planning tools intended to guide and facilitate housing development.

## End Notes

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<sup>i</sup> California Government Code Section 65580.

<sup>ii</sup> California Government Code Section 65580(b).

<sup>iii</sup> A Preliminary Evaluation of Alternative Methods of Transportation Analysis, Office of Planning and Research, December 30, 2013.

<sup>iv</sup> Frumkin, Howard. "Urban Sprawl and Public Health" Public Health Reports, Volume 117, Issue No 3, 2002.

<sup>v</sup> U.S. Environmental Protection Agency, Smart Growth Program, p. 90, Our Built and Natural Environments [2nd ed.] , 2013.

<sup>vi</sup> California Government Code 65041.1.

<sup>vii</sup> Reid Ewing, Rutgers University, Rolf Pendall, Cornell University, Don Chen, Smart Growth America "Measuring Sprawl and Its Impact", Smart Growth America, 2002

<sup>viii</sup> Reid Ewing and Shima Hamidi, University of Utah "Measuring Sprawl 2014," Smart Growth America, 2014

<sup>ix</sup> California Government Code 65580 (c)-(e)

<sup>x</sup> Government Code Section 65589.5

<sup>xi</sup> California Government Code Section 65913.1.

<sup>xii</sup> California Government Code Section Section 65852.2 and 65583.1.

<sup>xiii</sup> Health and Safety Code Sections 17021.5, 17021.6, 17021.5.

<sup>xiv</sup> Robert Wood Johnson Foundation, "Where We Live Matters for Our Health: The Links Between Housing and Health," Issue Brief 2., September, 2008.

<sup>xv</sup> Fulton, William, and Paul Shigley. Guide to California Planning, 4th edition, Solano Press Books, 2012.

<sup>xvi</sup> McCubbins, Colin and Mathew D. McCubbins, "Proposition 13 and the California Fiscal Shell Game", The California Journal of Politics & Policy Volume 2, Issue 2, 2010.

<sup>xvii</sup> California Government Code Section 66000.

<sup>xviii</sup> California Government Code Section 65915

<sup>xix</sup> Kendig, Lane "Minimizing Reliance On Discretionary Approvals" American Planning Association, Zoning Practice April 2016, Issue Number 4

<sup>xx</sup> City of Novato "General Plan 2035 Policy White Paper: Junior Second Units" April, 2014.

<sup>xxi</sup> California Department of Housing and Community Development, California Tax Credit Allocation Committee, California Housing Finance Agency, California Debt Limit Allocation Committee; Affordable Housing Cost Study, October, 2014.

<sup>xxii</sup> Edmiston, Kelly D. "Low-Income Housing Tax Credit Developments and Neighborhood Property Conditions". The Federal

## Appendix B: Land Use Planning and Policy Influence on Housing Development

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Reserve Bank of Kansas City, Economic Research Department, RWP 10-11, December, 2011.

<sup>xxiii</sup> Brisson, Amy and Lindsay Duerr. "Impact of Affordable Housing on Families and Communities: A Review of the Evidence Base". Enterprise Community Partners, 2014.

<sup>xxiv</sup> Hernandez, Jennifer, David Friedman and Stephanie DeHerrera. "In the Name of the Environment: Litigation Abuse Under CEQA". Holland and Knight, August, 2015.

<sup>xxv</sup> Hernandez, Jennifer, David Friedman and Stephanie DeHerrera. "In the Name of the Environment Update: CEQA Litigation Update for SCAG Region (2013-2015)". Holland and Knight, July, 2016

<sup>xxvi</sup> A Preliminary Evaluation of Alternative Methods of Transportation Analysis, Office of Planning and Research, December 30, 2013.

## Exhibit B1: State Land Use and Planning Laws Related to Housing Development

The following is an inventory of many of the State laws and requirements related to the development of housing. The laws are then categorized by type of law (guiding development, removing barriers, or incentivize housing), the development phase, and includes a brief description of the law.

DEVELOPMENT PHASE	NAME	CODE SECTION	DESCRIPTION
Planning	General Plan	Gov't Code § 65300 et seq.	A General Plan is the local government's long-term blueprint for the community's vision of future growth and is typically updated every 20 years. Mandatory elements include: Land Use, Circulation (Traffic & Utilities), Housing (State-mandated affordable housing program), Conservation (natural resources), Open Space, Noise, Safety. All subsequent planning documents (e.g., zoning ordinance) and land use actions (and public works decisions) must be consistent with the General Plan.
Planning	Housing Element	Gov't Code § 65580	<p>Local governments plan for current and future housing needs, including their share of the regional housing need, through the housing element update process. Unlike other parts of the General Plan, a housing element must be revised every five to eight years. Among other provisions, the housing element provides an inventory of land adequately zoned or planned for residential zoning, certainty in permit processing procedures, and a commitment to assist in housing development through regulatory concessions and incentives. It also requires the adoption of specific program actions to facilitate the development of housing within the jurisdiction.</p> <p>Housing element law requires local governments to rezone, if necessary, to provide sufficient capacity in higher density zones to accommodate the RHNA for lower-income households. They are required to allow multifamily housing on those sites for rental and ownership through ministerial approval. Ministerial approval means the local government may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a "project" for purposes of CEQA .</p>

## Exhibit B1: State Land Use and Planning Laws Related to Housing Development

DEVELOPMENT PHASE	NAME	CODE SECTION	DESCRIPTION
Planning	Regional Housing Needs Allocation	Gov't Code § 65584	<p>The RHNA, established by legislation in 1980, is a process whereby HCD, in consultation with the Department of Finance, projects housing demand by income group to accommodate population growth for all regions of the State. These regions, through their Council of Governments (COG), then determine each city and county's fair share of the housing need. Each jurisdiction's updated housing element must demonstrate enough residential capacity, through adequate zoning, to accommodate this projected growth. The RHNA process has the following objectives:</p> <ol style="list-style-type: none"> <li>1. Increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties in an equitable manner.</li> <li>2. Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.</li> <li>3. Promote intraregional relationship between jobs and housing</li> </ol>
Planning	The Cortese-Knox-Hertzberg Local Government Reorganization Act	Gov't Code § 56000, et seq	<p>Local Agency Formation Commissions (LAFCo) approve annexation requests by local governments. Factors that the LAFCO considers in reviewing annexation proposals include, but are not limited to, the following (Section 56841):</p> <ol style="list-style-type: none"> <li>1. Population, land area and use, per capita assessed valuation, topography, natural boundaries, drainage basins, proximity to populated areas, and the likelihood of significant growth, during the next 10 years.</li> <li>2. Need for organized community services, present cost and adequacy of government services, effect of the on the cost and adequacy of services and controls in the area and vicinity.</li> <li>3. Conformity of the proposal and its effects with LAFCO policies on providing planned, orderly, efficient patterns of urban development and with State policies and priorities.</li> <li>4. Effect of the proposal on maintaining the physical and economic integrity of lands in an agricultural preserve in open-space use.</li> <li>5. Consistency with appropriate city or county general and specific plans.</li> </ol>

## Exhibit B1: State Land Use and Planning Laws Related to Housing Development

DEVELOPMENT PHASE	NAME	CODE SECTION	DESCRIPTION
Planning	Sustainable Community Strategy of SB 375	Cal. Public Resource Code § 75125 Gov't Code § 65080	In an effort to reduce California's carbon emissions, legislation such as SB 375 required regions to develop a Sustainable Community Strategy plan (SCS) to integrate housing in their transportation plans in a way that encourages infill development and reduces vehicle miles travelled, achieving their greenhouse gas reduction goals. This planning is adopted at the regional level, and while many jurisdictions implement the objectives of the plan, they are not required to do so.
Planning	Williamson Act	Gov't Code § 51200	Enables local governments to enter into contracts with private landowners for the purpose of restricting specific parcels of land to agricultural, or related, open space use. In return, landowners receive property tax assessments.
Planning, Permitting	California Environmental Quality Act (CEQA)	Public Resources Code § 21000 et seq.; 14 CCR § 15000 et seq.	Requires that decision makers consider the environmental consequences of an action before action is taken. CEQA applies to all discretionary decisions of government, including land use approvals and public works decision. Where a federal permit is required (as for construction in a wetland or a navigable waterway), compliance with the National Environmental Policy Act (NEPA), 42 USC 4321 et seq., is also required.
Zoning	Specific Plan	Gov't Code § 65450	Specific Plans are commonly used to tailor land use requirements for a particular subdivision or planning area (such as an historic old town or a redevelopment area) and can include development or other specific standards. The plan must be consistent with the general plan.
Zoning	Zoning Ordinances	Gov't Code § 65850 et seq	Zoning ordinances divide city or county into use districts, such as single-family residential, multifamily residential, commercial, industrial, in conformity with the land use element of the general plan. Among other things, zoning ordinances describe permitted uses, conditionally permitted uses, development standards, and special incentives such as density bonus. Variances allow exceptions to zoning laws to account for unique circumstances of a property, such as an odd shape.

# Exhibit B1: State Land Use and Planning Laws Related to Housing Development

DEVELOPMENT PHASE	NAME	CODE SECTION	DESCRIPTION
Zoning	Subdivision Map Act	Gov't Code § 66410	The Subdivision Map Act provides procedures for the orderly subdivision of land by regulating the division of land into separate parcels for lease, sale or financing. Common approvals under this law are: subdivision maps (which create five or more parcels), parcel maps (which create four or fewer parcels), and lot line adjustments (which affect fewer than four parcels).
Zoning	Federal and State Fair Housing Law	Fair Housing 42 U.S.C. § 3601, et seq; 42 U.S.C. § 5304(b)(2); 42 U.S.C. § 5306(s)(B); 42 U.S.C. § 12705	Fair Housing laws make it illegal to discriminate against any person because of race, color, religion, sex, disability, familial status, national origin, ancestry, marital status, sexual orientation, source of income and age in the rental or sale, financing, advertising, appraisal, provision of real estate brokerage services, etc., and land-use practices.
Zoning	Limits on Moratoriums on Housing	Gov't Code §65858	<p>A jurisdiction cannot extend any interim ordinance that puts a moratorium on the development of housing for the development of projects with a significant component of multifamily housing except upon specific written findings (noted in the statute) adopted by the legislative body, supported by substantial evidence on the record.</p> <p>Moratoriums on multifamily housing development cannot include the demolition, conversion, redevelopment, or rehabilitation of multifamily housing that is affordable to lower income households, as defined in Section 50079.5 of the Health and Safety Code, or that will result in an increase in the price or reduction of the number of affordable units in a multifamily housing project.</p>
Zoning	Least Cost Zoning	Gov't Code § 65913.1.	Least Cost Zoning Law requires local governments to zone sufficient land for residential use with appropriate standards in relation to zoning for nonresidential uses, to meet the housing needs of all income groups. Appropriate standards are defined to mean densities and development standards must contribute to the economic feasibility of producing housing at the lowest possible cost.

# Exhibit B1: State Land Use and Planning Laws Related to Housing Development

DEVELOPMENT PHASE	NAME	CODE SECTION	DESCRIPTION
Zoning	Mitigation Fee Act	Gov't Code § 66000	The Mitigation Fee Act authorizes local governments to impose fees on new development and requires that a nexus be shown between the fee charged and its purpose. Local governments can impose development fees to defray all, or a portion of, the cost of public facilities related to the development of the project. These fees commonly include planning-related fees to contribute to the cost of staff time when processing applications and preparing environmental documents, and impact fees related to the building of the development such as water and sewer connections. Local governments may also impose fees on new development for other public benefits such as roads, parks, libraries, and affordable housing.
Zoning	Enhanced Infrastructure Financing Districts	Gov't Code § 53398.50	SB 628 (Beall, 2014) authorized a new type of Infrastructure Financing District (IFD) called an Enhanced IFD, or EIFD. Differing from former Redevelopment Areas (RDAs) an EIFD may not redirect property tax revenue from K-14 schools. EIFDs can be created by cities or counties without voter approval. All participating affected taxing entities must first agree to provide their tax increment revenue to the EIFD. However, approval from at least 55 percent of impacted residents is required before the EIFD may issue tax increment-financed debt. EIFDs may fund projects including housing for rental or purchase, transit priority projects, sustainable communities strategies, military base reuse, and brownfield restoration among other uses. EIFDs may overlap with RDA project areas, but cities and counties that formerly operated RDAs may participate in an EIFD once the Successor Agency has received a Finding of Completion from the Department of Finance, and cleared their audit findings from the State Controller's Office asset transfer reviews.
Zoning	Community Revitalization and Investment Authorities	Gov't Code § 62000	AB 2 (Alejo, 2015) authorized the creation of a Community Revitalization Investment Authority (CRIA) at the local level. This agency would be empowered to invest the property tax increment of consenting local agencies (other than schools) and use other available funding to improve conditions leading to increased employment opportunities, including reducing high crime rates, repairing deteriorated and inadequate infrastructure, and developing affordable housing. AB 2 requires more rigorous accountability criteria than former Redevelopment Agencies.

Exhibit B1: State Land Use and Planning Laws Related to Housing Development

DEVELOPMENT PHASE	NAME	CODE SECTION	DESCRIPTION
<b>Zoning, Permitting</b>	Emergency Shelter, transitional and supportive housing zoning requirements (SB 2)	Gov't Code § 65583.(a)(4)(5)	Under SB 2 a local government must identify where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit. In addition, transitional housing and supportive housing are considered a residential use of property and subject only to those restrictions that apply to other residential dwellings of the same type in the same zone.
<b>Zoning, Permitting</b>	Second Unit Law	Gov't Code § 65852.2 and 65583.1.	Second Unit Law requires local government to establish a process to consider approval of the development of secondary dwelling units. Local governments are required to provide ministerial approval of second units and promote their development.
<b>Zoning, Permitting</b>	Junior Accessory Dwelling Units	Government Code § 65852.22	Jurisdictions are allowed to create an ordinance allowing junior accessory dwelling units, in single-family residential zones. "Junior accessory dwelling unit" means a unit that is no more than 500 square feet in size and contained entirely within an existing single-family structure.
<b>Zoning, Permitting</b>	Manufactured and Factory Built Housing Law	Gov't Code § 65852.3.	Local governments must allow the siting and permit process for manufactured housing in the same manner as a conventional or stick-built structure.
<b>Zoning, Permitting</b>	Group Home Law	Health and Safety Code § 1267.8, 1566.3, 1568.08.	Local governments are required to treat licensed group homes and residential care facilities with six or fewer residents no differently than other by-right single-family housing uses. "Six or fewer persons" does not include the operator, the operator's family or persons employed as staff. Local agencies must allow these licensed residential care facilities in any area zoned for residential use.
<b>Zoning, Permitting</b>	Employee Housing Act	Health and Safety Code § 17021.5, 17021.6, 17021.5.	Employee housing for six or fewer persons must treated as a single-family structure and residential use in a residential zone. Section 17021.6 generally requires employee housing consisting or not more than 36 beds in group quarters or 12 units or less designed for use by a single family or household to be treated as an agricultural use.
<b>Zoning, Permitting</b>	Density Bonus Law	Gov't Code § 65915	State Density Bonus allows for a developer to get a density bonus of up to 35 percent, up to three incentives or concessions, and allows developments reduced parking standard for provision of housing affordable to lower-income households.



# Exhibit B1: State Land Use and Planning Laws Related to Housing Development

DEVELOPMENT PHASE	NAME	CODE SECTION	DESCRIPTION
Permitting	Permit Streamlining Act	Gov't Code § 65920	Sets deadlines for action on land use permits and grants automatic approval ("deemed approved") if action is not taken in a timely manner.
Permitting	Housing Accountability Act	Gov't Code § 65589.5	Limits local governments' ability to reject or make infeasible through conditions affordable housing developments, including emergency shelters and farmworker housing. Specifically, the local government can only deny a project affordable to moderate-, low- and very low- income households if the jurisdiction's housing element is in compliance with State law and the jurisdiction has met, or exceeded, the RHNA for the income group of the proposed project, makes specific health and safety findings, or is located on certain agriculturally zoned land.
Permitting	No-Net-Loss	Gov't Code § 65863.	No-net-low law ensures sites are available throughout the housing element planning period to accommodate the local government's RHNA. It also prohibits a local government from reducing the allowable density on a site identified in the housing element's sites inventory unless certain findings are made or an alternative parcel's density is increased.
Permitting	Multifamily Permit Streamlining	Gov't Code § 65589.4	Under specific conditions, multifamily infill housing projects with housing affordable to at least 50 percent moderate-income units, 20 percent low-income units, or 10 percent very low-income units must be allowed as a permitted use and is not subject to a conditional use permitting process.
Permitting	Prohibiting discrimination against affordable housing	Gov't Code §65008	A jurisdiction action is null and void if it denies to any individual or group of individuals the enjoyment of residence, landownership, tenancy, or any other land use in this state because the development or shelter is intended for occupancy by persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code, or persons and families of middle income or the development consists of a multifamily residential project that is consistent with both the jurisdiction's zoning ordinance and general plan as they existed on the date the application was deemed complete.

# Exhibit B1: State Land Use and Planning Laws Related to Housing Development

DEVELOPMENT PHASE	NAME	CODE SECTION	DESCRIPTION
Permitting	CEQA Streamlining	California Public Resources Code § 21000	Certain types of development such as some affordable housing, infill projects, or transit-oriented development are exempt from the provisions of CEQA. Streamlining in the form of exemptions, or being able to use existing environmental documentation (tiering) when evaluating a project, are available for Transportation Priority Projects (TPPs) that are consistent with the Regional SCS.
Permitting	Attorney's fees	Gov section 65914	Attorney fees are awarded to the public entity or non-profit developer in cases where frivolous lawsuits are filed against low and moderate-income housing to stop development.
Building	Affordable Housing Beneficiary Districts	Health and Safety Code § 34191.30	Allows a jurisdiction to redirect its distribution of property tax revenue payable to the city or county from the Redevelopment Property Tax Trust Fund to an affordable housing beneficiary district. The jurisdiction is then authorized to issue bonds against the property tax revenue to provide financial assistance for the development of affordable housing in the form of loans, grants, and other incentives.
Building	State Housing Law	California Health and Safety Code §17910.	The California Health and Safety Code provisions known as The State Housing Law, often referred to as building code, were enacted to encourage uniformity in building standards and to protect the health, safety and general welfare of the public and occupants of residential buildings statewide. HCD's State Housing Law Program (SHL) develops and proposes the adoption of residential building standards to the California Building Standards Commission for approval and adoption into the California Code of Regulations These building standards apply to new construction of hotels, motels, lodging houses, apartments, dwellings and accessory buildings. Local governments may adopt local amendments to these codes provided they make express findings that they are reasonable and necessary based upon climatic, geological or topographical conditions. Prior to construction of a development, the local government must ensure that building plans conform to all codes and regulations. After completion of the project, the local officials inspect the property to ensure compliance with standards and conditions for development placed on the project.

# Exhibit B1: State Land Use and Planning Laws Related to Housing Development

DEVELOPMENT PHASE	NAME	CODE SECTION	DESCRIPTION
Building	California Green Building Standards (CalGreen)		CalGreen requires new buildings and renovations in California to meet certain sustainability and ecological standards. Jurisdictions which aspire to be more green and sustainable may voluntary adopt more stringent provisions from CALGreen, known as "Tier 1" or "Tier 2" from the CALGreen Appendix A4 Residential Voluntary Measures. These enhanced green building measures contain prerequisites and electives for jurisdictions to determine their own level of local green building code.
Building	Surplus Sites	Gov't Code § 11011, GC Section 54200	Current State law allows the State to dispose of surplus real property through the Department of General Services. Disposal of surplus sites at less than fair market value is allowed to promote the development of housing affordable to persons and families of low- and moderate-income. For locally controlled surplus property, local agencies, including school districts, must prioritize the use of surplus property to increase the supply of housing.

## Exhibit B2: 4th Cycle Housing Element RHNA Compared to Production

The following is an inventory of 4<sup>th</sup> Housing Element Cycle Regional Housing Needs Allocations (RHNA) by jurisdiction in comparison with production. Please be aware, the percent achieved only compares total RHNA with total production and does not account for achievement by income level. Therefore, in some jurisdictions, it is possible to have produced 100 percent of total RHNA but not meet RHNA outcomes by income level. In the 4<sup>th</sup> cycle, very few jurisdictions met their RHNA objectives for low and very low-income.

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
<b>SANDAG RHNA (1/1/03-6/30/11)</b>		107,300	90,545	84.4%	52,979	37,566
San Diego	Carlsbad	8,376	6,808	81.3%	4,466	2,342
San Diego	Chula Vista	17,224	12,807	74.4%	10,567	2,240
San Diego	Coronado	64	96	150.0%	59	37
San Diego	Del Mar	25	12	48.0%	97	-85
San Diego	El Cajon	621	501	80.7%	950	-449
San Diego	Encinitas	1,712	1,125	65.7%	1,135	-10
San Diego	Escondido	2,437	2,340	96.0%	2,143	197
San Diego	Imperial Beach	87	106	121.8%	-31	137
San Diego	La Mesa	396	1,325	334.6%	763	562
San Diego	Lemon Grove	242	117	48.3%	173	-56
San Diego	National City	319	1,198	375.5%	929	269
San Diego	Oceanside	6,423	3,022	47.0%	1,371	1,651
San Diego	Poway	1,242	612	49.3%	470	142
San Diego	San Diego	45,742	34,493	75.4%	12,088	22,405
San Diego	San Marcos	6,254	7,231	115.6%	4,229	3,002
San Diego	Santee	1,381	1,508	109.2%	778	730
San Diego	Solana Beach	131	30	22.9%	110	-80
San Diego	Vista	2,267	804	35.5%	610	194
San Diego	Unincorporated County	12,357	16,410	132.8%	12,072	4,338

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
<b>SCAG RHNA (1/1/2006-6/30/2014)</b>		696,348	318,054	45.7%	192,528	125,526
<b>Imperial</b>	<b>ALL JURISDICTIONS</b>	24,327	5,388	22.1%	4,025	1,363
Imperial	Brawley	3,088	349	11.3%	155	194
Imperial	Calexico	2,498	979	39.2%	624	355
Imperial	Calipatria	202	61	30.2%	40	21
Imperial	El Centro	2,908	792	27.2%	396	396
Imperial	Holtville	139	212	152.5%	157	55
Imperial	Imperial	1,810	1,787	98.7%	1,567	220
Imperial	Westmorland	256	-39	-15.2%	1	-40
Imperial	Unincorporated County	13,426	1,247	9.3%	1,085	162
<b>Los Angeles</b>	<b>ALL JURISDICTIONS</b>	280,907	115,775	41.2%	45,549	70,226
Los Angeles	Agoura Hills	110	57	51.8%	68	-11
Los Angeles	Alhambra	1,546	734	47.5%	697	37
Los Angeles	Arcadia	2,149	441	20.5%	592	-151
Los Angeles	Artesia	132	24	18.2%	61	-37
Los Angeles	Avalon	148	196	132.4%	-97	293
Los Angeles	Azusa	745	781	104.8%	659	122
Los Angeles	Baldwin Park	744	114	15.3%	97	17
Los Angeles	Bell	47	-47	-100.0%	168	-215
Los Angeles	Bell Gardens	122	228	186.9%	324	-96
Los Angeles	Bellflower	1,067	205	19.2%	437	-232
Los Angeles	Beverly Hills	436	297	68.1%	64	233
Los Angeles	Bradbury	35	43	122.9%	39	4
Los Angeles	Burbank	3,786	987	26.1%	65	922
Los Angeles	Calabasas	530	500	94.3%	218	282
Los Angeles	Carson	1,812	-203	-11.2%	-333	130
Los Angeles	Cerritos	95	12	12.6%	99	-87
Los Angeles	Claremont	457	492	107.7%	289	203
Los Angeles	Commerce	64	37	57.8%	86	-49
Los Angeles	Compton	69	356	515.9%	516	-160
Los Angeles	Covina	1,337	137	10.2%	224	-87
Los Angeles	Cudahy	399	115	28.8%	244	-129

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Los Angeles	Culver City	504	217	43.1%	9	208
Los Angeles	Diamond Bar	1,090	347	31.8%	53	294
Los Angeles	Downey	1,108	357	32.2%	44	313
Los Angeles	Duarte	367	182	49.6%	181	1
Los Angeles	El Monte	2,208	337	15.3%	747	-410
Los Angeles	El Segundo	168	72	42.9%	19	53
Los Angeles	Gardena	1,105	266	24.1%	326	-60
Los Angeles	Glendale	3,132	2,533	80.9%	594	1,939
Los Angeles	Glendora	745	484	65.0%	374	110
Los Angeles	Hawaiian Gardens	145	4	2.8%	93	-89
Los Angeles	Hawthorne	910	976	107.3%	-21	997
Los Angeles	Hermosa Beach	562	136	24.2%	159	-23
Los Angeles	Hidden Hills	34	6	17.6%	6	0
Los Angeles	Huntington Park	1,012	-143	-14.1%	284	-427
Los Angeles	Industry	6	-26	-433.3%	-29	3
Los Angeles	Inglewood	1,658	231	13.9%	1	230
Los Angeles	Irwindale	67	30	44.8%	30	0
Los Angeles	La Canada Flintridge	235	1	0.4%	-16	17
Los Angeles	La Habra Heights	79	-40	-50.6%	-37	-3
Los Angeles	La Mirada	1,751	51	2.9%	112	-61
Los Angeles	La Puente	807	74	9.2%	100	-26
Los Angeles	La Verne	855	554	64.8%	338	216
Los Angeles	Lakewood	672	98	14.6%	350	-252
Los Angeles	Lancaster	12,799	4,632	36.2%	4,378	254
Los Angeles	Lawndale	468	152	32.5%	182	-30
Los Angeles	Lomita	346	71	20.5%	132	-61
Los Angeles	Long Beach	9,583	2,060	21.5%	2,231	-171
Los Angeles	Los Angeles	112,876	67,240	59.6%	12,469	54,771
Los Angeles	Lynwood	363	144	39.7%	213	-69
Los Angeles	Malibu	442	264	59.7%	379	-115
Los Angeles	Manhattan Beach	895	-203	-22.7%	-109	-94
Los Angeles	Maywood	22	68	309.1%	290	-222

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Los Angeles	Monrovia	567	425	75.0%	453	-28
Los Angeles	Montebello	503	297	59.0%	200	97
Los Angeles	Monterey Park	1,141	392	34.4%	132	260
Los Angeles	Norwalk	297	70	23.6%	87	-17
Los Angeles	Palmdale	17,910	4,174	23.3%	3,445	729
Los Angeles	Palos Verdes Estates	72	35	48.6%	58	-23
Los Angeles	Paramount	1,016	67	6.6%	-23	90
Los Angeles	Pasadena	2,869	3,404	118.6%	950	2,454
Los Angeles	Pico Rivera	855	79	9.2%	23	56
Los Angeles	Pomona	3,678	447	12.2%	106	341
Los Angeles	Rancho Palos Verdes	60	226	376.7%	56	170
Los Angeles	Redondo Beach	2,234	560	25.1%	335	225
Los Angeles	Rolling Hills	22	19	86.4%	19	0
Los Angeles	Rolling Hills Estates	26	96	369.2%	63	33
Los Angeles	Rosemead	780	214	27.4%	282	-68
Los Angeles	San Dimas	625	235	37.6%	-13	248
Los Angeles	San Fernando	251	280	111.6%	230	50
Los Angeles	San Gabriel	827	178	21.5%	276	-98
Los Angeles	San Marino	26	17	65.4%	7	10
Los Angeles	Santa Clarita	9,599	14,029	146.2%	10,779	3,250
Los Angeles	Santa Fe Springs	461	310	67.2%	149	161
Los Angeles	Santa Monica	661	2,375	359.3%	41	2,334
Los Angeles	Sierra Madre	138	113	81.9%	108	5
Los Angeles	Signal Hill	221	256	115.8%	121	135
Los Angeles	South El Monte	201	95	47.3%	133	-38
Los Angeles	South Gate	1,314	-6	-0.5%	753	-759
Los Angeles	South Pasadena	166	142	85.5%	-3	145
Los Angeles	Temple City	986	203	20.6%	224	-21
Los Angeles	Torrance	1,828	1,221	66.8%	94	1,127
Los Angeles	Vernon	0	3	NA	3	0
Los Angeles	Walnut	587	303	51.6%	307	-4
Los Angeles	West Covina	2,462	109	4.4%	134	-25
Los Angeles	West Hollywood	584	756	129.5%	221	535

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Los Angeles	Westlake Village	52	0	0.0%	42	-42
Los Angeles	Whittier	891	315	35.4%	-5	320
Los Angeles	Unincorporated County	54,153	-2,345	-4.3%	-2,637	292
<b>Orange</b>	<b>ALL JURISDICTIONS</b>	82,332	45,846	55.7%	22,896	22,950
Orange	Aliso Viejo	919	1,014	110.3%	745	269
Orange	Anaheim	9,498	4,854	51.1%	1,003	3,851
Orange	Brea	2,048	1,382	67.5%	854	528
Orange	Buena Park	676	678	100.3%	296	382
Orange	Costa Mesa	1,682	1,574	93.6%	651	923
Orange	Cypress	451	21	4.7%	57	-36
Orange	Dana Point	68	101	148.5%	279	-178
Orange	Fountain Valley	467	451	96.6%	174	277
Orange	Fullerton	1,909	1,073	56.2%	863	210
Orange	Garden Grove	560	527	94.1%	21	506
Orange	Huntington Beach	2,092	2,062	98.6%	481	1,581
Orange	Irvine	35,660	19,703	55.3%	7,995	11,708
Orange	La Habra	257	318	123.7%	272	46
Orange	La Palma	16	55	343.8%	91	-36
Orange	Laguna Beach	30	-56	-186.7%	137	-193
Orange	Laguna Hills	8	-37	-462.5%	193	-230
Orange	Laguna Niguel	356	508	142.7%	624	-116
Orange	Laguna Woods	135	-183	-135.6%	14	-197
Orange	Lake Forest	29	592	2041.4%	512	80
Orange	Los Alamitos	41	41	100.0%	115	-74
Orange	Mission Viejo	147	445	302.7%	295	150
Orange	Newport Beach	1,784	1,469	82.3%	768	701
Orange	Orange	5,079	1,449	28.5%	691	758
Orange	Placentia	97	505	520.6%	253	252
Orange	Rancho Santa Margarita	123	362	294.3%	4	358
Orange	San Clemente	584	238	40.8%	376	-138
Orange	San Juan Capistrano	1,063	508	47.8%	454	54
Orange	Santa Ana	3,394	1,616	47.6%	943	673



Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Orange	Seal Beach	57	39	68.4%	-193	232
Orange	Stanton	544	219	40.3%	183	36
Orange	Tustin	2,381	1,958	82.2%	1,164	794
Orange	Villa Park	11	4	36.4%	4	0
Orange	Westminster	147	331	225.2%	-124	455
Orange	Yorba Linda	2,039	1,357	66.6%	1,178	179
Orange	Unincorporated County	7,980	668	8.4%	1,523	-855
<b>Riverside</b>	<b>ALL JURISDICTIONS</b>	174,705	92,635	53.0%	77,877	14,758
Riverside	Banning	3,841	353	9.2%	215	138
Riverside	Beaumont	7,071	5810	82.2%	5606	204
Riverside	Blythe	778	164	21.1%	106	58
Riverside	Calimesa	2,271	299	13.2%	328	-29
Riverside	Canyon Lake	100	118	118.0%	93	25
Riverside	Cathedral City	3,329	352	10.6%	441	-89
Riverside	Coachella	5,733	2314	40.4%	2076	238
Riverside	Corona	3,307	2702	81.7%	1371	1331
Riverside	Desert Hot Springs	9,924	1833	18.5%	1371	462
Riverside	Eastvale	1,549	1354	87.4%	1354	0
Riverside	Hemet	11,243	2209	19.6%	1941	268
Riverside	Indian Wells	244	354	145.1%	386	-32
Riverside	Indio	4,143	6515	157.3%	6259	256
Riverside	Jurupa Valley	New City	194	NA	194	0
Riverside	La Quinta	4,326	3968	91.7%	3095	873
Riverside	Lake Elsinore	5,589	5047	90.3%	3972	1075
Riverside	Menifee	2,734	2443	89.4%	2071	372
Riverside	Moreno Valley	7,475	4954	66.3%	3078	1876
Riverside	Murrieta	6,303	3448	54.7%	2457	991
Riverside	Norco	949	82	8.6%	62	20
Riverside	Palm Desert	4,586	3309	72.2%	2278	1031
Riverside	Palm Springs	2,261	1815	80.3%	2111	-296
Riverside	Perris	4,162	3763	90.4%	3392	371
Riverside	Rancho Mirage	3,208	334	10.4%	396	-62
Riverside	Riverside	11,380	4782	42.0%	2999	1783

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Riverside	San Jacinto	12,027	2560	21.3%	2486	74
Riverside	Temecula	4,086	5602	137.1%	4028	1574
Riverside	Wildomar	1,471	465	31.6%	425	40
Riverside	Unincorporated County	50,615	25492	50.4%	23286	2206
<b>San Bernardino</b>	<b>ALL JURISDICTIONS</b>	107,543	44,843	41.7%	34,370	10,473
San Bernardino	Adelanto	8,423	1,620	19.2%	1,606	14
San Bernardino	Apple Valley town	3,886	2,023	52.1%	1,815	208
San Bernardino	Barstow	4,478	193	4.3%	-2	195
San Bernardino	Big Bear Lake	496	363	73.2%	213	150
San Bernardino	Chino	3,045	4,010	131.7%	2,490	1,520
San Bernardino	Chino Hills	1,040	1,152	110.8%	549	603
San Bernardino	Colton	3,705	246	6.6%	172	74
San Bernardino	Fontana	5,699	8,688	152.4%	7,992	696
San Bernardino	Grand Terrace	329	211	64.1%	42	169
San Bernardino	Hesperia	9,095	3,037	33.4%	2,673	364
San Bernardino	Highland	2,156	461	21.4%	492	-31
San Bernardino	Loma Linda	2,646	666	25.2%	569	97
San Bernardino	Montclair	1,810	1,060	58.6%	448	612
San Bernardino	Needles	66	75	113.6%	125	-50
San Bernardino	Ontario	7,661	1,725	22.5%	284	1,441
San Bernardino	Rancho Cucamonga	1,282	4,674	364.6%	2,606	2,068
San Bernardino	Redlands	2,845	580	20.4%	534	46
San Bernardino	Rialto	4,323	767	17.7%	482	285
San Bernardino	San Bernardino	5,687	940	16.5%	405	535
San Bernardino	Twentynine Palms	3,077	704	22.9%	367	337
San Bernardino	Upland	1,995	1,315	65.9%	518	797
San Bernardino	Victorville	8,617	7,022	81.5%	5,886	1,136
San Bernardino	Yucaipa	2,047	1,112	54.3%	1,048	64
San Bernardino	Yucca Valley	2,509	513	20.4%	383	130
San Bernardino	Unincorporated County	20,626	1,686	8.2%	2,673	-987
<b>Ventura</b>	<b>ALL JURISDICTIONS</b>	26,534	13,567	51.1%	7,811	5,756
Ventura	Camarillo	3,340	1,551	46.4%	583	968

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Ventura	Fillmore	985	243	24.7%	175	68
Ventura	Moorpark	1,617	735	45.5%	688	47
Ventura	Ojai	433	59	13.6%	63	-4
Ventura	Oxnard	7,093	4,153	58.6%	1,783	2,370
Ventura	Port Hueneme	180	198	110.0%	204	-6
Ventura	San Buenaventura	4,011	2,017	50.3%	1,416	601
Ventura	Santa Paula	2,241	525	23.4%	223	302
Ventura	Simi Valley	3,383	1,694	50.1%	922	772
Ventura	Thousand Oaks	1,847	1,245	67.4%	882	363
Ventura	Unincorporated County	1,404	1,147	81.7%	872	275
<b>ABAG RHNA (1/1/2007-6/30/2014)</b>		214,500	113,810	53.1%	54,356	59,454
<b>Alameda</b>	<b>ALL JURISDICTIONS</b>	44,937	21,658	48.2%	11,172	10,486
Alameda	Alameda	2,046	427	20.9%	284	143
Alameda	Albany	276	-793	-287.3%	116	-909
Alameda	Berkeley	2,431	1,364	56.1%	450	914
Alameda	Dublin	3,330	5,293	158.9%	3,116	2,177
Alameda	Emeryville	1,137	889	78.2%	121	768
Alameda	Fremont	4,380	2,836	64.7%	2,131	705
Alameda	Hayward	3,393	1,541	45.4%	1,917	-376
Alameda	Livermore	3,394	1,157	34.1%	635	522
Alameda	Newark	863	10	1.2%	122	-112
Alameda	Oakland	14,629	6,430	44.0%	1,149	5,281
Alameda	Piedmont	40	40	100.0%	-1	41
Alameda	Pleasanton	3,277	989	30.2%	333	656
Alameda	San Leandro	1,630	301	18.5%	27	274
Alameda	Union City	1,944	813	41.8%	571	242
Alameda	Unincorporated County	2,167	361	16.7%	201	160
<b>Contra Costa</b>	<b>ALL JURISDICTIONS</b>	27,072	15,478	57.2%	11,170	4,308
Contra Costa	Antioch	2,282	1,622	71.1%	1,624	-2
Contra Costa	Brentwood	2,705	2,068	76.5%	1,684	384
Contra Costa	Clayton	151	74	49.0%	22	52

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Contra Costa	Concord	3,043	562	18.5%	286	276
Contra Costa	Danville town	583	341	58.5%	302	39
Contra Costa	El Cerrito	431	116	26.9%	77	39
Contra Costa	Hercules	453	228	50.3%	10	218
Contra Costa	Lafayette	361	309	85.6%	128	181
Contra Costa	Martinez	1,060	218	20.6%	103	115
Contra Costa	Moraga	234	0	0.0%	-90	90
Contra Costa	Oakley	775	1,890	243.9%	1,532	358
Contra Costa	Orinda	218	208	95.4%	155	53
Contra Costa	Pinole	323	94	29.1%	57	37
Contra Costa	Pittsburg	1,772	1,297	73.2%	1,308	-11
Contra Costa	Pleasant Hill	628	108	17.2%	48	60
Contra Costa	Richmond	2,826	601	21.3%	23	578
Contra Costa	San Pablo	298	42	14.1%	-276	318
Contra Costa	San Ramon	3,463	3,473	100.3%	2,539	934
Contra Costa	Walnut Creek	1,958	664	33.9%	191	473
Contra Costa	Unincorporated County	3,508	1,563	44.6%	1,447	116
<b>Marin</b>	<b>ALL JURISDICTIONS</b>	<b>4,882</b>	<b>1,850</b>	<b>37.9%</b>	<b>2,227</b>	<b>-377</b>
Marin	Belvedere	17	-5	-29.4%	2	-7
Marin	Corte Madera town	244	68	27.9%	18	50
Marin	Fairfax town	108	54	50.0%	30	24
Marin	Larkspur	382	74	19.4%	147	-73
Marin	Mill Valley	292	185	63.4%	183	2
Marin	Novato	1,241	355	28.6%	423	-68
Marin	Ross town	27	29	107.4%	19	10
Marin	San Anselmo town	113	48	42.5%	104	-56
Marin	San Rafael	1,403	146	10.4%	270	-124
Marin	Sausalito	165	37	22.4%	97	-60
Marin	Tiburon town	117	16	13.7%	117	-101
Marin	Unincorporated County	773	843	109.1%	817	26

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
<b>Napa</b>	<b>ALL JURISDICTIONS</b>	3,705	1,456	39.3%	1,158	298
Napa	American Canyon	728	413	56.7%	442	-29
Napa	Calistoga	94	7	7.4%	32	-25
Napa	Napa	2,024	665	32.9%	587	78
Napa	St. Helena	121	60	49.6%	50	10
Napa	Yountville town	87	63	72.4%	2	61
Napa	Unincorporated County	651	248	38.1%	45	203
<b>San Francisco City/County</b>		31,193	19,868	63.7%	4,618	15,250
<b>San Mateo</b>	<b>ALL JURISDICTIONS</b>	15,738	6,611	42.0%	2,492	4,119
San Mateo	Atherton town	83	-91	-109.6%	-89	-2
San Mateo	Belmont	399	99	24.8%	64	35
San Mateo	Brisbane	401	97	24.2%	76	21
San Mateo	Burlingame	650	82	12.6%	99	-17
San Mateo	Colma town	65	-4	-6.2%	13	-17
San Mateo	Daly City	1,207	783	64.9%	14	769
San Mateo	East Palo Alto	630	49	7.8%	102	-53
San Mateo	Foster City	486	301	61.9%	7	294
San Mateo	Half Moon Bay	276	152	55.1%	106	46
San Mateo	Hillsborough town	86	134	155.8%	133	1
San Mateo	Menlo Park	993	337	33.9%	391	-54
San Mateo	Millbrae	452	484	107.1%	75	409
San Mateo	Pacifica	275	134	48.7%	127	7
San Mateo	Portola Valley town	74	39	52.7%	10	29
San Mateo	Redwood City	1,856	954	51.4%	258	696
San Mateo	San Bruno	973	965	99.2%	30	935
San Mateo	San Carlos	599	106	17.7%	29	77
San Mateo	San Mateo	3,051	776	25.4%	461	315
San Mateo	South San Francisco	1,635	949	58.0%	439	510
San Mateo	Woodside town	41	65	158.5%	68	-3
San Mateo	Unincorporated County	1,506	200	13.3%	79	121

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
<b>Santa Clara</b>	<b>ALL JURISDICTIONS</b>	60,338	33,399	55.4%	12,425	20,974
Santa Clara	Campbell	892	789	88.5%	741	48
Santa Clara	Cupertino	1,170	442	37.8%	141	301
Santa Clara	Gilroy	1,615	1,313	81.3%	1,191	122
Santa Clara	Los Altos	317	365	115.1%	134	231
Santa Clara	Los Altos Hills	81	133	164.2%	137	-4
Santa Clara	Los Gatos town	562	567	100.9%	332	235
Santa Clara	Milpitas	2,487	2,446	98.4%	855	1,591
Santa Clara	Monte Sereno	41	28	68.3%	52	-24
Santa Clara	Morgan Hill	1,312	1,327	101.1%	1,200	127
Santa Clara	Mountain View	2,599	1,437	55.3%	1,072	365
Santa Clara	Palo Alto	2,860	1,068	37.3%	481	587
Santa Clara	San Jose	34,721	23,149	66.7%	8,318	14,831
Santa Clara	Santa Clara	5,873	1,712	29.2%	605	1,107
Santa Clara	Saratoga	292	88	30.1%	20	68
Santa Clara	Sunnyvale	4,426	2,594	58.6%	1,239	1,355
Santa Clara	Unincorporated County	1,090	-4,059	-372.4%	-4,093	34
<b>Solano</b>	<b>ALL JURISDICTIONS</b>	12,985	4,867	37.5%	4,005	862
Solano	Benicia	532	128	24.1%	37	91
Solano	Dixon	728	252	34.6%	58	194
Solano	Fairfield	3,796	1,187	31.3%	1,388	-201
Solano	Rio Vista	1,219	617	50.6%	652	-35
Solano	Suisun City	610	445	73.0%	296	149
Solano	Vacaville	2,901	1,561	53.8%	1,524	37
Solano	Vallejo	3,100	545	17.6%	-145	690
Solano	Unincorporated County	99	132	133.3%	195	-63
<b>Sonoma</b>	<b>ALL JURISDICTIONS</b>	13,650	8,623	63.2%	5,089	3,534
Sonoma	Cloverdale	417	76	18.2%	82	-6
Sonoma	Cotati	257	57	22.2%	-45	102
Sonoma	Healdsburg	331	259	78.2%	193	66
Sonoma	Petaluma	1,945	1,085	55.8%	586	499
Sonoma	Rohnert Park	1,554	161	10.4%	-63	224

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Sonoma	Santa Rosa	6,534	4,055	62.1%	2,313	1,742
Sonoma	Sebastopol	176	114	64.8%	124	-10
Sonoma	Sonoma	353	255	72.2%	105	150
Sonoma	Windsor town	719	332	46.2%	193	139
Sonoma	Unincorporated County	1,364	2,229	163.4%	1,601	628
<b>SACOG RHNA (1/1/2006-6/30/2013)</b>		118,652	56,234	47.4%	42,597	13,637
<b>El Dorado</b>	<b>ALL JURISDICTIONS</b>	8,650	5,360	62.0%	4,606	754
El Dorado	Placerville	388	86	22.2%	135	-49
El Dorado	South Lake Tahoe	218	502	230.3%	289	213
El Dorado	Unincorporated County	8,044	4,772	59.3%	4,182	590
<b>Placer</b>	<b>ALL JURISDICTIONS</b>	28,019	15,897	56.7%	13,268	2,629
Placer	Auburn	307	285	92.8%	213	72
Placer	Colfax	69	91	131.9%	51	40
Placer	Lincoln	10,095	3,597	35.6%	3,232	365
Placer	Loomis town	148	42	28.4%	26	16
Placer	Rocklin	2,238	2,367	105.8%	2,048	319
Placer	Roseville	8,933	6,389	71.5%	5,068	1,321
Placer	Unincorporated County	6,229	3,126	50.2%	2,630	496
<b>Sacramento</b>	<b>ALL JURISDICTIONS</b>	59,094	26,965	45.6%	18,213	8,752
Sacramento	Citrus Heights	262	-149	-56.9%	-346	197
Sacramento	Elk Grove	11,314	6,687	59.1%	4,627	2,060
Sacramento	Folsom	3,601	2,475	68.7%	1,363	1,112
Sacramento	Galt	635	440	69.3%	544	-104
Sacramento	Isleton	77	21	27.3%	15	6
Sacramento	Rancho Cordova	10,395	3,622	34.8%	3,489	133
Sacramento	Sacramento	17,650	9,435	53.5%	5,649	3,786
Sacramento	Unincorporated County	15,160	4,434	29.2%	2,872	1,562
<b>Sutter</b>	<b>ALL JURISDICTIONS</b>	5,678	1,566	27.6%	1,112	454
Sutter	Live Oak	625	414	66.2%	370	44
Sutter	Yuba City	4,740	1,279	27.0%	911	368

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Sutter	Unincorporated County	313	-127	-40.6%	-169	42
<b>Yolo</b>	<b>ALL JURISDICTIONS</b>	9,522	3,941	41.4%	3,446	495
Yolo	Davis	498	546	109.6%	480	66
Yolo	West Sacramento	5,347	2,237	41.8%	1,515	722
Yolo	Winters	403	125	31.0%	-26	151
Yolo	Woodland	1,871	1,514	80.9%	1,105	409
Yolo	Unincorporated County	1,403	-481	-34.3%	372	-853
<b>Yuba</b>	<b>ALL JURISDICTIONS</b>	7,689	2,505	32.6%	<b>1,952</b>	<b>553</b>
Yuba	Marysville	137	92	67.2%	85	7
Yuba	Wheatland	916	44	4.8%	3	41
Yuba	Unincorporated County	6,636	2,369	35.7%	1,864	505
<b>AMBAG RHNA (1/1/2007-6/30/2014)</b>		15,130	2,665	17.6%	1,267	1,398
<b>Monterey</b>	<b>ALL JURISDICTIONS</b>	11,915	1,083	9.1%	236	847
Monterey	Carmel-by-the-Sea	32	28	87.5%	44	-16
Monterey	Del Rey Oaks	150	5	3.3%	5	0
Monterey	Gonzales	689	17	2.5%	-13	30
Monterey	Greenfield	538	240	44.6%	92	148
Monterey	King City	571	220	38.5%	109	111
Monterey	Marina	1,913	-317	-16.6%	-372	55
Monterey	Monterey	657	81	12.3%	17	64
Monterey	Pacific Grove	120	39	32.5%	-36	75
Monterey	Salinas	4,076	747	18.3%	109	638
Monterey	Sand City	120	65	54.2%	4	61
Monterey	Seaside	598	-52	-8.7%	-123	71
Monterey	Soledad	897	286	31.9%	173	113
Monterey	Unincorporated County	1,554	-276	-17.8%	227	-503
<b>Santa Cruz</b>	<b>ALL JURISDICTIONS</b>	3,215	1,582	49.2%	1,031	551
Santa Cruz	Capitola	143	48	33.6%	-43	91
Santa Cruz	Santa Cruz	672	506	75.3%	584	-78



Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Santa Cruz	Scotts Valley	188	80	42.6%	113	-33
Santa Cruz	Watsonville	923	156	16.9%	3	153
Santa Cruz	Unincorporated County	1,289	792	61.4%	374	418
<b>San Benito COG RHNA (1/1/07-6/30/14)</b>		4,754	499	10.5%	261	238
San Benito	Hollister	3,050	318	10.4%	94	224
San Benito	San Juan Bautista	49	25	51.0%	14	11
San Benito	Unincorporated County	1,655	156	9.4%	153	3
<b>Fresno (FCOG) RHNA (1/1/06-6/30/13)</b>		52,142	24,970	47.9%	18,776	6,194
Fresno	Clovis	15,383	4,590	29.8%	3,913	677
Fresno	Coalinga	115	326	283.5%	190	136
Fresno	Firebaugh	380	206	54.2%	115	91
Fresno	Fowler	551	379	68.8%	322	57
Fresno	Fresno	20,967	15,389	73.4%	11,083	4,306
Fresno	Huron	476	86	18.1%	-2	88
Fresno	Kerman	2,425	597	24.6%	396	201
Fresno	Kingsburg	1,213	113	9.3%	45	68
Fresno	Mendota	359	385	107.2%	223	162
Fresno	Orange Cove	781	259	33.2%	121	138
Fresno	Parlier	640	384	60.0%	193	191
Fresno	Reedley	1,350	768	56.9%	621	147
Fresno	San Joaquin	200	721	360.5%	624	97
Fresno	Sanger	2,351	85	3.6%	28	57
Fresno	Selma	2,167	239	11.0%	273	-34
Fresno	Unincorporated County	2,784	443	15.9%	631	-188
<b>Kern (KCOG) RHNA (1/1/2006-6/30/2013)</b>		41,640	26,578	63.8%	19,824	6,754
Kern	Arvin	532	745	140.0%	485	260
Kern	Bakersfield	27,252	14,259	52.3%	11,406	2,853
Kern	California City	407	1,279	314.3%	1,138	141
Kern	Delano	1,817	836	46.0%	436	400
Kern	Maricopa	16	4	25.0%	2	2
Kern	McFarland	775	373	48.1%	406	-33

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Kern	Ridgecrest	379	619	163.3%	449	170
Kern	Shafter	502	601	119.7%	399	202
Kern	Taft	62	6	9.7%	47	-41
Kern	Tehachapi	454	436	96.0%	374	62
Kern	Wasco	858	679	79.1%	419	260
Kern	Unincorporated County	8,586	6,741	78.5%	4,263	2,478
<b>Butte (BCAG) RHNA (1/1/2007-6/30/2014)</b>		13,944	3,601	25.8%	2,342	1,259
Butte	Biggs	155	19	12.3%	26	-7
Butte	Chico	5,716	3,105	54.3%	2,212	893
Butte	Gridley	1,068	183	17.1%	149	34
Butte	Oroville	2,363	351	14.9%	259	92
Butte	Paradise town	1,240	187	15.1%	18	169
Butte	Unincorporated County	3,402	-244	-7.2%	-322	78
<b>Humboldt (HCOAG) RHNA (1/1/2007-6/30/2014)</b>		4,747	2,332	49.1%	1,523	809
Humboldt	Arcata	811	317	39.1%	168	149
Humboldt	Blue Lake	20	10	50.0%	-7	17
Humboldt	Eureka	880	122	13.9%	135	-13
Humboldt	Ferndale	52	10	19.2%	3	7
Humboldt	Fortuna	586	178	30.4%	43	135
Humboldt	Rio Dell	138	7	5.1%	0	7
Humboldt	Trinidad	11	5	45.5%	-4	9
Humboldt	Unincorporated County	2,249	1,683	74.8%	1,185	498
<b>Kings (KCAG) RHNA (1/1/2007-6/30/2014)</b>		11,489	2,664	23.2%	2,138	526
Kings	Avenal	711	96	13.5%	59	37
Kings	Corcoran	905	208	23.0%	170	38
Kings	Hanford	5,758	1,448	25.1%	1,180	268
Kings	Lemoore	3,021	728	24.1%	676	52
Kings	Unincorporated County	1,094	184	16.8%	53	131
<b>Lake (Lake APC) RHNA (1/1/2007-6/30/2014)</b>		5,505	1,012	18.4%	633	379
Lake	Clearlake	1,228	286	23.3%	61	225
Lake	Lakeport	430	91	21.2%	27	64

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Lake	Unincorporated County	3,847	635	16.5%	545	90
<b>Mendocino (MCOG) RHNA (1/1/2007-6/30/2014)</b>		3,495	1,214	34.7%	1,053	161
Mendocino	Fort Bragg	256	69	27.0%	77	-8
Mendocino	Point Arena	19	-1	-5.3%	4	-5
Mendocino	Ukiah	459	74	16.1%	27	47
Mendocino	Willits	209	50	23.9%	48	2
Mendocino	Unincorporated County	2,552	1,022	40.0%	897	125
<b>Merced (MCAG) RHNA (1/1/2007-6/30/2014)</b>		16,583	2,065	12.5%	1,318	747
Merced	Atwater	2,381	265	11.1%	87	178
Merced	Dos Palos	185	40	21.6%	15	25
Merced	Gustine	202	54	26.7%	65	-11
Merced	Livingston	375	272	72.5%	241	31
Merced	Los Banos	3,000	402	13.4%	283	119
Merced	Merced	3,076	366	11.9%	67	299
Merced	Unincorporated County	7,364	666	9.0%	560	106
<b>San Joaquin (SJCOG) RHNA (1/1/07-6/30/14)</b>		38,219	11,215	29.3%	9,775	1,440
San Joaquin	Escalon	495	108	21.8%	121	-13
San Joaquin	Lathrop	1,326	1,028	77.5%	1,026	2
San Joaquin	Lodi	3,892	293	7.5%	77	216
San Joaquin	Manteca	4,053	3,097	76.4%	2,910	187
San Joaquin	Ripon	951	406	42.7%	298	108
San Joaquin	Stockton	16,540	2,548	15.4%	2,116	432
San Joaquin	Tracy	4,887	593	12.1%	263	330
San Joaquin	Unincorporated County	6,075	3,142	51.7%	2,964	178
<b>San Luis Obispo (SLOCOG) RHNA (1/1/07-6/30/14)</b>		4,885	6,192	126.8%	4,356	1,836
San Luis Obispo	Arroyo Grande	362	263	72.7%	216	47
San Luis Obispo	Atascadero	462	856	185.3%	602	254
San Luis Obispo	El Paso De Robles	646	462	71.5%	322	140
San Luis Obispo	Grover Beach	193	101	52.3%	53	48

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
San Luis Obispo	Morro Bay	180	31	17.2%	69	-38
San Luis Obispo	Pismo Beach	157	73	46.5%	22	51
San Luis Obispo	San Luis Obispo	1,590	672	42.3%	315	357
San Luis Obispo	Unincorporated County	1,295	3,734	288.3%	2,757	977
<b>Santa Barbara (SBCAG) RHNA (1/1/07-6/30/14)</b>		11,601	4,076	35.1%	1,436	2,640
Santa Barbara	Buellton	278	44	15.8%	51	-7
Santa Barbara	Carpinteria	305	159	52.1%	25	134
Santa Barbara	Goleta	1,641	335	20.4%	-282	617
Santa Barbara	Guadalupe	88	86	97.7%	53	33
Santa Barbara	Lompoc	516	454	88.0%	191	263
Santa Barbara	Santa Barbara	4,388	795	18.1%	433	362
Santa Barbara	Santa Maria	3,200	1,148	35.9%	776	372
Santa Barbara	Solvang	171	150	87.7%	98	52
Santa Barbara	Unincorporated County	1,014	905	89.3%	91	814
<b>Stanislaus (StanCOG) RHNA (1/1/07-6/30/14)</b>		25,601	4,345	17.0%	2,967	1,378
Stanislaus	Ceres	1,819	548	30.1%	445	103
Stanislaus	Hughson	282	270	95.7%	242	28
Stanislaus	Modesto	11,130	1,292	11.6%	379	913
Stanislaus	Newman	421	250	59.4%	151	99
Stanislaus	Oakdale	983	787	80.1%	825	-38
Stanislaus	Patterson	686	212	30.9%	143	69
Stanislaus	Riverbank	894	425	47.5%	331	94
Stanislaus	Turlock	3,461	948	27.4%	885	63
Stanislaus	Waterford	357	83	23.2%	35	48
Stanislaus	Unincorporated County	5,568	-470	-8.4%	-469	-1
<b>Tulare (TCAG) RHNA (1/1/2007-6/30/2014)</b>		35,087	10,554	30.1%	8,104	2,450
Tulare	Dinuba	1,087	1100	101.2%	828	272
Tulare	Exeter	781	48	6.1%	31	17
Tulare	Farmersville	556	170	30.6%	82	88
Tulare	Lindsay	394	384	97.5%	190	194

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
Tulare	Porterville	5,474	965	17.6%	730	235
Tulare	Tulare	5,643	1961	34.8%	1614	347
Tulare	Visalia	13,835	4666	33.7%	3749	917
Tulare	Woodlake	282	211	74.8%	102	109
Tulare	Unincorporated County	7,035	1049	14.9%	778	271
<b>Alpine RHNA (1/1/2007-6/30/2014)</b>		68	86	126.5%	36	50
Alpine County	Unincorporated County	68	86	126.5%	36	50
<b>Amador RHNA (1/1/2007-6/30/2014)</b>		2,171	679	31.3%	622	57
Amador	Amador City	13	3	23.1%	4	-1
Amador	lone	228	236	103.5%	251	-15
Amador	Jackson	261	99	37.9%	53	46
Amador	Plymouth	67	-12	-17.9%	-5	-7
Amador	Sutter Creek	189	17	9.0%	3	14
Amador	Unincorporated County	1,413	336	23.8%	316	20
<b>Calaveras RHNA (1/1/2007-6/30/2014)</b>		2,545	1,227	48.2%	1,156	71
Calaveras	Angels	201	93	46.3%	89	4
Calaveras	Unincorporated County	2,344	1,134	48.4%	1,067	67
<b>Colusa RHNA (1/1/2007-6/30/2014)</b>		1,893	362	19.1%	160	202
Colusa	Colusa	523	216	41.3%	118	98
Colusa	Williams	468	137	29.3%	80	57
Colusa	Unincorporated County	902	9	1.0%	-38	47
<b>Del Norte RHNA (1/1/2007-6/30/2014)</b>		1,883	256	13.6%	156	100
Del Norte	Crescent City	314	10	3.2%	13	-3
Del Norte	Unincorporated County	1,569	246	15.7%	143	103
<b>Glenn RHNA (1/1/2007-6/30/2014)</b>		2,216	404	18.2%	328	76
Glenn	Orland	621	294	47.3%	208	86
Glenn	Willows	487	19	3.9%	55	-36
Glenn	Unincorporated County	1,108	91	8.2%	65	26

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
<b>Inyo RHNA (1/1/2007-6/30/2014)</b>		567	118	20.8%	41	77
Inyo	Bishop	110	24	21.8%	-24	48
Inyo	Unincorporated County	457	94	20.6%	65	29
<b>Lassen RHNA (1/1/2007-6/30/2014)</b>		2,038	78	3.8%	82	-4
Lassen	Susanville	705	49	7.0%	105	-56
Lassen	Unincorporated County	1,333	29	2.2%	-23	52
<b>Madera RHNA (1/1/07-6/30/14)</b>		17,147	1,752	10.2%	1,402	350
Madera	Chowchilla	1,375	557	40.5%	331	226
Madera	Madera	6,298	1,064	16.9%	987	77
Madera	Unincorporated County	9,474	131	1.4%	84	47
<b>Mariposa RHNA (1/1/2007-6/30/2014)</b>		1,084	455	42.0%	364	91
Mariposa County	Unincorporated County	1,084	455	42.0%	364	91
<b>Modoc RHNA (1/1/2007-6/30/2014)</b>		140	137	97.9%	129	8
Modoc	Alturas	41	5	12.2%	-3	8
Modoc	Unincorporated County	99	132	133.3%	132	0
<b>Mono RHNA (1/1/2007-6/30/2014)</b>		571	472	82.7%	38	434
Mono	Mammoth Lakes town	279	248	88.9%	-175	423
Mono	Unincorporated County	292	224	76.7%	213	11
<b>Nevada RHNA (1/1/07-6/30/14)</b>		5,472	2,470	45.1%	2,065	405
Nevada	Grass Valley	1,094	193	17.6%	-27	220
Nevada	Nevada City	131	53	40.5%	27	26
Nevada	Truckee	1,259	1,040	82.6%	905	135
Nevada	Unincorporated	2,988	1,184	39.6%	1,160	24
<b>Plumas RHNA (1/1/2007-6/30/2014)</b>		177	569	321.5%	491	78
Plumas	Portola	25	23	92.0%	34	-11
Plumas	Unincorporated	152	546	359.2%	457	89

Exhibit B2: 4<sup>th</sup> Cycle Housing Element RHNA Compared to Production

4th Cycle: RHNA over 2003-2014 Note: Cycles Differ By Council of Government		4th RHNA Allocations	DOF E-8/E-5 Housing Unit Change			
		TOTAL	TOTAL	% of Total RHNA Achieved	Single Family/ Mobile Homes	Multifamily (2+)
<b>Shasta RHNA (1/1/2007-6/30/2014)</b>		13,005	2,146	16.5%	1,449	697
Shasta	Anderson	767	269	35.1%	89	180
Shasta	Redding	7,538	1,386	18.4%	975	411
Shasta	Shasta Lake	742	-25	-3.4%	-12	-13
Shasta	Unincorporated County	3,958	516	13.0%	397	119
<b>Sierra RHNA (1/1/07-6/30/14)</b>		145	42	29.0%	44	-2
Sierra	Loyalton	21	-4	-19.0%	-3	-1
Sierra	Unincorporated County	124	46	37.1%	47	-1
<b>Siskiyou RHNA (1/1/2007-6/30/2014)</b>		720	495	68.8%	215	280
Siskiyou	Dorris	13	4	30.8%	4	0
Siskiyou	Dunsmuir	29	-21	-72.4%	-40	19
Siskiyou	Etna	12	1	8.3%	4	-3
Siskiyou	Fort Jones	10	6	60.0%	6	0
Siskiyou	Montague	25	-8	-32.0%	-30	22
Siskiyou	Mount Shasta	58	15	25.9%	-26	41
Siskiyou	Tulelake	15	-5	-33.3%	-4	-1
Siskiyou	Weed	47	-179	-380.9%	-115	-64
Siskiyou	Yreka	117	134	114.5%	-6	140
Siskiyou	Unincorporated County	394	548	139.1%	422	126
<b>Tehama RHNA (1/1/2007-6/30/2014)</b>		3,520	1,128	32.0%	968	160
Tehama	Corning	411	81	19.7%	13	68
Tehama	Red Bluff	878	136	15.5%	94	42
Tehama	Tehama	25	-1	-4.0%	-6	5
Tehama	Unincorporated County	2,206	912	41.3%	867	45
<b>Trinity Cy RHNA (1/1/2007-6/30/2014)</b>		750	280	37.3%	161	119
Trinity	Unincorporated County	750	280	37.3%	161	119
<b>Tuolumne RHNA (1/1/2007-6/30/2014)</b>		2,827	685	24.2%	562	123
Tuolumne	Sonora	246	31	12.6%	0	31
Tuolumne	Unincorporated County	2,581	654	25.3%	562	92

## Exhibit B3: Executive Summary from The White House Housing Development Toolkit

The full “White House Housing Development Toolkit” was published September 2016. It is available to download here:

[https://www.whitehouse.gov/sites/whitehouse.gov/files/images/Housing\\_Development\\_Toolkit%20f.2.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/images/Housing_Development_Toolkit%20f.2.pdf)

### Executive Summary

Over the past three decades, local barriers to housing development have intensified, particularly in the high-growth metropolitan areas increasingly fueling the national economy. The accumulation of such barriers – including zoning, other land use regulations, and lengthy development approval processes – has reduced the ability of many housing markets to respond to growing demand. The growing severity of undersupplied housing markets is jeopardizing housing affordability for working families, increasing income inequality by reducing less-skilled workers’ access to high-wage labor markets, and stifling growth domestic product (GDP) growth by driving labor migration away from the most productive regions. By modernizing their approaches to housing development regulation, states and localities can restrain unchecked housing cost growth, protect homeowners, and strengthen their economies.

Locally-constructed barriers to new housing development include beneficial environmental protections, but also laws plainly designed to exclude multifamily or affordable housing. Local policies acting as barriers to housing supply include land use restrictions that make developable land much more costly than it is inherently, zoning restrictions, off-street parking requirements, arbitrary or antiquated preservation regulations, residential conversion restrictions, and unnecessarily slow permitting processes. The accumulation of these barriers has reduced the ability of many housing markets to respond to growing demand.

Accumulated barriers to housing development can result in significant costs to households, local economies, and the environment.

- Housing production has not been able to keep up with demand in many localities, impacting construction and other related jobs, limiting the requisite growth in population needed to sustain economic growth, and limiting potential tax revenue gains.
- Barriers to housing development are exacerbating the housing affordability crisis, particularly in regions with high job growth and few rental vacancies.



## Exhibit B3: Executive Summary from The White House Housing Development Toolkit

- Significant barriers to new housing development can cause working families to be pushed out of the job markets with the best opportunities for them, or prevent them from moving to regions with higher-paying jobs and stronger career tracks. Excessive barriers to housing development result in increasing drag on national economic growth and exacerbate income inequality.
- When new housing development is limited region-wide, and particularly precluded in neighborhoods with political capital to implement even stricter local barriers, the new housing that does get built tends to be disproportionately concentrated in low-income communities of color, causing displacement and concerns of gentrification in those neighborhoods. Rising rents region-wide can exacerbate that displacement.
- The long commutes that result from workers seeking out affordable housing far from job centers place a drain on their families, their physical and mental well-being, and negatively impact the environment through increased gas emissions.
- When rental and production costs go up, the cost of each unit of housing with public assistance increases, putting a strain on already-insufficient public resources for affordable housing, and causing existing programs to serve fewer households.
- Modernized housing regulation comes with significant benefits.
- Housing regulation that allows supply to respond elastically to demand helps cities protect homeowners and home values while maintaining housing affordability.
- Regions are better able to compete in the modern economy when their housing development is allowed to meet local needs.
- Smart housing regulation optimizes transportation system use, reduces commute times, and increases use of public transit, biking and walking.
- Modern approaches to zoning can also reduce economic and racial segregation, as recent research shows that strict land use regulations drive income segregation of wealthy residents.

Cities and states across the country are interested in revising their often 1970s-era zoning codes and housing permitting processes, and increasingly recognize that updating local land use policies could lead to more new housing construction, better leveraging of limited financial resources, and increased connectivity between housing to transportation, jobs and amenities.

This toolkit highlights actions that states and local jurisdictions have taken to promote healthy, responsive, affordable, high-opportunity housing markets, including:

- Establishing by-right development
- Taxing vacant land or donate it to non-profit developers
- Streamlining or shortening permitting processes and timelines

### Exhibit B3: Executive Summary from The White House Housing Development Toolkit

- Eliminate off-street parking requirements
- Allowing accessory dwelling units
- Establishing density bonuses
- Enacting high-density and multifamily zoning
- Employing inclusionary zoning
- Establishing development tax or value capture incentives
- Using property tax abatements

## Appendix C: Housing and Community Development Production, Preservation, and Financial Assistance Programs

California provides affordable housing opportunities in two ways: indirectly through land use planning tools and policies (as described in Appendix B) and through direct financing using a variety of federal, State and local sources. Direct funding supports construction of new affordable housing or supportive housing (housing coupled with services to help people remain stably housed), as well as preservation of existing affordable housing. Direct funding can also provide financial assistance directly to renters and owners through a variety of federal, State and local sources.

Because public funding for affordable housing is limited and the need is substantial, public investments in housing must be carefully targeted. California and its voters have provided funding for affordable housing through voter-approved bond measures (nearly \$5 billion over the last 15 years), State General Fund appropriations, and localities taxing themselves to raise funding for affordable housing. California has, however, lacked a State-level, ongoing, and sustainable non-General Fund revenue source for housing. The high cost of housing construction also impedes how far the State and local investments can go to provide sufficient affordable housing.

### What Is “Affordable Housing”?

Affordable housing is generally considered housing that is affordable to, and reserved for, lower-income households for a period of time. While State affordable-housing production and preservation programs have different requirements, all have affordability provisions that require the development maintain affordable rents for a minimum time period, commonly 55 years for multifamily rental housing. These properties are sometimes referred to as regulated, “deed-restricted,” “rent-restricted,” or “subsidized” affordable homes to distinguish them from market-rate affordable housing that charges a rent affordable to lower-income households, but has no guaranteed affordability for future years. Market-rate affordable housing can result from various conditions. For example, location in a lower-demand area or neighborhood, or substandard living conditions can lower the cost of market-rate housing to an “affordable” rent. However, in these areas, new development is often limited because low rents prevent investors from recouping the costs of development.

#### *Income Category Definitions*

Above Moderate-Income: 121% Area Median Income and Above

Moderate-Income: 81-120% Area Median Income

Low-Income: 51-80% Area Median Income

Very Low-Income: 31-50% Area Median Income

Extremely Low-Income: 0-30% Area Median Income

## Appendix C: Housing and Community Development Production, Preservation, and Financial Assistance Programs

Owners of deed-restricted, affordable, multifamily housing set rents based on the affordability agreements made with the various housing agencies that provided funding to the development. For example, the affordability agreement may require 90 percent of the units to serve low-income renters and 10 percent of the units to serve extremely low-income renters. The owner will house residents that meet the income limits associated with those requirements and set rent no greater than 30 percent of those income limits.

Collecting lower rents means these developments have lower operating income over time than similar market-rate properties. Consequently, the development must ensure that the combination of upfront initial funding investments and operating subsidies cover the maintenance and operations for the long term. For those developments that serve the lowest-income populations, those households that are most in need and least likely to be served by the market, the rents must be set extremely low. In these cases, more per unit investment is required for the developer to sufficiently manage the property, and all other development criteria held equal, the same amount of funding will cover fewer units.

Often affordable housing programs also require additional components that meet State policy goals beyond affordable housing, such as public health, supportive services that keep people stably housed, energy-efficiency requirements above existing code, and accessibility to jobs, transit, and services. These additional components expand the benefits of the development, but can add time and cost as well.

### Affordable Housing and Community Development Programs Form a Complex Framework

Many federal, State, and local housing programs help finance the development of multi- and single-family homes affordable to low-income Californians. Other programs provide financial assistance directly to renters and homeowners, such as rental assistance from federal Housing Choice Vouchers or State first-time homebuyer down-payment assistance. Additionally, housing programs often target specific “vulnerable” or “special needs” populations. These can include veterans, seniors, persons experiencing homelessness, persons with disabilities, or farmworkers.

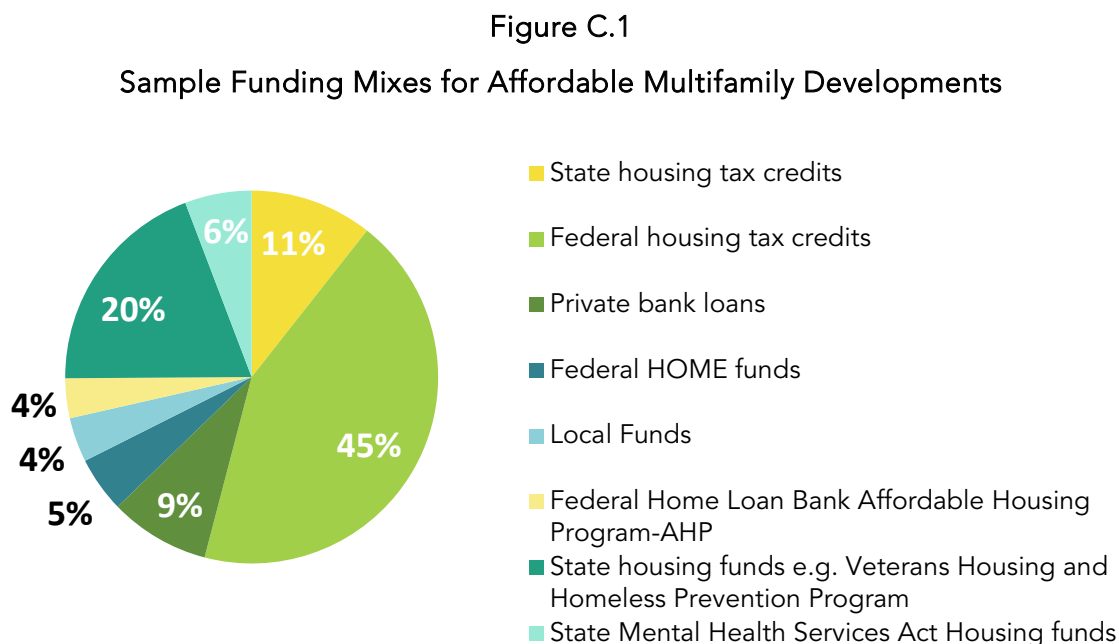
Due to the high costs of development, funding constraints, and competitive program criteria that encourage developers to leverage other funds, rarely does any single housing program provide sufficient resources to fund a complete development. Therefore, developers must apply for, and receive, funding from multiple programs and address each program’s overlapping policy goals along the way. One multifamily development can easily need five to ten funding sources to finance construction and will usually have a combination of financing from State and federal tax credits, State housing programs, local land donation or other local grants, federal housing programs, and private loans from financial institutions. Any decline or loss of housing funding sources further exacerbates this issue.

## Appendix C: Housing and Community Development Production, Preservation, and Financial Assistance Programs

Applying for, and securing, many layers of funding can add substantially to the time it takes to start production. It also increases the difficulty associated with meeting each program's various requirements. The State's 2014 Affordable Housing Cost Study found that accessing funding from multiple programs did not have a statistically significant impact on cost; however, construction delays and operational costs associated with securing multiple sources of funding were not included in this analysis. If measured, delays and additional operational costs could account for substantial cost increases. Scarce resources for housing bring even more attention to the need to control costs, and the effect of layering multiple awards, among other issues that could impact costs is being examined by the State's housing agencies.

The Veterans Housing and Homelessness Prevention program, the Affordable Housing Sustainable Communities program, and the No Place Like Home program (described later in this appendix) demonstrate a trend that housing programs are increasingly viewed as a platform to achieve multiple policy goals. Increased collaborations across sectors improves housing programs through knowledge sharing and leveraging of resources, but may add complexity to an already complex funding model, as those seeking to obtain funding from a variety of programs must ensure their development meets each and every program's various requirements.

Figure C.1 shows examples of a typical mix of funding sources for affordable housing development, and demonstrates the variety of layering that can be needed to bring an affordable multifamily development to fruition.



Source: Examples based on actual development financing; percentages subject to change prior to Final Statewide Housing Plan as more sample developments are reviewed. Graphic by HCD.

## Multi-Phased Developments and Cross-Program Funding Create Data Barriers

The large number of funding sources needed to complete an affordable housing development poses challenges not only for developers applying for funds, but it also makes it difficult to evaluate program effectiveness. Complex layering of funding sources, each with its individual program criteria and individual program reporting requirements, complicate efforts to measure the impact of any one program or effectiveness of the overall system. As mentioned in Chapter 1, there are several ongoing efforts to merge data between housing agencies to better understand how various sources come together to complete a development, but merging data has proven difficult.

Merging data is complicated because funding can come from different sources across several years throughout the development planning process. The name, site address, and even development details can change based on when the funding is accessed and for what phase of a development. For example, a development may have a phase of family units funded through 10 sources (including housing-funding programs that are administered by different housing agencies), and a phase of senior units funded through eight sources with a shared common space and parking garage. Perhaps 20 after completion of the development, the operator then applies for additional funding to rehabilitate the property. In order to understand the total funding, one would need to examine data from all the potential funding sources and link the multiple data sources to the one development. However, the various housing agencies that administer the housing-funding programs do not currently have an established system for linking data together.

Although challenging to create, an interagency, unique identification system would allow housing agencies to improve tracking of California's affordable housing portfolio and facilitate data sharing across agencies that have provided separate investments into the same development. It would also allow for improved cost analysis that could strengthen program design in the future.

## Affordable Housing Funding

Adding to the complexity of financing affordable housing is the fact that very few sources of funding are stable or growing from year-to-year despite increasing population. This makes it difficult to plan a pipeline of developments into the future. Proposition 46, a \$2.1 billion general obligation bond, and Proposition 1C, a \$2.85 billion general obligation bond, helped California create and preserve affordable apartments, urban infill infrastructure, single family homes and more than 20 other targeted initiatives starting in 2006, but that funding is now nearly exhausted, while the State continues to pay annual debt service on the bonds from the General Fund, which is estimated to total \$400 million in 2016-17 and \$10.7 billion over the life of the bonds.

## Appendix C: Housing and Community Development Production, Preservation, and Financial Assistance Programs

In 2011, ABx1 26 eliminated the State's redevelopment agencies (RDAs) and replaced them with locally organized successor agencies that use the property tax revenue otherwise payable to the former RDAs to retire their debts and other legal obligations. The property tax revenue remaining after these payments is returned to the cities, counties, special districts, and K-14 schools located in the former RDAs' boundaries. Previously 20 percent of RDA funds had been mandated for low- and moderate-income housing, however not all cities used their funds fully. With the returned property tax revenue, local governments have more flexibility about how to spend funds to meet their identified local needs, but they maintain the option to set aside funds for housing. Not all cities have begun this practice, and it is an area of potential additional housing funding for California in future years.

However, several tools have been established by the State to assist jurisdictions. Recent legislation AB 2031 (Bonta), Chapter 2031, Statutes of 2016, established Affordable Housing Beneficiary Districts within the same geographical boundaries of the jurisdiction's RDA successor agencies. This law allows a jurisdiction to redirect its distribution of property tax revenue payable to the city or county from the Redevelopment Property Tax Trust Fund to the affordable housing beneficiary district for as long as the successor agency is in existence. The jurisdiction is then authorized to issue bonds against the property tax revenue to provide financial assistance for the development of affordable housing in the form of loans, grants, and other incentives.

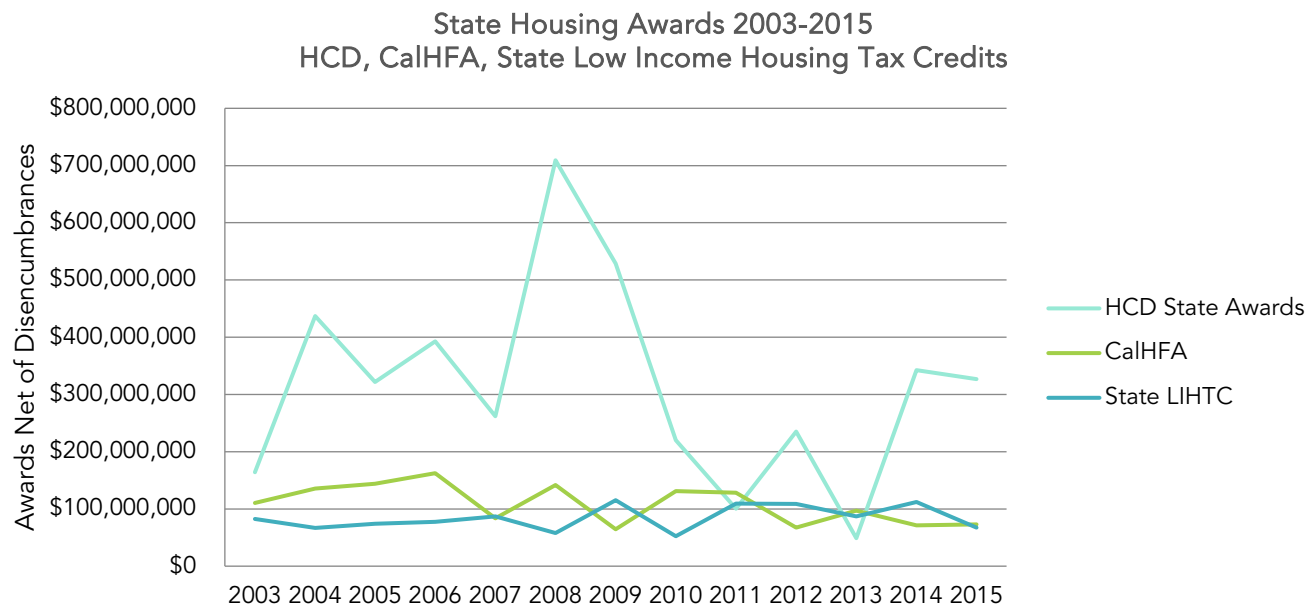
In addition, Enhanced Infrastructure Financing Districts (EIFDs), enacted via SB 628 in 2014, are a relatively new tool that can fund housing, as well as transit priority projects, sustainable communities strategies, military base reuse, brownfield restoration and more using tax increment increases. They may not redirect property tax revenue from K-14 schools, but can provide funding for a wide range of uses similar to RDA, as long as the participating affected taxing entities agree to provide their tax increment revenue to the EIFD. This tool is still in its early stages so there are no completed EIFDs, but several efforts are in progress throughout the State, including in the City of La Verne and in San Diego County.

Furthermore, Community Revitalization and Investment Authorities (CRIA), enacted via AB 2 in 2015, are another new tool for local governments to fund various types of economic revitalization programs including low- and moderate-income housing using tax increment increases. All taxing entities, except K-14 schools, within the district must elect to have their tax increment share diverted to the CRIA. At least 25 percent of allocated tax increment revenues must be for affordable housing purposes. This tool is also still in its early stages and there are no completed CRIs.

Figure C.2 shows the awards made from 2003-2015 by the California Department of Housing and Community Development (HCD), the California Housing Finance Agency (CalHFA), and the State Low Income Tax Credit (LIHTC) awards made by the Tax Credit Allocation Committee.



**Figure C.2**  
**State Awards for Affordable Housing Were Unstable 2003-2015**



Sources: HCD Proposition 46 and 1C Cumulative Bond Report (netted disencumbrances). CalHFA Proposition 46 and 1C funding activity data for single and multifamily developments. 2015 includes addition non-bond funded Multifamily Housing Program, Affordable Housing Sustainable Communities, and Veterans Housing and Homelessness Prevention program awards. CalHFA Mental Health Services Act (MHSA) funding activity data, and additional CalHFA funding activity data on down payment assistance programs for single family homes. The only CalHFA funding activity not listed is for programs funded from CalHFA Mortgage Revenue Bonds. Tax Credit Allocation Committee State Low Income Housing Tax Credit (LIHTC) data. All data represents 2003-2015.

## New State Housing and Homelessness Prevention Funding

There have been several new funding opportunities for affordable housing and homelessness prevention:

- The creation of the Veterans Housing and Homelessness Prevention (VHHP) Program, funded by voter approved Proposition 41, authorizing \$600 million in existing bond authority to provide multifamily housing for homeless veterans. The first round of awards was made in 2015, with \$63 million in funding for 17 developments, with 1,221 affordable units and 566 assisted by VHHP.
- The creation of the Affordable Housing and Sustainable Communities (AHSC) Program, which will receive 20 percent of the Greenhouse Gas Reduction Fund (cap-and-trade auction revenues) through the life of the Cap-and-Trade program, currently set to run through 2020. This program supports transportation, housing, and other sustainable communities' strategies that reduce greenhouse gas emissions through reduction in vehicle miles traveled. Strategies include compact, infill development near transit, bike lanes, and complete streets retrofits. The first round of awards for this program was made in 2015, with almost \$122 million in total funding and almost \$94 million for affordable housing and housing related infrastructure, leading to more than 2,000 affordable homes.




## Appendix C: Housing and Community Development Production, Preservation, and Financial Assistance Programs

- A one-time \$100 million State General Fund allocation to the Multifamily Housing Program (MHP) and its supportive housing component MHP-SH in the 2014-2015 budget. These programs support rental home production and rehabilitation primarily serving very-low income households. These funds have now been fully awarded, leading to the development or rehabilitation of more than 1,500 affordable homes. The demand for each round of these funding programs far exceeded the supply of funds.
- Even more recently, the No Place Like Home program was created in 2016, which addresses homelessness for individuals with mental health needs through the provision of permanent supportive housing. The 2016-2017 budget included \$267 million for first year funding, and then will finance a \$2 billion bond secured by a portion of future Proposition 63 mental health revenues.
- The 2016-2017 budget also included General Fund allocations for the following housing assistance and homelessness prevention programs:
  - a. Emergency Solutions Grants: \$45 million to expand the reach of the Federal Emergency Solutions Grant Program; however, \$10 million is to be made available for the Homeless Youth and Exploitation Program to assist homeless youth in exiting street life and provides specialized services to youth involved in sexually exploitive activities.
  - b. CalWORKS Housing Support Program: \$12 million ongoing augmentation, for a total of \$47 million, to provide assistance to eligible families who are homeless or at-risk of homelessness.
  - c. CalWORKS Homeless Assistance: \$2.4 million in 2016-2017 and \$2.7 million annually thereafter, along with a change to allow assistance to be available once every 12 months, rather than once-in-a-lifetime, effective January 1, 2017.
  - d. Supplemental Security Income Outreach: \$45 million to increase participation among homeless persons with disabilities who may be eligible for a disability benefits programs.
  - e. Bringing Families Home: \$10 million one-time funding to establish a county matching grant program to reduce homelessness among families who are part of the child welfare system.
  - f. Community-Based Transitional Housing Program: \$25 million to provide grants to communities that support housing that provides treatment and reentry assistance to formerly incarcerated individuals.

Although these resources are beneficial, they do not provide a predictable, ongoing funding source to target production of workforce housing, permanent supportive housing, or urban infill and rural infrastructure issues.

**Figure C.3**  
**Chronology of State Direct Assistance for Affordable Housing Funding in California**

- 
- **1979**—\$100 million State appropriation for HCD affordable housing programs.
  - **1985**—State Housing Trust Fund created (without a dedicated or ongoing source of funding).
  - **1986-87**—Federal and State low-income housing tax credit created.
  - **1988-1990**—\$600 million in general obligation bonds for State housing programs approved by voters through Propositions 77, 84, and 107.
  - **2000-01**—\$550 million included in the State budget from the General Fund for various State housing programs.
  - **2002**—\$2.1 billion in general obligation bonds for State housing programs approved by voters through Proposition 46.
  - **2006**—\$2.85 billion in general obligation bonds for State housing programs approved by voters through Proposition 1C.
  - **2014-New Funding for Housing**
    - ✓ \$600 million in existing bond authority approved by voters through
    - ✓ Proposition 41 to provide multifamily housing for homeless veterans.
    - ✓ The State budget requires the allocation of 20 percent of Greenhouse Gas Reduction revenues to fund the Affordable Housing Sustainable Communities Program, with at least half of the funds for affordable housing. The program is set to run through 2020.
    - ✓ \$100 million investment included in the State budget from the General Fund for Multifamily Housing Program (MHP) and MHP Supportive Housing.
  - **2016-New Funding Addressing Homelessness and Housing Assistance**
    - ✓ No Place Like Home established with \$267 million in first year funding and a \$2 billion bond to address homelessness among those experiencing mental health issues.
    - ✓ \$174.4 million toward homelessness prevention and housing assistance programs included in the State budget from the General Fund.

## Current State Housing and Community Development Programs

Table C.1 below shows the major State-funded housing and community development programs available in 2016, for more detail see Exhibit C1. Currently, there are also several federally funded programs administered by State or local agencies: Federal Low Income Housing Tax Credits, Emergency Solutions Grants, Community Development Block Grants (CDBG), Home Investment Partnership Program (HOME), and Housing Opportunities for Persons with AIDS. These federal programs are described later in this appendix.

**Table C.1**  
**Major State-Funded Housing and Community Development Programs 2016 (Current)**

PROGRAM	ESTIMATED AMOUNT AVAILABLE 2016
Strategic Growth Council with implementation by California Department of Housing and Community Development, Affordable Housing and Sustainable Communities	\$320 million (half of funds designated for affordable housing)
California Housing Finance Agency (CalHFA), MyHome Assistance	\$176 million
Tax Credit Allocation Committee, State Low Income Housing Tax Credits	~\$100 million
CalHFA and Counties, Mental Health Services Act (MHSA)	\$80 million
CalHFA, HCD and California Department of Veterans Affairs, Veterans Housing and Homelessness Prevention	\$75 million
CalVet, Farm and Home Loan Program	\$66 million
Department of Social Services (DSS), California Work Opportunity and Responsibility to Kids (CalWORKS) Housing Support	\$47 million
DSS, CalWORKS Homeless Assistance Program	\$32 million
DSS, SSI/SSP Outreach to Homeless Individuals with Disabilities	\$45 million

## Appendix C: Housing and Community Development Production, Preservation, and Financial Assistance Programs

PROGRAM	ESTIMATED AMOUNT AVAILABLE 2016
HCD, State Emergency Solutions Grant Program	\$35 million
HCD, Housing Related Parks Program	\$25 million
Department of Finance, Community-Based Transitional Housing Program	\$25 million
HCD, Mobilehome Park Rehabilitation and Resident Ownership	\$15 million
DSS, Bringing Families Home Program	\$10 million
Office of Emergency Services, Homeless Youth and Exploitation Program	\$12 million
California Department of Corrections and Rehabilitation, Integrated Services for Mentally-Ill Parolees	\$2 million
HCD, No Place Like Home	\$267 million (Notice of Funding Availability pending program development and bond validation)

### State Housing and Community Development Program Outcomes 2003-2015

Since the last Statewide Housing Plan in 2000, the majority of State housing and community development programs were funded through Propositions 46 (2002) and 1C (2006), which together created \$4.96 billion in general obligation bonds for housing and housing-related infrastructure. Exhibit C2 shows a sample of awards and outcomes since the last Statewide Housing Plan.

### Federal Housing Investment in California

Exhibit C3 includes a chart describing the major affordable housing programs funded at the federal level in more detail. Federal funding for affordable housing can reach California in a variety of ways. For example, federal funding can travel through direct allocations to California entities, such as housing authorities, HCD, or the State Treasurer's Office, which in turn distribute funds to local program applicants. Federal programs alternatively distribute funds to

## Appendix C: Housing and Community Development Production, Preservation, and Financial Assistance Programs

recipients directly through nationwide competitions. Broadly, these programs work to increase the supply of affordable housing by providing tax credits, grants, or loans that lead to production or rehabilitation. Programs can also lower the cost of rental housing by providing rental assistance that reduces the rent paid by the income-eligible household, which allows the property owner to collect rents that are closer to market-rate levels.

Federal affordable housing funds make up a significant portion of the housing resources in California, but many of these sources have been declining in recent years, even as the number of severely cost-burdened, low-income renter households has risen (from 1.2 million in 2007 to 1.7 million in 2014<sup>i</sup>). Many of the cuts were exacerbated by “sequestration,” enacted in March 2013, where mandatory, automatic cuts went into place for most discretionary federal programs. This instability in funding inhibits efforts to address housing challenges in a sustained effort and deters the ability for developers to create a pipeline of affordable housing.

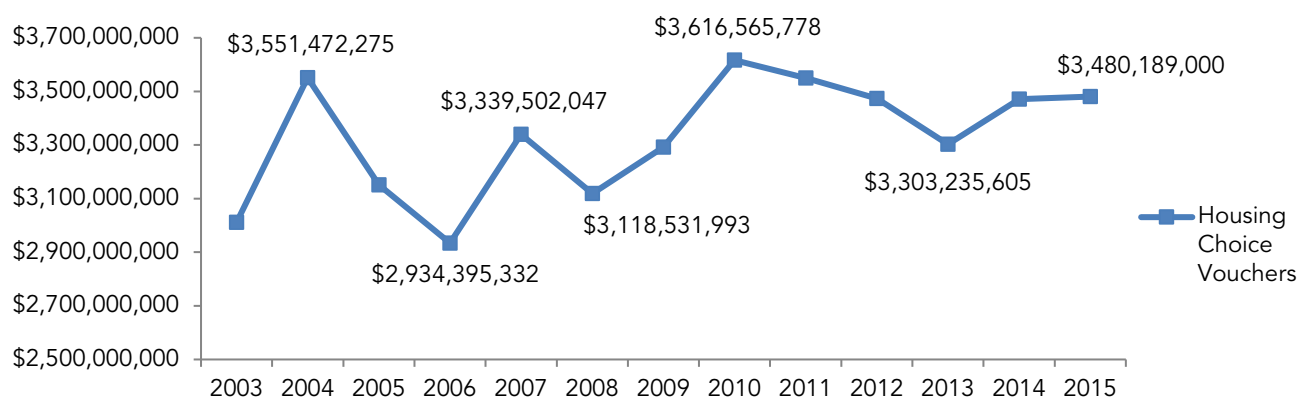
### *Federal Housing Choice Vouchers*

Federal Housing Choice Voucher Program is the largest rental assistance program, and, as of December 2014, California’s allocation of funds provides vouchers for almost 300,000 low-income households, which is nearly 15,000 fewer vouchers than prior to sequestration cuts.<sup>ii</sup>

While Housing Choice Voucher funding has remained relatively stable in recent years, as seen in Figure C.4, the program still experienced a \$140 million decline between 2010 and 2015.

**Figure C.4**  
**Housing Choice Voucher Funding Has Fallen Since 2010**

Allocations of Housing Choice Voucher Funding to California 2003-2015  
(adjusted for inflation in 2015 dollars)

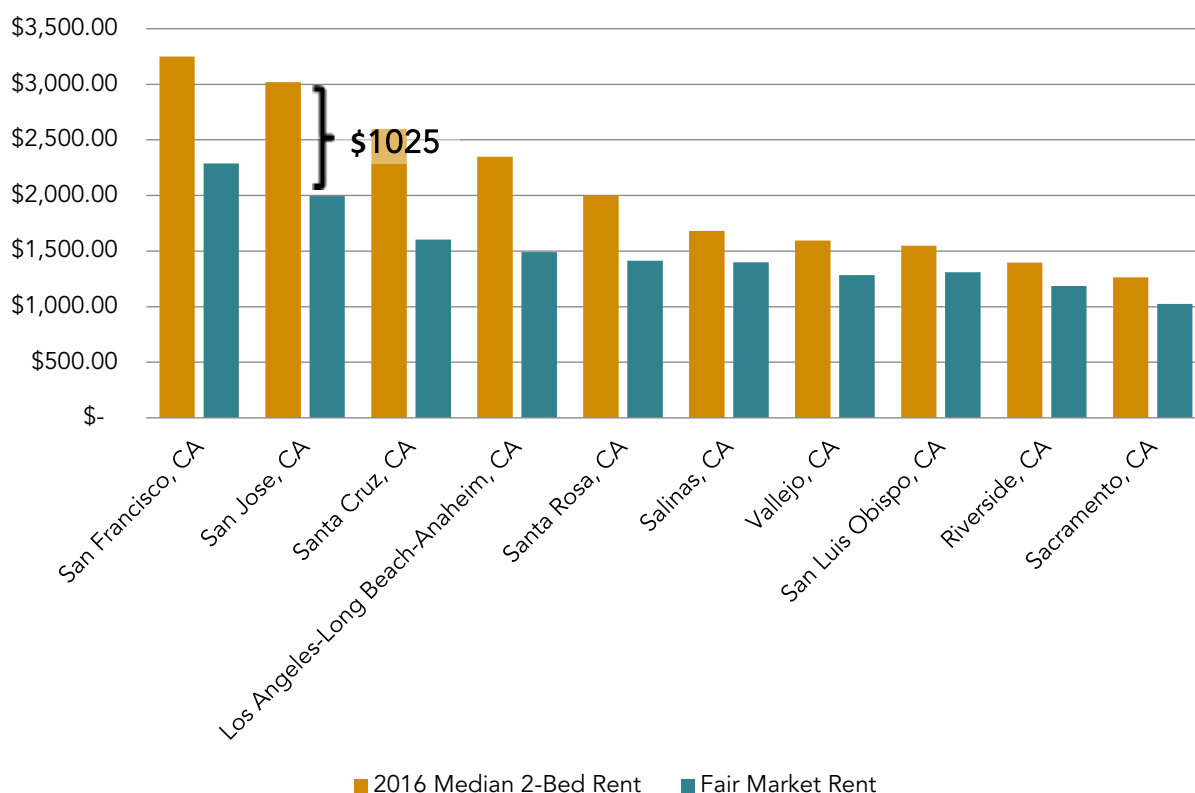


Source: 2003-2015 Budget of the United States Government – Analytical Perspectives – California Actual Funding Housing Choice Vouchers. Graphic and inflation adjustment by HCD.

## Appendix C: Housing and Community Development Production, Preservation, and Financial Assistance Programs

Recently, escalating rents in California is making it more difficult for households with federal Housing Choice Vouchers to find homes where they can use their voucher. Additionally, the amount of rent a federal Housing Choice Voucher will cover cannot exceed what HUD determines to be Fair Market Rent, (FMR), which, in high-cost areas, can fall significantly below actual market rent (as shown in Figure C.5), thereby pricing families out altogether. HUD has proposed a rule to calculate FMRs by zip code, which by being more location-specific, could provide FMRs that more accurately reflect actual market rents.

**Figure C.5**  
**Assistance Is Insufficient to Afford the Median Rent in Many CA Cities**



Sources: 2016 Fair Market Rents – HUD, 2016 2-Bedroom Median Rents – Zillow

### ***Section 8 Project-Based Rental Assistance***

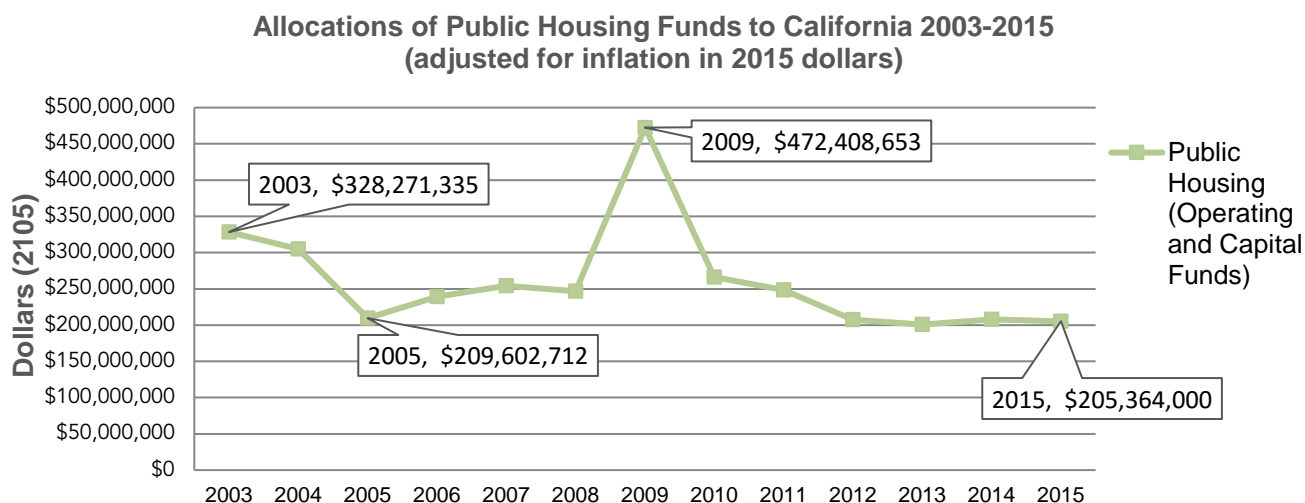
In addition to Housing Choice Vouchers, HUD provides project-based rental assistance contracts with owners of multifamily rental housing through the Section 8 Project-Based Rental Assistance program. The income eligibility requirements limit occupancy to very low-income families (50 percent AMI and below). Originally, the assistance was provided in connection with new construction or substantial rehabilitation, but the authority to use project-based rental assistance in connection with new commitments ended in 1983. Funding continues to be available for the renewal of contracts for units already assisted with project-based Section 8 renewal assistance.<sup>iii</sup> In 2014 California received \$981,354,224 for Section 8 Project-Based Rental Assistance to fund approximately 100,000 project-based vouchers.<sup>iv</sup>

### *Public Housing*

Public housing developments are overseen and administered by local housing authorities. There are 219 public housing developments in California, with more than 37,000 units.<sup>v</sup>

The federal government's Public Housing Program is funded through two main streams: (1) the Public Housing Operating Fund, which is intended to cover operating costs that exceed what the property collects in rent, and (2) the Public Housing Capital Fund, which funds more substantial renovations. Nearly all public housing developments have accumulated large underlying renovation needs. A 2010 HUD study estimated the total unmet capital needs in public housing developments at more than \$26 billion nationwide.<sup>vi</sup> Public Housing received a boost of funding in 2009 due to the American Recovery and Reinvestment Act stimulus package, but since 2010, public housing funding to California has declined 23 percent, from almost \$266 million to \$205 million.

**Figure C.6**  
**Public Housing Investment Falls After Boost in Stimulus Package**



Source: 2003-2015 Budget of the United States Government – Analytical Perspectives – California Actual Funding Public Housing Operating Fund and Public Housing Capital Fund. Inflation adjustment to 2015 dollars using Bureau of Labor Statistics Consumer Price Index 2003-2015. Graphic and inflation adjustment by HCD.

No funds have been provided to build additional public housing since the mid-1990s, but HUD has embarked on several new efforts to address existing public housing, including the Rental Assistance Demonstration, Choice Neighborhoods, and HOPE VI programs.

### *Rental Assistance Demonstration (RAD)*

The RAD program was created in order to give housing authorities a powerful tool to preserve and improve public housing properties and address the \$26-billion-dollar nationwide backlog of deferred maintenance. RAD also gives owners of three HUD "legacy" program (Rent Supplement, Rental Assistance Payment, and Section 8 Moderate Rehabilitation) the opportunity to enter into long-term contracts that facilitate the financing of improvements.

### *Choice Neighborhoods*

The Choice Neighborhoods Program aims to improve neighborhood assets by requiring communities to develop and implement a comprehensive neighborhood revitalization strategy. Strategies are intended to involve local leaders, residents, and stakeholders who are focused on replacing distressed public and assisted housing with mixed-income housing and improve educational outcomes through services and support for youth and their families, with the goal of attracting additional investment into the communities.

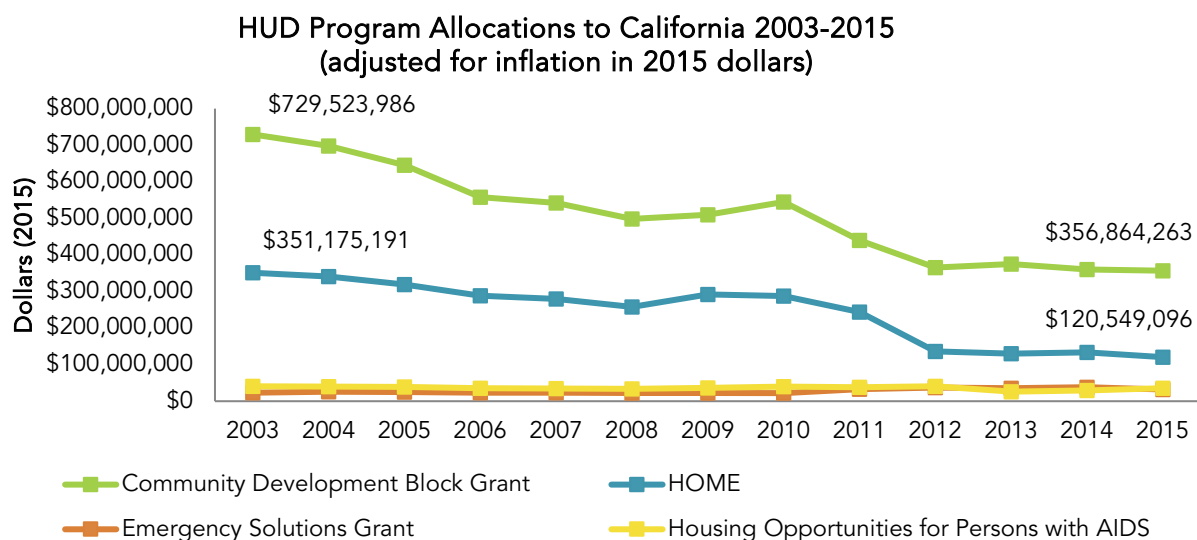
### *HOPE VI*

The HOPE VI Program seeks to completely transform existing public housing and lift up communities by changing its physical shape, establishing comprehensive services, incentivizing mixed-income communities; and creating partnerships with agencies, local governments, nonprofit organizations, and private businesses.

### *Major HUD Affordable Housing and Community Development Grant Programs*

HUD allocates four main grant programs directly to larger jurisdictions (known as entitlement jurisdictions or participating jurisdictions): the CDBG, HOME Program, Emergency Solutions Grant Program, and Housing Opportunities for People with AIDS. In order to serve smaller jurisdictions that may have less capacity to administer funds directly, HUD also provides allocations to State agencies that, in turn, make awards to those smaller jurisdictions. Federal funds allocated to California for the CDBG and HOME programs have seen substantial reductions (51 percent and 66 percent, respectively) resulting in a huge decline in funding available to produce, or substantially rehabilitate, new affordable housing in California.

Figure C.7: HUD Program Allocations to California Declined from 2003-2015



Source: HUD Formula Program Allocations by State: 2003-15. Graphic and inflation adjustment by HCD.



### *Federal Housing Tax Credits*

The federal Low Income Housing Tax Credit (LIHTC), created in 1986, provides tax incentives for private investment in affordable housing. In California, the Federal LIHTC Program is under the purview of the State Treasurer's Office through the California Tax Credit Allocation Committee (TCAC).

There are two main federal-tax credits that support affordable housing:

- **4-Percent Tax Credits:** These tax credits can only cover up to 30 percent of development costs, so significant subsidies are needed to make them usable. However, 4-percent tax credits are in much greater supply than the 9-percent tax credits and, therefore, less competitive. In the last decade California has not accessed the maximum available—meaning that this is one program that is actually undersubscribed as compared to the total funding available. In recent years the State has undertaken revisions to the program to encourage greater use of this funding source.
- **9-Percent Tax Credits:** These tax credits can cover up to 70 percent of development costs, so they require less additional funding to be workable. As a result, the 9-percent tax credit is extremely competitive. High-quality developments may compete year after year through several 9-percent tax-credit funding rounds until they receive an award to complete their funding package. During this time construction is delayed. Given the competitive nature of this program, applicants that apply for 9-percent tax credits are asked to meet more requirements than applicants for the less-competitive 4-percent program. For example, to be competitive, proposed developments must achieve deeper income targeting (serve people with the lowest-income levels) and address more policy goals.

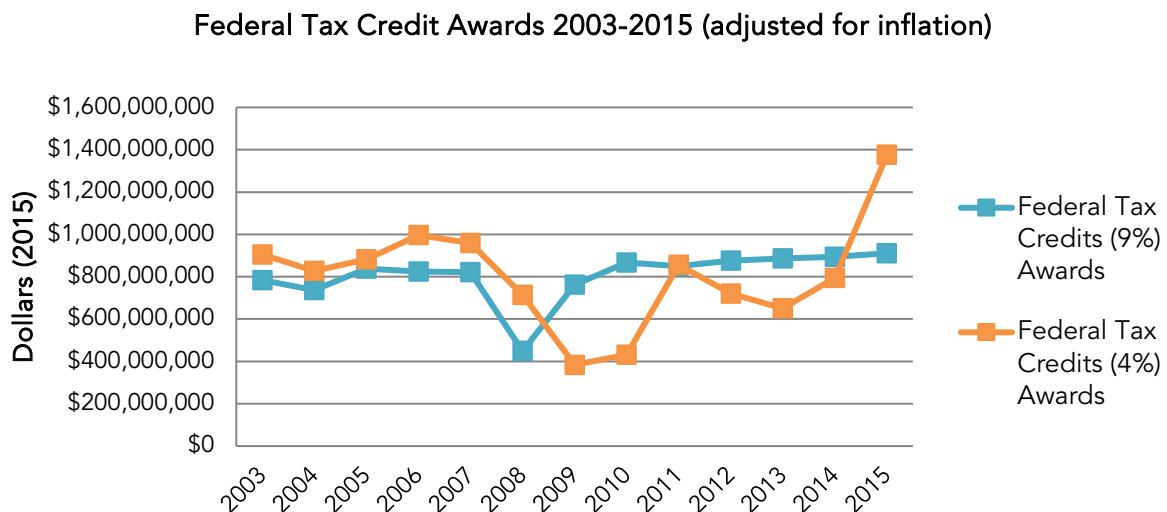
When the State encourages use of 4-percent tax credits through programs that offer matching funds:

- 1) New funding is brought to the State.
- 2) The 9-percent program experiences less competition, allowing developments to wait through fewer funding cycles before receiving a 9-percent award, thus allowing construction to begin sooner.
- 3) The State can also encourage deeper affordability for developments using 4-percent tax credits. Several current State programs described above (including the Veterans Housing and Homelessness Prevention Program and the Affordable Housing and Sustainable Communities Program) encourage the use of 4-percent tax credits. One of HCD's flagship programs, the MHP—previously funded by Propositions 46 and 1C housing bonds—is specifically designed to complement 4-percent tax credits. Although there is no remaining funding from Propositions 46 and 1C to fund MHP, in February 2016, the program received a one-time General Fund allocation of \$50 million.

## Appendix C: Housing and Community Development Production, Preservation, and Financial Assistance Programs

Federal housing-tax credit awards to California have remained relatively stable since 2003 with the exception of a notable increase in 2015, which could possibly be the result of efforts to increase 4-percent tax-credit utilization rates.

**Figure C.8**  
**Federal Housing Tax Credit Awards to California Declined During Recession;**  
**However 4-Percent Credits Show Recent Increase**



Source: HCD Analysis of TCAC Mapped Developments. Graphic by HCD.

### *An Emerging Opportunity: The National Housing Trust Fund*

The National Housing Trust Fund was created through the Housing and Economic Recovery Act of 2008. The fund focuses on extremely and very-low income households, those with the greatest rent burdens, and those at-risk of homelessness. The source for the National Housing Trust Fund is dedicated revenue from an assessment on new business at Fannie Mae and Freddie Mac. However, in 2008, due to the housing-market crisis, Fannie Mae and Freddie Mac were placed into conservatorship overseen by the Federal Housing Finance Agency, which placed a suspension on assessment for the National Housing Trust Fund. In December 2014, the suspension was lifted and 2016 marks the first year of funding and implementation for the National Housing Trust Fund. California is set to receiving approximately \$10.1 million in the first year. This is a modest allocation, but successful implementation in the early years could help protect and grow this new funding source for affordable homes.

### *Mortgage Interest Deduction*

Though not specifically an affordable housing resource, it is worth noting that the largest single federal investment in housing is the Mortgage Interest Deduction, which reduced an estimated \$68.5 billion in federal tax revenues nationally for Fiscal Year 2012, with California representing \$11.5-\$16.1 billion of that figure.<sup>vii</sup> According to the Congressional Budget Office, the top 20 percent of income earners receive 75 percent of the benefit from this deduction and the top one percent of income earners receives 15 percent of the benefit. California also has a State

Mortgage Interest Deduction, which represented an estimated loss to the State General Fund of \$4.4 billion in Fiscal Year 2012-2013 and \$4.8 billion in fiscal year 2015-2016.<sup>viii</sup>

## Complex Set of Tradeoffs and Choices in Considering Housing Investments

California is facing many housing challenges and has limited funds to address them. There are nearly 1.7 million lower-income renter households that are severely rent-burdened (paying more than 50 percent of their income toward rent), a large population of chronically homeless individuals, and low rates of homeownership. Difficult choices must be made to face these challenges as the State examines current funding and approaches and considers how to design new programs.

**Table C.2: Description of Tradeoffs to Consider in Affordable Housing Program Design**

<b>TRADEOFFS AND CHOICES TO BALANCE AND CONSIDER</b>	<b>BRIEF EXPLANATION OF TRADEOFFS AND CHOICES</b>
<b>Broad-based and flexible vs. targeted policies</b>	Flexible strategies allow for impact on a broader range of issues and are adaptable over time as issues and priorities shift. Targeted programs tackle an explicit housing challenge and can align program requirements to directly address that challenge. However, constraining a program to a specific purpose potentially leaves out other worthy goals and requires a separate program for each policy objective.
<b>Achieving more objectives through a single development vs. lower program costs and complications</b>	Affordable housing programs address multiple objectives while simultaneously providing wide-reaching benefits. For example, a development can provide supportive services and health-care, accommodations for persons with disabilities, energy-efficiency above code, after-school tutoring, access to jobs and transportation, as well as address public health and greenhouse gas objectives. However, requiring each development to meet a growing list of criteria increases costs and complications for developers of affordable housing.
<b>Statewide competition vs. geographic targeting</b>	Holding a statewide competition ensures that the applicants that meet program criteria most effectively receive awards. However, due to regional funding and planning capacity differences, this can result in areas of the State receiving significantly less in funding. For example, as State policies direct investment towards transit-oriented development in existing public-transportation corridors, areas that have not yet built their transportation infrastructure, or have traditionally planned at lower densities, will struggle to compete.

TRADEOFFS AND CHOICES TO BALANCE AND CONSIDER	BRIEF EXPLANATION OF TRADEOFFS AND CHOICES
<p><b>Investing in communities of opportunity with greater access to jobs, services, high-performing schools, and amenities vs. investing in and improving disadvantaged and underserved areas</b></p>	<p>There is a mismatch between the communities of opportunity, where jobs, services, and high-performing schools are concentrated, and where housing production has occurred during the last 10 years. Much of the housing production occurred in counties that have fewer jobs and services and overlap considerably with the State’s top 25 percent of disadvantaged communities.</p> <p>The disadvantaged community indicators include job availability and incomes, access to quality education, and environmental conditions, such as safe drinking water and lower pollution levels.</p> <p>The State must work toward increasing access to areas of opportunity and increasing the supply of housing in these areas, but also seek to improve conditions in the State’s disadvantaged communities. To address housing problems throughout the State, California needs responsive and flexible, place-based investment strategies, such as infrastructure improvements and community development interventions that address health, education, and economic disparities.</p>
<p><b>Developing in high-cost areas to ease demand vs. lower cost-per-unit investments in other markets</b></p>	<p>The State’s urban areas experience higher housing costs than other areas of the State, in part due to low supply in comparison to the demand. Urban areas often overlap with the socio-economic opportunity described in the tradeoff above and have environmental benefits associated with less driving due to the presence of transit and denser concentrations of jobs and services. The State could target resources to increasing the supply of affordable housing in these areas. Alternatively, the high land costs require greater contributions of funding than building affordable homes in lower-cost areas; resulting in fewer affordable homes produced with the same level of State funding.</p>

TRADEOFFS AND CHOICES TO BALANCE AND CONSIDER	BRIEF EXPLANATION OF TRADEOFFS AND CHOICES
<b>Preserving and rehabilitating existing housing vs. new construction</b>	Rehabilitating existing homes and putting in place affordability protections carries substantially lower costs than building new affordable homes. Preservation and rehabilitation of existing homes is an important tool to increase access to affordable homes for lower-income households given limited resources. Nonetheless, it does not increase the supply of total homes available in California, another worthy objective.
<b>Capital subsidies vs. tenant-based rental assistance</b>	Capital subsidies allow for new construction or substantial rehabilitation of existing housing to create affordable homes; a strategy that creates long-lasting affordability (typically 55 years) to serve lower-income households. However, the process of planning, funding, and completing construction of affordable homes takes years to complete. Rental assistance can help provide access in more immediate terms for households in need and allow more flexibility in terms of location. It can be particularly helpful for households experiencing a temporary economic difficulty as rental assistance can help them stabilize until they are able to cover expenses on their own. Like preservation strategies, rental assistance supports affordable housing access, but does not address housing supply challenges.
<b>Deeper affordability vs. greater total unit production</b>	When all other program components are held equal, programs that produce new housing or preserve affordability for extremely and very-low income households require a greater per unit investment in order to provide residents with an affordable housing cost than programs that are targeted to households at greater income levels. This is because those households with higher incomes can pay a greater personal contribution toward housing costs and require less public contribution to make up the difference between the market-rate housing cost and the affordable level. By extension, a program with the same amount of funding could produce more affordable units for higher-income households than lower-income households. However, there are far fewer market-rate units available to extremely low- and very-low income households, and these households are at greater risk of homelessness, which can have long-lasting negative impacts to both the household and the State's investment in social services.

## Tools to Evaluate and Improve Approaches to Affirmatively Further Fair Housing

In addition to the tradeoffs listed above that can help guide the design of housing programs, HCD will be examining its programs in relationship to fair housing goals. “Fair housing” is protection from discrimination when renting, buying, or securing financing for any housing. Affirmatively Furthering Fair Housing (AFFH) requires federal programs and federal grantees to further the purposes of the Fair Housing Act of 1968 by assessing and taking actions to eliminate housing discrimination, promoting housing that is structurally usable by all people (particularly those with disabilities), and providing opportunities for inclusive patterns of housing regardless of race, color, religion, sex, familial status, disability, and national origin.<sup>ix</sup>

Starting in the late 2000s, there was renewed focus on AFFH from the U.S. Department of Housing and Urban Development (HUD). This included a new AFFH rule and guidance in 2015 that clarifies fair housing obligations and the process to set fair housing priorities through an Assessment of Fair Housing. The rule identifies four fair-housing issues that states will need to assess:<sup>x</sup>

- 1) Patterns of integration and segregation.
- 2) Racially or ethnically concentrated areas of poverty.
- 3) Disparities in access to opportunity.
- 4) Disproportionate housing needs.

This process to set fair housing priorities will include data collection and analysis to identify fair housing issues and related contributing factors. Inclusive community participation will help set goals to increase fair housing choice and provide equal access to opportunity for all community members. These goals and priorities will, in turn, inform investments and planning decisions.

In recognition of the importance of fair housing goals and HUD’s recent guidance, HCD will engage in this process over the next several years to better promote fair housing principles through its current programs and identify strategies for designing future housing programs. Affirmatively furthering fair housing will increase access to opportunity. Success will require a two-pronged approach: 1) increasing new developments and access in the State’s areas of opportunity, and 2) working to improve disadvantaged communities through community development and infrastructure improvements.

One of the early steps in this process will be to identify tools that can help determine current areas of opportunity and evaluate HCD’s programs through an Affirmatively Furthering Fair Housing lens. The CalEnviroScreen mapping tool described in Appendix A (an online tool developed by the Office of Environmental and Health Hazard Assessment to identify socio-economically and environmentally disadvantaged communities) and the Regional Opportunity Index (developed by UC Davis), will serve as useful models as HCD moves forward with the AFFH process; however, no specific tool has yet been chosen.

## Regional Opportunity Index

The Regional Opportunity Index from UC Davis' Center for Regional Change is an index for understanding social and economic opportunity in California's communities. The goal of the Regional Opportunity Index is to help target resources and policies toward people and places with the greatest need, thereby fostering thriving communities of opportunity for all Californians. The Index incorporates both a "people" component and a "place" component, integrating economic, infrastructure, environmental, and social indicators into a comprehensive assessment of the factors driving opportunity. For example, Table 4.3 describes some of the 33 indicators that make up the overall People and Place Regional Opportunity Index.

**Table C.3**  
**UC Davis Regional Opportunity Index—Sample of Indicators**

EDUCATION OPPORTUNITY: PEOPLE	
<b>Math Proficiency</b>	Percentage of 4th graders who scored proficient or above on the math portion of California's Standardized Testing and Reporting (STAR) test (Source: California Department of Education).
EDUCATION OPPORTUNITY: PLACE	
<b>Teacher Experience</b>	Percentage of teachers at the three closest public elementary schools with more than five years of teaching experience and at least one year of education beyond a BA (Source: California Department of Education).
ECONOMIC OPPORTUNITY: PEOPLE	
<b>Employment Rate</b>	Percentage of adults age 20-64 employed (Source: American Community Survey).
ECONOMIC OPPORTUNITY: PLACE	
<b>Job Quality</b>	Percentage of jobs that are in high-paying industries, within a 5-mile radius (Source: National Establishment Time-Series).
HOUSING OPPORTUNITY: PEOPLE	
<b>Homeownership</b>	Percentage of housing units owned by their occupants (Source: American Community Survey).
HOUSING OPPORTUNITY: PLACE	
<b>Housing Adequacy</b>	Percentage of households with no more than one occupant per room (Source: American Community Survey).
MOBILITY/TRANSPORTATION OPPORTUNITY: PEOPLE	
<b>Commute Time</b>	Percentage of workers whose commute time is less than 30 minutes (Source: American Community Survey).
HEALTH/ENVIRONMENT OPPORTUNITY: PLACE	
<b>Health Care Availability</b>	Number of providers of basic medical services per 1,000 people within five-mile radius (Source: National Establishment Time-Series).
CIVIC LIFE OPPORTUNITY: PEOPLE	
<b>Voting Rates</b>	Percentage of the citizen, voting-age population that voted the 2010 general election (Source: American Community Survey; California Registrar of Voters).

Source: UC Davis Center for Regional Change, Regional Opportunity Index Online Tool, Data Descriptions, <http://interact.regionalchange.ucdavis.edu/roi/index.html>



## Conclusions

- California needs both public and private investment, as well as land use solutions to address critical housing challenges. Funding programs cannot address California's housing need alone and land use policy changes, such as those discussed in Appendix B, are critical. However, even with drastic changes in land use policy to increase supply, the needs of certain populations cannot be met by the private market alone. Funding programs allows the State to target resources to these populations.
- There is extreme complexity in financing programs and the combination of funding sources required to build affordable homes.
- Housing programs are increasingly viewed as a platform to achieve multiple policy goals. Increased collaborations across sectors can improve housing programs, but may add complexity to an already complex funding model.

## End Notes

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<sup>i</sup> Analysis of 2007 and 2014 American Community Survey Public Use Micro Sample Data. California State Level Data.

<sup>ii</sup> Center on Budget and Policy Priorities. "How Housing Vouchers Can Help Address California's Rental Crisis", February 2016. <http://www.cbpp.org/research/housing/how-housing-vouchers-can-help-address-californias-rental-crisis>

<sup>iii</sup> "Programs of HUD: Major Mortgage, Grant, Assistance, and Regulatory Programs 2016," U.S. Department of Housing and Urban Development. <http://portal.hud.gov/hudportal/documents/huddoc?id=HUDPrograms2016.pdf>

<sup>iv</sup> Center on Budget and Policy Priorities. "California Fact Sheet: Federal Rental Assistance", August 2015. Center on Budget and Policy Priorities tabulations of 2014 HUD administrative data. <http://www.cbpp.org/research/housing/national-and-state-housing-fact-sheets-data?fa=view&id=3586#map>

<sup>v</sup> California Housing Partnership Preservation Database, U.S. Department of Housing and Urban Development Public Housing Data. California State Level Data. 2016.

<sup>vi</sup> Abt Associates prepared for U.S. Department of Housing and Urban Development, "Capital Needs in the Public Housing Program". November 2010.

<sup>vii</sup> Analysis of fiscal year 2012. Keightly, Mark P., "An Analysis of the Geographic Distribution of the Mortgage Interest Deduction," Congressional Research Service, January 2014.

<sup>viii</sup> "Tax Expenditure Report 2015-2016" and "Tax Expenditure Report 2012-2013," California Department of Finance. [http://www.dof.ca.gov/Forecasting/Economics/Tax\\_Expenditure\\_Reports/index.html](http://www.dof.ca.gov/Forecasting/Economics/Tax_Expenditure_Reports/index.html)

<sup>ix</sup> U.S. Department of Housing and Urban Development. Fair Housing Planning Guide, Vol. 1 (#HUD- 1582B-FHEO). March 1996.

<sup>x</sup> U.S. Department of Housing and Urban Development. Affirmatively Furthering Fair Housing (AFFH) Final Rule Overview. 2015. <https://www.hudexchange.info/programs/affh/>



## Exhibit C1: Major State Funded Housing and Community Development Programs (Current)

PROGRAM	FUNDING SOURCE(S)	STATE ADMINISTERING ENTITY	ESTIMATED AMOUNT AVAILABLE 2016-2017	ACTIVITY COMPONENTS	TARGET POPULATION	POLICY OBJECTIVES
<b>Affordable Housing and Sustainable Communities</b>	Greenhouse Gas Reduction Fund; 20% of GGRF auction proceeds through end of cap-and-trade program	Strategic Growth Council (SGC), implemented by California Department of Housing and Community Development (HCD)	\$320 million (half of funds designated for affordable housing)	Funds housing, transportation, and land preservation projects that reduce greenhouse gas emissions.	Required minimum threshold of affordable units and 10% of points available for deeper income targeting.	Reduces greenhouse gases by promoting sustainable communities and infill development.  Provides benefits to disadvantaged communities.  Reduces rental shortage.
<b>MyHome Down Payment Assistance</b>	CalHFA-Administered Subordinate Financing for Single Family (Pursuant to Health & Safety Code 51351 et seq.)	California Housing Finance Agency (CalHFA)	\$176 million	Down payment assistance loans.	Potential low- and moderate-income homeowners.	Increases access to homeownership.
<b>State Low Income Housing Tax Credits</b>	State tax credits/investor equity	California Tax Credit Allocation Committee	~\$100 million	Supports rental home production and rehabilitation.	Primarily serves very low- and low-income households.	Reduces rental shortage.

Exhibit C1: Major State Funded Housing and Community Development Programs (Current)

PROGRAM	FUNDING SOURCE(S)	STATE ADMINISTERING ENTITY	ESTIMATED AMOUNT AVAILABLE 2016-2017	ACTIVITY COMPONENTS	TARGET POPULATION	POLICY OBJECTIVES
<b>Mental Health Services Act (MHSA)</b>	Proposition 63, Millionaires tax	CalHFA and Counties	\$80 million	State: Supports permanent supportive housing multifamily production and rehabilitation, as well as operating subsidies.  Local: Flexible funds, including rental assistance.	Persons experiencing homelessness or at risk of homelessness currently being served by State and County mental healthcare system.	Reduces and prevents homelessness.  Reduces rental shortage.
<b>Veterans Housing and Homeless Prevention Program</b>	Proposition 41, General Revenue Bond redirected prior bond funds. \$600 million available total	HCD with CalHFA & California Department of Veterans Affairs (CalVet)	\$75 million	Supports rental home production and rehabilitation, permanent supportive housing and transitional housing for veterans and their families.	Primarily serves extremely low- and very low-income households, targeted to homeless veterans.	Reduces and prevents veteran homelessness.  Reduces rental shortage.
<b>California Work Opportunity and Responsibility to Kids (CalWORKS) Housing Support Program</b>	General Fund	Department of Social Services	\$47 million	Homelessness prevention and rapid re-housing financial assistance and services.	Families currently receiving CalWORKs benefits.	Reduces and prevents homelessness.

Exhibit C1: Major State Funded Housing and Community Development Programs (Current)

PROGRAM	FUNDING SOURCE(S)	STATE ADMINISTERING ENTITY	ESTIMATED AMOUNT AVAILABLE 2016-2017	ACTIVITY COMPONENTS	TARGET POPULATION	POLICY OBJECTIVES
<b>CalWorks Homeless Assistance Program</b>	General Fund	Department of Social Services	\$32 million	Provides a once-per-year payment to meet the reasonable costs of obtaining permanent housing, and/or temporary shelter while seeking permanent housing.	Families currently receiving CalWORKs benefits.	Reduces and prevents homelessness.
<b>SSI/SSP Outreach to Homeless Individuals with Disabilities</b>	General Fund	Department of Social Services	\$45 million	Funds outreach to increase participation among homeless persons with disabilities who may be eligible for a disability benefits program.	Homeless individuals with disabilities.	Reduces and prevents homelessness.
<b>State Emergency Solutions Grant Program</b>	General Fund	HCD	\$35 million	Funds activities eligible under the Federal Emergency Solutions Grant Program, including rapid rehousing, outreach, and services.	Persons experiencing homelessness or at-risk of homelessness.	Reduces and prevents homelessness.

Exhibit C1: Major State Funded Housing and Community Development Programs (Current)

PROGRAM	FUNDING SOURCE(S)	STATE ADMINISTERING ENTITY	ESTIMATED AMOUNT AVAILABLE 2016-2017	ACTIVITY COMPONENTS	TARGET POPULATION	POLICY OBJECTIVES
<b>Housing Related Parks Program</b>	Remaining Proposition 1C Funds	HCD	\$25 million	Provides financial incentives to cities and counties with documented newly constructed affordable homes.	Rewards local jurisdictions that plan and approve housing serving very low- and low-income households.	Incentivizes local housing planning.
<b>Community-Based Transitional Housing Program</b>	General Fund	Department of Finance	\$25 million	Provides grants of up to \$2 million to cities and counties that approve conditional use permits or other entitlements for facilities that provide transitional housing and support services.	Offenders released from state prisons and county jails. Cities and counties may also apply for funds to serve other populations that they believe will benefit from the Program's services.	Treatment and reentry programming to individuals who will benefit from those services.
<b>Mobilehome Park Rehabilitation and Resident Ownership Program</b>	Revolving fund	HCD	\$15 million	Supports ownership conversion of mobilehome parks to residents, nonprofit housing sponsors or local public agencies; as well as park rehabilitations.	Eligible parks must have at least 30% low-income residents.	Creates low-income ownership opportunities.

Exhibit C1: Major State Funded Housing and Community Development Programs (Current)

PROGRAM	FUNDING SOURCE(S)	STATE ADMINISTERING ENTITY	ESTIMATED AMOUNT AVAILABLE 2016-2017	ACTIVITY COMPONENTS	TARGET POPULATION	POLICY OBJECTIVES
<b>Bringing Families Home Program</b>	General Fund	Department of Social Services	\$10 million	A matching grant program for counties to reduce homelessness.	Families experiencing homelessness who are part of the child welfare system.	Reduces and prevents homelessness.
<b>Homeless Youth and Exploitation Program</b>	General Fund	Office of Emergency Services	\$12 million	Assists homeless youth in exiting street life and provides specialized services to youth involved in sexually exploitive activities.	Homeless youth and youth involved in sexually exploitive activities.	Reduces and prevents homelessness.
<b>Integrated Services for Mentally-Ill Parolees</b>	General Fund	California Department of Corrections and Rehabilitation	\$2 million	Provides varied levels of care, supportive/transitional housing, and an array of mental health rehabilitative services to assist with the development of independent living in the least restrictive environment possible.	Mentally ill parolees.	Reintegration of the parolees into the community, increase public safety, and reduce State costs of recidivism.

Exhibit C1: Major State Funded Housing and Community Development Programs (Current)

PROGRAM	FUNDING SOURCE(S)	STATE ADMINISTERING ENTITY	ESTIMATED AMOUNT AVAILABLE 2016-2017	ACTIVITY COMPONENTS	TARGET POPULATION	POLICY OBJECTIVES
<b>No Place Like Home</b>	A \$2 billion bond secured by a portion of future Proposition 63 revenues	HCD	\$267 million (Notice of Funding Availability pending program development and bond validation)	Competitive and over-the-counter program to finance the construction, rehabilitation, or preservation of permanent supportive housing.	Individuals with mental health supportive needs who are homeless, chronically homeless, or at-risk of chronic homelessness.	Reduces and prevents homelessness.

## Exhibit C2: State Housing and Development Program Outcomes 2003-2015<sup>1</sup>

PROGRAM	STATE ADMINISTERING ENTITY	ACTIVITY AND TARGET POPULATION	GEOGRAPHIC DISTRIBUTION REQUIREMENTS		SUBSCRIPTION RATE	UNITS PRODUCED OR OTHER OUTCOMES	PUBLIC OR PRIVATE LEVERAGE
<b>Multifamily Housing Program (MHP)</b>	California Department of Housing and Community Development (HCD)	Supports rental home production and rehabilitation. Leverages underutilized Federal 4% tax credits. Primarily serves very low income households.	2002-14 So.CA.:45% No.CA.:30% Rural: 10%	2015 45% 30% 20%	2.24:1; ~\$2.3B requested/~\$1B awarded	17,270 units	\$3.5 Billion
<b>Multifamily Housing Program- Supportive Housing (MHP-SH)</b>	HCD	Supports rental home production and rehabilitation with access to services. Primarily serves extremely low income households; targeted to homeless populations.	Statewide		1.73:1; ~\$740M requested/~\$430 M awarded	5,780 units	\$1.1 Billion
<b>CalHome Self Help Housing</b>	HCD	Supports development of self-help homeownership housing. Primarily serves low income households.	Statewide		1.3:1; ~\$23M requested/~\$18 M awarded	1,615 units	Not reported

<sup>1</sup> As noted earlier, one development can be funded through multiple funding sources so these units may be counted within multiple program outcomes. For a complete summary of Proposition 46 and Proposition 1C outcomes please refer to the Cumulative Bond Reports on HCD's website: <http://www.hcd.ca.gov/financial-assistance/bonds.html>

Exhibit C2: State Housing and Development Program Outcomes 2003-2015

PROGRAM	STATE ADMINISTERING ENTITY	ACTIVITY AND TARGET POPULATION	GEOGRAPHIC DISTRIBUTION REQUIREMENTS	SUBSCRIPTION RATE	UNITS PRODUCED OR OTHER OUTCOMES	PUBLIC OR PRIVATE LEVERAGE
<b>Transit Oriented Development Program (TOD)</b>	HCD	Supports development and rehabilitation of multifamily housing within one-quarter mile of a transit station. In addition, provides grants for infrastructure necessary for the development of higher density uses within one-quarter mile of a transit station.	Statewide Areas Near Transit	4.69:1; ~\$1.31B requested/~\$279 M awarded	5,778 units	\$1.92 Billion
<b>Infill Infrastructure Grant Program (IIG)</b>	HCD	Assist in the new construction and rehabilitation of infrastructure that supports higher-density affordable and mixed-income housing in locations designated as infill.	Statewide Infill Areas	2.55:1; ~\$1.87B requested/~\$734 M awarded	18,402 units supported with infrastructure	\$5.89 Billion



Exhibit C2: State Housing and Development Program Outcomes 2003-2015

PROGRAM	STATE ADMINISTERING ENTITY	ACTIVITY AND TARGET POPULATION	GEOGRAPHIC DISTRIBUTION REQUIREMENTS	SUBSCRIPTION RATE	UNITS PRODUCED OR OTHER OUTCOMES	PUBLIC OR PRIVATE LEVERAGE
<b>Joe Serna Jr. Farmworker Housing Grant-Multifamily (JSJFWHG – MF)</b>	HCD	Supports rental home production and rehabilitation for farm and agricultural workers. Primarily serves low-income households.	Agriculture Areas	2.01:1; ~\$401M requested/~\$199 M awarded (\$166M Multifamily; \$33M Homeownership)	7,517 units	\$838 Million
<b>Joe Serna Jr. Farmworker Housing Grant-Homeownership (JSJFWHG – HO)</b>	HCD	Supports homeownership production and rehabilitation for farm and agricultural workers. Primarily serves low-income households.			2,766 units	\$255 Million
<b>Multifamily First Mortgages</b>	California Housing Finance Agency (CalHFA)	Acquisition, rehabilitation, and permanent fully amortizing loans for affordable multifamily developments. Loans are funded generally with mortgage revenue bonds. A percentage of units in each project are restricted to tenants with low and/or very low- incomes.	Statewide	Over-the-Counter	15,215 units	\$550 Million

Exhibit C2: State Housing and Development Program Outcomes 2003-2015

PROGRAM	STATE ADMINISTERING ENTITY	ACTIVITY AND TARGET POPULATION	GEOGRAPHIC DISTRIBUTION REQUIREMENTS	SUBSCRIPTION RATE	UNITS PRODUCED OR OTHER OUTCOMES	PUBLIC OR PRIVATE LEVERAGE
<b>Multifamily Subordinate Mortgages</b>	CalHFA	Subsidy loans provided to affordable multifamily housing developments based on need. Loans are funded with CalHFA controlled subsidy funds or Agency cash. A percentage of units in each project are restricted to tenants with low and/or very low-incomes.	Statewide	Over-the-Counter	4,676 units	\$450 Million
<b>Mental Health Services Act Housing Program (MHSA)</b>	CalHFA	Permanent financing and capitalized operating subsidies for the development of permanent supportive housing. Serves persons with serious mental illness and their families who are homeless or at-risk of homelessness.	Statewide	Over-the-Counter	2,509 MHSA units, 9,986 affordable units leveraged	\$2.1 Billion
<b>Bay Area Housing Plan</b>	CalHFA	Permanent financing to projects that provide community based housing for those with developmental disabilities to replace institutional care in a development center.	Statewide	Over-the-Counter	188 units	\$0

Exhibit C2: State Housing and Development Program Outcomes 2003-2015

PROGRAM	STATE ADMINISTERING ENTITY	ACTIVITY AND TARGET POPULATION	GEOGRAPHIC DISTRIBUTION REQUIREMENTS	SUBSCRIPTION RATE	UNITS PRODUCED OR OTHER OUTCOMES	PUBLIC OR PRIVATE LEVERAGE
<b>CalHFA Single Family First Mortgage Programs</b>	CalHFA	Low interest first mortgage loans. Serves low to moderate-income homebuyers.	Statewide	Over-the-Counter	38,167 homes purchased	\$8.6 Billion
<b>CalHFA Housing Assistance Program (CHAP)</b>	CalHFA	Low interest first mortgage loans. Serves low to moderate income homebuyers in underserved or high-cost counties.	Statewide for low income; High-Cost or Underserved counties for moderate income.	Over-the-Counter	17,294 home loans assisted	\$112.7 Million
<b>High Cost Area Home Purchase Program (HiCAP)</b>	CalHFA	Low interest down payment assistance. Serves low to moderate-income, first-time homebuyers in high cost counties.	High Cost Counties in California	Over-the-Counter	9,407 home loans assisted	\$154.4 Million
<b>California Homebuyer's Downpayment Assistance Program (CHDAP)</b>	CalHFA	Low interest down payment assistance. Serves low to moderate-income, first-time homebuyers.	Statewide	Over-the-Counter	51,061 home loans assisted	\$361.3 Million
<b>Extra Credit Teachers Home Purchase Program (ECTP)</b>	CalHFA	Forgivable interest, down payment assistance with a CalHFA first mortgage. Serves teachers and school employees in low-performing schools.	Statewide - teachers & employees of low performing schools	Over-the-Counter	2,053 home loans assisted	\$24.1 Million

Exhibit C2: State Housing and Development Program Outcomes 2003-2015

PROGRAM	STATE ADMINISTERING ENTITY	ACTIVITY AND TARGET POPULATION	GEOGRAPHIC DISTRIBUTION REQUIREMENTS	SUBSCRIPTION RATE	UNITS PRODUCED OR OTHER OUTCOMES	PUBLIC OR PRIVATE LEVERAGE
<b>Zero Interest Program (ZIP &amp; ZIP Extra)</b>	CalHFA	Zero interest down payment assistance. Serves low to moderate-income homebuyers.	Statewide	Over-the- Counter	3,353 home loans assisted	\$40.2 Million
<b>MyHome Assistance Program</b>	CalHFA	Low interest down payment assistance, paired with CalHFA first mortgage. Serves low- to moderate-income, first-time homebuyers.	Statewide	Over-the- Counter	18 home loans assisted  (Launched in Oct 2015)	\$205.8 Thousand

## Exhibit C3: Major Federally Funded Housing Programs (Current)

PROGRAM	ADMINISTERING AGENCY(IES)	ACTIVITY COMPONENTS	TARGET POPULATION
<b>Federal Tax Credits (9%)</b>	Treasury Department/ Allocated at State level by California Treasurer's Office	Supports rental home production and rehabilitation.  Federal 9%: Provides a high contribution to a development, extremely competitive and California uses the maximum available every year.	Households with incomes 60% of area median income (AMI) or below
<b>Federal Tax Credits (4%)</b>	Treasury Department/ Allocated at State level by California Treasurer's Office	Supports rental home production and rehabilitation.  Federal 4%: Provides lower contribution to a development, needs large gap funding from other sources, thus less competitive. However, additional 4% credits would be available to California if more matching funds became available.	Households with incomes below 60% AMI or below
<b>Keep Your Home California</b>	Trouble Asset Relief Program/ Allocated at the State level by California Housing Finance Agency (CalHFA)	Mortgage assistance and other foreclosure and default mitigation tools.	Current low and moderate income homeowners experiencing financial hardship.
<b>Public Housing</b>	U.S. Department of Housing and Urban Development (HUD)/  Allocated at State level by California Public Housing Authorities (PHAs)	Public housing developments are overseen and administered by local public housing authorities and provide housing for low-income households. No funding for new public housing developments have been available since the mid-1990s.	Households with incomes 80% AMI, low-income or below; 40% of new admissions must be 30% AMI or below, extremely low-income.

Exhibit C3: Major Federally Funded Housing Programs (Current)

PROGRAM	ADMINISTERING AGENCY(IES)	ACTIVITY COMPONENTS	TARGET POPULATION
<b>Housing Choice Vouchers</b>	HUD/Allocated at State level by PHAs	Rental housing assistance provided to low-income renter households to reduce market rate rents to affordable levels.	Primarily serves households with incomes 50% AMI or below.
<b>Section 8 Project-Based Rental Assistance</b>	HUD/Allocated at State level by PHAs	Rental housing assistance linked to a particular property rather than a renter household and does not move with that household.	Primarily serves households with incomes 50% AMI or below.
<b>National Housing Trust Fund</b>	HUD/ Allocated at State level by State Housing Agencies: HCD & CalHFA	Primarily supports rental home production and rehabilitation. Up to 10% of funds can be used to support homeownership activities.	At least 75% of the funds used for rental housing must benefit households with incomes 30% AMI or below, extremely low-income. All funds must be used for households with incomes 50% AMI or below, very low-income.
<b>Community Development Block Grant</b>	HUD/ Allocated at State level by HCD & local entitlement jurisdictions	Supports home production and rehabilitation for both single-family and multifamily developments, public Improvements in support of new housing construction, public services that include shelters, and technical assistance and planning activities.	Provides benefit to households with incomes below 80% AMI, low-income.
<b>HOME Investment Partnerships Program</b>	HUD/ Allocated at State level by HCD & local participating jurisdictions	Supports home production and rehabilitation for both single-family and multifamily developments. Rental assistance is also an eligible activity.	Primarily serves households with incomes 60% AMI or below, can serve households with incomes up to 80% AMI, low-income.
<b>Emergency Solutions Grant</b>	HUD/ Allocated at State level by HCD & local entitlement jurisdictions	Emergency shelters, rapid rehousing, homeless prevention programs, and street outreach.	People experiencing or at-risk of homelessness.

Exhibit C3: Major Federally Funded Housing Programs (Current)

PROGRAM	ADMINISTERING AGENCY(IES)	ACTIVITY COMPONENTS	TARGET POPULATION
<b>Housing Opportunities for Persons with AIDS</b>	HUD/ Allocated at State level by California Department of Public Health (CDPH)	Covers a wide range of activities. Supports shelter and rental home production and rehabilitation, social services, program planning, facility operations, rental assistance, and homeless prevention programs.	Individuals with HIV/AIDS, and their families, with incomes below 80% AMI, low-income. Primarily serving households with incomes 30% AMI and below, extremely low-income and formerly homeless households.
<b>Rural Housing Programs (515, 514/516, 521)</b>	United States Department of Agriculture direct to applicants	<p>The U.S. Department of Agriculture's (USDA's) Rural Development (RD) arm runs several rental and homeownership programs through its Rural Housing Service.</p> <p>515: Loans to support home production and rehabilitation for multifamily developments. Since 2011 all funds have been used to preserve existing units, rather than new construction.</p> <p>514/516: Loans to support home production and rehabilitation for both single-family and multifamily developments for farmworkers.</p> <p>521: Project-based rental assistance to preserve the affordability of USDA-financed rentals.</p>	<p>515: Rural households with incomes 120% AMI and below, moderate income.</p> <p>Section 514/516: Farmworker households with incomes 120% AMI and below, moderate income.</p>

Exhibit C3: Major Federally Funded Housing Programs (Current)

PROGRAM	ADMINISTERING AGENCY(IES)	ACTIVITY COMPONENTS	TARGET POPULATION
<b>Housing for the Elderly (202)/ Disabled (811)</b>	HUD direct to applicants	<p>Housing for the Elderly (202): This program formerly supported rental home production, but this aspect of the program was eliminated by congress in fiscal year 2012. The program continues to provide rental assistance, preservation rental assistance (for older 202 properties), service coordination to help residents of 202 buildings age in place, and a demonstration program to test the effectiveness of housing and services models.</p> <p>Supportive Housing for Persons with Disabilities (811): This program began as a subset of the 202 program and became its own program in 1992. Provides project based rental assistance to ensure community integration with people who do not have disabilities, the funding requires that no more than 25% of the units in a development receiving 811 project rental assistance may be targeted specifically for people with disabilities.</p>	<p>202: Serves people over the age of 62 with incomes below 50% AMI, very-low income</p> <p>811: Persons ages 18-61 who have significant and long-term disabilities and incomes 30% AMI and below, extremely low-income.</p>







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