

# Taking Stock:

A Comprehensive Housing Report for  
the San Joaquin Valley in 2022

Final | March 2022



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# Taking Stock:

## A Comprehensive Housing Report for the San Joaquin Valley in 2022

Final | March 2022

San Joaquin Valley  
**REAP**  
REGIONAL EARLY ACTION PLANNING

# Acknowledgements

This Report represents the culmination of a year-long collaboration between the California Department of Housing and Community Development (HCD), the eight San Joaquin County MPOs, city and county planning staff, Valley housing stakeholders, and five planning consulting firms. Oversight was provided by the San Joaquin Valley REAP Committee for Housing. A Regional Early Action Planning (REAP) grant provided by HCD funded this collaborative effort. The following organizations, firms, and individuals contributed to the Report.

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# Executive Summary

# Background

The San Joaquin Valley, like the rest of California, is facing unprecedented housing supply and affordability challenges. In response to these challenges, the State of California is, among other things, requiring cities and counties to do more to encourage and support housing production. The State is also providing a broad range of funding opportunities to assist local governments in this effort. One of those funding opportunities is the Regional Early Action Planning (REAP) grant program, which funded this study.

The San Joaquin Valley Regional Early Action Planning (REAP) Committee commissioned this study of housing trends, impediments, and best practices in the Valley. This effort is intended to assist the 62 Valley cities and eight counties with preparing their sixth cycle housing elements and increase housing supply and affordability. The study included: outreach to housing stakeholders; city, county, and MPO staff; and the public. It also included coordination with HCD staff; periodic informational webinars; research on socioeconomic and housing data; housing production impediments; and general plan, housing element, and regulatory mechanism practices. Where appropriate, topics addressed include statutory references, resources, examples, case studies, and recommendations.



An aerial photograph of a suburban neighborhood. The image shows a grid of streets with houses on either side. There are some open fields and a baseball field visible. The houses are mostly single-story with light-colored roofs. The streets are paved and have some trees and landscaping. The overall scene is a typical suburban development.

## Initial Outreach

The first phase of this study was designed to provide an understanding of the issues, concerns, ideas, and expectations from those working on the front line of Valley housing supply and affordability issues: builders, developers, housing advocates, and city, county, and MPO staff. To do this, the authors conducted stakeholder interviews and an extensive survey of city and county planning staff, as well as hosting two information webinars to solicit input and direction. There was also periodic collaboration with HCD staff regarding the Valley RHNA process. The detailed results of these interviews and survey are found in Part 3 of this report. The following is a summary of those efforts, as well as the informational webinars.

### Stakeholder Interviews

The stakeholder interviews were designed to gain a better understanding of developer and housing advocate views of Valley housing issues, opportunities, and challenges. The interviews primarily explored impediments to housing production and affordability and solutions to address those impediments. Between April 26 and May 13, 2021, the report authors interviewed 20 local developers and housing advocates. While the interviewers provided some questions in advance, the stakeholders were free to make comments on any topic related to housing. The following is a list of the key topics and issues that stakeholders raised:

#### Housing Trends and Issues

- Low housing supply
- High costs for developers
- Lack of incentives from local jurisdictions and State

#### Challenges Unique to the San Joaquin Valley

- Farm labor housing shortage
- Cost/income ratio
- Land value
- Lack of agency staffing
- Less developed transportation systems
- Ineffective density bonus
- Water supply

#### Impediments to Housing

- Increasing construction material and land costs
- Chaotic State funding system
- Lacking infrastructure
- Lacking bridge to homeownership
- Complex funding systems
- Limited number of non-profit developers

#### Opportunities

- Management assistance
- Address prevailing wage requirement
- Housing preservation
- Tenant's rights and housing instability
- Economic development
- Rent caps
- Update development regulations

- Incentivize density
- Identify, plan, and incentivize priority sites

#### Best Practices

- Plan for housing
- Streamline permit processing
- Reduce fees
- Plan regionally
- Provide technical assistance and financial support

#### Housing Production Successes

- Public funding
- Cohesive planning
- Collaboration
- Cost reductions
- Income and use mix

#### What more should cities, counties, and the State be doing?

- Support new tenants
- Align priorities
- Support funding pursuits
- Add public funds to housing projects
- Correct compliance issues
- Communicate with stakeholders on the ground
- Encourage innovation and flexibility
- Focus on equity
- Support advocates
- Support goals on the ground
- Plan from an affordable housing perspective
- Prioritize surplus properties

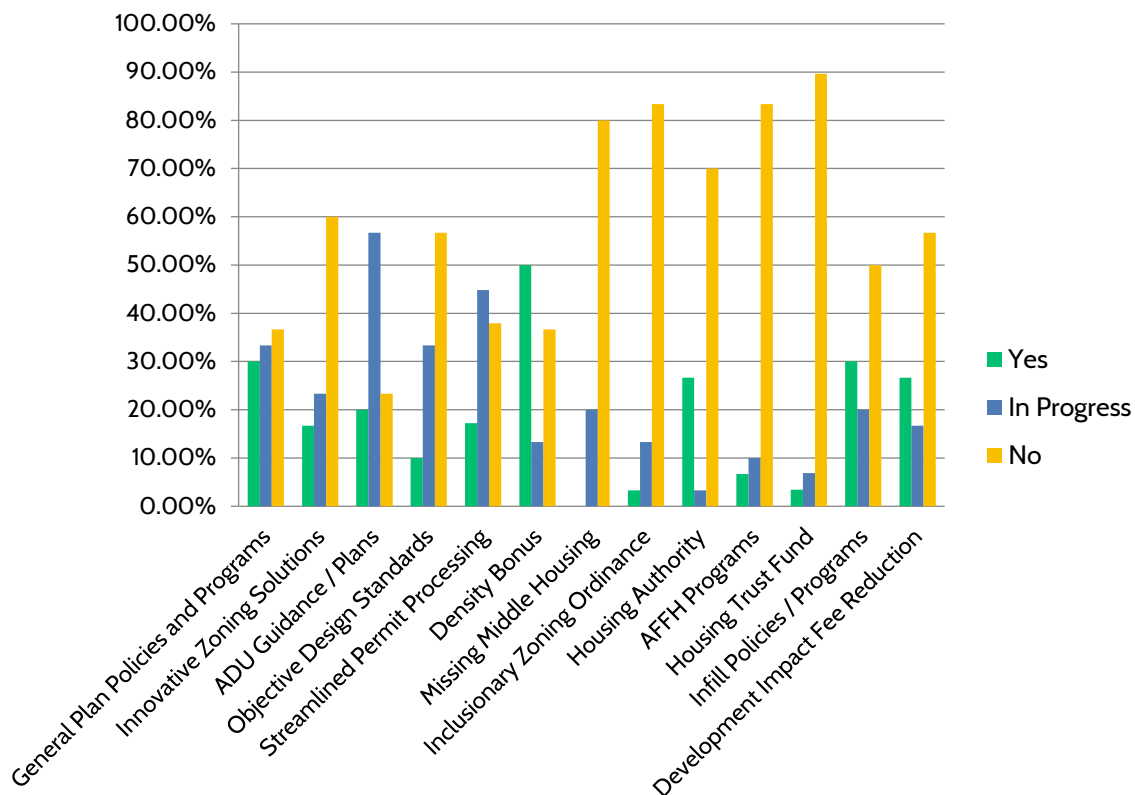


## City/County Planning Staff Survey

The authors distributed an online survey to the planning staff of the 62 cities and eight counties in the San Joaquin Valley to help understand local government perspectives related to housing needs, impediments, and best practices. A total of 43 responses were received from five county and 30 city staff from June 25 to July 28, 2021.

The survey included 28 questions on topics such as general plans, housing elements, and zoning codes. The survey began by gathering information from each jurisdiction on the age of current planning documents, status of compliance with State law on a number of housing issues, and the tools available to the jurisdiction to encourage or incentivize housing. In addition to gathering this data, the survey included questions regarding development types, constraints to housing production, recent successes, and best practices. See Part Three for detailed survey results.

### Question Twenty-five: Have you completed recent projects or regulatory changes that you feel promote housing production?



## Webinars

### Webinar #1

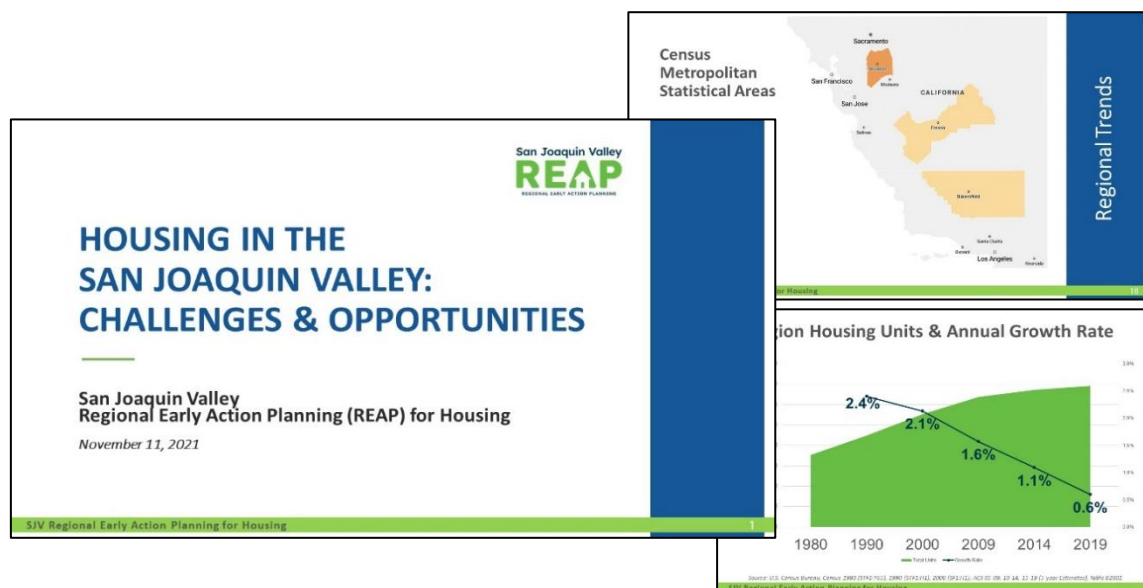
On Tuesday, July 27, 2021, the San Joaquin Valley Regional Early Action Planning (REAP) team hosted a 60-minute workshop with housing stakeholders to identify key housing issues and potential strategies to overcome them. The objectives were to:

- Summarize the REAP program process and opportunities
- Provide an overview of new State housing laws, the Regional Housing Needs Assessment (RHNA) allocation process, and the purpose and requirements of the Housing Element
- Present preliminary findings related to regional housing and demographics trends, as well as opportunities to facilitate housing production
- Collect feedback on key housing issues, barriers to production, and potential solutions to overcome key challenges

### Webinar #2

On Thursday, November 11, 2021, the program hosted a second 60-minute regional workshop with housing stakeholders to present an overview and key findings from the program's work products to date, including:

- A summary of outreach efforts to date
- A description of stakeholder input received on housing issues and trends, root causes, keys to success, and opportunities
- A summary of existing conditions and regional trends findings
- An overview of reports on local land use and planning, impediments to housing production and planning, and best practices to increase housing production



## Part 1 | Existing Conditions

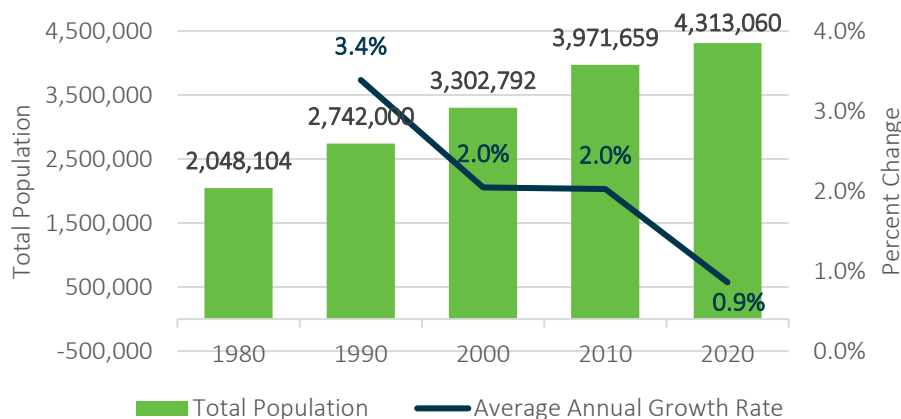
This “snapshot in time” report is intended to inform housing element update efforts in the San Joaquin Valley by highlighting its different population, economic, and housing trends, as well as those characteristics that distinguish the Valley from other parts of the state. The report will help tailor future housing policy and programs to better meet Valley needs. Toward that end, it addresses the following questions:

- What are the region’s key demographic, economic, and housing characteristics?
- What trends – both encouraging and concerning – are common regionwide?
- How is the region the same and different from the rest of the state?
- What are the key differences among subregions?

### Key Findings

The data indicate that the steady population and housing growth that occurred in the Valley since 1980 has dramatically slowed in the last decade. The region has become more diverse, but there are disparities in income, poverty, and homeownership among racial and ethnic groups. In general, the region has lower housing values and lower housing costs than the rest of California; however, homeowners and renters experience housing cost burdens on par with state levels due to the region’s comparatively lower incomes.

Figure 1. Regional Population and Annual Growth Rate (1980-2020)



Source: U.S. Census Bureau, Census 1980, 1990, 2000, 2010, 2020.

## Demographic Conditions

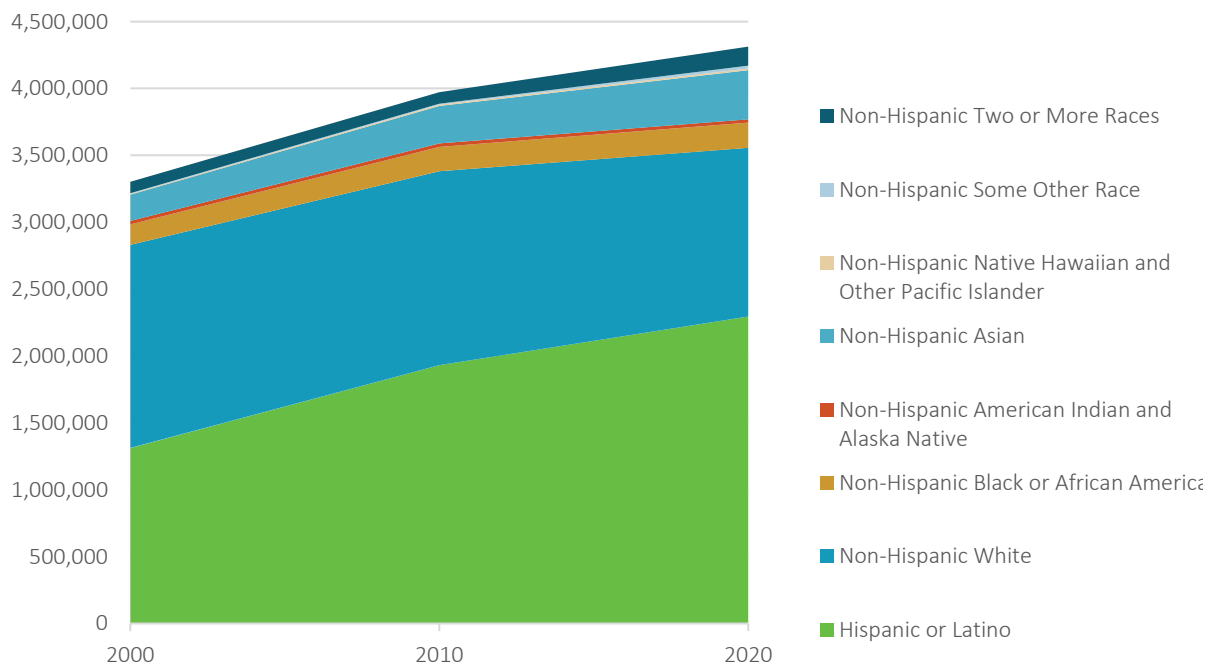
### Population

About one in 10 Californians live in the San Joaquin Valley region, but its growth is slowing. According to the American Community Survey (ACS) 2015-2019 5-Year Estimates, the eight-county region population was 4,197,363 (10.7 percent of the estimated population of California). Growth slowed between 2010 and 2020; the region experienced only a 0.9 percent annual change in population size over the last decade, the lowest rate of change of the last five decades.

### Racial and Ethnic Diversity

The region became more diverse between 2000 and 2020. In 2020, over half of the region's population identified as Hispanic or Latino (increasing from 39.8 percent to 53.2 percent), and approximately one-third identifies as non-Hispanic White Alone (decreasing from 46 percent to 29.2 percent). The population that identifies as non-Hispanic Asian Alone is 8.5 percent, while 4.4 percent identifies as non-Hispanic Black or African American Alone.

Figure 2. Regional Population by Race by Hispanic Origin Over Time (2000-2020)



Source: U.S. Census Bureau, Census 2000, Table SF1-P8; U.S. Census Bureau, Census 2010, Table SF1-P5; U.S. Census Bureau, Census 2020.

### Households

San Joaquin Valley households are generally larger (have more members) than those in California overall. The average household size in the Valley is 3.18 people; 3.14 for owner-occupied households and 3.24 for renter-occupied households.



## Age

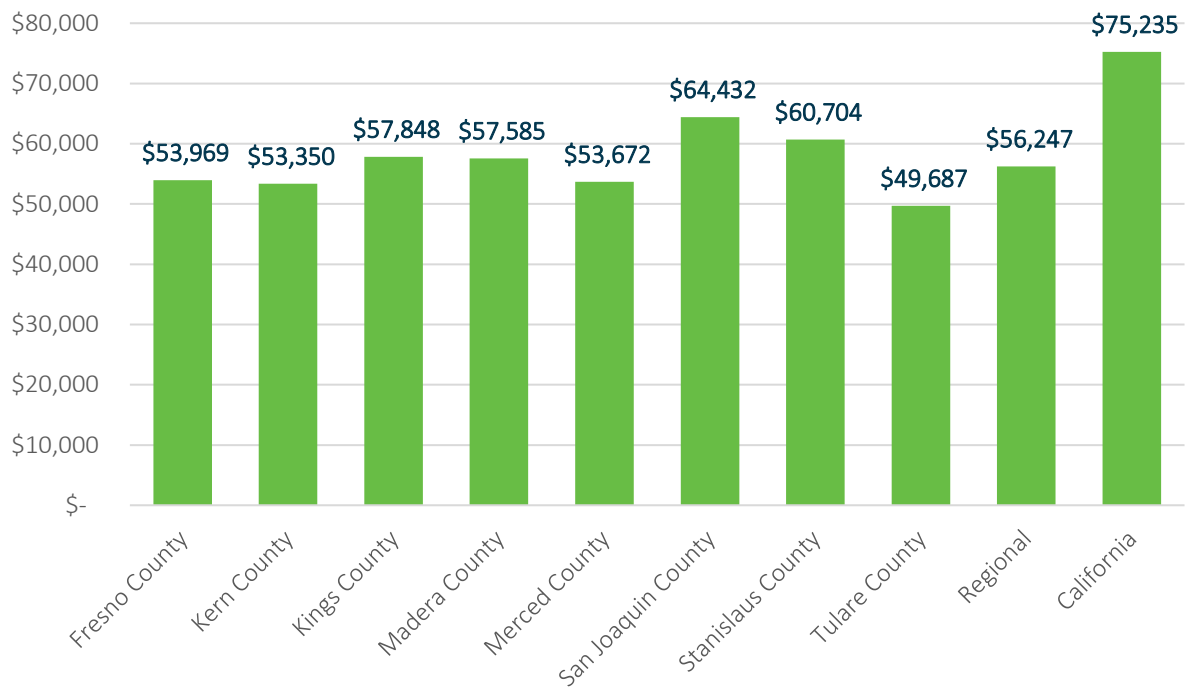
All San Joaquin Valley counties have more young people than the state overall. According to the ACS 2015-2019 5-year estimates, 39 percent of the region's population is under age 25 compared to 33 percent at the state level.

## Economic Conditions

### Income

Valley median household income is lower than the statewide median. According to the ACS 2015-2019 5-year estimates, Valley median household income is \$56,247, which is only 75 percent of the statewide median (\$75,235).

Figure 3: Median Household Income by County



Source: U.S. Census Bureau, ACS15-19 (5-year Estimates), Table B19013.

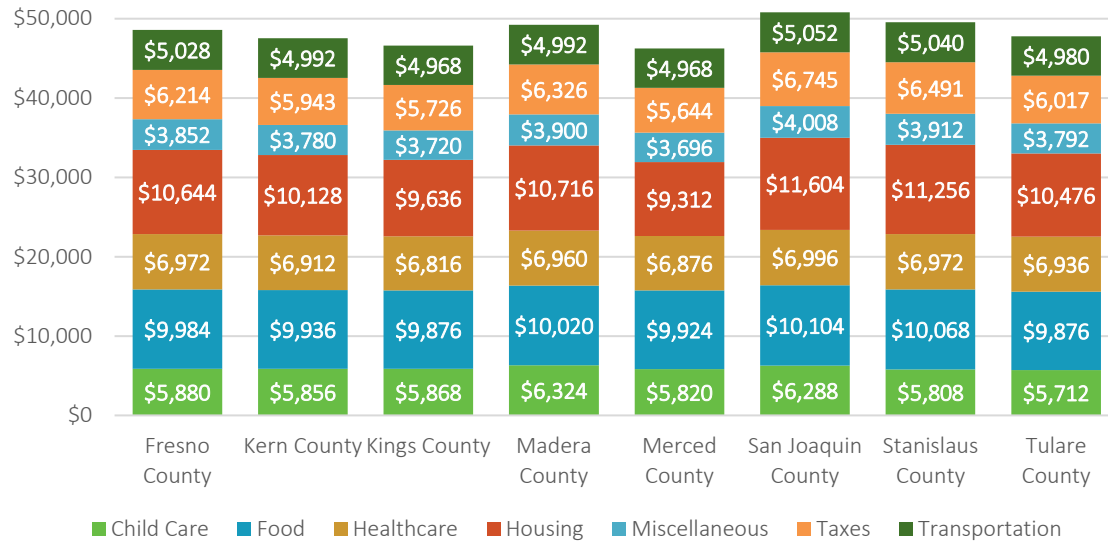
### Median Household Income by Race

Median household income varies by race. Asian Alone householders reported having the highest median income in the region (\$70,330), followed by Native Hawaiians and Other Pacific Islander householders (\$69,293), and White Alone householders (\$58,238). Black or African American Alone householders reported the lowest median income in the region (\$40,497).

## Cost of Living, Poverty, and Inequality

According to the California Housing Partnership, the average cost of living for a family of three in the San Joaquin Valley is about \$48,293. This regional cost of living is 14 percent below the regional median household income of \$56,247; however, it is 66 percent higher than the state minimum wage income of \$29,120.

Figure 4. Cost of Living (Household Budget for a Family of Three) by County



Source: California Housing Partnership, 2019.

## Employment

The region's largest employment industry is educational services, health care, and social assistance (21.6 percent) according to the ACS 2015-2019 5-year estimates (educational services, health care, and social assistance are defined as a "super sector" part of the services providing group). Retail trade is the second largest industry (11.1 percent). Agriculture, forestry, fishing and hunting, and mining is the third largest (10.7 percent). These industries have been the region's top three consistently in 2009, 2014, and 2019.

## Travel to Work

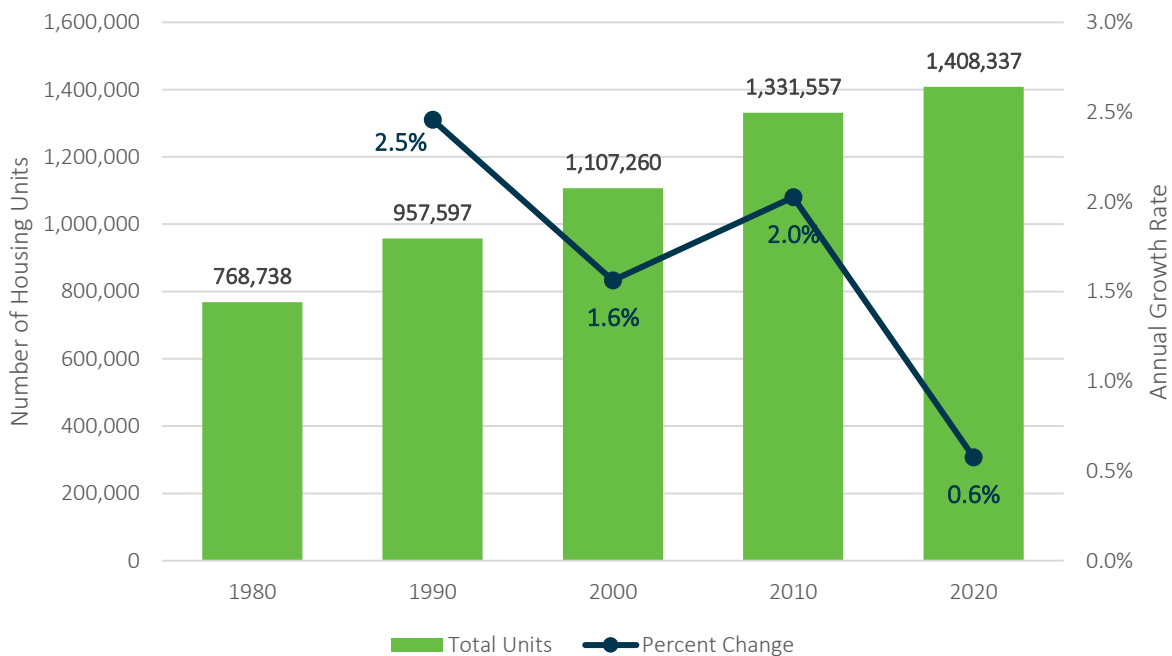
A majority of the region's workers drive alone to work (79.4 percent), 12.1 percent carpool, and only 1 percent take public transportation. The region's rate of carpooling is greater than the state's (12.1 percent compared to 10.1 percent at the state level), but the rate of public transportation is only one-fifth of the state rate (1 percent compared to 5.1 percent at the state level).

## Housing Conditions

### Production

Valley housing production is at its lowest point in decades. From 1980 to 2010, units built increased at an annual rate of 1.6 to 2.5 percent; however, from 2010 to 2020 there was only a 0.6 percent annual increase, or about 7,678 units built annually.

Figure 5. Regional Housing Units and Annual Growth Rate



Source: U.S. Census Bureau, Census 1980(STF1:T65), 1990(STF1:H1), 2000(SF1:H1); 2020(SE:T3).

### Housing Unit Characteristics

The Valley's housing stock comprises mostly detached single-family residences, with over three-quarters of the units detached or attached single-family homes (75.7 percent) in 2019. This proportion was much higher than the state level (57.7 percent).

### Tenure

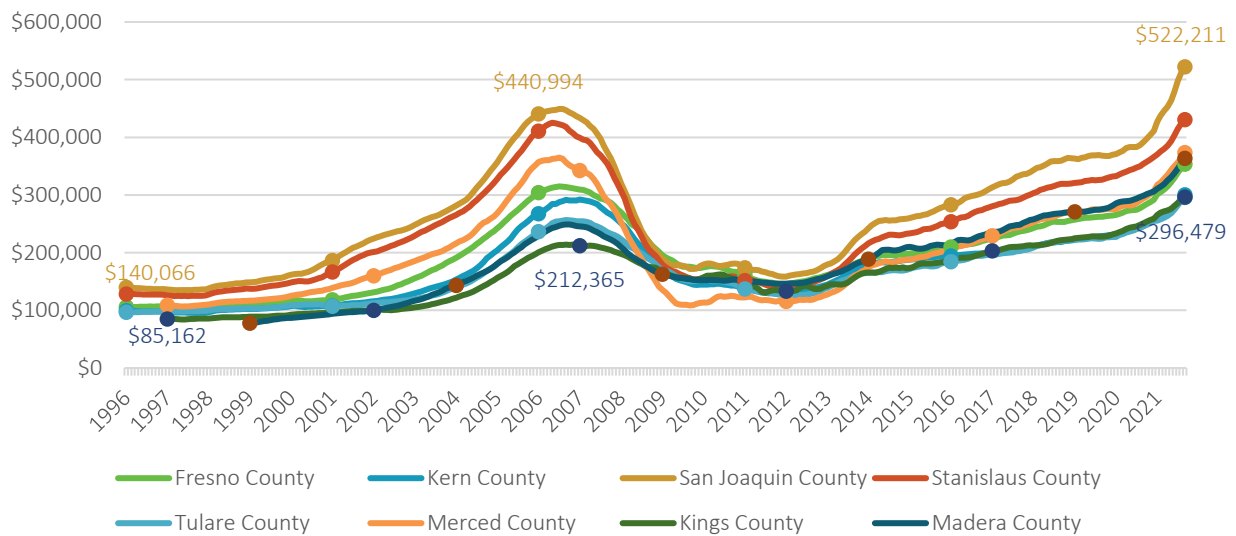
The region has more owners than renters. According to ACS 2015-2019 five-year estimates, about 56 percent of housing units are occupied by owners, and 44 percent are occupied by renters. However, the proportion of renters has increased slightly since 1980, from 39.3 percent in 1980 to 43.8 percent in 2019.

## Housing Market

### Value

Housing values in the region are lower than the rest of the state. According to ACS 2015-2019 five-year estimates, the median housing value is approximately half of the statewide median. More recently, county-specific data from Zillow also demonstrates that the estimated median home value for each of the eight counties is more affordable than the statewide median.

Figure 6. Home Values for All Homes in San Joaquin Valley Counties (Jan 1996 – Sep 2021)



Source: Zillow, Housing Data, 2021.

### Monthly Costs

Housing costs are typically the largest portion of household monthly budgets. According to the ACS 2015-2019 five-year estimates, the Valley's median monthly housing costs were about \$1,156, which is 24.7 percent of the regional median monthly household income. Cost burden, where 30 percent or more of a household's income is spent on housing, is a problem for many Valley owner and renter households. Among owner households, according to the ACS 2015-2019 Five-Year Estimates, the median monthly owner housing costs in the region were \$1,256 per month and over a quarter of owner households were cost-burdened.

### Homelessness

According to data from the Continuum of Care (CoC) Homeless Populations and Subpopulations Reports compiled by the United States Department of Housing and Urban Development (HUD), 3,641 individuals experienced homelessness in the region during 2020. This was a reduction of almost 70 percent from 2005 levels, but it was an increase since 2015 (when the population was 1,383 individuals). Almost three-quarters of the homeless population were unsheltered.



## Part 2 | Housing Production Trends, Impediments, and Best Practices

Part Two provides an overview of housing production trends, impediments, and best practices in the San Joaquin Valley. The overview is based on statutory requirements, stakeholder/MPO director interviews, planning practice, city and county planning staff survey results, and broad Valleywide research. This part provides background on key planning topics relevant to Valley housing production and affordability. The intent is to provide the reader with a broad understanding of the range of planning and regulatory responsibilities of Valley cities and counties, describe the challenges facing local governments to plan for and accommodate their fair share of housing, and identify resources for addressing these challenges.

Fifty-six topics are addressed in this Part. In each section, an overview provides a brief description of the topic or issue, including a brief history and relevance to housing in the San Joaquin Valley. Impediments and best practices are described. Relevant State laws are identified, if applicable. The San Joaquin Valley experience is then summarized based on stakeholder and MPO director interview results, city/county planning staff survey results, and supplemental research. Resources, templates, and examples are provided where useful. Finally, recommendations for future action are suggested. The topics addressed in this chapter are listed on the following page.



### General Plans

- General plan policies and programs
- General plan annual reports
- Community engagement
- Environmental justice
- Hazard mitigation
- Vehicle miles traveled (VMT)

### Housing Elements

- The housing element
- Housing element annual progress report
- Available sites inventory
- Affirmatively furthering fair housing (AFFH) programs
- Fair housing enforcement and outreach capacity
- Segregation and integration
- Access of opportunity disparities
- Disproportionate housing needs/displacement risk
- Racially concentrated areas of poverty and affluence
- Homeless housing planning and production trends
- NIMBYism and resistance to higher-density housing
- Regulatory barriers and constraints

### Regulatory Mechanisms

- Objective residential design and development standards
- Density bonuses
- Missing middle housing/infill housing
- Inclusionary zoning
- Infill development
- Transit-oriented development (TOD)
- Innovative zoning solutions
- Form-based codes
- Upzoning
- Housing overlay zones

- Accessory dwelling units (ADUs)
- Permit streamlining and fee reduction
- CEQA implications for housing approvals

### Funding and Financing

- Local funding barriers
- Lack of State and Federal housing funding
- Market and feasibility implications for affordable and higher-density market rate housing
- Prevailing wages
- ADA and Title 24
- Capacity to deliver housing
- Mello-Roos community facilities district (CFD)
- Tax-increment financing
- Community revitalization and investment authority (CRIA)
- Housing trust funds
- Housing impact and linkage fees
- Development agreements
- Revenue bonds
- Grants

### Housing Production and Ownership

- Employer-assisted housing
- Alternative housing ownership models
- Mutual housing associations
- Other lower-cost housing types

### Land Availability

- Annexations, spheres of influence, county islands, and municipal service reviews
- Infrastructure
- Disadvantaged unincorporated communities
- Water conservation and management
- Surplus public land
- Religious/public institutions
- Agricultural land preservation

## Key Findings and Recommendations

Part Two of this report includes over 100 recommendations for action by local, regional, and State agencies. A summary of key findings and recommendations are as follows:

### Cities and Counties

- Update land use policy in the general plan to align with housing goals and other community priorities
- Coordinate housing element, safety element, and environmental justice element updates along with water management plans to holistically address multiple issues such as agricultural land preservation, housing, equity, health, and hazards, and to ensure consistency
- Update zoning codes to include objective residential design and development standards
- Reduce regulatory barriers by updating zoning codes and entitlement processes to comply with State law, increase housing capacity, and streamline housing project approvals
- Provide preapproved ADU plans and streamlined building permit processing
- Revise permitting fee structures, specifically for affordable housing development
- Engage with the public early and often. Align community engagement efforts and support meaningful dialogue with the community to better understand needs and secure public support for programs and policies
- Analyze infrastructure deficiencies and needs and identify and tailor infrastructure funding and financing strategies to the local context and the requirements of individual development projects
- When considering housing impact fees, linkage fees, and other revenue sources to fund housing production, consider the cumulative impact of all fees and exactions to ensure that development is feasible, and that fees and incentives advance community goals
- Reduce or defer impact fees for preferred and affordable housing projects
- Encourage partnerships among housing providers and homeless assistance programs that can quickly and efficiently address homeless housing in the short term
- Form local trust funds to leverage the State's Local Housing Trust Fund program

### Regional Agencies

- Increase technical support and funding for city and county housing elements, particularly smaller jurisdictions
- Consider providing targeted technical assistance to smaller cities and counties with limited staff to help prepare their housing elements or annual progress reports
- Prepare preliminary sites analysis data for each MPO region for cities and counties to use in preparing housing element sites analysis



## Executive Summary

- Prepare data packages, either on a Valleywide or MPO basis, to assist and streamline housing element updates
- Pool resources by developing countywide or multijurisdictional objective design standards
- Consider forming multijurisdictional or regional housing trust funds to expand funding sources and trust fund recipients

## State Agencies

- Increase technical support and funding for city and county housing elements, particularly smaller jurisdictions
- Provide technical assistance, particularly for smaller cities and counties, to prepare Affirmatively Furthering Fair Housing (AFFH) analysis for local conditions
- Continue to fund technical assistance programs that produce instructional materials that assist jurisdictions with State requirements and forms, such as the annual progress report
- Prepare model inclusionary zoning ordinance provisions to make it easier for cities and counties to adopt inclusionary requirements
- Provide technical assistance with forming housing trust funds to smaller cities and counties
- Provide direct assistance to small rural communities for funding or infrastructure updates related to contaminated water supplies
- Reduce complexity, local funding requirements, and reimbursement requirements for AHSC and MHP programs
- Focus on housing implementation rather planning programs for the San Joaquin Valley
- HCD should provide construction defect liability insurance to encourage condominium development
- HCD should incentivize inclusionary housing with project-based mortgage assistance
- Exempt housing projects funded with redevelopment or low-moderate housing funds from prevailing wage requirements

## Part 3 | Outreach Summary

Part Three of this report includes summaries of the results of the stakeholder outreach and city/county survey. The three reports are:

- Stakeholder interviews summary
- MPO director interviews summary
- City/county planning staff survey results

## Part 4 | Regional Data Sets

Part Four of this report provides a link to the Excel workbook that includes county and regional data tables and figures detailing population, household, economic, and housing data.

**Executive Summary**

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## Introduction

The San Joaquin Valley, like the rest of California, is facing unprecedented housing supply and affordability challenges. In response to these challenges, the State of California is, among other things, requiring cities and counties to do more to encourage and support housing production. The State is also providing a broad range of funding opportunities and technical assistance to assist local governments with meeting these requirements. One of those funding opportunities is the Regional Early Action Planning (REAP) grant program, which has funded this study.

The San Joaquin Valley Regional Early Action Planning (REAP) Committee commissioned this report to assist the 62 Valley cities and eight counties respond to the new State housing requirements. The Report includes a broad array of resources to help local government with addressing housing supply and affordability. It also includes well over 100 findings and recommendations for action by local, regional, and State agencies

Report preparation included: outreach to housing stakeholders; city, county, and MPO staff; and the public. It also included coordination with HCD staff; periodic informational webinars; research on socioeconomic and housing data; housing production impediments; and general plan, housing element, and regulatory mechanism best practices. Where appropriate, topics addressed included statutory references, resources, examples, case studies, findings, and recommendations.

## Background

The steady population and housing growth that has occurred in the San Joaquin Valley since 1980 has dramatically slowed in the last decade. The region has become more diverse, but there are disparities in income, poverty, and homeownership among racial and ethnic groups. In general, the region has lower housing values and lower housing costs than the rest of California; however, homeowners and renters experience housing cost burdens on-par with state levels due to the region's comparatively lower incomes.

Valley housing production is at its lowest point in decades. From 1980 to 2010, units built increased at an annual rate of 1.6 to 2.5 percent; however, from 2010 to 2020 there was only a 0.6 percent annual increase, or about 7,678 units built annually. This change mirrors the decrease in the regional population growth rate, which according to the U.S Census Bureau 2010 and 2020 Census, was only a 0.9 percent annual increase from 2010 to 2020.

According to 2019 data from the California Housing Partnership (CHP), the Valley faces a shortfall of 122,597 affordable homes to meet the housing needs of existing extremely low-income and very low-income renter households.



### Approach

In order to address the Valley's challenging housing trends, cities, counties, MPOs, and the State must work collaboratively together, with each agency fulfilling their separate roles and responsibilities to help increase housing production and affordability in the Valley. Beyond enacting new laws, the State must continue to increase funding and technical assistance to local government to support their efforts. MPOs unique position enables them to help coordinate their member agencies efforts, provide funding, and, in some cases, organize collaborative, multijurisdictional efforts to better address key housing programs, such as 6<sup>th</sup> cycle housing element updates. However, the bulk of this report is aimed at providing tools and resources to assist cities and counties carry out their planning and regulatory responsibilities related to housing development. It is essentially a toolkit of best practices, case studies, resources, templates assembled by a team of experienced planners aimed at improving Valley city and county housing planning capacity. After providing detailed demographic and housing data to support a broad array housing analytical efforts (see Parts 1 and 4) and summarizing stakeholder and local planner input (Part 3), Part 2 of the Report lays out an extensive planning practice guide on fifty-six specific key planning and regulatory programs organized in six major topic areas (general plans, housing elements, regulatory mechanisms, funding and financing, housing production and ownership, and land availability). Each topic area includes findings and recommendations as well.

It is the REAP Committee's hope that this Report will provide valuable assistance to and support for local and regional planning efforts to begin to reverse the declining housing production and increasing housing cost trends of last decade. The Committee also hopes the State will continue to take action that supports and incentivizes these efforts without creating additional financial and regulatory burdens on local government.

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# Policy and Strategy Recommendations to Improve Housing Planning and Production

## Overview

This report is the result of a collaborative effort between local and regional planners, housing stakeholders, HCD staff, and housing planning consultants. The collaboration had four key components. The first component established an understanding of the key housing issues and opportunities in the Valley through stakeholder interviews, a city/county planner survey, discussions with HCD, and informational webinars. The second component is an extensive compilation of demographic and housing data to provide a data-driven picture of Valley housing needs. The third component identifies housing supply and affordability impediments and best practices to address those impediments. Fourth, extensive findings and recommendations identify next steps city, county, regional, and State agencies could take to increase Valley housing production. During this year-long collaboration, the report authors made several observations about current public housing policy and strategies that are important to note.

## Public Agency Influence on Housing Production Is Limited

The housing supply and affordability issue is complex and multi-faceted. While the focus of this report is on local, regional, and State agency policies, strategies, and regulations to increase housing production, in reality, public agency influence on housing production is limited. We must recognize that the private sector, including developers, builders, real estate brokers, non-profit housing organizations, labor unions, and financial institutions have a much larger, more influential role in housing production, supply, and affordability. While proactive public housing policy and implementation strategies are essential to improving housing production in the Valley and throughout California, public agencies must continue to find new, creative ways to incentivize greater private investment in housing supply and affordability to achieve the ambitious goal for assuring decent housing for all residents.

## Challenges Unique to the Valley

One size does not fit all. So often, new State planning and housing laws apply equally to all cities and counties, regardless of size, population, location, or resources. For example, AB 743, the law requiring local government to establish vehicle miles traveled (VMT) thresholds for evaluating new growth and development, a metric originally conceived for use in evaluating urban infill projects, now applies universally to every city and county. Many rural areas and small cities, including most of the San Joaquin Valley, don't have access to public transit or alternative transportation resources, keys to reducing VMT. This creates additional challenges in the Valley for accommodating housing if cities and counties are unable to meet VMT thresholds that call for VMT reduction over time.

The same issue applies to housing elements: Every city and county must comply with the same content requirements, including implementation programs, regardless of size, housing conditions, or financial resources. In reality, many smaller Valley cities lack the staffing and financial resources to implement the myriad programs

required by HCD to obtain housing element certification. Failure to comply with a certified housing element could lead to decertification and loss of revenues so desperately needed by those cities.

In addition to this “one size fits all” issue, cities and counties that have submitted their sixth cycle housing elements to HCD for certification are having considerable difficulty obtaining certification due to multiple requests from HCD reviewers to modify or add numerous policies and programs. In most instances, these requests involve new or expanded content that was not identified by the reviewers in the initial 60-day (now 90-day) housing element review. Not only are these multiple reviews time-consuming and expensive, but they are also leading to an increasing number of non-compliant housing elements.

One other key aspect of the housing element process observed during this sixth cycle is the substantial increase in the regional housing needs allocations (RHNA) for most cities and counties. This has raised numerous concerns local governments are struggling to reconcile. Largely built-out cities with little or no options to expand must look to other less common housing development types, including infill, mixed use, and redevelopment. In each instance, public agencies must make assumptions about the likelihood that the private sector will be interested in fulfilling those assumptions. There are also numerous examples of substantially increased RHNA for cities and counties that are in high fire hazard areas or are experiencing severe water shortages. This will be especially true for most of the San Joaquin Valley. Finally, there are also increasing instances of RHNA being in conflict with much lower regional sustainable communities strategy population projections, leading in some cases to a determination of a significant environmental impacts based on housing element assumptions for higher growth rates required to accommodate RHNA.

## What We Heard from Builders and Developers

We have heard from multiple builders and developers that some more recent State housing requirements intended to address safety and climate change are leading to increased housing costs, just the opposite effect the State is intending through other new housing laws. Sprinkler and solar requirements both add to the cost of a residential unit, and those costs are passed on to the buyer or renter. Builders and developers also point to CEQA as a major cost factor for new market-rate residential development. Those costs are incurred in both the additional project approval time and mitigation measure implementation.

Several other issues that we have heard about from builders and developers as a part of the past and current housing element update processes are lengthy project approval times, onerous conditions of approval, and high permit fees. While some of the new housing laws, such as SB 330, are intended to address some of these issues, much remains to be done. As noted above, the private developer/builder sector is key to increasing housing production while local government is responsible for assuring new housing is sound, high quality, and safe. Cities and counties must continue to find ways to make it easier, less time-consuming, and less costly to build housing in the Valley.

## Recommendations

Part Two of this report includes a number of findings and recommendations, focused primarily on assisting Valley cities and counties to do their part in increasing housing production. The emphasis is on actions over which cities and counties have control. Here we address some higher-level policies and strategies that local, regional, and State agencies, including the legislature, can embrace to do the same: increase housing supply and

affordability in the San Joaquin Valley. While it is understood that the San Joaquin Valley influence over housing law and policy in Sacramento is limited, it remains important for the State to be aware of and understand the needs and concerns of Valley, some of which are unique to the region.

## State Legislature

### CEQA Exemptions

The State should consider exempting housing elements, as well as all residential projects that include a minimum of 25 percent affordable housing (very-low- or low-income) from CEQA compliance. The housing element exemption would include the requirement for HCD certification prior to adoption. Housing project exemptions would include requirements for compliance with city or county objective design and development standards. Projects in cities or counties without adopted standards would not qualify for an exemption.

### Funding

The State should continue to provide local government funding (such as SB 2, LEAP, and REAP grants) to support policy and regulatory actions intended to increase supply and affordability. The funding levels should be increased, especially for smaller cities and counties, and expanded to include a broad range of implementation programs, including providing incentives to residential builders and developers. The State should also consider funding infrastructure improvements for disadvantaged, unincorporated communities to increase safe and sanitary housing and the potential for new housing in more affordable, smaller rural communities. Probably the greatest funding need is for housing construction and rental assistance. The legislature should consider new funding programs, either directly through State agencies or in partnership with local government, to provide direct subsidies for housing construction or rents to access market rate housing.

### Inclusionary Zoning

The State should consider requiring all cities and counties to adopt minimum (e.g., 5 to 10 percent) inclusionary zoning requirements. Inclusionary zoning is one of the few approaches available to local government that assures a minimum level of affordable housing dispersed throughout a community. If all local agencies had similar inclusionary requirements, developers and builders would be treated the same regardless of the community in which they were investing. Model inclusionary zoning standards could be developed by a task force comprised of builders, developers, local agencies, and HCD staff prior to the law becoming effective.

### Prevailing Wage Exceptions

Prevailing wage requirements were identified in research for this report as a key impediment to new housing construction in the Valley. The State should consider increasing the number and range of prevailing wage exceptions for housing projects in the Valley. Previously, safe harbors exemptions for prevailing wage requirements in publicly funded housing projects existed in the State Labor Code for redevelopment projects that used low and moderate-income housing funds.



# Department of Housing and Community Development

## Housing Element Reform

The changes in housing element requirements and content from the fifth cycle to this sixth cycle have been dramatic. Not only have RHNA substantially increased for most jurisdictions (up to 10 times over the fifth cycle RHNA), but housing element content requirements have also increased significantly, particularly for a new subject: affirmatively furthering fair housing (AFFH). So far, certification of sixth cycle housing elements is far more difficult to obtain, given HCD reviewers increasing requests for additional information and programs. For example, as of February 2022, only a handful of cities and counties in the Southern California Association of Governments (SCAG) region been certified, despite the certification deadline of October 2021. While there is still time for HCD to provide more guidance for sixth cycle housing elements in the San Joaquin Valley, the following recommendations largely focus on policies and strategies for the seventh housing element cycle, which will begin for some Northern California jurisdictions in about three years.

**Seventh-cycle housing element study group.** HCD should form a study group made up of city, county, and regional planners, building and developer industry representatives, non-profit housing representatives, housing advocates, and consultants specializing in housing element preparation to address improvements in the housing element update process, as well as housing element content. This group should be formed by the end of 2022 and complete its work by 2024.

**Model housing element.** One of the objectives of the housing element study group should be to develop model housing element components that include background data guidelines and example goals, policies, and programs tailored to different city and county needs (see discussion of “one size does not fit all” below).

**One size does not fit all.** HCD should consider refining housing element content requirements that acknowledge the differing needs and capabilities between large and small, and urban and rural jurisdictions. The requirements should recognize staffing and budget limitations of smaller jurisdictions with regard to housing element preparation costs and new program implementation requirements.

## Housing Element Consultant Bench

Most cities and counties retain planning consultants to help prepare housing element updates. This is typically due to limited agency staffing levels and the complexity of housing element updates. Many regional agencies established a “consultant bench” of pre-qualified consultants that their member cities and counties can choose from to prepare housing element updates, as well as other planning projects. The cities and counties can, if they choose, bypass the request for proposals (RFP) process and select a consultant directly from the bench. HCD should consider doing the same but taking the concept one step further. Once the bench is established, HCD should make consultants available to cities and counties, at no cost, to help prepare their housing elements. HCD would bear the full cost of housing elements based on preapproved consultant budgets.

## Grant Funding Requirements

HCD should consider modifying some of its grant funding requirements to further ease local government financial challenges. HCD should consider reducing or eliminating grant matching contribution requirements in certain circumstances, particularly for smaller jurisdictions. Such circumstances could include financial distress, disaster relief, or similar conditions. A related consideration is to eliminate the reimbursement requirement for

some grants, such as SB 2, which require the jurisdiction to incur costs and then request reimbursement. It would be far easier financially for cities and counties to receive the grants up front and then submit quarterly reports documenting expenditures.

### Condominium Construction

During the research for this report, several stakeholders pointed to condominiums as a missing housing opportunity in the Valley. Condominiums represent a more affordable home ownership option to many middle-income families but condominium construction in the valley is almost non-existent. Many point to legal liabilities and insurance requirements as condominium obstacles. HCD could fund a research effort to identify the impediments to and opportunities for condominium development and provide recommendations to the legislature for legislation and/or funding to encourage renewed condominium development.

### Regional Agencies

The San Joaquin Valley MPOs are uniquely situated to assist their member cities and counties with addressing housing production. The agencies provide countywide and regionwide forums to address issues of mutual interest among local governments. Part Two of this Report includes a number of recommendations for MPO action. Below are a few additional key strategies for MPOs to consider.

### Housing Element Update Assistance

Similar to the fifth-cycle housing element, Fresno COG is assisting its member jurisdiction to prepare a multijurisdictional housing element. The other MPOs could provide a similar service. This involves helping organize a work plan and estimated cost for each jurisdiction, preparing a RFPs, managing the consultant selection and contracting process, and providing funding support (in the case of the sixth cycle, REAP funds).

### Regional Data Sets

Similar to ABAG's effort, the Valley MPOs could work with HCD to establish preapproved data sets for use in housing element updates. This report includes a significant amount of data needed for housing element updates, but to date HCD has not preapproved it. The MPOs could continue the dialogue with HCD to gain their approval of the data for use in all Valley housing elements. This could save their members housing element update costs and assure HCD acceptance of that portion of the housing elements.

### Valleywide Model AFFH Analysis

The topic of AFFH is new to housing elements this cycle. HCD has place great emphasis on the topic, which is still evolving in terms of content acceptable to HCD. AFFH is a broad issue effecting every city and county. The Association of Bay Area Governments (ABAG) and Sacramento Area council of Governments (SACOG) have assisted with preparing regional AFFH analysis which can then be refined by each their member jurisdictions. As with regional data sets, this support reduces individual jurisdiction costs and increases the likelihood of acceptance by HCD.

### Model Implementation Programs

MPOs could assist their member jurisdictions with housing element program implementation by preparing model programs on key topics. Those topics would need to be determined through consultation with their

members. Some housing program topics that might be considered are objective design and development standards, a model housing trust fund, and a model inclusionary zoning ordinance.

## Cities and Counties

Part Two of this report includes dozens of findings and recommendations for Valley local governments to address housing production. As noted above, there are limits to the ability of public agencies to proactively increase housing production, other than forming public housing authorities to build housing. Because cities and counties have land use, zoning, and development approval authority, they have the ability to support new housing production once developers or builders decide to initiate that production. The timeliness and nature of that support is key. This is why many of the recommendations for local government in this report are focused on policy, regulations, and permit processing. The following summarizes the key areas where cities and counties can be most influential on housing production.

### *Residential Land Use Policies*

Every city and county general plan has a land use element that includes a land use map with one or more residential land use designations that describe, for each designation, typical land uses and density ranges (number of dwelling units per acre). Land use elements also include goals, policies, and implementation programs that guide planning commission and city council or board of supervisor decisions about residential development project approvals. These residential land use designations, density standards, goals, policies, and implementation programs all impact the type, amount, location, and timing of housing production. Every city and county should revisit (if they haven't already) their general plan land use elements to consider what, if any, changes would help increase housing production in their community. Some of the more common changes could include:

**Increase typical density ranges** for low-density, single-family land use designations. The most common land use designation in a city general plan is "low-density residential," often comprising 50 to 70 percent of a city land area. This land use designation typically allows residential development at densities ranging from 2 to 7 dwelling units per acre, precluding any residential development other than single-family homes. If the density ranges are increased to 10-15 dwelling units per acre, other more affordable housing types (e.g., small lot single-family, duplexes, triplexes) could be permitted.

**Eliminate density ranges** altogether in favor of floor area ratios (FAR). Some cities (e.g., Sacramento) have stopped using density as a measure of residential land uses and instead rely on FAR to determine building intensity. This measure, among other things, removes the dwelling unit size (square footage) from consideration which in turn enables a greater number of dwellings units in a given space. The general plan policies focus more on form and less on a specific number of homes. This in turn allows for greater flexibility and diversity in residential development.

### Housing Element Implementation

Cities and counties should focus on implementing housing element programs that reduce housing impediments and encourage housing production. It will be particularly important to assure that housing sites identified to accommodate the RHNA have necessary zoning and can be easily developed. Part Two of this

report includes dozens of recommendations, resources, and example to assist local agencies with preparing certifiable housing elements and actively supporting housing production.

## Zoning Standards

One of the most effective tools available to cities and counties to support and encourage housing production is the zoning code. The zoning code reflects the agency's policies and regulatory approach to housing approvals. The fewer regulatory requirements and the greater number of by-right uses lead to increased potential for new housing. Part Two of this report include a great number of regulatory changes cities and counties can make to encourage housing production. The most common and effective of those changes include:

- **Increase minimum and maximum allowable densities** in traditionally single-family zoning districts.
- **Make more residential uses in more zoning districts allowed by-right** (no discretionary permits required).
- **Allow missing middle housing** types in traditionally single-family zoning districts.
- **Increase development standards**, including structure height and lot coverage.
- **Reduce parking standards** for residential and mixed-use projects.
- **Adopt objective design and development standards** for all residential development.
- **Adopt inclusionary zoning** provisions that require a minimum of 10 percent of housing in every residential development be affordable to very-low- and low-income families.

## Permit Processing and Permit Fees

Finally, cities and counties should consider streamlining planning and building permit processing for residential uses and reducing permit fees in some circumstances. A shorter permit review process reduces costs for both the applicant and the local agency. Applicants have lower "carrying costs" that translate into less costly development projects and increased profits, theoretically reducing housing unit sales, prices, or rents. More reasonable, reduced permit process time can often make the difference between a successful project and one that fails to get built. On the public agency side, less time devoted to application review and approval means more time to devote to other important priorities. Permit fee reduction, particularly impact fees, for affordable housing or housing types prioritized by the local agency can also reduce housing costs. Examples include:

- More **by-right** (ministerial) planning project approvals
- Increased reliance on **administrative review**
- **Reduced permit appeal** opportunities
- **Digital** permit processing
- **Impact fee reduction or deferral**



**Introduction**

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# **PART 1:**

# **EXISTING CONDITIONS REPORT**



**Part 1: Existing Conditions Report**

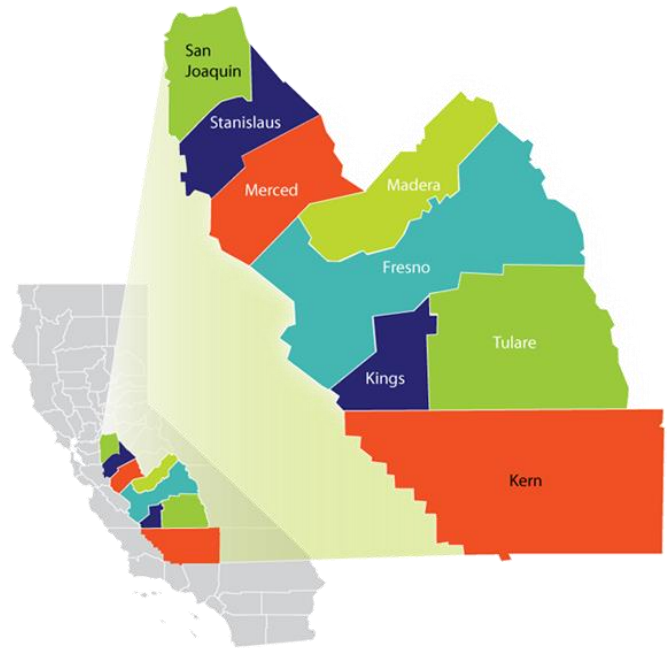
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## Part 1 | Existing Conditions Report

### Purpose

This “snapshot in time” report is intended to inform the Regional Early Action Planning (REAP) program in the San Joaquin Valley by highlighting its different population, economic, and housing trends as well as those characteristics that distinguish the Valley from other parts of the state. The report will help tailor future housing policy and programs to better meet Valley needs. Toward that end, it addresses the following questions:

- What are the region’s key demographic, economic, and housing characteristics?
- What trends – both encouraging and concerning – are common regionwide?
- How is the region the same and different from the rest of the state?
- What are the key differences among subregions?



### Report Overview

The report’s key findings are organized into three sections. The first summarizes demographic characteristics, including population growth, age, and racial and ethnic diversity. The second section identifies key economic trends, such as employment, income, and poverty. Finally, the third section reviews housing characteristics throughout the Valley, including housing production, value, and ownership information.

### Summary of Key Findings

The data indicate that the steady population and housing growth that occurred since 1980 has dramatically slowed in the last decade. The region has become more diverse, but there are disparities in income, poverty, and homeownership among racial and ethnic groups. In general, the region has lower housing values and lower housing costs than the rest of California; however, homeowners and renters experience housing cost burdens on par with state levels due to the region’s comparatively lower incomes.



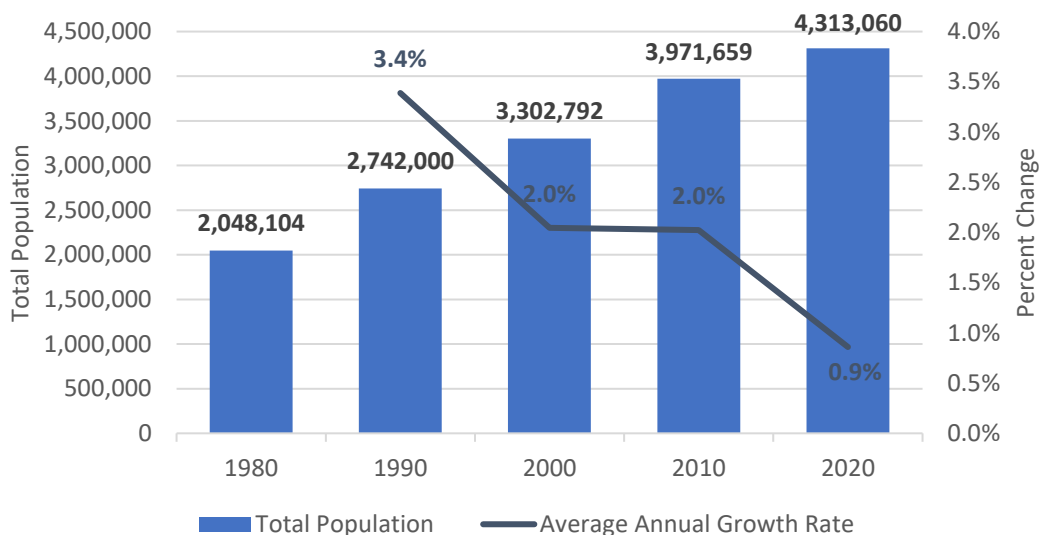
## Demographic Conditions

### Population

About one in 10 Californians live in the San Joaquin Valley region, but its growth is slowing. According to the American Community Survey (ACS) 2015-2019 5-Year Estimates, the eight-county region population was 4,197,363 (10.7 percent of the estimated population of California). From 1980 to 2020, nearly all counties in the region more than doubled in population. Population growth increased by about 3.4 percent annually from 1980 to 1990 and by another 2.0 percent annually in the periods from 1990 to 2000 and 2000 to 2010 (Figure 1). However, that growth slowed between 2010 and 2020; the region experienced only a 0.9 percent annual change in population size over the last decade, the lowest rate of change of the last five decades.

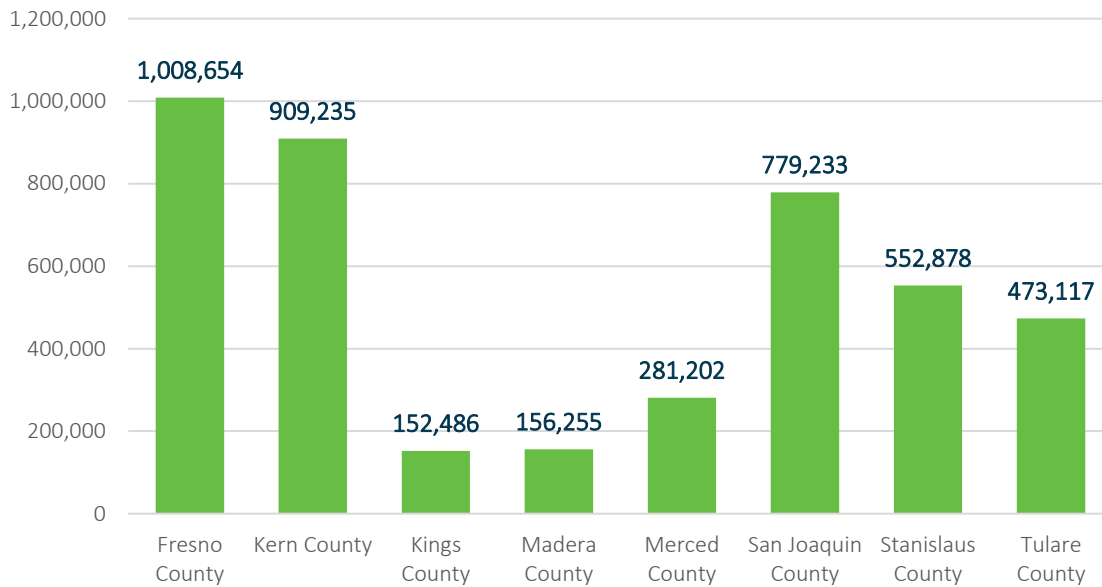
Since 1980, three counties have accounted for almost two-thirds of the regional population: Fresno, Kern, and San Joaquin (Figure 2). Kings and Madera Counties have the smallest populations in the region. Nearly all counties more than doubled in size from 1980 to 2020 (Figure ). Madera experienced the largest percent change in population size (148 percent). Fresno and Tulare were the only two counties that did not double in population size (growing only 96 percent and 93 percent, respectively). However, between 2010 and 2020, almost all counties experienced less than 10 percent change in population, the lowest change of the last five decades. Kings County's population even declined slightly by -0.3 percent between 2010 and 2020. San Joaquin County experienced the highest percent increase (18.7 percent).

**Figure 1. Regional Population and Annual Growth Rate (1980-2020)**

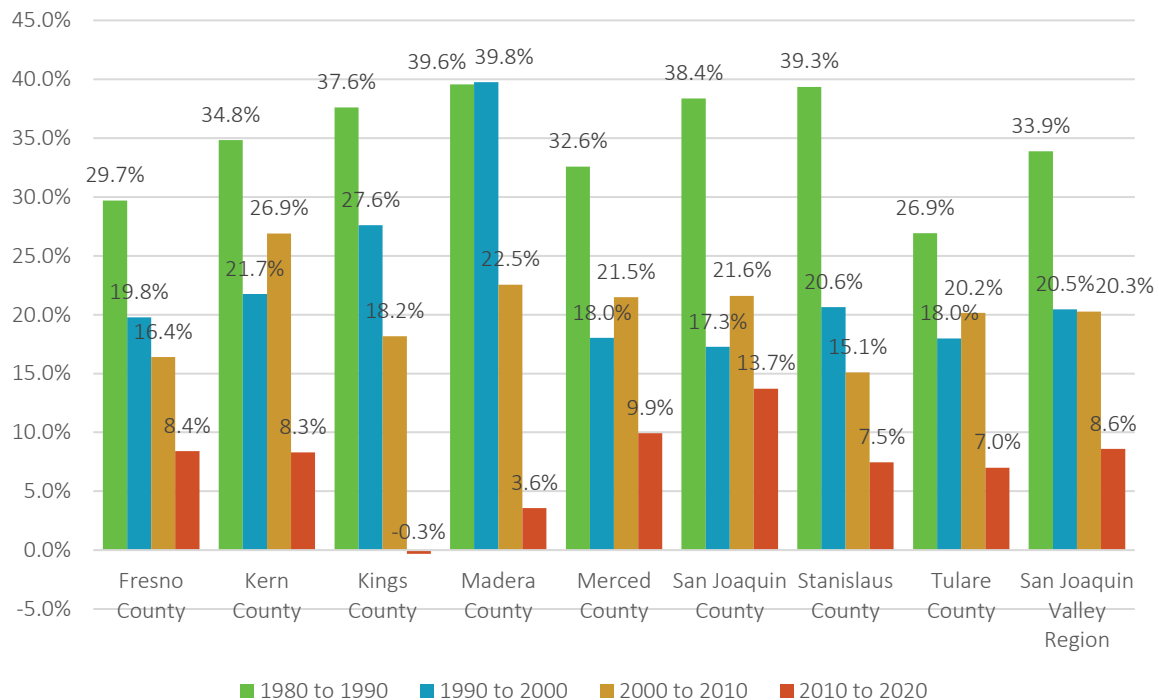


Source: U.S. Census Bureau, Census 1980, 1990, 2000, 2010, 2020

**Figure 2. Total Population by County (2020)**



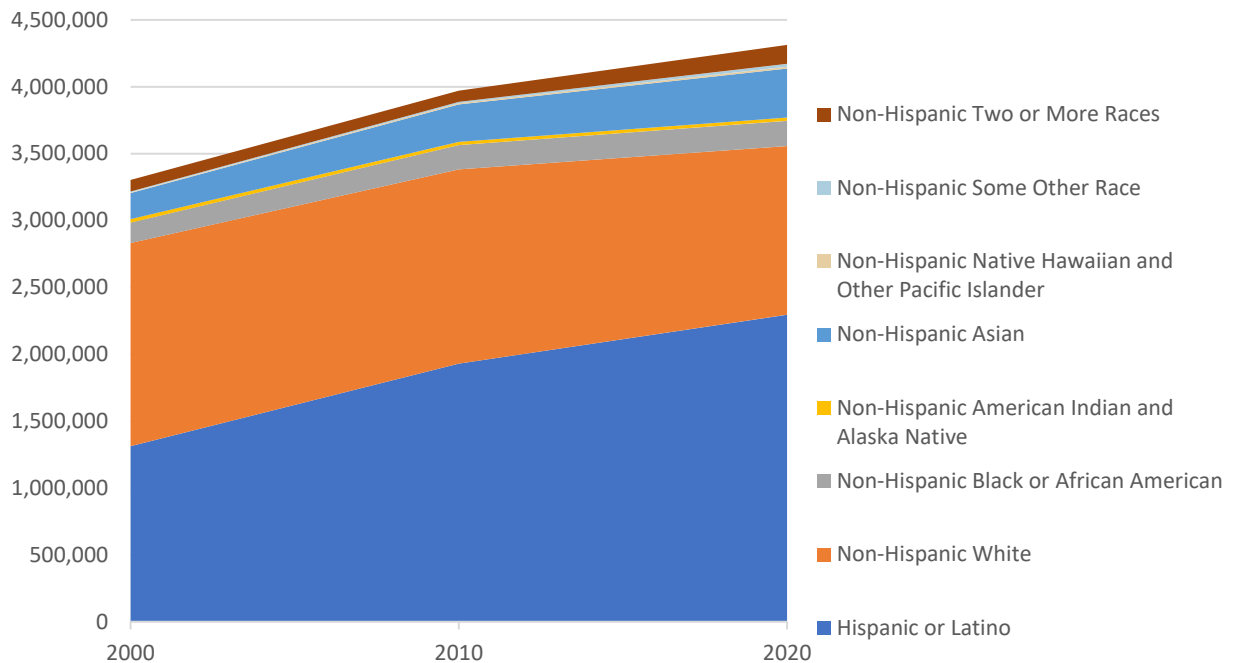
**Figure 3. Percent Change in Total Population Over Time by County**



## Racial and Ethnic Diversity

The region became more diverse between 2000 and 2020. In 2020, over half of the region's population identified as Hispanic or Latino (increasing from 39.8 percent to 53.2 percent), and approximately a third identifies as non-Hispanic White Alone (decreasing from 46 percent to 29.2 percent) (Figure 4). The population that identifies as non-Hispanic Asian Alone is 8.5 percent, while 4.4 percent identifies as non-Hispanic Black or African American Alone.

**Figure 4. Regional Population by Race by Hispanic Origin Over Time (2000-2020)**



Source: U.S. Census Bureau, Census 2000, Table SF1-P8; U.S. Census Bureau, Census 2010, Table SF1-P5; U.S. Census Bureau, Census 2020.

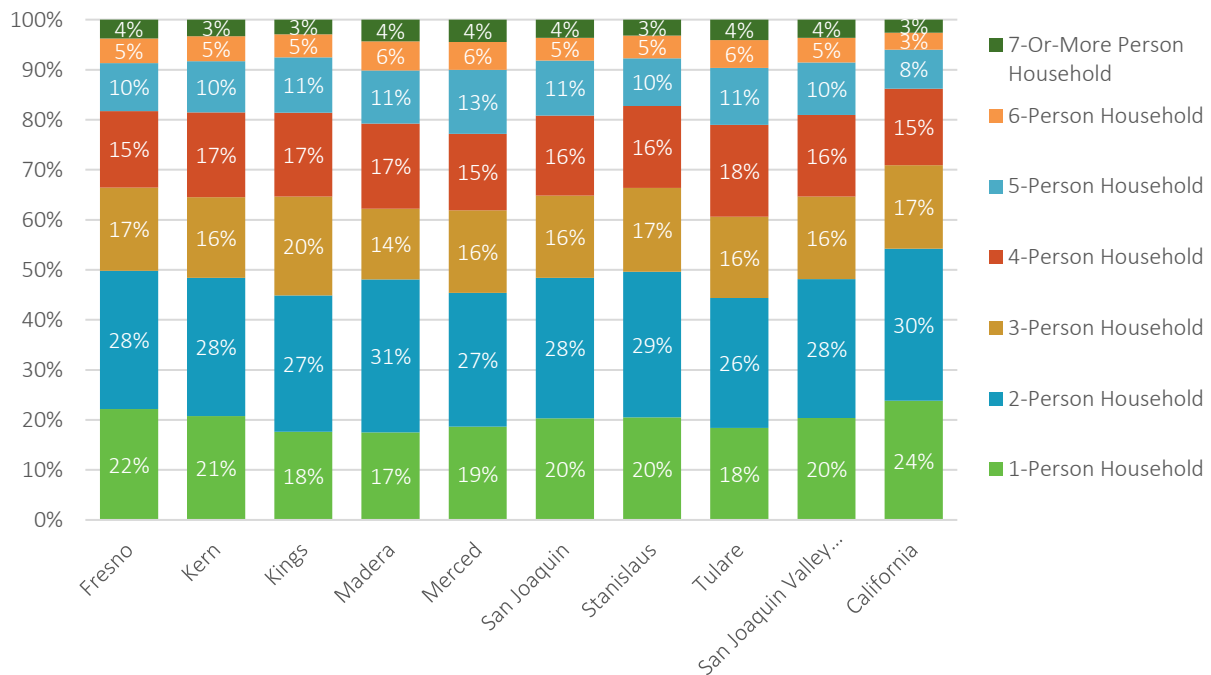
Though the region as a whole is more diverse since 2000, county populations have varied racial and ethnic compositions.

- Tulare County has the highest (65.5 percent) and San Joaquin County the lowest (41.8 percent) percent Hispanic or Latino population.
- San Joaquin County has the highest (17.3 percent) and Madera County has the lowest (2.3 percent) percent non-Hispanic Asian Alone population.
- San Joaquin County has the highest (7.1 percent) and Tulare has the lowest (1.1 percent) percent non-Hispanic Black or African American Alone population.
- Stanislaus County has the highest (37.6 percent) and Merced County has the lowest (24.4 percent) percent non-Hispanic White Alone population.

## Households

San Joaquin Valley households are generally larger (have more members) than those in California overall (Figure 5). The average household size in the Valley is 3.18 people; 3.14 for owner-occupied households, and 3.24 for renter-occupied households. When comparing counties, Fresno County has the highest (22 percent) and Madera County has the lowest (17 percent) share of one-person households. Merced County has the highest (23 percent) and Stanislaus County has the lowest (17 percent) share of five-or-more-person households.

**Figure 5: Household Size by County (2019)**

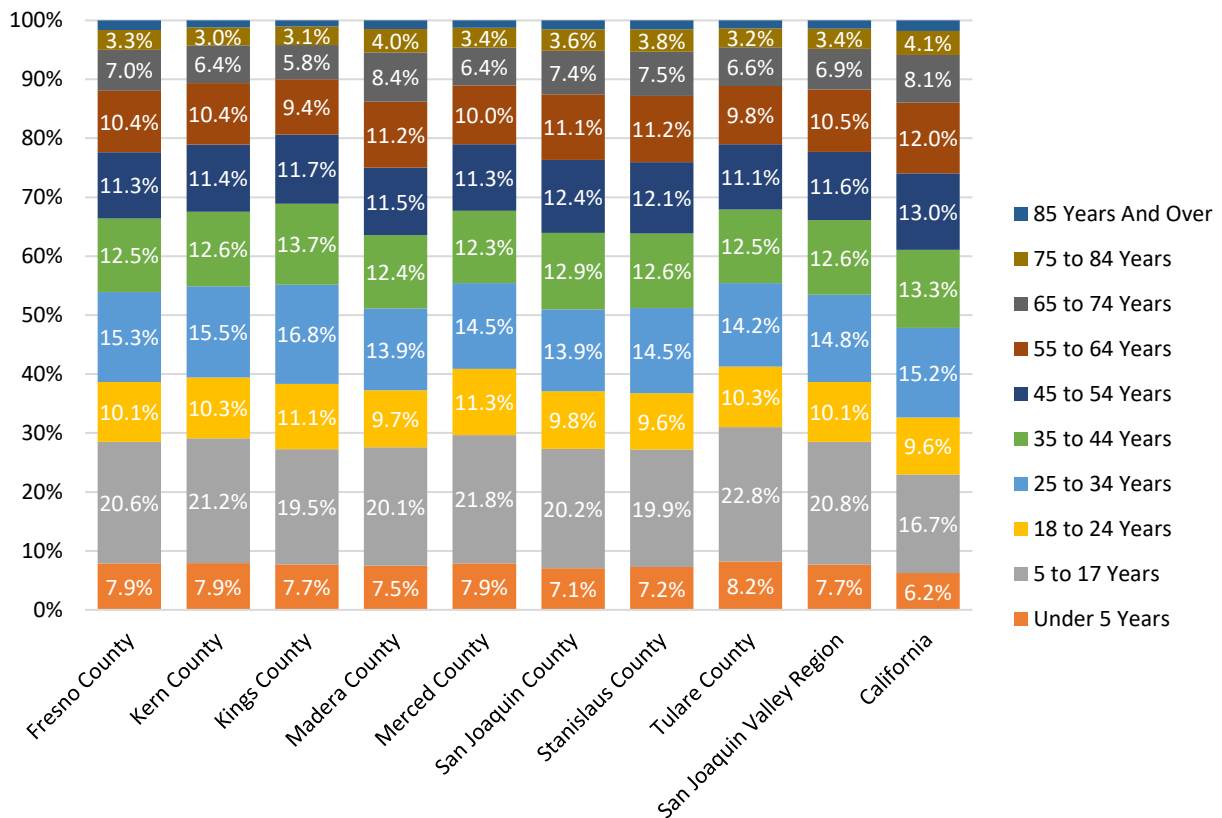


Source: U.S. Census Bureau, ACS15-19 (5-year Estimates), Table B11016.

## Age

All San Joaquin Valley counties have more young people than the state overall (Figure 6). According to the ACS 2015-2019 5-Year Estimates, 39 percent of the region's population is under age 25 compared to 33 percent at the state level. Tulare County has the highest proportion of young people, with 41 percent under 25.

**Figure 6: Population by Age and by County (2019)**

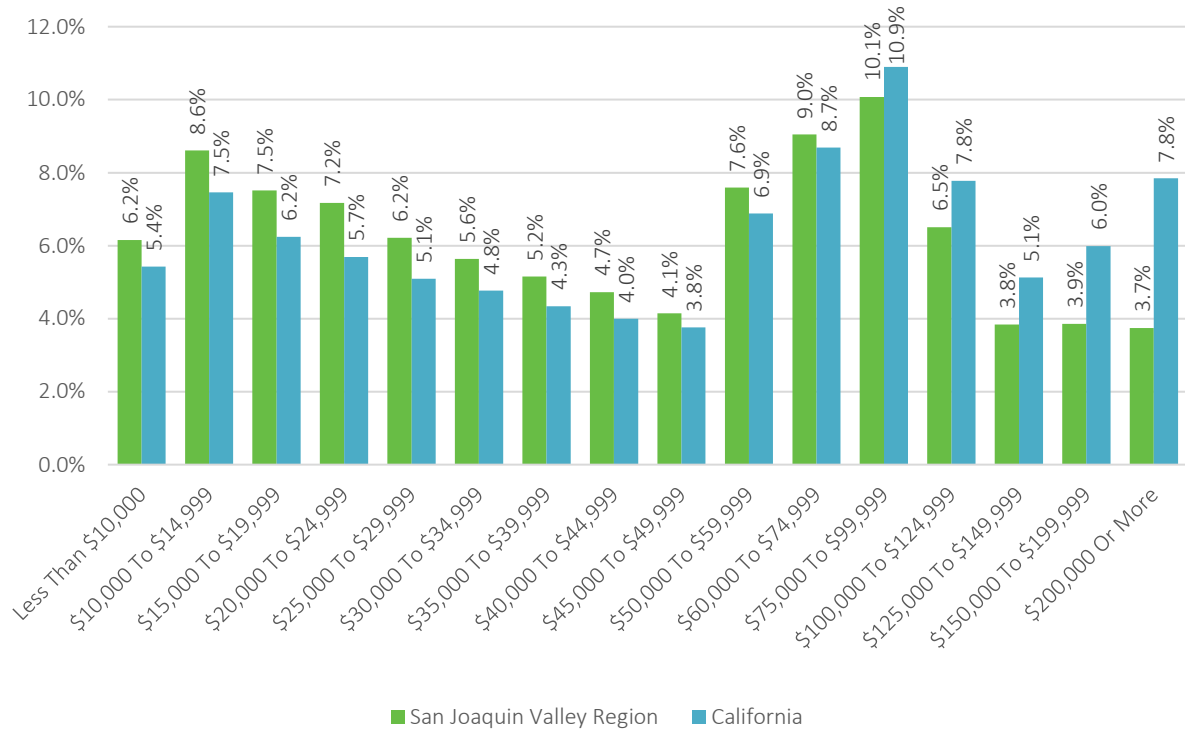


Source: U.S. Census Bureau, ACS15-19 (5-year Estimates), Table B01001.

The region's proportion of older adult households (over 65 years old) is only slightly less than the state overall (12 percent regionally to 14 percent statewide). Older adult households in the Valley have similar tenure rates (26 percent renter occupied and 74 percent owner occupied) when compared to senior households in California overall (27 percent renter occupied and 73 percent owner occupied) but have lower incomes. According to the ACS 2015-2019 5-Year Estimates, 55.3 percent of older adult households in the region have an income below \$50,000 compared to 46.8 percent at the state level. Only 18 percent of older adult households in the region have an income above \$100,000 compared to 26.7 percent at the state level (Figure 7).



**Figure 7. Regional Older Adult Household Income (2019)**



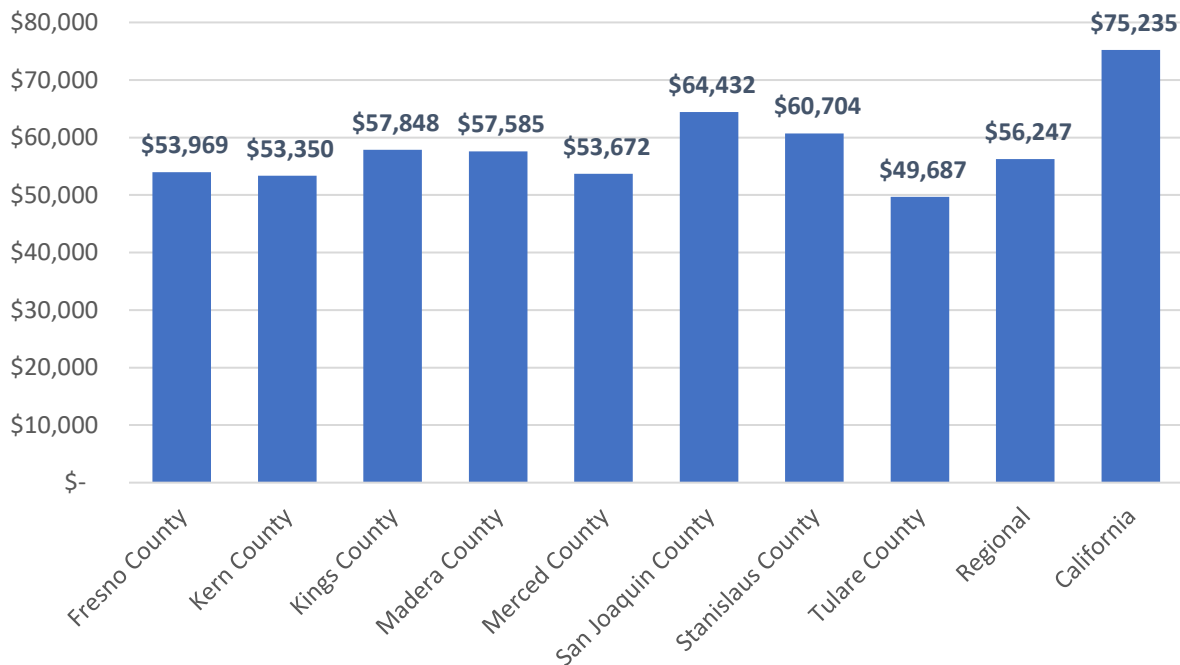
Source: U.S. Census Bureau, ACS15-19 (5-year Estimates), Table B19037.

## Economic Conditions

### Income

Valley median household income is lower than the statewide median (Figure 8). According to the ACS 2015-2019 5-Year Estimates, Valley median household income is \$56,247,<sup>1</sup> which is only 75 percent of the statewide median (\$75,235). Tulare County has the lowest median income in the region (\$49,687), or two-thirds of the statewide median. San Joaquin County has the highest at \$64,432; however, that is still only 86 percent of the statewide median.

**Figure 8: Median Household Income by County**



Source: U.S. Census Bureau, ACS15-19 (5-year Estimates), Table B19013.

<sup>1</sup> Income is in 2019 inflation-adjusted dollars

## Median Household Income by Race

Median household income varies by race. Asian Alone householders reported having the highest median income in the region (\$70,330), followed by Native Hawaiians and Other Pacific Islander householders (\$69,293),<sup>2</sup> and White Alone householders (\$58,238). Black or African American Alone householders reported the lowest median income in the region (\$40,497) (Table 1).

**Table 1. Regional Median Household Income by Race (2019)**

| Race   | Regional (\$) | California (\$) | Percent of State |
|--|---------------|-----------------|------------------|
| White Alone Householder                                      | \$58,238      | \$78,308        | 74.4%            |
| Black Or African American Alone Householder                  | \$40,497      | \$51,837        | 78.1%            |
| American Indian And Alaska Native Alone Householder          | \$48,277      | \$55,362        | 87.2%            |
| Asian Alone Householder                                      | \$70,330      | \$96,962        | 72.5%            |
| Native Hawaiian And Other Pacific Islander Alone Householder | \$69,293      | \$77,788        | 89.1%            |
| Some Other Race Alone Householder                            | \$47,264      | \$55,823        | 84.7%            |
| Two Or More Races Householder                                | \$55,112      | \$76,116        | 72.4%            |

*Notes: Incomes are in 2019 inflation-adjusted dollars.*

*Source: U.S. Census Bureau, ACS15-19 (5-year Estimates), Table B19013.*

## Cost of Living, Poverty, and Inequality

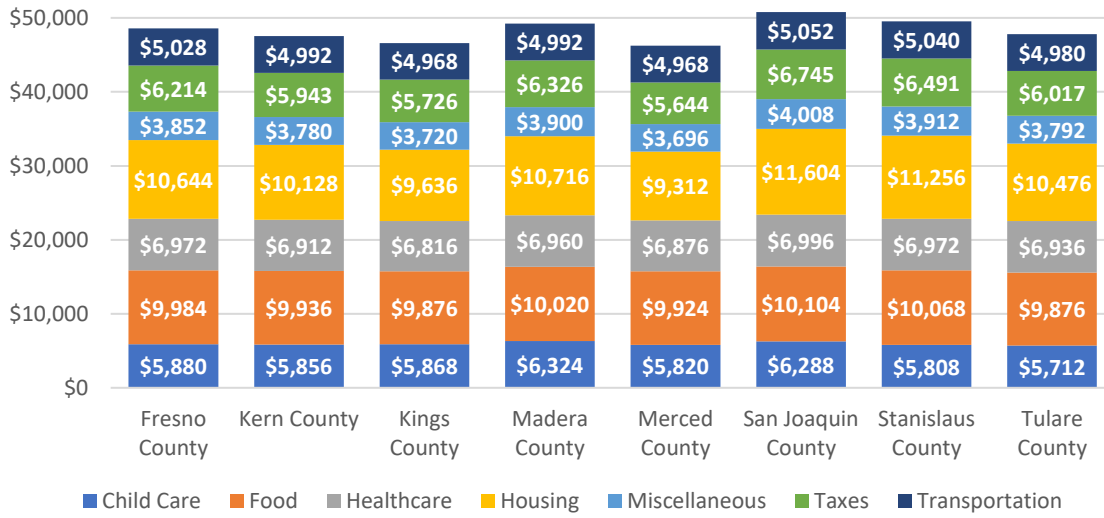
According to the California Housing Partnership, the average cost of living for a family of three in the San Joaquin Valley is about \$48,293. This regional cost of living is 14 percent below the regional median household income of \$56,247; however, it is 66 percent higher than the state minimum wage income of \$29,120. Within the region, cost of living slightly varies with Merced County having the lowest cost of living at \$46,240, and San Joaquin County having the highest cost of living at \$50,797 (Figure 4).

<sup>2</sup> Due to small numbers of households identifying as Native Hawaiian and Other Pacific Islander in the region, there is no median income reported for the group in Kings, Madera, Merced, and Tulare Counties.

## Part 1: Existing Conditions Report

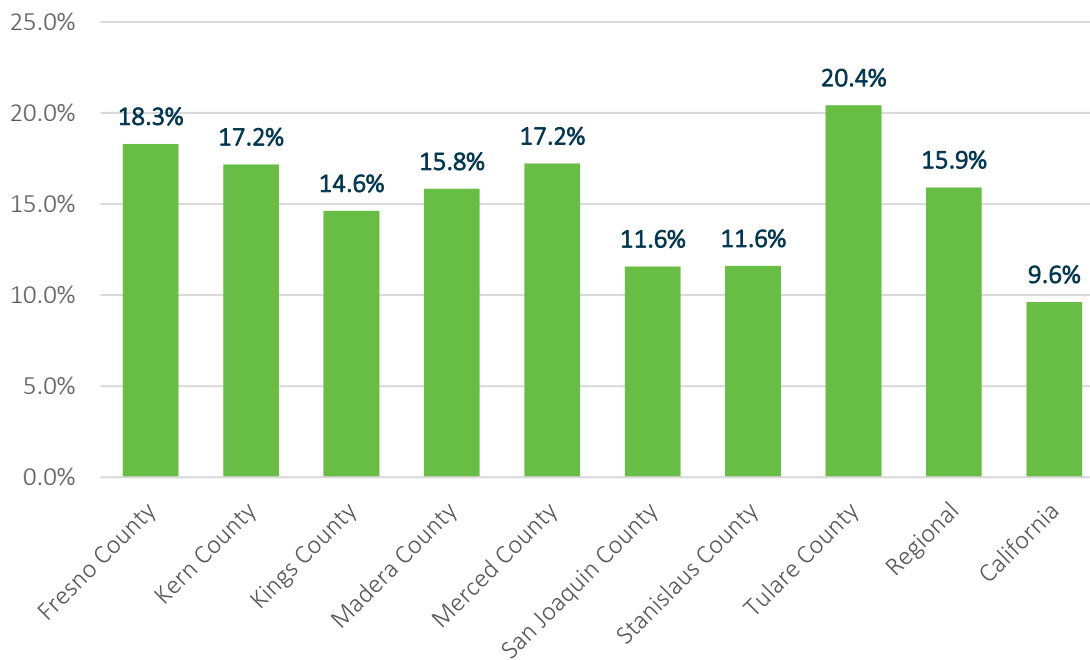
According to the ACS 2015-2019 5-Year Estimates, nearly 16 percent of households are in poverty in the San Joaquin Valley region, which is higher than both the statewide average (9.6 percent) and the nationwide average (13.4 percent). The poverty level is close to 2009 levels after peaking at 19.3 percent in 2014. Tulare County has the highest poverty rate (a fifth of households), and San Joaquin and Stanislaus Counties have the lowest poverty rates in the region (11.6 percent) (Figure 10)

**Figure 9. Cost of Living (Household Budget for a Family of Three) by County**



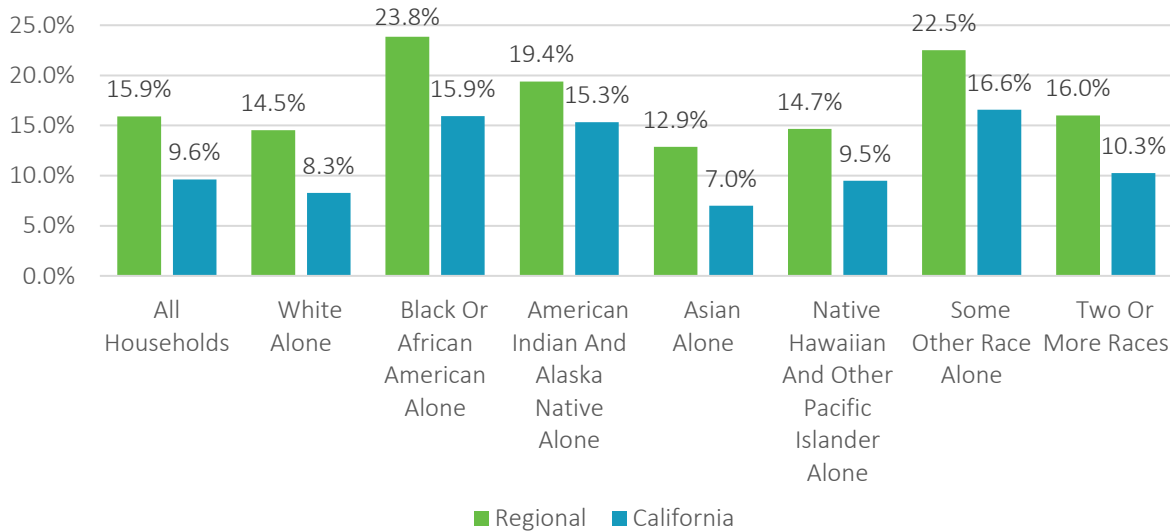
Source: California Housing Partnership, 2019.

**Figure 10. Percentage of Households in Poverty by County (2019)**



According to the ACS 2015–2019 5-Year Estimates, poverty status varies by racial and ethnic group and by county. Black or African American households have the highest poverty rate at the regional level (23.8 percent) (Figure 11), but this trend is even more pronounced in Kern and Fresno counties. In Kern County, the poverty rate of Black or African American households was 31.4 percent, and in Fresno County it was 29.6 percent. Additionally, though the population of Native Hawaiian and Other Pacific Islanders is small, in Kings County and Fresno County they experience poverty at a high rate (40.8 percent and 30.7 percent, respectively).

**Figure 11. Regional versus Statewide Percentage of Households in Poverty By Race (2019)**



Source: U.S. Census Bureau, ACS15-19 (5-year Estimates), Table B17010A-I.

## Employment

The region's largest employment industry is educational services, health care, and social assistance (21.6 percent) according to the ACS 2015–2019 5-Year Estimates (Table 2). Retail trade is the second largest industry (11.1 percent) Agriculture, forestry, fishing and hunting, and mining is the third largest (10.7 percent). These industries have been the region's top three consistently in 2009, 2014, and 2019. Considering the Valley is known for being the state capital of agriculture, it does have a higher percentage of people employed in the industry than at the state level (10.5 percent compared to 2.2 percent statewide). There have been some small shifts in other industries regionally. Construction jobs fell in 2014 but experienced 1 percent growth in 2019. Transportation and warehousing jobs have increased 1 percent from 2014 to 2019.



Table 2. Regional versus State Employment by Industry (2019)

| Industry  | # Employed Regionally | Percent Regional Employment | Percent State Employment |
|---|-----------------------|-----------------------------|--------------------------|
| Educational services, health care and social assistance                                     | 365,021               | 21.6%                       | 21.0%                    |
| Retail trade  | 187,738               | 11.1%                       | 10.5%                    |
| Agriculture, forestry, fishing and hunting, and mining                                      | 181,037               | 10.7%                       | 2.2%                     |
| Arts, entertainment, recreation and accommodation, and food services                        | 142,444               | 8.4%                        | 10.4%                    |
| Manufacturing   | 138,767               | 8.2%                        | 9.1%                     |
| Professional, scientific, and management, and administrative, and waste management services | 138,808               | 8.2%                        | 13.7%                    |
| Construction  | 117,455               | 7.0%                        | 6.3%                     |
| Transportation and warehousing, and utilities   | 104,456               | 6.2%                        | 5.3%                     |
| Public administration   | 97,217                | 5.8%                        | 4.4%                     |
| Other services, except public administration  | 77,789                | 4.6%                        | 5.2%                     |
| Finance and insurance, and real estate, and rental and leasing                              | 65,392                | 3.9%                        | 6.0%                     |
| Wholesale trade   | 53,534                | 3.2%                        | 2.8%                     |
| Information   | 18,948                | 1.1%                        | 2.9%                     |

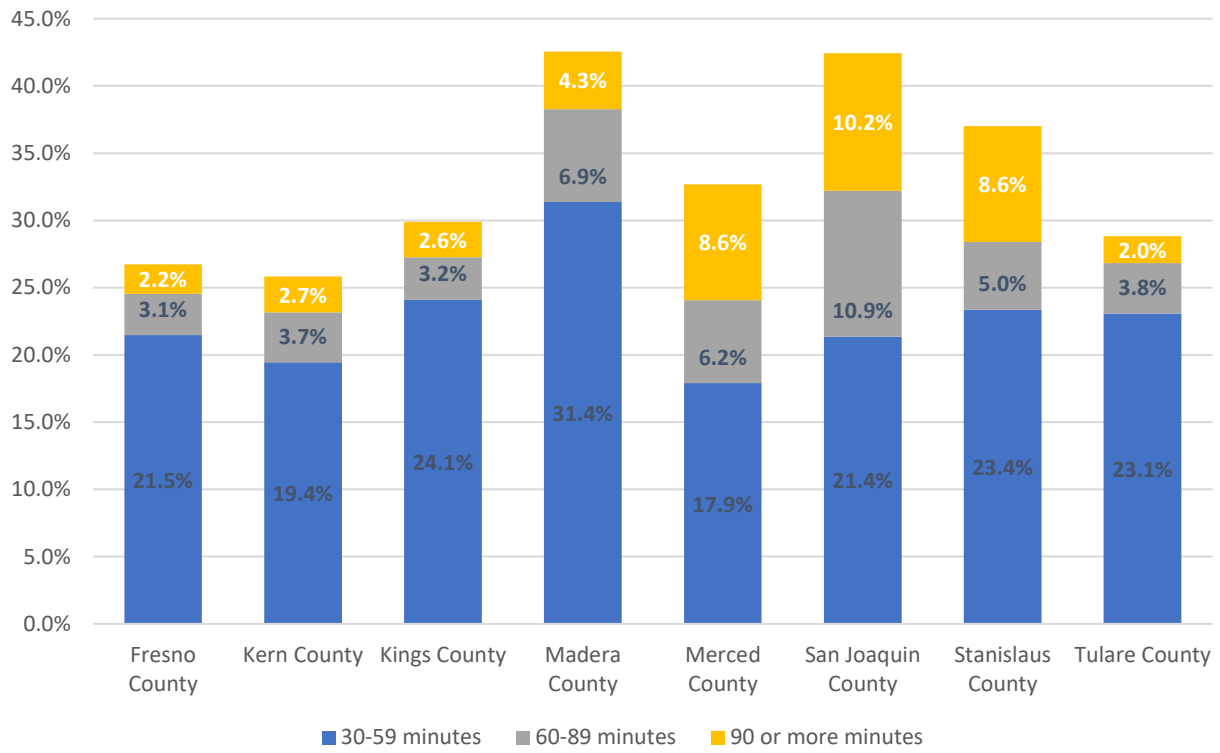
Source: U.S. Census Bureau, ACS15-19 (5-year Estimates), Table C24050.

## Travel to Work

A majority of the region's workers drive alone to work (79.4 percent), 12.1 percent carpool, and only 1 percent take public transportation. The region's rate of carpooling is greater than the state's (12.1 percent compared to 10.1 percent at the state level), but the rate of public transportation is only a fifth of the state rate (1 percent compared to 5.1 percent at the state level).

Over two-thirds of workers (68 percent) in the San Joaquin Valley region travel less than half an hour to work, which is better than the state figure (56 percent). However, this varies across counties. Madera and San Joaquin Counties are on par with the state average, while about 75 percent of workers in Kern and Fresno Counties travel less than one-half hour to work. According to ACS 2005-2009, 2010-2014, and 2015-2019 (5-year Estimates), the percentage of workers with extremely long commutes increased slightly. Workers in the region traveling 90 or more minutes increased by over 1 percent (from 3.9 percent to 5.1 percent) from 2014 to 2019 (Figure 12). This trend is particularly driven by three counties; a tenth of San Joaquin County workers and nearly 9 percent of workers in both Merced and Stanislaus Counties commute over 90 minutes.

**Figure 12. Travel to Work of 30 Minutes or More by County (2019)**



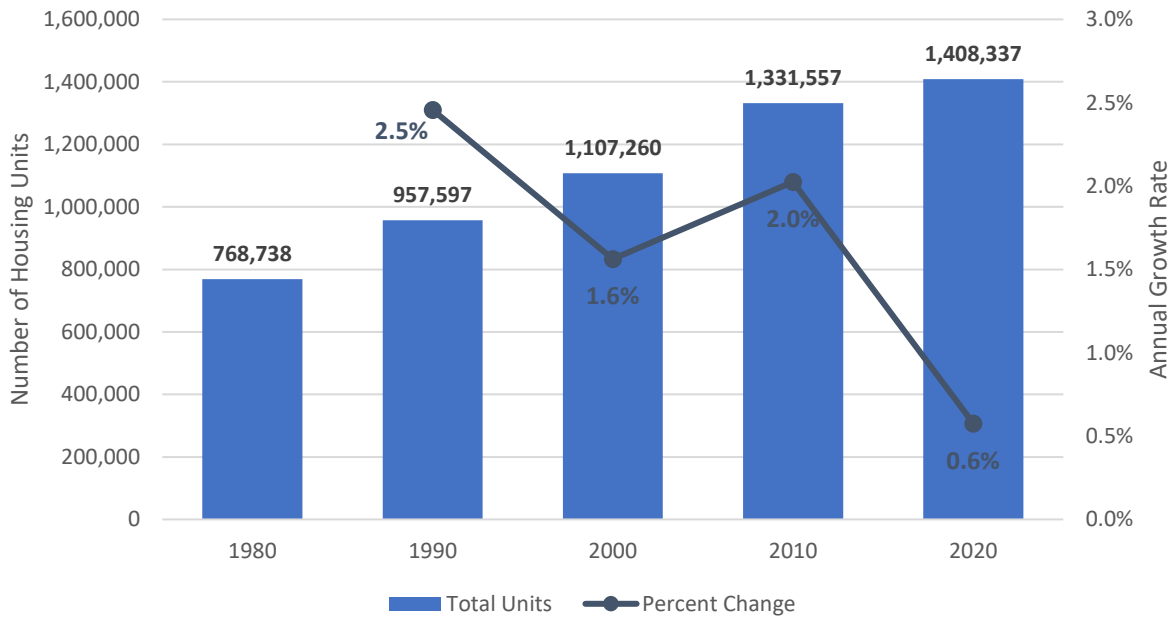
Source: U.S. Census Bureau, ACS15-19 (5-year Estimates), Table B08303.

## Housing Conditions

### Production

Valley housing production is at its lowest point in decades. From 1980 to 2010, units built increased at an annual rate of 1.6-2.5 percent (Figure 13); however, from 2010 to 2020 there was only a 0.6 percent annual increase, or about 7,678 units built annually. This change mirrors the decrease in the regional population growth rate, which according to the U.S. Census Bureau's 2010 and 2020 Census, was only a 0.9 percent annual increase from 2010 to 2020.

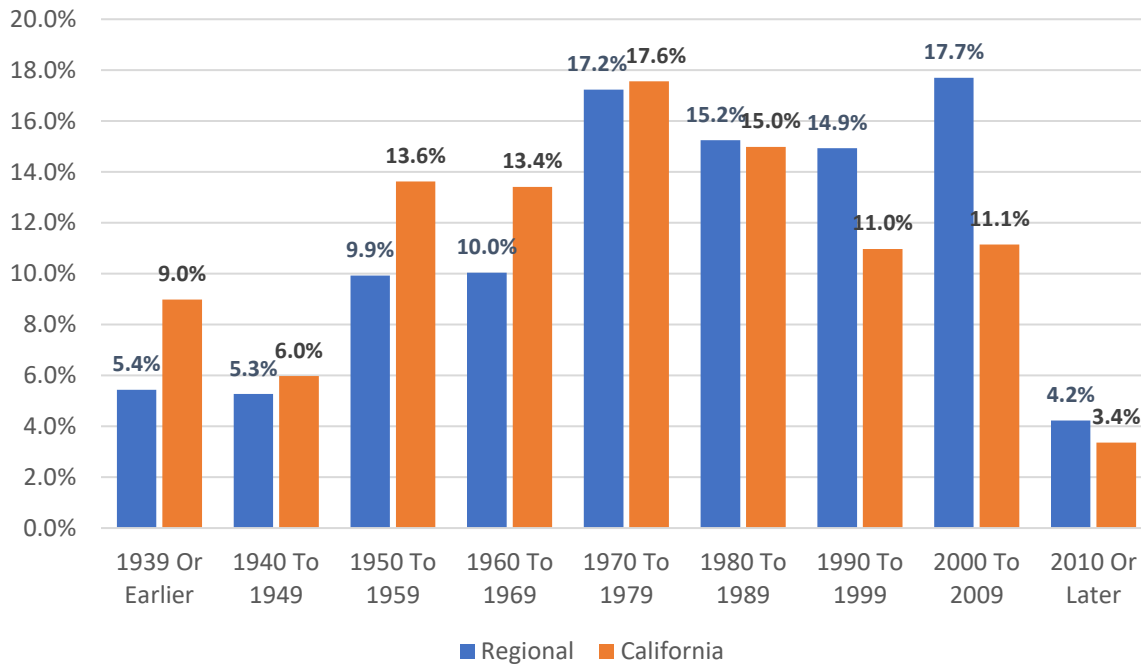
Figure 13. Regional Housing Units and Annual Growth Rate



Source: U.S. Census Bureau, Census 1980(STF1:T65), 1990(STF1:H1), 2000(SF1:H1); 2020(SE:T3).

The Valley's housing units tend to be newer than the statewide average. According to the ACS 2015-2019 5-Year Estimates, only 30.7 percent of the housing stock was built pre-1970, compared to the statewide proportion of 42 percent (Figure 14). Moreover, about 21.9 percent of the region's housing supply was built since 2000, which is higher than the statewide proportion of 14.5 percent since the turn of the century. However, new housing units built in the last decade represent the smallest fraction of total housing units at both the regional and statewide scales.

**Figure 14. Regional Total Housing Units by Year Built**

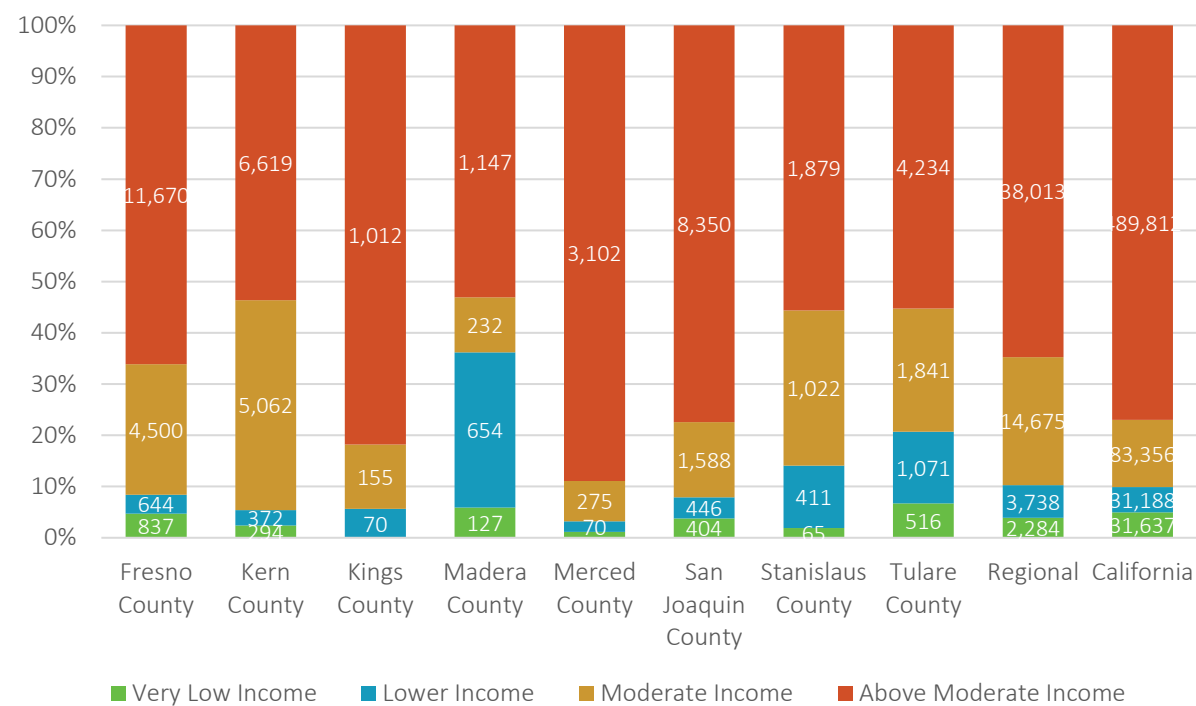


Source: U.S. Census Bureau, ACS 15-19 (5-year Estimates), Table B25036.

According to the California Department of Housing and Community Development (HCD) Fifth Cycle Annual Progress Report Permit Summary (2020), 58,710 units were built in the region from 2015-2020.<sup>3</sup> Fresno, Kern, and San Joaquin Counties produced the most housing units during the Fifth Cycle (Figure ). Low-income housing produced was very small compared to moderate-and above-income housing; only 1 in 10 of units built in the region were in the very-low and lower-income categories. Madera County produced the highest percentage of low- and very-low-income housing (36 percent); however, it also had the smallest number of total units.

<sup>3</sup> 2020 data are not finalized at this time.

Figure 15. Fifth Cycle Production by County by Affordability (All years combined)

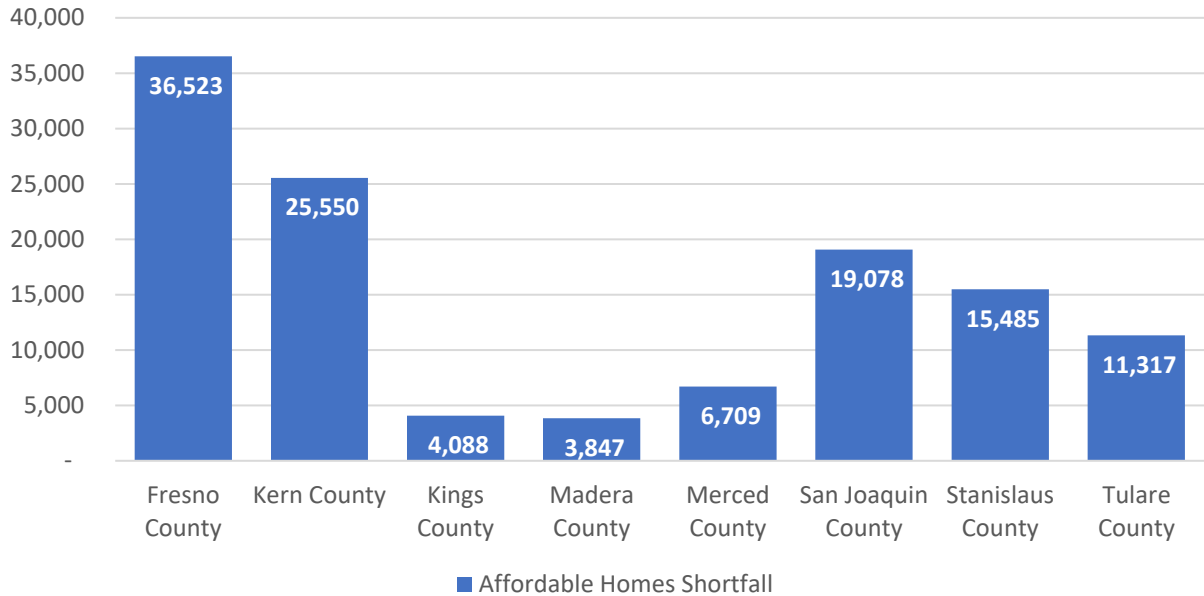


Source: California HCD, 5th Cycle Annual Progress Report Permit Summary (2020).



According to 2019 data from the California Housing Partnership (CHP), the Valley faces a shortfall of 122,597 affordable homes to meet the housing needs of existing extremely low-income and very low-income renter households. When comparing the counties, their shortfall size largely corresponds to population size. Fresno and Kern Counties have the biggest affordable home shortfall (36,523 and 25,550, respectively), and Kings and Madera County have the smallest (4,088 and 3,847, respectively) (Figure 16).

**Figure 16. Affordable Home Shortfall**

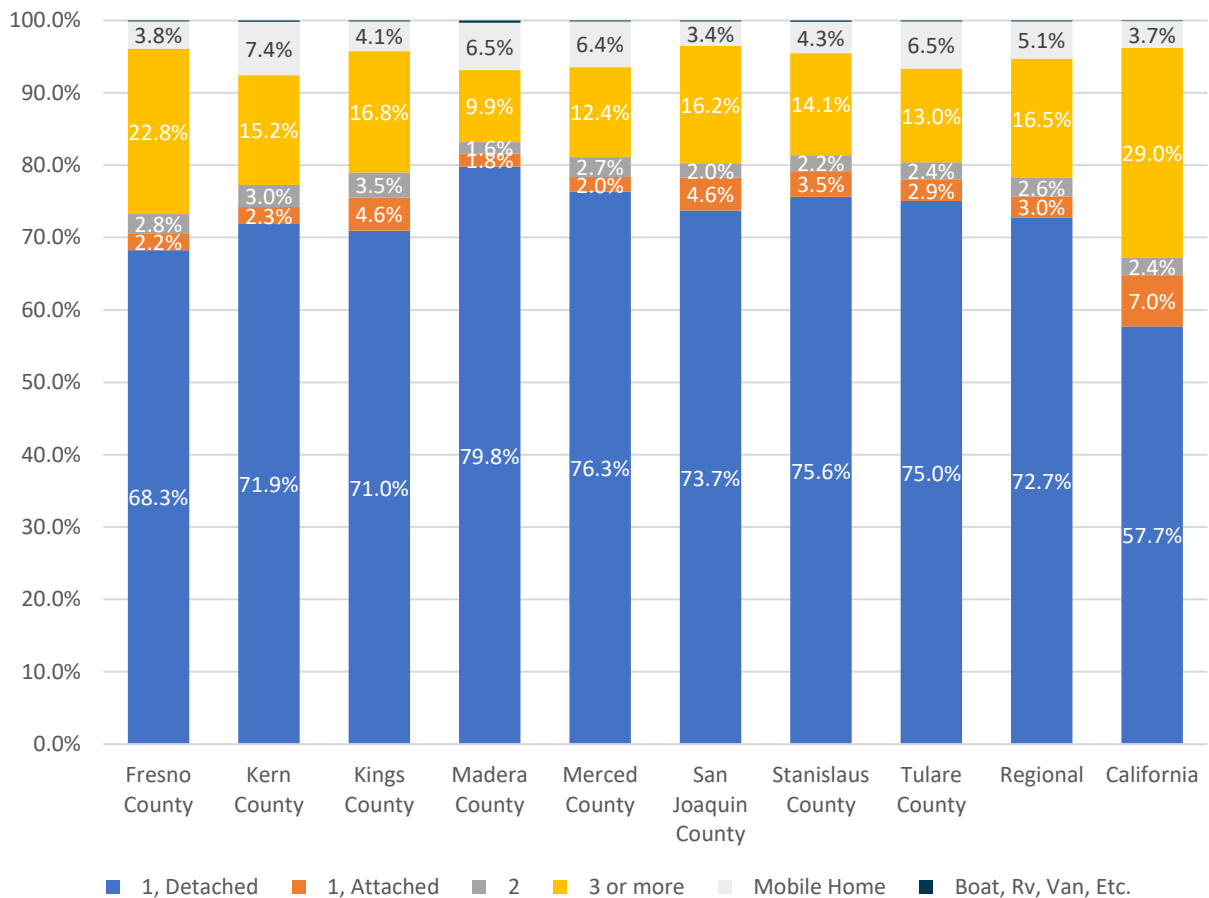


Source: California Housing Partnership, 2019.

## Unit Characteristics

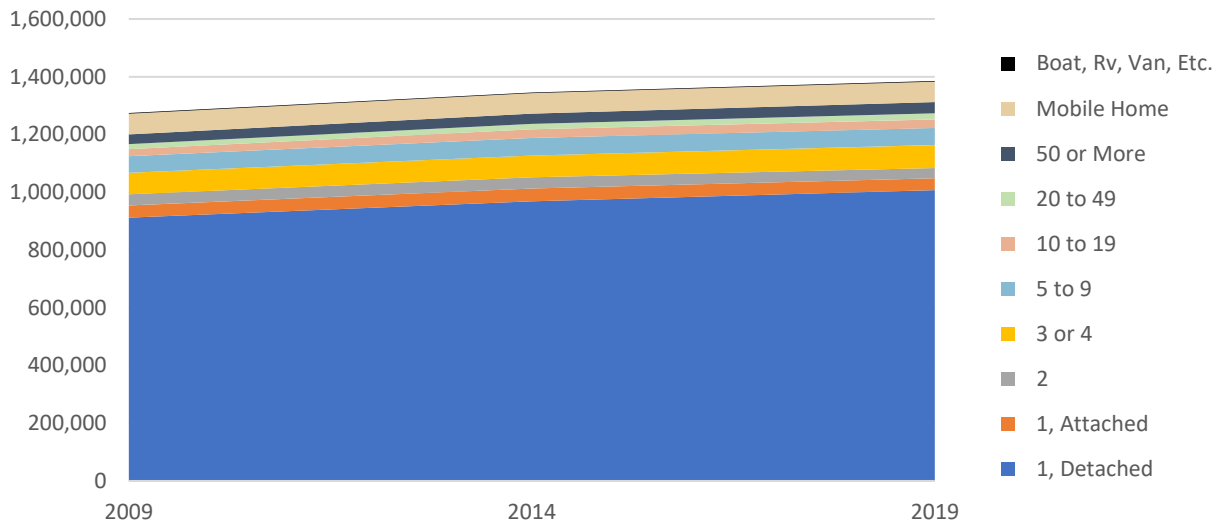
The Valley's housing stock comprises mostly detached single-family residences, with over three quarters of the units detached or attached single-family homes (75.7 percent) in 2019 (Figure ). This proportion was much higher than the state level (57.7 percent). Only 16.5 percent of the region's housing is multifamily (three or more units), and 5 percent is mobile homes. Madera County has about 10 percent multifamily housing, which was the least in the region. In contrast, Fresno County had the most multifamily in the region with 22.8 percent. This proportion of housing units by type has remained consistent over time (Figure 18).

**Figure 17. Regional Housing Units by Type (2019)**



Source: U.S. Census Bureau, ACS 15-19 (5-year Estimates), Table B25024.

**Figure 18: Housing Units by Type Over Time (2009-2019)**



Source: U.S. Census Bureau, ACS 05-09, 10-14, 15-19 (5-year Estimates), Table B25024.

Furthermore, in 2019, almost all residential building permits (97.4 percent) in the region were for single-family dwellings. According to the US Census Bureau Building Permits Survey, there were zero building permits for residential structures exceeding one unit in Madera and Merced Counties in 2019.

According to ACS 2015-2019 5-Year Estimates, the largest percentage of housing units in the region have three-bedroom units (44.3 percent in 2019), followed by two-bedroom units and four-bedroom units. These percentages have been consistent across 2009, 2014, and 2019.

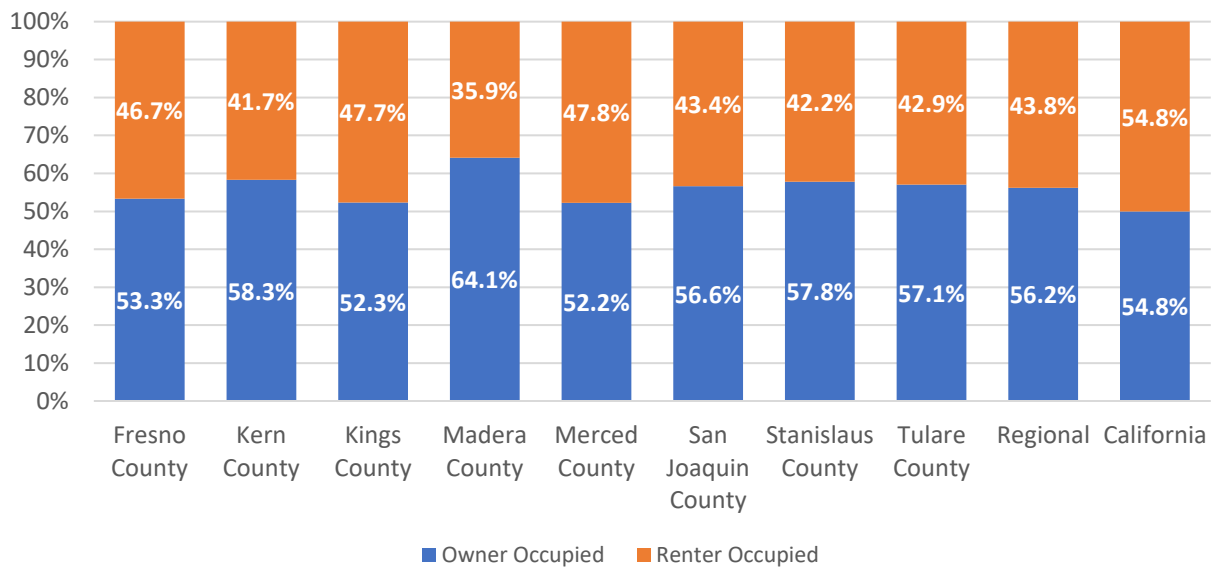
Overall, the level of overcrowding (when there are over 1.01 occupants per room) is similar to the rest of the state. However, Madera and Tulare Counties have the highest percentages of overcrowded units (10 percent overcrowded).

## Tenure

The region has more owners than renters (Figure 19) According to ACS 2015-2019 5-Year Estimates, about 56 percent of housing units are occupied by owners, and 44 percent are occupied by renters. However, the proportion of renters has increased slightly since 1980, from 39.3 percent in 1980 to 43.8 percent in 2019. Madera County has the smallest proportion of renters (35.9 percent), and Kings County had the largest (47.7 percent). The region's housing tenure figures are only a few percentage points different from the state's, which is 54.8 percent owners and 45.2 percent renters.

## Part 1: Existing Conditions Report

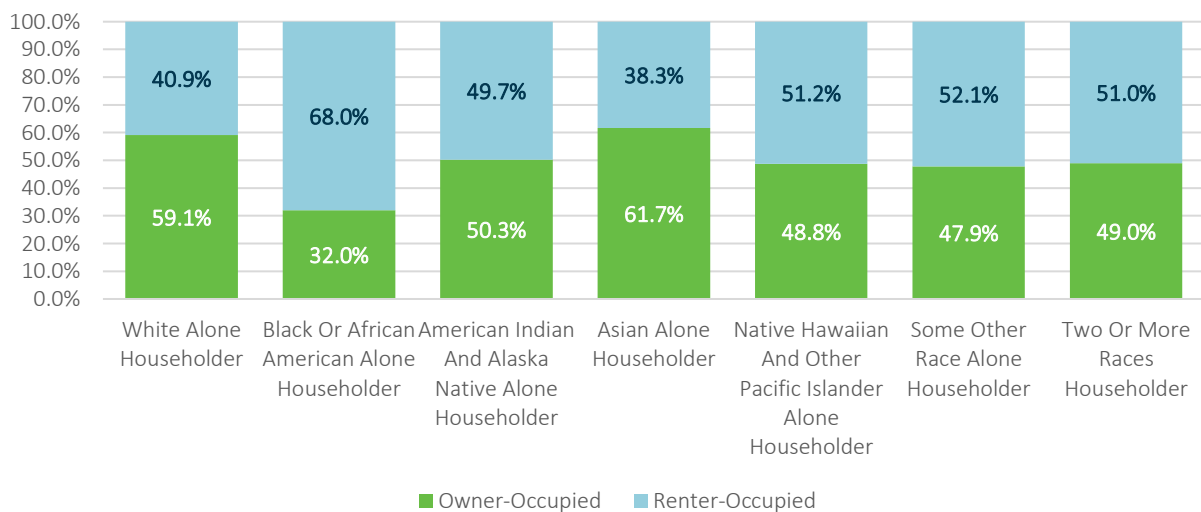
**Figure 19: Housing Tenure by County (2019)**



Source: U.S. Census Bureau, ACS 15-19 (5-year Estimates), Table B25042.

Homeownership is still spread unevenly by race in 2019. According to ACS 2015-2019 5-Year Estimates, Black or African American Alone households have the lowest rate of homeownership (32 percent), while Asian Alone and White Alone households have the highest rates at 61.7 percent and 59.1 percent, respectively (Figure 20).

**Figure 20. Regional Housing Tenure by Race (2019)**



Source: U.S. Census Bureau, ACS 15-19 (5-year Estimates), Table B25003.

## Housing Market

### Value

Housing values in the region are lower than the rest of the state. According to ACS 2015-2019 5-Year Estimates, the median housing value is approximately half of the statewide median. More recently, county-specific data from Zillow also demonstrates that the estimated median home value for each of the eight counties is more affordable than the statewide median (Table 3). As of September 2021, Tulare County has the lowest median home value in the region (\$295,769), which is about 41.2 percent of the statewide median. In contrast, San Joaquin County has the highest median home value in the region (\$522,211), which is still only about 72.8 percent of the statewide median. However, estimated home values in each of the eight counties are at their highest point in decades, when not adjusted for inflation (Figure 21). The impact of demographic shifts since the start of the COVID-19 pandemic are noticeable in home values across the Valley, with values in several counties having risen nearly \$100,000 since early 2020. San Joaquin County had the greatest recent increase in home values, rising nearly \$150,000 since January 2020.

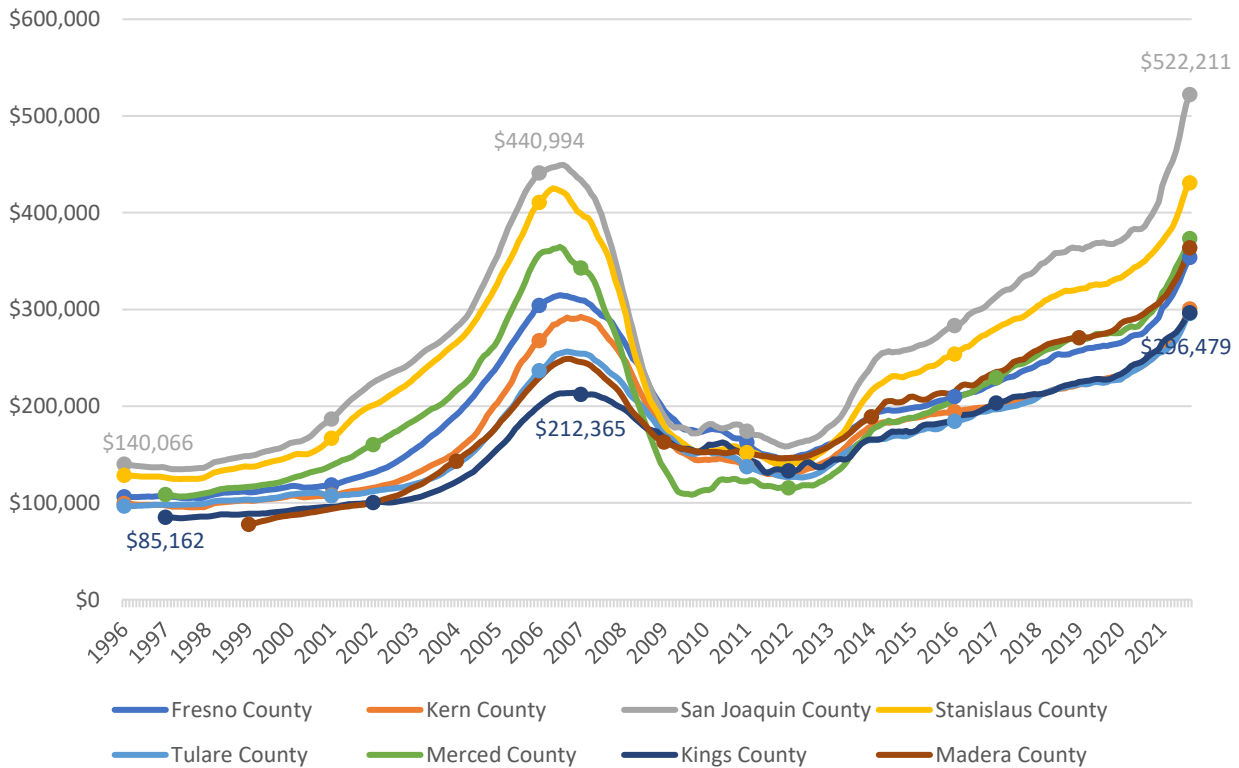
**Table 3. Median Housing Values by County (September 2021)**

| County             | Median Home Value (\$) | Percent of State Median |
|--------------------|------------------------|-------------------------|
| Statewide          | \$717,393              |                         |
| San Joaquin County | \$522,211              | 72.8%                   |
| Stanislaus County  | \$431,020              | 60.1%                   |
| Merced County      | \$373,447              | 52.1%                   |
| Madera County      | \$363,786              | 50.7%                   |
| Fresno County      | \$353,776              | 49.3%                   |
| Kern County        | \$300,675              | 41.9%                   |
| Kings County       | \$296,479              | 41.3%                   |
| Tulare County      | \$295,769              | 41.2%                   |

Source: Zillow, Housing Data, 2021.



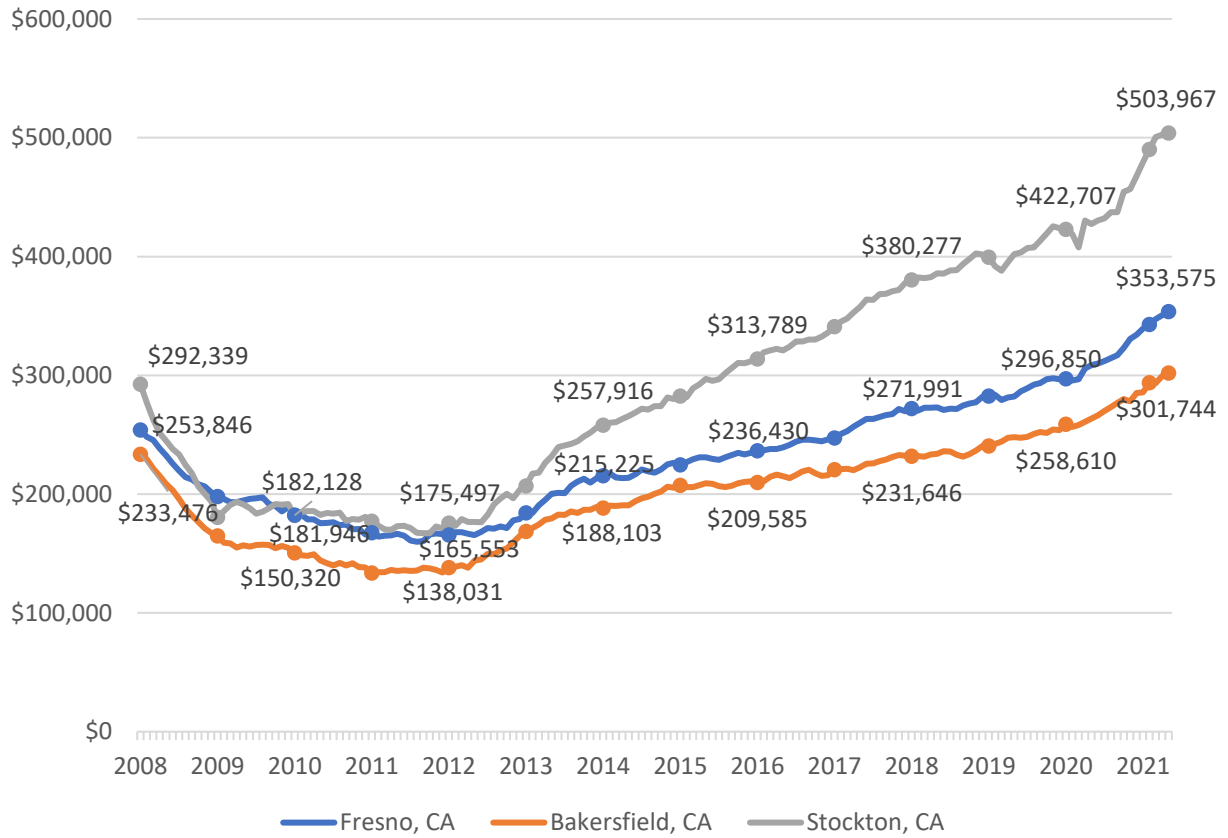
Figure 21. Home Values for All Homes in San Joaquin Valley Counties (Jan 1996 – Sep 2021)



Source: Zillow, Housing Data, 2021.

Similarly, the median home sales price in the Valley's three metropolitan statistical areas are at their highest point since before the Great Recession, when not adjusted for inflation (Figure 22). In fact, as of August 2021, the median home sale price in the Stockton area is estimated to have been about \$503,967, which is the first-time median home sale prices have eclipsed the half-million dollar mark anywhere in the San Joaquin Valley. Although Fresno and Bakersfield had comparatively lower median home sale prices of \$353,575 and \$301,744 respectively, they are still historically high for their respective regions.

**Figure 22. Median Home Sales Price Over Time by Metropolitan Statistical Area (Apr 2008 – Aug 2021)**

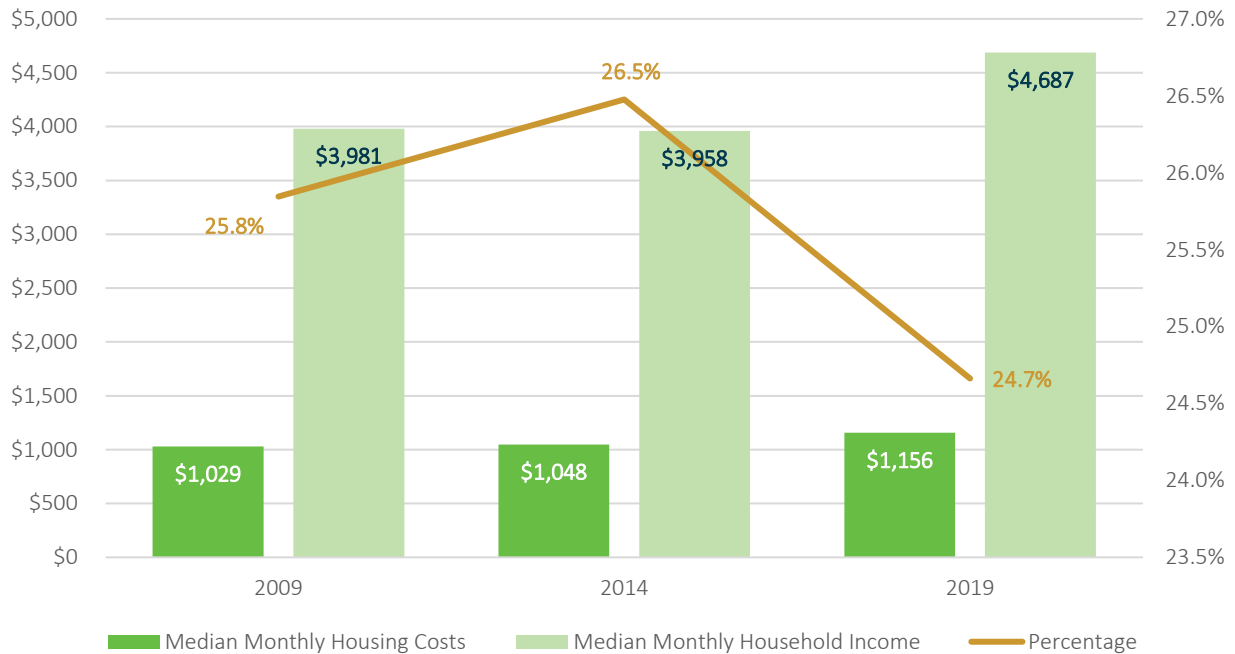


Source: Zillow, Housing Data, 2021.

## Monthly Costs

Housing costs are typically the largest portion of household monthly budgets. According to the ACS 2015-2019 5-Year Estimates, the Valley's median monthly housing costs were about \$1,156, which is 24.7 percent of the regional median monthly household income (Figure 23).

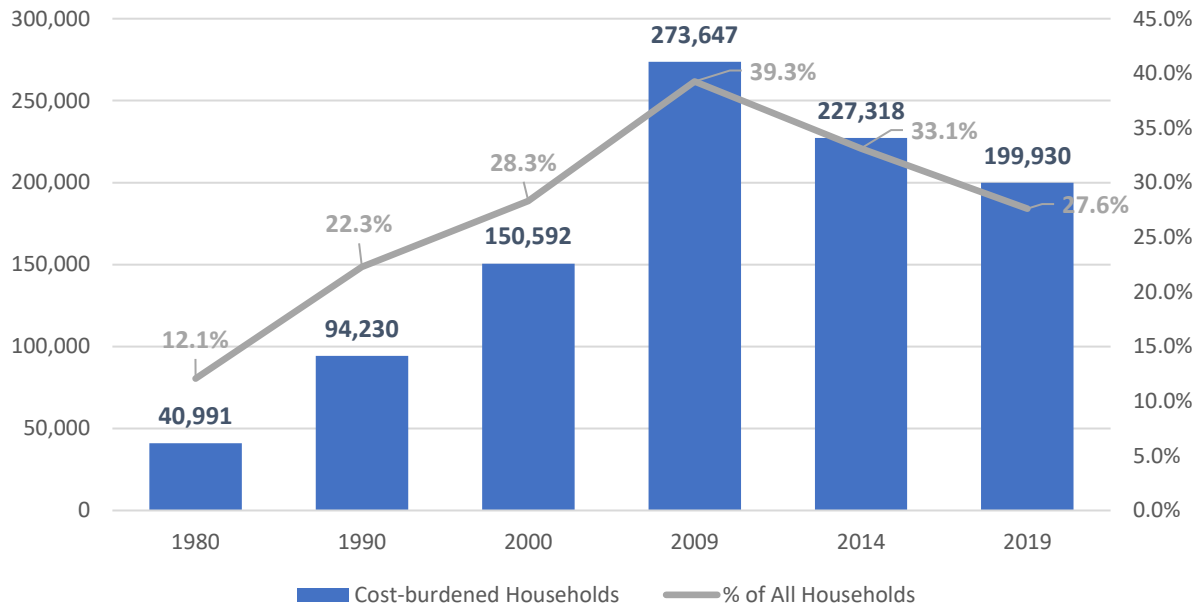
**Figure 23. Median Monthly Housing Costs as a Percent of Monthly Income**



Source: U.S. Census Bureau, ACS 05-09, ACS 10-14, ACS 15-19 (5-year Estimates), Table B19013, B25105.

Cost burden, where 30 percent or more of a household's income is spent on housing, is a problem for many Valley owner and renter households. Among owner households, according to the ACS 2015-2019 5-Year Estimates, the median monthly owner housing costs in the region were \$1,256 per month, and over a quarter of owner households were cost burdened. Although Valley homeowner monthly housing costs were 30.8 percent lower than the statewide average, these costs take up close to the same percentage of household income (19.8 percent regionally versus 21.6 percent statewide) due to the lower median income. After peaking at 39.3 percent in 2009, the percentage of cost-burdened homeowners in 2019 has fallen back to 2000 levels (about 28 percent) (Figure 24).

**Figure 24. Regional Cost-Burdened Homeowners Over Time (1980-2019)**



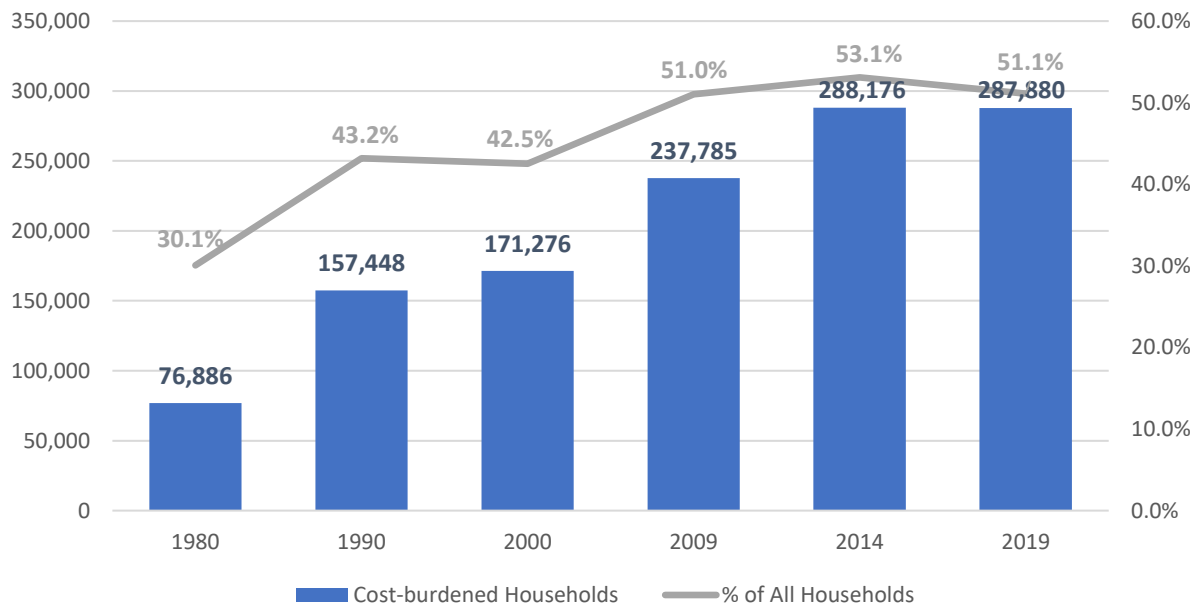
Source: U.S. Census Bureau, Census 1980(STF3), 1990(STF3), 2000(SF3); ACS 05-09, 10-14, 15-19 (5-year Estimates), Table B25091

However, among renter households, cost burden is a significant challenge. According to the ACS 2015-2019 5-Year Estimates, over half of renter households reported being cost burdened, reflecting a steady increase since 1980.<sup>4</sup> Census and ACS estimates indicate the percentage of cost-burdened renter households increased by about 10 percent per decade from 1980 to 1990 and 2000 to 2009. The current level (51.5 percent) is only a slight increase since 2009 (Figure 25). In 2019, median gross rent took up about a third of median household income in the region, which was equal to the statewide level.

Rental costs in the Valley's three largest metropolitan areas, like home values, are at their highest point in years when not adjusted for inflation (Figure 26). As of September 2021, the typical observed market rent was \$1,835 in the Fresno metro area, \$1,473 in the Bakersfield metro area, and \$2,450 in the Stockton area. Since the start of the COVID-19 pandemic, rents have risen across the Valley. However, they have risen particularly rapidly in the Stockton area—increasing nearly \$500 in less than two years.

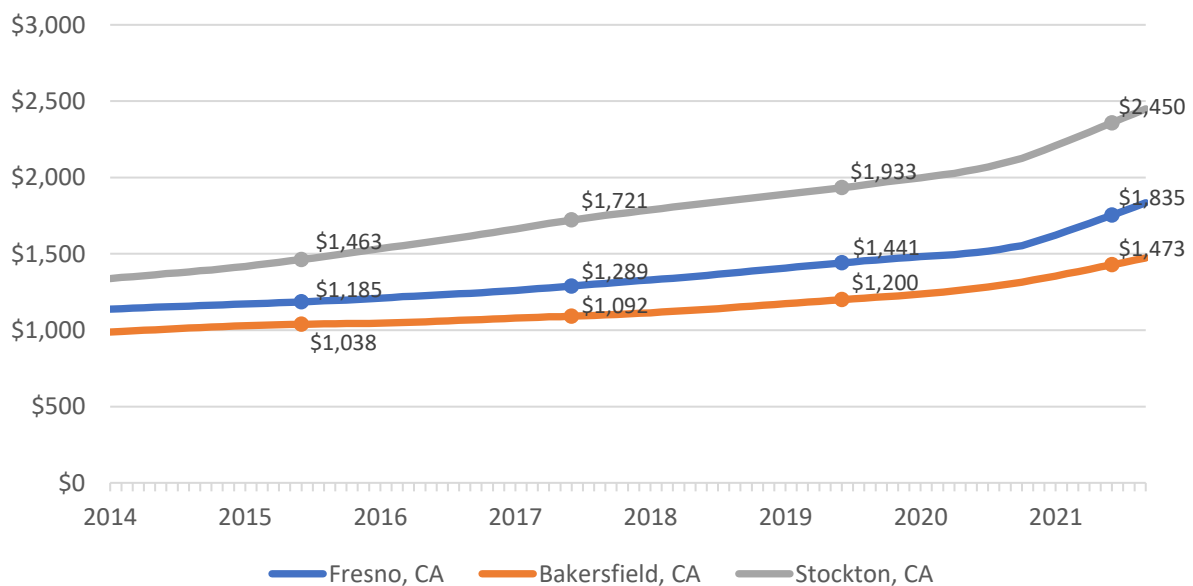
<sup>4</sup> Note that due to data availability, 1980's cost-burdened threshold is 35 percent and above. The other years are at 30 percent and above.

Figure 25. Regional Cost-Burdened Renter Households (1980-2019)



Source: U.S. Census Bureau, Census 1980 (STF3), 1990 (STF3), 2000 (SF3); ACS 05-09, 10-14, 15-19 (5-year Estimates), Table B25070.

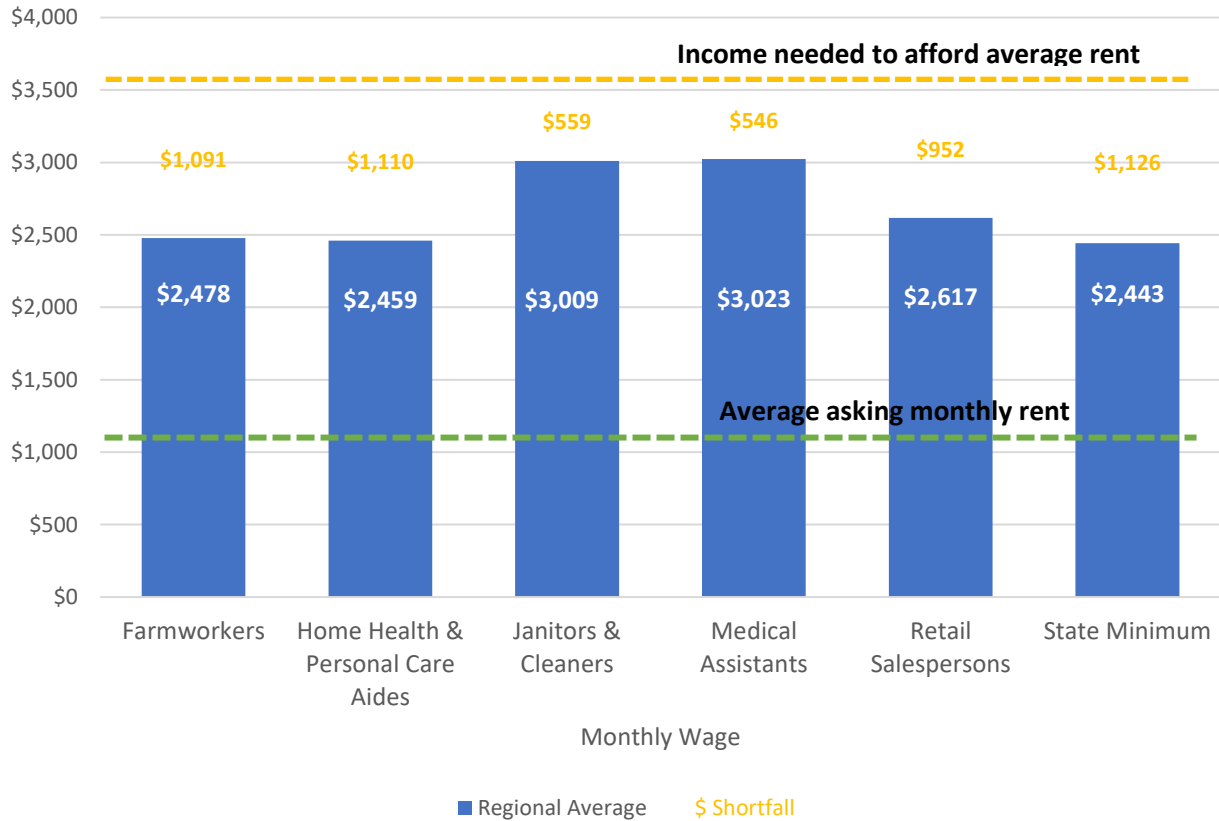
Figure 26. Observed Market Rent by Metropolitan Statistical Area (Feb 2014 – Sep 2021)



Source: Zillow, Housing Data, 2021.

According to 2019 data from the California Housing Partnership, the ability to afford market rent is increasingly out of reach for many full-time employed workers in the San Joaquin Valley. As shown in Figure 27, the monthly income for many working-class occupations, including farmworkers and medical assistants, is not enough to afford rent and to avoid being cost burdened. As of 2020, the regional income needed to afford the average asking monthly rent sits at \$3,569.

**Figure 27. Who Can Afford Regional Average Rent**



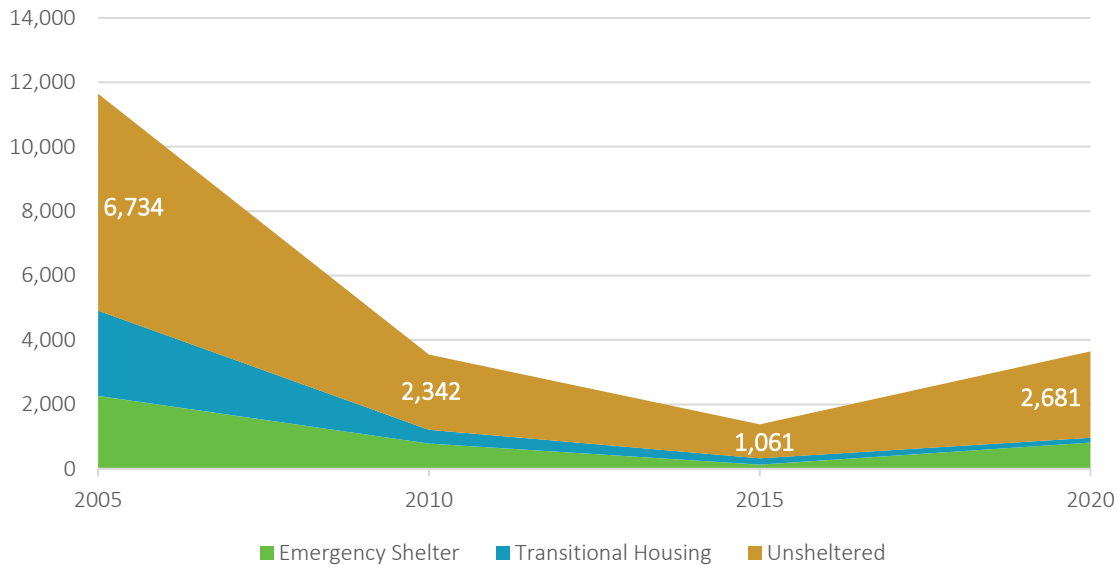
Source: California Housing Partnership, 2019.



## Homelessness

According to data from the Continuum of Care (CoC) Homeless Populations and Subpopulations Reports compiled by the United States Department of Housing and Urban Development (HUD), 3,641 individuals experienced homelessness in the region during 2020. This was a reduction of almost 70 percent from 2005 levels, but it was an increase since 2015 (when the population was 1,383 individuals) (Figure 28). Almost three quarters of the homeless population were unsheltered in the region.

**Figure 28. Regional Homeless Population by Sheltered, Unsheltered Over Time (2005-2020)**



*Source: U.S. HUD, CoC Homeless Populations and Subpopulations Reports (2005, 2010, 2015, 2020).*

When divided by race, over half of the homeless population is White (Table 4). Black or African American individuals comprise 18.4 percent of the homeless population, even though only 4.4 percent of the region's population is Non-Hispanic Black or African American according to the 2020 Census. Similarly, another figure that stands out is nearly 10 percent of the homeless population was American Indian or Alaska Native alone, even though they only comprise 2.1 percent of the Valley's total population, according to the 2020 Census. When divided by ethnicity, about 52 percent of the homeless population identifies as Hispanic/Latino, which is approximately the same proportion of Hispanics/Latinos as the overall regional population.

**Table 4. Regional Homeless Population By Race (2020)**

| Race                                      | Homeless Population | Percent Homeless Population |
|---|---------------------|-----------------------------|
| Black or African American                 | 669                 | 18.4%                       |
| White                                     | 2,146               | 58.9%                       |
| Asian                                     | 64                  | 1.8%                        |
| American Indian or Alaska Native          | 347                 | 9.5%                        |
| Native Hawaiian or Other Pacific Islander | 37                  | 1.0%                        |
| Multiple Races                            | 378                 | 10.4%                       |

*Source: U.S. HUD, CoC Homeless Populations and Subpopulations Reports (2020).*

## Appendices

### Data Sources & Limitations

This section briefly summarizes data used to profile local conditions for each county and the region. Below is a list of data sources cited in this report.

- **American Community Survey (ACS):** The U.S. Census Bureau's ACS was the most frequently used source of data for this report. The ACS provides annual information on ancestry, citizenship, educational attainment, income, language proficiency, migration, disability, employment, and housing characteristics. At the time of the report's production, the ACS 2015-2019 5-Year Estimates were the most current publicly available datasets. Data was reported at the county and state levels.
- **California Housing Partnership:** The California Housing Partnership is a non-profit organization that manages a data dashboard with information on housing need, housing market trends, and housing production and preservation in California. Data from 2019 was reported at the county level.
- **Decennial Census:** The U.S. Census Bureau's decennial census provides population and ancestry information every ten years of all residents in the country. For the purposes of this report, data was gathered for 1980, 1990, 2000, and 2010, and was reported at the county and state levels.
- **Building Permit Survey:** The U.S. Census Bureau's Building Permit Survey provides regularly updated data on the number of new housing units authorized by building permits. Data from 2019 was reported at the county and state levels.
- **Housing Annual Progress Reports:** The California Department of Housing and Community Development gathers data summarizing annual progress reports for recent housing production by affordability. Data from 2020 was reported at the county and state levels.
- **Homeless Populations Reports:** The U.S. Department of Housing and Urban Development's Continuum of Care (CoC) Homeless Populations and Subpopulations Reports provides point-in-time homelessness data. Data from 2020 was reported at the level of a CoC, which comprises large multi-jurisdictional and multi-county areas.
- **Zillow:** The Zillow Group gathers and publishes data on a variety of housing market indicators, including home values, home sale prices, rentals, and housing inventory. Data is regularly updated monthly. For this report, data to September 2021 was reported at the county and metropolitan statistical area level.

The authors conducted no primary data collection, which is the main limitation of this report. Although the analysis only included secondary data collection, all data was gathered from official federal and state sources.

## Census Statistical Geography and Definitions

### Census Statistical Geography

Below are short descriptions for each of the units of geography used in the analysis of this report.

- **Metropolitan Statistical Area (MSAs):** A geographical region with a relatively high population density and with close economic and social ties across its region. Each MSA must have at least one urbanized area of 50,000 or more inhabitants. The U.S. Office of Management and Budget MSAs delineates MSAs every 10 years. The three largest MSAs in the San Joaquin Valley are Fresno, Bakersfield, and Stockton (Figure 29).
- **County:** A legal subdivision of a state. A county has a legally defined boundary and an active, functioning governmental structure, chartered by the state and administered by elected officials. A county usually contains incorporated cities and towns, which in most cases are dependent on county governments for certain public services.
- **Incorporated Place:** A geographic area representing a closely settled, incorporated community that is a legally bound entity. Incorporated places are also known as cities, boroughs, towns, or villages depending on the state and local context. An incorporated place has a legally defined boundary and an active, functioning governmental structure, chartered by the state and administered by elected officials.
- **Census Designated Place (CDP):** A statistical geographic area representing a closely settled, unincorporated community that is locally recognized and identified by name. A CDP is the statistical equivalent of an incorporated place, with the primary differences being the lack of a legally defined boundary and an active, functioning governmental structure, chartered by the state and administered by elected officials. Note that not all unincorporated communities are defined as CDPs.
- **Census Tract:** A statistical subdivision of a county designated by the U.S. Census Bureau. A census tract generally has a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tracts are often used in demographic analysis because their optimum size allows for community-level data with low margins of error.
- **Census Block Group:** A small statistical subdivision of county designated by the U.S. Census Bureau. A block group generally has a population size between 600 and 3,000 people. Every census tract has at least one block group, and block groups are uniquely numbered within a census tract.

Figure 29. Largest Metropolitan Statistical Areas in the San Joaquin Valley



Source: Social Explorer.

## Glossary

**Gini Index:** A measure of income inequality that summarizes income dispersion across an entire income distribution for a given geography. The Gini coefficient ranges from 0, indicating perfect equality (where everyone receives an equal share of income), to 1, perfect inequality (where only one recipient or group of recipients receives all the income).

**Household:** A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share a single housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households does not include group quarters, such as college dormitories, military barracks, nursing homes, and correctional facilities.

**Housing Cost Burden.** A household is considered housing cost-burdened when its members allocate more than 30 percent of their collective income toward housing expenses. Furthermore, a household is considered severely cost-burdened when members spend more than 50 percent of their collective income toward housing expenses.

**Median Income:** A statistically calculated income for a given geography in which half of all households have an income above it and half of all households have an income below it.

**Poverty Level.** A measure of income issued every year by the U.S. Department of Health and Human Services to determine eligibility for public programs and benefits. In 2021, the federal poverty level for a family of four was set at \$26,500.

**Regional Housing Needs Allocation (RHNA).** The number of new homes that must be built, and the affordability levels for those new homes, to meet the housing needs of people at all income levels in a given region. The California Department of Housing and Community Development determines and assigns the RHNA for all regions of the state based on California Department of Finance population projections and other factors. Each regional council of governments then allocates each local jurisdiction its share of the regional housing need. All jurisdictions must update the housing element of their general plans in accordance with their assigned RHNA.

**Sheltered.** An individual or family experiencing homelessness is considered sheltered if they reside in an emergency shelter or in transitional housing during the local point-in-time count of people experiencing homelessness.

**Transitional Housing.** A type of housing designed to provide individuals and families experiencing homelessness with the interim stability and support to successfully move to and maintain permanent housing.

**Unsheltered.** An individual or family experiencing homelessness is considered unsheltered if they reside in a place not meant for human habitation, such as cars, parks, sidewalks, and abandoned buildings during the local point-in-time count of people experiencing homelessness.



**Part 1: Existing Conditions Report**

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# **PART 2: HOUSING PRODUCTION, TRENDS, IMPEDIMENTS, AND BEST PRACTICES**



**Part 2: Housing Production, Trends, Impediments, and Best Practices**

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## Part 2 | Housing Production Trends, Impediments, and Best Practices

This Part provides an overview of housing production trends, impediments, and best practices in the San Joaquin Valley. The overview is based on statutory requirements, stakeholder/MPO director interviews, planning practice, city and county planning staff survey results, and broad Valleywide research. This part provides background on key planning topics relevant to Valley housing production and affordability. The intent is to provide the reader with a broad understanding of the range of planning and regulatory responsibilities of Valley cities and counties, describe the challenges facing local governments to plan for and accommodate their fair share of housing, and identify resources for addressing these challenges.

Sixty-one topics are addressed in this Part. In each section, an overview provides a brief description of the topic or issue, including a brief history and relevance to housing in the San Joaquin Valley. Impediments and best practices are described. Relevant State laws are identified, if applicable. The San Joaquin Valley experience is then summarized based on stakeholder and MPO directors' interview results, city/county planning staff survey results, and supplemental research. Resources, templates, and examples are provided where useful. Finally, recommendations for future action are suggested. The topics addressed in this chapter include:

### General Plans

- General plan policies and programs
- General Plan annual reports
- Community engagement
- Environmental justice
- Hazard mitigation
- Vehicle miles traveled (VMT)

- Homeless Housing Planning and Production Trends
- NIMBYism and Resistance to Higher-Density Housing
- Regulatory Barriers and Constraints
- Findings and Recommendations

### Housing Elements

- The Housing Element
- Annual Housing Report
- Available Sites inventory
- AFFH Programs
- Fair Housing Enforcement and Outreach Capacity
- Segregation and Integration
- Access of Opportunity Disparities
- Disproportionate Housing Needs/Displacement Risk
- Racially/Ethnically Concentrated Areas of Poverty (R/ECAP) and Affluence

### Regulatory Mechanisms

- Objective residential design and development standards
- Density bonuses
- Missing middle housing/infill housing
- Inclusionary zoning
- Infill development
- Transit-oriented development (TOD)
- Innovative zoning solutions
- Eliminate single-family zoning
- Eliminate or modify density standards
- Modify residential development standards
- Minimum densities
- Modify parking standards
- Form-based codes

## Part 2: Housing Production, Trends, Impediments, and Best Practices

### Regulatory Mechanisms (continued)

- Upzoning
- Housing overlay zones
- Accessory dwelling units (ADUs)
- Permit streamlining and fee reduction
- CEQA implications for housing approvals

### Funding and Financing

- Local funding barriers
- Lack of State and Federal housing funding
- Market and feasibility implications for affordable and higher-density market rate housing
- Prevailing wages
- ADA and Title 24
- Capacity to deliver housing
- Mello-Roos community facilities district (CFD)
- Tax-increment financing
- Community revitalization and investment authority (CRIA)
- Housing trust funds

- Housing impact and linkage fees
- Development agreements
- Revenue bonds
- Grants

### Housing Production and Ownership

- Employer-assisted housing
- Alternative housing ownership models
- Mutual housing associations
- Other lower-cost housing types

### Land Availability

- Annexations, spheres of influence, county islands, and municipal service reviews
- Infrastructure
- Disadvantaged unincorporated communities
- Water conservation and management
- Surplus public land
- Religious/public institutions
- Agricultural land preservation

## General Plans

Every city and county in California must adopt a general plan. The general plan has been described variously as a blueprint, guidebook, operating manual, roadmap, and touchstone, and constitution for land use and development. General plans are long-term plans for city or county growth and development. They must address a minimum set of topics, such as land use, transportation, and housing, be internally consistent, and legally enforceable. The topics are typically addressed in chapters referred to as “elements.” While the housing element of the general plan is the primary focus for addressing housing goals, policies, and programs, other parts of the general plan and the actions surrounding general plan preparation affect housing as well. In this section, six general plan topics are addressed:

- General Plan Policies and Programs
- General Plan Annual Reports
- Community Engagement
- Environmental Justice
- Hazard Mitigation
- Vehicle Miles Traveled (VMT)
- Findings and Recommendations

### General Plan Policies and Programs

Current general plan requirements date back to the mid-1950s. In the late 1960s and early 1970s, the scope of the general plan expanded from two to nine elements, then reduced to seven in 1984 (land use, circulation, housing, open space, conservation, safety, and noise). That number was expanded to eight for the San Joaquin Valley in 2003 when the air quality element was added. In 2018, the environmental justice element was added for all cities and counties that met certain environmental, health, education, and income criteria. Over the years, the Legislature has linked many new mandates directly and indirectly to the general plan, including healthy communities, complete streets, sustainability, climate change, sustainable communities’ strategies, resilience, and disadvantaged unincorporated communities.

Cities and counties may also add optional elements on any subject related to the physical development of their jurisdictions. Common element subjects include economic development, community character and design, water, climate change, public facilities and services, and arts and culture. Once included in the general plan, any optional element is held to the same standards and consistency requirements as the mandatory elements.

General plans must be comprehensive by addressing all required topics, as well as optional topics based on local preference, in a single document and set of policies and programs. General plans must have a long-term planning horizon, typically 15 to 25 years. They must apply to an identified planning area and be internally consistent. Internal consistency includes equal status among elements, consistency between and within elements, and text and diagram (map) consistency.

**How Does the General Plan Affect Housing Supply and Affordability?** Because the general plan articulates city or county growth and development goals, policies, and programs, it fundamentally affects all housing in a community. The land use element has the most influence by establishing land use designations that determine

## Part 2: Housing Production, Trends, Impediments, and Best Practices

the location, amount, type, density, and intensity of housing. All of these factors influence housing supply and affordability. The **land use element** further includes policies that determine how land use designations are to be applied and interpreted, and programs that implement the designation and policies. The **circulation element** is required by law to support the land use element's assumptions about population density and intensity by establishing the planned transportation and circulation system necessary to serve the planned housing. The **open space and conservation elements** influence housing by designating areas in a city or county that should remain undeveloped as conservation or open space resources. The **safety and noise elements, among other things, identify** areas unsuitable for housing, or that require significant mitigation if housing is present. However, the most influential general plan element related to housing supply and affordability is the **housing element**.

In developing new land use policies as part of a land use element update, existing policies and their impact on housing development should be examined. According to the Turner Center For Housing Innovation California Residential Land Use Survey, on average, 25 percent of zoned land in California jurisdictions allows single-family development, while only 7 percent of zoned land allows for multi-family housing development.<sup>1</sup> Additionally, the survey found that policies that favor low-density single-family residential development, such as larger lot sizes and strict limits on density and height, not only increase housing costs for all housing types in the community, but also lead to more racial and economic segregation.<sup>2</sup> Examining historic development projects and trends in the jurisdiction can provide some indication of how policies have hindered or facilitated housing development.

**Focus on preserving neighborhood character rather than density.** Successful land use reform often moves the focus away from preserving existing density to preserving the existing character of a community or neighborhood. Using a form-based land use system can be an effective way of increasing density and allowing for infill development without deviating from the existing form of a neighborhood. For example, in Grand Rapids, Michigan, the City developed form-based "character districts" that allowed for a variety of housing types (i.e., duplexes, triplexes, and quadplexes) in existing primarily single-family residential neighborhoods while staying consistent with the historic character of the neighborhood.<sup>3</sup> This strategy also allows for an increase in housing capacity throughout a community, rather than focusing new development entirely on mixed-use and commercial corridors.

Furthermore, Senate Bill No. 330 (SB 330) and test cases in court have necessitated that cities and counties reevaluate their land use regulations. Practices such as the pyramid land use system (with no minimum density and the incorporation of lower-intensity uses in higher-density districts) should be corrected to implement a land use strategy that efficiently uses land. Effective general plan/land use element updates have the potential to streamline individual project approval. New land use policies may allow for a larger variety of housing types to be approved by-right or with minimal review.

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<sup>1</sup> Mawhorter, Sarah, & Reid, Carolina. "Local Housing Policies Across California: Presenting the Results of a New Statewide Survey." Turner Center for Housing Innovation, UC Berkeley. December 2018.

<sup>2</sup> Turner Center for Housing Innovation, "Getting it Right: Lessons in Designing, Passing, and Implementing Effective Land Use Reform." December 2019.

<sup>3</sup> Ibid.



In developing prohousing land use policies, jurisdictions should also consider how these goals connect to other community goals. For example, illustrating the connection between higher-density housing and vibrant commercial corridors or other community goals may be instrumental in gaining public support for changes.

## Survey Results

According to a survey conducted for the San Joaquin Valley REAP Land Use, Housing, and Zoning Report, over 48 percent of responding jurisdiction staff believe that housing elements are at least moderately effective in assisting housing production. Similarly, over 55 percent of respondents believe that general plan elements other than housing are at least moderately effective for enabling housing production in their jurisdictions.

## Stakeholder Interviews

Throughout the interview process, housing stakeholders (e.g., builders, developers, housing advocates) agreed ensuring sufficient land designated for housing in general plans is one of the best planning practices to employ. The MPO Directors strongly advocated for comprehensive, coordinated planning efforts. All groups advocated for increased State funding to support local housing planning efforts. Stakeholder comments included:

**Incentivize Density.** Several State funding programs are returning to density thresholds and rolling back greenfield development. Because higher-density infill housing can be more expensive to build, local jurisdictions must provide incentives for higher-density development.

**Identify, Plan, and Incentivize Priority Sites.** Find ways to incentivize infill plans and programs. An example cited was the Fresno COG plan that enables developers to request funding for infrastructure improvements for high-density projects. There should be a focus on transit-station area planning around both bus and rail locations – either with conditional funding or incentives for both market-rate and affordable housing. Priority infill areas should be identified and ranked on a regional basis for funding opportunities.

**Cohesive Planning.** Aligning priorities and understanding among the jurisdiction's leaders, staff, and their constituents is critical.

**The Right Housing in the Right Place.** In some communities it is difficult to find housing sites that are near amenities like transit, schools, and other services. Likewise, some communities struggle with the lack of planned and entitled buildable lots.

**Projections and RHNA Out of Sync.** There are significant differences between the population, housing, and jobs projections from the state Department of Finance (DOF) -- which are used for the Regional Transportation Plan/Sustainable Communities Strategies (RTP/SCS) -- and the Regional Housing Needs Allocations (RHNA) from HCD. The RHNA numbers are typically higher, often significantly, which makes it difficult to keep regional and local planning in sync.

**State Goals in Conflict.** There is concern about the negative outcomes of State policies in the Valley context. For example, directly through SB 375 and indirectly through SB 743, GHG reduction goals are being pursued at the expense of other goals, like affordable housing and equitable economic opportunity. In a rural context, where housing and job centers are often far apart and where robust transit systems are impractical, it can be very challenging to satisfy the VMT requirements of SB 743. Moreover, VMT goes up as unemployment drops,

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so SB 743 can end up punishing communities with greater economic opportunity. In another example, the State-driven preservation of agricultural land is limiting affordable housing production. Ironically, in the Fresno region, groundwater policies are threatening farming's viability, so the result may be preserving unproductive farmland.

**Planning is Not a Key Impediment to Housing Production:** Housing planning is not a barrier to housing production, so more planning will not solve the problems. For example, it is not often a problem identifying adequate housing sites, but it will be a challenge getting the RHNA targets built.

### Relevant State Laws

California Government Code section 65300, et. seq., Article 5. [Authority for and Scope of General Plans.](#)

**Senate Bill No. 9 (SB 9)(2021).** Housing Development: Approvals, Urban lot splits and two-unit developments.

**Senate Bill No. 10 (SB 10)(2021).** Housing Development: Density, A tool for residential upzoning in transit-rich areas.

*Note: There are a multitude of State laws related to general plan and housing element content too numerous to list here. Please refer to the OPR General Plan Guidelines (see link below) for a comprehensive listing of those laws.*

### Resources

California Office of Planning and Research, [General Plan Guidelines \(2017\).](#)

California Planning Roundtable, ["Reinventing the General Plan."](#)

### General Plan Examples

The California Chapter of the American Planning Association (APA) identifies and awards the best general plans. Below are references to some of the most recent award-winning general plans in California.

**Ventura County 2040 General Plan, Award of Excellence.** [Comprehensive Plan Award, Large Jurisdiction Category, from APA California Chapter \(2021\).](#)

**City of Beaumont, Elevate Beaumont 2040, Beaumont General Plan Update.** [Award of Excellence – Comprehensive Plan Award, Small Jurisdiction, from APA California Chapter \(2021\).](#)

**City of Kerman General Plan Update and Program EIR,** [Award of Merit in Planning, Comprehensive Planning: Small Jurisdiction Category from APA California Chapter, Central Section \(2021\).](#)

**City of Sanger General Plan,** [Outstanding Planning Award, Academic Award \(2016\).](#)

**City of Tehachapi Form-Based General Plan,** [Outstanding Planning Award, Comprehensive Planning: Small Jurisdiction \(2013\).](#)

**City of Turlock General Plan (2012),** [Outstanding Planning Award of Merit, Comprehensive Planning: Small Jurisdiction \(2013\).](#)

## General Plan Annual Reports

Every California city and county submits general plan annual reports to the Governor's Office of Planning Research (OPR), which allow OPR, local legislative bodies, and the public to:

- Track the plan's annual progress and implementation
- Analyze trends, discrepancies, and changes within a jurisdiction and its general plan over time
- Keep jurisdictions accountable for implementing their general plans

Local governments are charged with reviewing and approving annual reports, and with judging how well the general plan was implemented during the 12-month reporting period. However, the local government is not required to hold a public comment period on the report prior to submittal. Revisions to the report after public review may be submitted to OPR at any time. Requirements are listed in Government Code Section 65400. Local governments are required to report on the status of the general plan and progress in its implementation.

## Reference Materials and Resources

There are multiple reference materials and resources to develop a general plan annual report, the most important of which is its general plan. Beyond that, there are many technical and structural requirements to the annual reports. Luckily, the Government Code, OPR, General Plan Guidelines, and other jurisdictions in California provide helpful guidance, outlines, and examples.

### *Office of Planning and Research*

OPR provides an easy-to-read memorandum on developing annual reports. The memorandum, which references recently updated general plan annual progress report guidance, is made available on the agency's website. It includes information about the purpose and necessity of the reports, as well as a format guidance section for jurisdictions.

Chapter nine of the general plan guidelines provides general content and formatting guidance. Though the OPR annual progress report memorandum and the general plan guidelines provide good instruction for developing the reports, another way to prepare is to examine examples from other jurisdictions.

## Relevant State Law

Per Government Code Section 65400 and 65700, every city and county planning agency is required to prepare and submit an annual report by April 1 each year. Additionally, local governments are also required to post their reports on their website within a reasonable amount of time.

## Templates

<https://www.cityofsacramento.org/Community-Development/Planning/Long-Range/General-Plan/General-Plan-Annual-Reports>

*The City of Sacramento has created an excellent general plan annual report format. By keeping an easy-to-read table of contents and organizing the report into themes and sections like "general plan overview," "maintaining a vibrant economy," and "creating a healthy environment," the City of Sacramento Annual Reports are easily navigable and understood. Effectively, the report reads like a summary and analysis of the General Plan and the implementation steps the city took during the reporting period. The city includes a featured projects section that highlights how the goals of the General Plan have manifested in the city's physical fabric.*

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### Sources

California Legislative Information, Title 7, Planning and Land Use, [\*Article 7 Administration of General Plan.\*](#)

California Legislative Information, Title 7, Planning and Land Use, [\*Article 13 Applicability of Chapter \[65700 – 65701\].\*](#)

California Office of Planning and Research, [\*General Plan Annual Progress Report Guidance \(2021\).\*](#)

City of Sacramento, [\*General Plan Annual Reports.\*](#)

City of Arroyo Grande, [\*General Plan Annual Reports.\*](#)

City of Santa Maria, [\*General Plan Annual Reports.\*](#)

California Office of Planning and Research, [\*General Plan Guidelines – Chapter 9. Implementation.\*](#)

California Office of Planning and Research, [\*General Plan Guidelines \(2017\).\*](#)

California Legislative Information, Title 7, Planning and Land Use, [\*Article 5. Authority for and Scope of General Plans \[65300 – 65303.4\].\*](#)

*\*Note: Housing Element Annual Progress Reports as a separately required report describe in the section below titled “Housing Element Annual Progress Reports”.*

## Community Engagement

Effective and inclusive community engagement is essential to every major city and county planning project, including general plan, housing element, and zoning code updates. Often, the interactions, communication, and collaboration between community and business members, interest groups and organizations, advisory committees and commissions, staff, and other decision-makers end up being as important, if not more important, than the resulting plan or code. The three key components for every successful community engagement program are: education and information; engagement and interaction; and validation and direction.

### Education and Information

**Project Logo and Branding.** At the outset of a major planning project, it is important to establish a project identity with which community members can become familiar. This helps people recognize the project as it proceeds through various phases of issue identification, visioning, evaluation of choices and options, and adoption. Branding typically includes a simple logo that may represent the project themes and a consistent color palette for e-blasts, newsletters, and reports.

**Project Website.** A project website is an essential communication tool for most planning projects. A website serves as the hub of project communication and information, including an overview of the project, announcements about upcoming meetings, information on past meetings and events, a documents library, an overview of the schedule, contact information, and any other relevant information.

**E-Blasts.** Periodic emails to disseminate project information to residents, businesses, and stakeholders are a key communication tool for planning projects. An email contact list is built as a project progresses and more people provide contact information. An established interested-person email contact list can be used as the initial e-blast contact list. An email template for the e-blasts that is unique and consistent with the overall project brand is effective. Throughout the planning process, agency staff can then regularly distribute emails to communicate with residents, businesses, and stakeholders to keep them current on the process.

**Social Media.** Today's successful outreach programs often include a social media component. If a city or county regularly uses social media to communicate, periodic posts regarding the project can generate increased interest and project participation.

**Newsletters.** At key points in the process, newsletters can be used to summarize project milestones and keep the community informed of upcoming meetings and workshops. Newsletters should be highly graphical and include succinct text accompanied by maps and illustrative figures. A digital version of each newsletter should be posted on the project website. Hard copies can be distributed throughout public agency offices and libraries.

**Informational Kiosks or Displays.** The same project materials that are used for community workshops or open houses can be organized in compact informational displays, which can be placed at strategic public locations, such as city or county administration buildings, libraries, or schools. The kiosks can include the most recent project newsletter, business cards, informational posters, and surveys.

**Business Cards.** Business cards with the project logo and website link are an easy way to get the word out. Agency staff, advisory committee members, decision-makers, and others can hand out the business cards to

## Part 2: Housing Production, Trends, Impediments, and Best Practices

interested community members. This is an effective way of creating interest and getting people to visit the website.

**Press Releases.** Press releases describing project meetings and milestone documents can help educate and inform journalists about the planning process. They also help ensure accurate project coverage and eliminate confusion.

**Articles in Other Newsletters.** If a city or county regularly publishes other newsletters to communicate with its residents and businesses, periodic articles about the project can help keep multiple different audiences informed. The newsletter can publicize the website, announce upcoming meetings, and summarize key documents.

**Announcements in Utility Bills.** For cities that mail hard-copy utility bills, including communicative inserts in those bills provides another way to inform and educate the community. Similar to newsletter articles, inserts can publicize the website, announce upcoming meetings, and summarize key documents.

**Translation Services.** Translation services are essential to ensure effective, inclusive, and accurate communication to all community members, particularly in the San Joaquin Valley. There are two basic types of translation services for the project: verbal translation and translation of written materials. Presentations, posters, handouts, and all other written materials should be produced in all languages that are prominent in the community. Verbal translation services should be provided at all public meetings and workshops and advertised as such. Sometimes individuals are more comfortable participating in the planning process when a local community group or organization is involved. If appropriate, agency staff should work closely with local organizations and individuals to reach out to non-English speaking communities and ensure they are engaged in the process.

### Engagement and Interaction

**Online Community Workshops.** Virtual and online informational webinars, opinion and visual preference surveys, and GIS mapping tools help staff obtain community input on what they want to preserve and what they want to change. They can also be used to present key project results and documents. Key workshop components, such as slideshow presentations and surveys, can remain posted on the project website for a sufficient amount of time to allow for the broader participation of those who are unable to attend the initial event.

**In-person Community Workshops.** In-person workshops are a traditional, time-tested community engagement activity. They should be held at convenient places where people feel comfortable gathering. Workshop sponsors should offer food, translation services, and child care to make the meetings more accessible to families and non-English speakers.

For planning projects, typically one of two workshop formats is used: open house or interactive. The open house format is most useful to provide information and getting high-level feedback. They often consist of a welcome table, a presentation followed by Q&A, and a series of information stations with poster boards and handouts covering a range of topics.

The interactive workshops may include some or all of the open house components but should emphasize participant interaction in either facilitated discussion groups or exercises designed to gain information about particular topics, such as the community vision; issues, opportunities, and assets; and alternatives and options. The workshop exercises should be engaging, encourage dialogue among community members, and provide meaningful opportunities for input.

**Stakeholder Workshops.** Planning projects such as housing element updates or environmental justice elements often require outreach to specific interest groups and organizations. Workshops focused on a single issue and that target a specific set of stakeholders can be effective in some circumstances. These workshops would generally be organized similarly to the community workshops described above, but more narrowly focused on a single issue and on specific attendees.

**Charrettes.** A variation on interactive workshops is the planning and design charrette. These are typically multi-day, interactive events that include a large team of planners, urban designers, and planning specialists who focus on ideas and options for change in a particular area, often a neighborhood or downtown. The charrette typically includes structured time for the public to hear presentations and provide reactions and input. Often, interested community members can simply drop by and observe the planning process.

**Front Porch Gatherings.** A more focused approach to engaging the community are “front porch gatherings.” These are meetings designed to engage small groups of residents in their neighborhood. They focus on neighborhood assets, issues, and opportunities related to the planning project topic (e.g., housing, traffic, health, schools, parks, other community facilities).

**Community Group Presentations.** Community interest groups and service organization meetings represent an excellent opportunity to inform, educate, and get meaningful feedback. Presenting a specific topic or project to

#### **COVID-19 and Community Engagement**

The COVID-19 pandemic has fundamentally and permanently impacted the way we publicly communicate with others, particularly as a part of our local government participatory democracy. Many cities and counties have temporarily transitioned to Zoom or Go-To-Meeting virtual platforms for public meetings, experiencing varied degrees of success. While virtual meetings are no substitute for in-person communication, many have discovered that in some circumstances, virtual platforms can be just as effective and even more efficient than in-person meetings. Specifically, virtual meetings allow participants to stay at their home or office to participate, and in many instances, participate in online surveys or view presentations at any time that is convenient for them. Interactive online exercises, educational and informational videos, live webinars with Q&A sessions, visual preference surveys, and stakeholder interviews are all examples of virtual outreach that is just as effective as in-person events.



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community groups and organizations at their regular meetings can increase community interest and participation.

**Pop-up Booths.** As an extension of community workshops, information booths where people gather can be used to provide the same information or interactive exercises that are presented in the traditional workshop setting. Common locations for pop-up booths are farmers markets, youth sporting events, and community fairs.

**Online Engagement.** As noted in the sidebar on how the COVID-19 pandemic has impacted community engagement, there are many opportunities for online engagement. There are also several online platforms that specialize in such activities. They allow an agency to engage with the community through surveys, opinion polls, discussion forums, photo sharing, mapping exercises, and more. They also offer analysis and reporting tools to understand who is participating and easily summarize responses.

**Speaker Series.** Speaker series are a way to bring creative and knowledgeable speakers to engage the community at-large in big-picture discussions about issues facing the community. Well-known experts are invited to speak on topics of interest followed by a Q&A session. Such events can provide educational opportunities as well as set the stage for future community dialogue and policy development.

**Downtown Storefront.** A downtown storefront can be established as temporary “home base” for a planning project such as a general plan or specific plan. A small, vacant storefront in a downtown or planning area can open periodically and have displays that provide timely information on the planning process and posters exhibiting current developments. A storefront allows residents to drop in at their convenience to provide input, ask questions, and learn more about the project.

**Youth Engagement.** Young people are often overlooked in the planning process, even though the results of the effort may have significant influence on their lives. Partnering with school districts on planning projects can be effective. Civics classes can give students credit for participating in community engagement events, particularly workshops. Planners can make presentations to classes about the planning project. Pop-up booths can be a part of school events. Meeting notifications can be provided to parents through existing school contact systems, General Plan event flyers in the front office, and by sending home flyers and notices with students.

### Direction and Validation

**Stakeholder Interviews.** A key tool for developing an early understanding of project issues and opportunities is stakeholder interviews. A broad range of individuals and groups familiar with the community are interviewed one-on-one or in groups, generally for about an hour. Questions are typically provided in advance to frame and direct the interview discussion.

**Meetings with Agency Committees and Commissions.** Members of local government commissions and committees represent some of the most engaged, committed residents and businesspersons, given their willingness to devote time and energy to the community. Depending on the planning project subject matter, some or all of the standing commissions and committees should be periodically engaged in the process.

**Advisory Committees.** Project advisory committees made up of interested community members may be established to provide input and direction on a planning project. Advisory committees help ensure that the interests and values of all community stakeholders are represented effectively in the planning process. They

typically serve as a sounding board for agency staff and consultants and provide recommendations to the planning commission and decision-makers.

**Focus Groups.** Focus groups typically comprise community members and agency staff with expertise or interest in a specific topical area, such as mobility, economic development, housing, natural resources, or climate change. These groups meet periodically to help identify issues and opportunities, discuss options, and provide feedback on policies and programs.

**Technical Advisory Groups.** Technical advisory groups typically comprise city, county, regional, State, or Federal staff with expertise in specific topical areas. Cities and counties may form such groups with staff from each department to provide internal review on project documents such as existing condition reports, technical analysis, and policy documents.

**Study Sessions.** Working sessions with planning commissioners, city council members, or county supervisors at key points in a planning project enable decision-makers to provide informal advice and direction, particularly to narrow options and choices. Typically, no formal actions are taken at study sessions. Instead, informal consensus is sufficient. Joint study sessions may be held to include both the planning commission and the decision-making body. Joint study sessions are most useful early on in planning projects when they include more educational and interactive components.

In tackling public engagement related to housing reform, the Institute for Local Government (ILG) encourages the use of the International Association for Public Participation's (IAP2) Public Participation Spectrum (Figure 30). The spectrum includes five components for effective public participation: 1) Inform 2) Consult; 3) Involve; 4) Collaborate; and 5) Empower.

Figure 30. International Association for Public Participation Spectrum of Public Participation

## IAP2 Spectrum of Public Participation



IAP2's Spectrum of Public Participation was designed to assist with the selection of the level of participation that defines the public's role in any public participation process. The Spectrum is used internationally, and it is found in public participation plans around the world.

| INCREASING IMPACT ON THE DECISION |  |  |   |   |  |
|-----------------------------------|--|--|---|---|--|
|                                   | INFORM   | CONSULT  | INVOLVE   | COLLABORATE   | EMPOWER  |
| PUBLIC PARTICIPATION GOAL         | To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions. | To obtain public feedback on analysis, alternatives and/or decisions.  | To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.  | To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.                     | To place final decision making in the hands of the public. |
| PROMISE TO THE PUBLIC             | We will keep you informed.   | We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision. | We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision. | We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible. | We will implement what you decide.                         |

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Source: International Association for Public Participation, 2018.

In summary, the Spectrum encourages local governments to go beyond simply sharing information by allowing community members to provide input in multiple ways and through multiple avenues throughout the engagement process. The benefits of this approach include:

- Creating a better understanding of the true housing needs of the community. For example, residents may not understand that new affordable housing could directly benefit them or their families, including aging parents or younger families.
- Creating an understanding of the potential trade-offs of various policy decisions.
- Increasing community ownership of the completed plan.

Additionally, with successful community buy-in of new land use policies during the plan update process, community members are less likely to raise concerns about individual projects that are consistent with the stated goals of the updated plan.

## Survey Results

According to the SJV REAP survey, many respondents (approximately 54 percent) are likely or very likely to be interested in technical assistance for community outreach and education. Respondents felt that outreach is an important tool and one of the primary ways property owners and developers find out about plans, especially through the website, social media, and newsletters. A variety of mediums is preferred.

## Stakeholder Interviews

Stakeholder interviews indicated opportunities for community engagement include:

- **Communicate with Stakeholders on the Ground.** The State needs to coordinate with agencies, authorities, and non-profits that have been working on housing issues for decades, identify their needs, and then find ways to assist.
- **Support Advocates.** Provide support for collaborative advocacy groups to share ideas and support the people doing the work. Give these groups a voice in Sacramento and Washington, D.C.

**Partnerships:** MPO Directors emphasized the importance of collaboration and partnerships among the MPO, local jurisdictions, housing authorities, and nonprofits.

## Resources

California Environmental Justice Alliance/PlaceWorks, [\*SB 1000 Implementation Toolkit \(October 2017\)\*](#).

California Environmental Justice Alliance/PlaceWorks, [\*SB-1000-Planning-for-Healthy-Communities\*](#).

U.S. Department of Housing and Urban Development, [\*HCV Landlord Guidebook Education and Outreach\*](#).

California Department of Housing and Community Development, [\*Public Participation\*](#).

Institute for Local Government, Housing and Public Engagement Toolkit. [\*Understanding the Role of Public Engagement\*](#).

### Environmental Justice

[California law](#) defines “environmental justice” as treating fairly people of all races, cultures, and incomes with respect to developing, adopting, implementing, and enforcing environmental laws, regulations, and policies (Gov. Code, § 65040.12, subd. (e)). Historically, environmental externalities have disproportionately harmed marginalized populations that experienced discrimination or exclusion, including racial, ethnic, and socioeconomic minorities. Environmental justice is intended to remedy disproportionate impacts of environmental hazard and health risks on these marginalized communities. Furthering that goal requires all people be meaningfully involved and equitably treated in environmental matters, especially with respect to government policy and regulation.

Addressing pollution exposure and access to community resources is one of environmental justice’s primary components. Historic land use practices have allowed high polluting industries in areas predominantly inhabited by marginalized populations to be discriminately located, while deprioritizing community resources such as parks, schools, and adequate grocery options in the same neighborhoods. As a result, minority communities tend to have more health problems linked to environmental factors. Focused environmental justice policy can mitigate issues associated with these historic health inequalities and ensure equitable access to resources and benefits. By prioritizing environmental justice in local housing planning, public agencies can foster healthy and safe communities for all residents regardless of race, culture, or income.

In 2016, the Governor signed Senate Bill 1000 (SB 1000), which requires cities and counties with disadvantaged communities to incorporate environmental justice policies into the general plan when adopting or revising two or more elements concurrently, on or after January 1, 2018. As jurisdictions embark on their sixth cycle housing element updates, many are finding they are in the position of updating additional elements of the general plan and, therefore, are also required to address environmental justice.

According to Government Code Section 65040.12, “environmental justice” is defined as “the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins, with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies.”<sup>4</sup> In addition, Government Code Section 65302(h) outlines the required topical components of an environmental justice element, stated below.<sup>5</sup>

- Identify objectives and policies to reduce health risks in disadvantaged communities
- Reduce pollution exposure
- Improve air quality
- Promote public facilities
- Promote food access
- Promote safe and sanitary homes
- Promote physical activity.

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<sup>4</sup> “Government Code Section 65040.12,” accessed November 24, 2021, [https://leginfo.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=GOV&sectionNum=65040.12](https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=65040.12).

<sup>5</sup> “Government Code Section 65302” (n.d.), [https://leginfo.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=GOV&sectionNum=65302](https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=65302).

Updating the housing element, safety element, and environmental justice element concurrently presents jurisdictions with the opportunity to address intersecting topical considerations, consistency needs, and community outreach at one time, which can create a more efficient, thorough, and integrated approach as opposed to separately addressing each. Additionally, concurrent updates would synchronize the safety and housing elements on the same eight-year cycle, which could provide opportunities for future consolidation and integration efforts.

However, recent legislation has required housing elements to incorporate new components which significantly increase the complexity and cost of preparing such plans. Furthermore, new legislation is also requiring adjustments to address new public review requirements and changes to rezoning timelines. These new requirements will require that jurisdictions consider the potential implications for schedules (e.g., housing element deadlines), community engagement efforts, and environmental review strategies.

**Environmental justice and affirmatively furthering fair housing.** AB 686 (2019) requires public agencies to affirmatively further fair housing (AFFH) by taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities. AFFH requirements require jurisdictions to describe meaningful, frequent, and ongoing community participation, consultation, and coordination that is integrated with the broader stakeholder outreach and community participation process for the overall housing element. The overlapping objectives and requirements for addressing AFFH and environmental justice provide an opportunity to align community engagement efforts, support a fuller dialogue with the community, and develop more meaningful and supportive programs and policies.

## San Joaquin Valley Experience

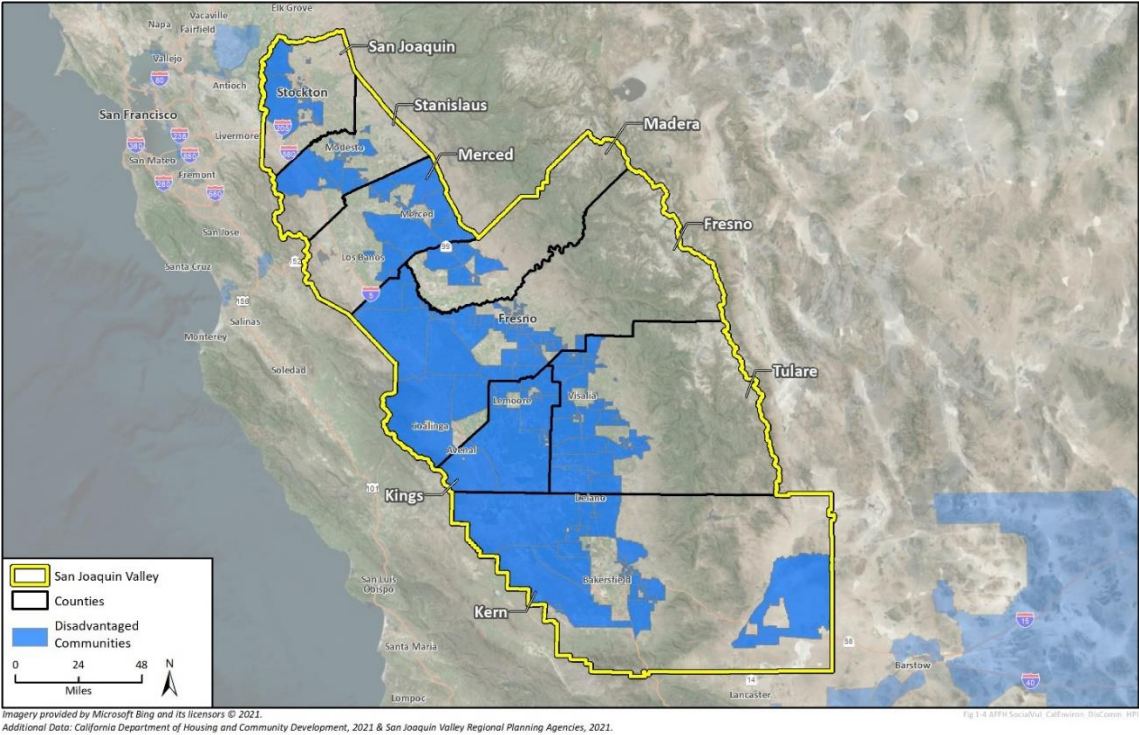
### *SB 535 Disadvantaged Communities*

Under SB 535, the California Environmental Protection Agency (Cal EPA) identifies disadvantaged communities, using 20 indicators to create a statewide ranking of all Census tracts within California, known as the CES 3.0 score. Those tracts with higher scores have greater cumulative pollution burdens and highly vulnerable population characteristics. Designated disadvantaged communities are defined as the top 25 percent highest scoring Census tracts. Those disadvantaged communities receive SB 535 funding for community improvement programs, including affordable housing.

The figure below depicts the SB 535 disadvantaged communities for the San Joaquin Valley, which are present in all eight counties. Each city and county should determine if disadvantaged communities are present within their planning areas and work to address environmental justice concerns as AB 686 and SB 1000 require. Locating disadvantaged communities can also enable a public agency to determine trends in segregation, how disparities are geographically dispersed, and where community needs may be higher. The disadvantaged communities identified under SB 535 receive housing funding through the Greenhouse Gas Reduction Fund. This funding information may inform housing element strategic policy and programs.

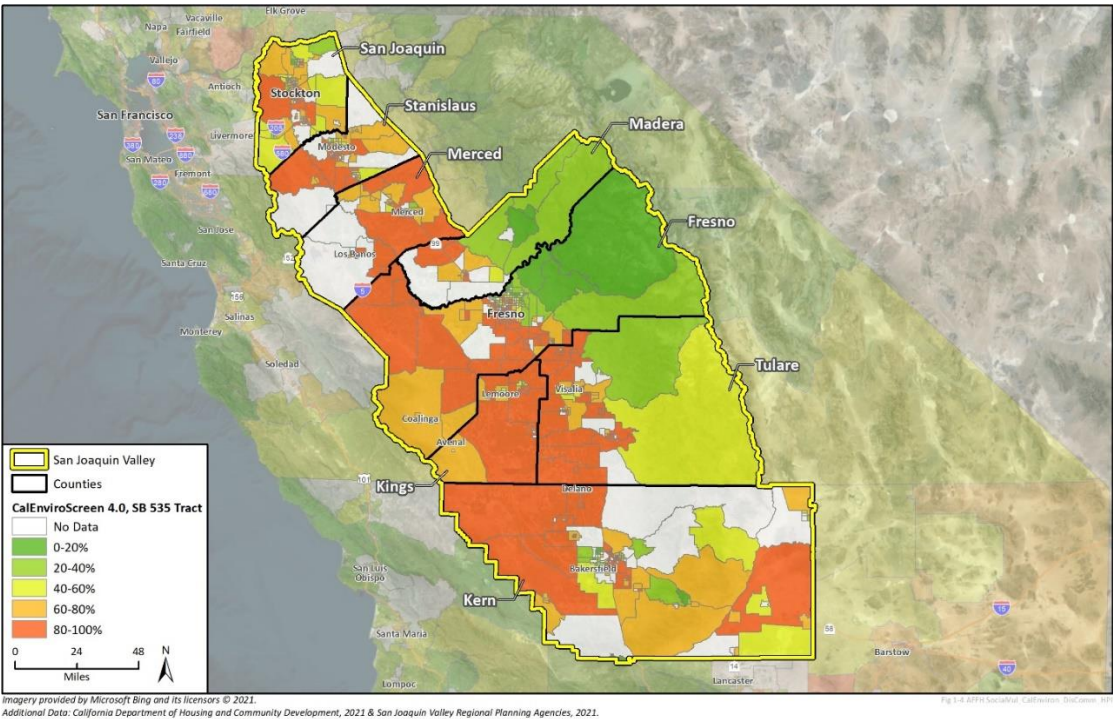


Part 2: Housing Production, Trends, Impediments, and Best Practices



CalEnviroScreen 4.0

There are numerous disadvantaged communities in the San Joaquin Valley with disproportional pollution burdens, as illustrated in the CalEnviroScreen map depicted below.





The San Joaquin Valley has a challenging environmental context as a major agricultural producer and part of the San Joaquin Valley air basin, raising serious air and water quality concerns. Agricultural production can harm water quality by discharging fertilizer contaminants into the groundwater via runoff. Over time, the Valley's water supply has contended with a wide range of contaminants, including nitrates, arsenic, and pesticides. Due to geographic, topographic, meteorologic, and environmental conditions, the San Joaquin Valley air basin has particular challenges for air quality. Given the regional context, local jurisdictions should place a critical emphasis on assessing disproportionate impacts pollutant exposure has on disadvantaged communities or lower-income housing sites in their purview.

## Relevant State Laws

**Government Code Section 65040.12** designates OPR as the coordinating agency in State government for environmental justice programs.

**Senate Bill 1000 (SB 1000)**, the "Planning for Healthy Communities Act", (2016) requires cities and counties to identify environmental justice communities (called "disadvantaged communities") within their planning area and incorporate environmental justice into their general plans if present.

SB 1000 general plan requirements are only triggered when a jurisdiction includes disadvantaged communities and is concurrently adopting or revising two or more elements of its general plan. SB 1035 requires the safety element be revised as necessary upon each housing element or local hazard mitigation plan revision. Therefore, when updating a housing element, a jurisdiction must also generally update the safety element, triggering SB 1000 requirements. When a jurisdiction has determined that environmental justice must be addressed per SB 1000, it has two options for meeting the State's requirements:

- Create a new stand-alone environmental justice element as part of the general plan
- Integrate environmental justice policies in existing general plan elements

**Assembly Bill 686 (AB 686) (2018)** requires environmental justice to be addressed in the housing element through the Affirmatively Furthering Fair Housing (AFFH) analysis, which must evaluate disparities in access to opportunity when analyzing potential housing sites. This includes identifying and describing disparities in environmental health and disparities in access to educational opportunities, jobs, or transportation options, and in particular considering access to opportunity for persons with disabilities.

**Senate Bill 535 (SB 535)** directed 25 percent of State Greenhouse Gas Reduction Fund (GGRF) proceeds to projects that benefit disadvantaged communities. CalEPA is responsible for identifying those communities, which are identified through CalEnviroScreen.

## Resources

**HCD, OPR, Planning Integration Concepts** outlines concepts for integrating various policy topics and new requirements in General Plan updates, housing element updates, or other local planning updates. The intent is to highlight opportunities that could help local agencies scope their planning efforts to meet new requirements more efficiently and effectively, and to help match integrated planning activities with grant programs or other funding opportunities that may become available.

[https://www.hcd.ca.gov/grants-funding/active-funding/leap/docs/planning%20integration%20concepts\\_v4.pdf](https://www.hcd.ca.gov/grants-funding/active-funding/leap/docs/planning%20integration%20concepts_v4.pdf)

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**Office of Planning and Research, Healthy and Environmentally Just Communities**, is a compilation of environmental justice goals, policies, programs, and actions that have been adopted by California cities and counties. This document includes a section specifically about the Healthy Housing and Safe and Sanitary Homes General Plan requirement. [https://opr.ca.gov/docs/20181120-Draft\\_for\\_public\\_review\\_example\\_GPG\\_Policy\\_Language.pdf](https://opr.ca.gov/docs/20181120-Draft_for_public_review_example_GPG_Policy_Language.pdf)

**Office of the Attorney General. SB 1000 – Environmental Justice in Local Land Use Planning** includes helpful resources, including letters to jurisdictions who have completed or are in the process of developing EJ goals, policies, and programs. These letters identify areas of improvement, which may be helpful in identifying common challenges in complying with SB 1000. <https://oag.ca.gov/environment/sb1000#:~:text=Environmental%20justice%20seeks%20to%20correct,in%20decisions%20that%20affect%20them>.

**HCD , Affirmatively Furthering Fair Housing Data and Mapping Resources** is an interactive resource from HCD to fulfill a State obligation to proactively combat discrimination and increase access to safe, affordable homes near jobs, schools, healthcare, and parks for all Californians, especially those who face barriers because of their race, sex, income, and other characteristics. In this tool, users can explore data relating to Fair Housing Enforcement, Segregation and Integration, Disparities in Access to Opportunity, Disproportionate Housing Needs, Racially/Ethnically Concentrated Areas of Poverty, and more.

**OEHHA. CalEnviroScreen 4.0** is a mapping tool that helps identify California communities that are most affected by many sources of pollution, and where people are often especially vulnerable to pollution's effects. This data source is the standard for identifying disadvantaged communities under SB 535 and SB 1000.

**CalEnviroScreen.** <https://oehha.ca.gov/calenviroscreen/report/draft-calenviroscreen-40>

**AFFH Data Viewer.** <https://affh-data-resources-cahcd.hub.arcgis.com/>

**SB 1000 Implementation Toolkit.** [https://healthyplacesindex.org/wp-content/uploads/2018/01/2017\\_sb1000\\_implementation\\_toolkit.pdf](https://healthyplacesindex.org/wp-content/uploads/2018/01/2017_sb1000_implementation_toolkit.pdf)

### Example

**County of Ventura. Environmental Justice Cross Cutting Theme.** The County of Ventura integrated environmental justice goals, policies, and programs into all of their General Plan elements as a “cross cutting theme” identified throughout the document with an “EJ” icon. By incorporating the theme throughout the entirety of the document, the County addresses the interconnectedness of environmental justice with the subsequent element themes. When the County is required to update portions of the General Plan in the future, this cross-cutting approach will allow them to concurrently update environmental justice in an integrated way.

## Hazard Mitigation

Hazard mitigation is the effort a community undertakes to develop and implement strategies to protect public health and reduce damage to property in the event of natural, environmental, or other human-caused disaster. These strategies can include public outreach and awareness campaigns to improve public understanding of and response to hazards, capital improvement projects to physically protect critical infrastructure, or the siting of future development away from areas prone to flooding or wildfire, among many others. Hazard mitigation planning efforts help local agencies coordinate disaster response between different levels of government, non-governmental organizations, and private stakeholders. The hazard mitigation planning process can also help a jurisdiction identify geographic and/or demographic communities that are particularly vulnerable to one or multiple natural and environmental hazards. Mitigation strategies are often integrated into zoning codes and other land use plans.

In California, local jurisdictions address local hazards through the preparation of the State-mandated general plan safety element and a local hazard mitigation plan. The California OPR General Plan Guidelines outline the required contents of a safety element which include a discussion of hazards relating to earthquakes, tsunamis, landslide, subsidence, flooding, wildfires, and climate change. It must also address evacuation routes and water supply requirements.

Local hazard mitigation plans (LHMPs) address similar hazards and are prepared through a similar process as the general plan safety element, but they are incentivized by the Federal Emergency Management Administration (FEMA) rather than mandated by State law. A jurisdiction must have adopted an LHMP to be eligible to receive pre- and post-disaster funds from FEMA.

## Stakeholder Interviews

Interestingly, a survey of 45 stakeholders in the San Joaquin Valley found that proximity to fire, flood, and environmental hazards was generally not considered to be a high-importance constraint to housing production. Yet environmental and natural hazards such as wildfires and floods can put human life, housing, and infrastructure at risk, and will be exacerbated over the coming years due to climate change. In addition to increasing residential property damage, climate change hazards are likely to increase mortgage default and prepayment risks, affect the ability of homebuyers to secure loans and home insurance, increase the volatility of house prices, and even produce significant climate migration.<sup>6</sup>

## Relevant State Law

**Government Code Section 65302, authority for and scope of general plans**, requires a jurisdiction to understand and address the city's vulnerability to a variety of natural hazards. A jurisdiction may adopt a local hazard mitigation plan in accordance with the Federal Disaster Mitigation Act of 2000 to satisfy some requirements of the safety element.

**Senate Bill No. 379 (SB 379) (2015)**, climate adaptation and resiliency strategies, requires jurisdictions on the next update of the general plan safety element to include climate adaptation and resiliency strategies to

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<sup>6</sup> Beckett, Sean. "The Impact of Climate Change on Housing and Housing Finance." *The Research Institute for Housing America*. September 2021.

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address the risks that climate change poses to the jurisdiction and communities within the jurisdiction's sphere of influence.

**Senate Bill No. 1035 (SB 1035) (2018)**, climate pollution reduction in low-income homes, requires the safety element to be reviewed and revised as necessary to address climate adaption and resiliency strategies and would require, after these revisions, the planning agency to review and, if necessary, revise the safety element upon each revision of the housing element or local hazard mitigation plan, but not less than once every eight years.

**Senate Bill No. 1241 (SB 1241) (2012)** requires that jurisdictions in State Responsibility Area and Very High Fire Hazard Severity Zones safety elements must include special wildfire hazard mitigation policies.

**Assembly Bill No. 747 (AB 747) (2019)**, requires that safety elements must identify evacuation routes, their capacity, safety, and viability under a range of emergency scenarios.

Senate Bill No. 99 (SB 99) (2019) requires that upon the next revision of the housing element, safety elements must identify residential developments in hazard areas that do not have two emergency evacuation routes.

### Resources

**FEMA.** [Local Mitigation Planning Handbook](#), details the requirements, processes, and methods integral to preparing a local hazard mitigation plan that complies with Title 44 Code of Federal Regulations (CFR) Section 201.6 for FEMA approval and eligibility to apply for FEMA Hazard Mitigation Assistance grant programs.

**HCD, OPR.** [Integration Concepts for General Plan Update](#) helps scope integrated plans to meet new requirements more efficiently and effectively. It covers wildfire, climate adaptation, evacuation routes, environmental justice, and GHG mitigation.

**OPR.** [Local Adaptation and Resilience Planning - SB 379 Survey Report](#) reviews a selection of city and county planning documents to identify common challenges and best practices of climate adaptation and resilience planning efforts undertaken in response to SB 379.

**OPR.** [Fire Hazard Planning Technical Advisory](#), summarizes fire hazard regulatory requirements and model policies, programs, and guidelines. It includes specific recommendations for how to incorporate fire planning steps in general plan updates, and potential integration into safety elements, local hazard mitigation plans, or stand-alone planning documents.

**California Office of Emergency Management (Cal OES).** Technical Assistance Programs. Cal OES offers technical assistance programs to local jurisdictions and public agencies in support of hazard mitigation efforts. <https://www.caloes.ca.gov/cal-oes-divisions/planning-preparedness>

**Cal OES.** [MyPlan Tool](#) is a map service designed to identify California natural hazard data and allows emergency managers and planners to create custom maps for their LHMPs.

### Examples

**Fresno County. Multi-Jurisdictional Hazard Mitigation Plan.** Jurisdictions within Fresno County pooled resources and prepared a multi-jurisdictional hazard mitigation plan to satisfy the requirements of the Disaster Mitigation Act of 2000. The plan helped to improve communication and coordination among jurisdictions,

enable comprehensive mitigation approaches to reduce risks that affect multiple jurisdictions, and avoid duplication of efforts.

**Marin County. 2023-2031 Housing and Safety Elements.** Recognizing an opportunity to efficiently use limited resources, improve engagement efforts, and increase consistency within the general plan, the County of Marin chose to tightly integrate the housing and safety element update planning effort.

### Funding Resources

**FEMA's Hazard Mitigation Assistance (HMA) grant program** provides funding for eligible mitigation activities that reduce disaster losses and protect life and property from future damages, including the following:

**Cal OES.** [\*404 Hazard Mitigation Grant Program \(HMGP\).\*](#)

**FEMA.** [\*Flood Mitigation Assistance \(FMA\) Program.\*](#)

**FEMA.** [\*Building Resilient Infrastructure and Communities \(BRIC\) Program.\*](#)

### Vehicle Miles Traveled (VMT)

Vehicle miles traveled (VMT) is a metric that identifies the amount and distance of automobile travel in one day. VMT is used by jurisdictions to determine the significance of transportation impacts in a manner that promotes the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses.<sup>7</sup> Half of California's GHG emissions come from the transportation sector; therefore, reducing VMT is an effective climate strategy, which can also result in co-benefits such as increased public health.

To achieve the State's long-term climate goals, California needs to reduce per capita VMT. This can occur under CEQA through VMT mitigation. However, VMT requirements can pose challenges to jurisdictions, especially those in more rural regions, because many opportunity housing sites are identified as high VMT.

**Integration of VMT considerations and housing.** One significant barrier to housing development is extensive environmental review. However, many land development projects including transit-oriented development, housing, retail, and office projects are presumed to have a less than significant impact and may not need to undertake CEQA transportation analysis if they are within one-half mile of a major transit stop or high-quality transit corridor *or* are 100 percent affordable housing projects.

In more rural areas such as the San Joaquin Valley region, many potential housing sites would qualify as high VMT and do not meet the above exemption requirements. This poses a challenge to jurisdictions who are trying to remove barriers to housing development and meet the growing demand for housing.

Many agencies use "screening thresholds" to quickly identify when a project should be expected to cause a less-than-significant impact without conducting a detailed study. Legislation allows jurisdictions to develop thresholds such as exempting affordable housing.<sup>8</sup> Additionally, jurisdictions have the opportunity to encourage accessory dwelling unit and fourplex development through the small project screen.

**Integration of VMT considerations and safety.** As jurisdictions are prompted to update their safety elements, the impact of sprawl-style development that is common in the San Joaquin Valley region on increased VMT may need to be addressed. Sprawl-style development has been shown to lead to elevated crash risk due to the higher VMT levels and design variables which influence speed and driver behaviors.<sup>9</sup> This challenge presents jurisdictions with the opportunity to address transportation safety mitigation measures in their safety elements. If the safety element is updated concurrently with the housing element, this provides opportunity for jurisdictions to address concepts such as infill development with an integrated approach.

### Relevant State Law

**Senate Bill No. 375 (SB 375) (2008)** requires all Metropolitan Planning Organizations (MPOs) to update their Regional Transportation Plans (RTPs) and prepare RHNA allocations that result in development patterns and supporting transportation networks that reduce GHG emissions from cars and light trucks.

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<sup>7</sup> "Technical Advisory on Evaluating Transportation Impacts in CEQA," 2018, [https://opr.ca.gov/docs/20190122-743\\_Technical\\_Advisory.pdf](https://opr.ca.gov/docs/20190122-743_Technical_Advisory.pdf).

<sup>8</sup> California Code of Regulations Section § 15194(b)-(d).

<sup>9</sup> California Office of Planning and Research. "Appendix B Transportation Safety." 2017.

**Senate Bill No. 32 (SB 32) (2016)** extends AB 32 by requiring the State to further reduce GHGs to 40 percent below 1990 levels by 2030 (the other provisions of AB 32 remain unchanged). The new law requires CARB to adopt the regulation so that the maximum technologically feasible emissions reductions are achieved in the most cost-effective way.

**Senate Bill No. 743 (SB 743) (2013)** provides opportunities to streamline CEQA for qualifying urban infill development near major transit stops in metropolitan regions statewide. A transit-oriented infill project can be exempt from CEQA if consistent with a specific plan for which an EIR was prepared, and also consistent with the use, intensity, and policies of a Sustainable Community Strategy (SCS) or Alternative Planning Strategy that is certified by the California Air Resources Board as meeting its greenhouse gas reduction targets. Furthermore, under the bill, parking impacts are no longer considered significant impacts on the environment for select development projects within infill areas with nearby frequent transit service.

## Resources

OPR, [\*Technical Advisory on Evaluating Transportation Impacts in CEQA\*](#), provides advice and recommendations which agencies and other entities may use at their discretion. This advisory contains technical recommendations regarding assessment of VMT, thresholds of significance, and mitigation measures.

OPR, [\*General Plan Guidelines: Appendix B - SB 743 Safety Technical Advisory\*](#) provides guidance on how to approach safety analysis given numerous potential risks, including VMT.

**Metropolitan Transportation Commission (MTC)**, [\*Planning Innovations Webinars\*](#), identifies strategies to leverage State requirements for housing and VMT transportation analysis under CEQA (SB 743) to help meet your city's RHNA numbers, Housing Element updates, and other climate and community goals.



## **SB 10: Allows upzoning actions in “Urban Infill Sites” and “Transit Rich Areas”**

**“Urban Infill Site” is defined as a site that satisfies all the following:**

- A site that is a legal parcel or parcels located in a city if, and only if, the city boundaries include some portion of either an urbanized area or urban cluster, as designated by the United States Census Bureau, or, for unincorporated areas, a legal parcel, or parcels wholly within the boundaries of an urbanized area or urban cluster, as designated by the United States Census Bureau.
- A site in which at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses. For the purposes of this section, parcels that are only separated by a street or highway shall be considered adjoined.
- A site that is zoned for residential use or residential mixed-use development or has a general plan designation that allows residential use or a mix of residential and nonresidential uses, with at least two-thirds of the square footage of the development designated for residential use.

**“Transit Rich Areas” are defined as those within one-half mile of a Major Transit Stop which includes:**

- An existing rail or bus rapid transit station.
- A ferry terminal served by either a bus or rail transit service.
- The intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods.
- Or a parcel along a “High-quality bus corridor” with fixed-route bus service that meets all the following criteria:
- It has average service intervals of no more than 15 minutes during the three peak hours between 6 a.m. to 10 a.m., inclusive, and the three peak hours between 3 p.m. and 7 p.m., inclusive, on Monday through Friday.
- It has average service intervals of no more than 20 minutes during the hours of 6 a.m. to 10 p.m., inclusive, Monday through Friday.
- It has average intervals of no more than 30 minutes during the hours of 8 a.m. to 10 p.m., inclusive, on Saturday and Sunday.

## Findings and Recommendations

### General Plan Policies and Programs

- Update general plans every eight to ten years to ensure it reflects community vision, goals, and priorities.
- Revise the general plan, as appropriate, to support and enhance housing affordability and supply by increasing maximum residential densities, allowing a broader range of housing types in low-density, residential land-use designations, reduce the acreage designated for low-density, residential uses and increase the acreage designated for higher-density residential and mixed uses.
- Eliminate pyramid land use systems that subsume lower-intensity uses in higher-intensity use zones/districts. Establish clear minimum density/FAR in each designation/district.
- Engage with the public early and often throughout the general plan update process to foster community support for the plan.
- Include practical strategies in the updated general plan to ensure that general plan goals can be successfully achieved. Such strategies include approval process streamlining, objective design standards, and others best practices included in this report.
- Increase State and regional technical support and funding for city and county housing elements, particularly smaller jurisdictions.

### Environmental Justice

- Consider coordinating updates to the housing element, safety element, and environmental justice element. This integration will allow for more efficient, effective, and thorough community outreach and policy development due to the overlapping objectives of recent legislation. For example, much of the topical content and extensive outreach required in the AFFH also furthers the goals of SB 1000 which requires jurisdictions to identify objectives and policies to promote civil engagement in the public decision-making process.
- Identify local disadvantaged communities and discuss environmental justice, where appropriate, in the AFFH disparities analysis.
  - Address environmental justice issues in a comprehensive manner in planning frameworks, including:
  - pollution exposure and air quality,
  - public facilities,
  - food access,
  - safe and sanitary homes, and
  - improvements and programs that address the needs of disadvantaged communities.

### Hazard Mitigation

- Coordinate the analysis of existing conditions and constraints, site and technical analyses, demographic and infrastructure data, and public engagement activities to serve the preparation of the housing, safety, and environmental justice elements. This approach can help to develop a more holistic understanding of a community's housing needs, vulnerable communities, climate adaptation, and

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resilience requirements. “Integration Concepts for General Plan Updates or Other Local Planning Activities” listed above.

- Look for opportunities to satisfy the State-mandated requirements of the safety element by incorporating other plans by reference where appropriate.

### Vehicle Miles Traveled (VMT)

- Align the housing element update process with SB 743. VMT policies have a substantial impact on the development of housing, and, therefore, jurisdictions are encouraged to develop localized screening thresholds such as 100 percent affordable and small infill in order to streamline the housing development process.
- Conduct a programmatic EIR when preparing the sixth cycle housing element to address mitigations for future projects that are high VMT. It is likely that some future housing projects will be considered high VMT and developing future mitigation strategies will potentially streamline the environmental review process, decreasing costs and time.

## Housing Elements

Since 1969, every city and county in California has been required to adopt a housing element as part of their general plan. Unlike other mandatory General Plan elements, the housing element must be updated every eight years and is subject to review and approval by the California Department of Housing and Community Development (HCD). Major components of the housing element include a housing needs assessment, the identification of sites for housing at all income levels, a review of constraints to housing, and updated policies and programs to carry out the goals of the updated element. All Valley cities and counties must update their housing elements over the next two years, known also as the 6<sup>th</sup> cycle housing elements.

Since Valley housing elements were last updated, the State has enacted over a dozen of new housing laws, many of which aim to lower barriers to building affordable housing. These new laws must be addressed with the upcoming update. Another major change is the inclusion of an affirmatively furthering fair housing (AFFH) analysis. This analysis must examine housing practices to identify any areas that may perpetuate housing inequities in the community. Once identified, the housing element must then include policies and programs to expand equitable housing practices. The topics addressed in this section include:

- The Housing Element
- Annual Housing Report
- Available Sites inventory
- AFFH Programs
- Fair Housing Enforcement and Outreach Capacity
- Segregation and Integration
- Access of Opportunity Disparities
- Disproportionate Housing Needs/Displacement Risk
- Racially/Ethnically Concentrated Areas of Poverty (R/ECAP) and Affluence
- Homeless Housing Planning and Production Trends
- NIMBYism and Resistance to Higher-Density Housing
- Regulatory Barriers and Constraints
- Findings and Recommendations

### The Housing Element

The housing element is a comprehensive statement about city or county current and future housing needs, and proposed actions to help provide for housing to people of all income levels. The housing element establishes specific goals, policies, objectives, and programs for providing housing, and includes an action plan toward this end. The element should identify and analyze housing needs, resources, and constraints on meeting those needs. Typical housing element goals are to:

- Promote and support developing a range of housing types.
- Preserve and rehabilitate housing stock in existing residential neighborhoods.
- Meet special housing needs.
- Promote residential energy conservation.
- Take actions to overcome patterns of segregation, address disparities in housing needs and access to opportunity, and foster inclusive communities.
- Reduce constraints to housing development and maintenance.

State law requires that a housing element provide clear policy direction for making decisions pertaining to zoning, subdivision approval, housing allocations, and capital improvements. State law (California Government Code Sections 65580–65589) mandates the contents of the housing element. By law, housing elements must contain:

- An assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs.
- An assessment of fair housing needs.
- An inventory of adequate residential sites available for a variety of housing types for all income levels.
- An assessment of efforts to affirmatively further fair housing.
- An assessment of special housing needs, including the identification of zones where emergency shelters are allowed by-right.
- An assessment of "at-risk" assisted housing developments.
- An evaluation of opportunities for residential energy conservation.
- Actions to provide assistance in developing adequate housing to meet the needs of low- and moderate-income households.
- Identifying quantified objectives.
- Goals and policies.
- Programs that:
  - set forth an eight-year implementation schedule
  - conserve and improve the existing stock of affordable housing
  - address governmental constraints on housing maintenance, improvement, and development
  - promote housing opportunities for all persons

The housing element is the only general plan element subject to the State of California's review and certification (a few other elements are subject to state agency review and comments). The Department of Housing and Community Development (HCD) is responsible for establishing specific housing element contents and determining compliance with those requirements. Housing elements are updated on eight-year cycles. The

next (sixth) cycle of updated housing elements in the San Joaquin Valley region are due to HCD for certification in late 2023 or early 2024, as follows:

- Dec. 15, 2023 - San Joaquin and Stanislaus counties and the cities in those counties
- Jan. 15, 2024 - Fresno, Kern, Kings, Madera, and Tulare counties and the cities in those counties
- March 15, 2024 - Merced County and the cities in that county

## Survey Results

According to a survey conducted for the San Joaquin Valley REAP Land Use, Housing, and Zoning Report, over 48 percent of responding jurisdiction staff believe that housing elements are at least moderately effective in assisting housing production. Similarly, over 55 percent of respondents believe that general plan elements other than housing are at least moderately effective for enabling housing production in their jurisdictions.

## Housing Element Examples

The California Department of Housing and Community Development (HCD) keeps [a list of award-winning and exemplary housing elements](#) on its website. Current examples posted include: the cities of El Cajon, West Hollywood, Pasadena, La Mesa, Eastvale, Clearlake, and Stanislaus County.

[El Cajon, CA](#)

[West Hollywood, CA](#)

[Pasadena, CA](#)

[Stanislaus County, CA](#)

[La Mesa, CA](#)

[Eastvale, CA](#)

[Clearlake, CA](#)

## Housing Element Annual Progress Reports

State planning law (Government Code Section 65400) requires cities and counties to provide an annual progress report (APR) on their housing element's performance to the Governor's Office of Planning and Research (OPR) and State Department of Housing and Community Development (HCD). The APR reports the jurisdiction's status and progress in applying its housing element using forms and definitions HCD provides. Through the required APR forms, jurisdictions must report annual data on the following:

- Housing development applications received
- Building/construction activity
- Progress towards the RHNA
- Sites identified or rezoned to accommodate a shortfall in housing need
- Program implementation status
- Projects with a commercial development bonus (pursuant to GC Section 65915.7)
- Units rehabilitated or preserved
- Locally owned lands included in the sites inventory that have been sold
- Locally owned surplus sites
- Project status and progress toward Local Early Action Planning (LEAP) goals

Each jurisdiction's APR must be submitted annually to HCD and OPR by April 1 (covering the previous calendar year). APRs are submitted through HCD's Online Annual Progress Reporting System.

### Survey Results

A survey of APR submissions by cities and counties in the San Joaquin Valley between 2013 and 2020 shows that many jurisdictions struggled to complete their APR in 2013 and 2014. Since then, submission rates increased steadily to a height of 94 percent in 2018. Submission rates decreased, however, in 2019 and 2020, which may be due to increased APR requirements following AB 879 and SB 35 in 2017.

|   | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------|------|------|------|------|------|------|------|
| <b>TOTAL NUMBER OF JURISDICTIONS</b>        | 70   | 70   | 70   | 70   | 70   | 70   | 70   | 70   |
| <b>APRs SUBMITTED</b>                       | 29   | 29   | 34   | 42   | 53   | 66   | 63   | 59   |
| <b>PERCENT APRs SUBMITTED</b>               | 41%  | 41%  | 49%  | 60%  | 76%  | 94%  | 90%  | 84%  |
| <b>JURISDICTIONS NOT SUBMITTING</b>         | 41   | 41   | 36   | 28   | 17   | 4    | 7    | 11   |
| <b>PERCENT JURISDICTIONS NOT SUBMITTING</b> | 59%  | 59%  | 51%  | 40%  | 24%  | 6%   | 10%  | 16%  |

Source: HCD Annual Progress Report Dashboard.

### Stakeholder Interviews

**Challenges.** Valley MPO Directors identified low staff capacity and limited budgets as challenges to housing production. Many Valley jurisdictions struggle to complete HCD requirements, including the APR. Further, the Fresno, Madera, and Kern directors stressed that housing planning is not a barrier to housing production and believe that more planning is not the solution. HCD's expanding requirements for APR reporting add requirements that pose an issue for local planners already stretched thin.



**Successes.** Local stakeholders believe that housing production is more successful when local planners have the resources and capacity to understand the housing programs and State requirements, and to provide help with individual project applications.

**Opportunities.** With lacking staff capacity and funding on the local level, the MPO directors voiced support for technical assistance programs to assist jurisdictions update their housing elements, complete other planning projects, and meet HCD requirements, including the APR.

## Relevant State Law

**California Government Code Section 65400** requires cities and counties to submit an Annual Progress Report (APR) describing progress made in implementing the housing element. This section describes specific requirements for public review and adoption of the APR.

**AB 879** and **SB 35** of the 2017 Housing Package, as well as **AB 1486** (2019), and **AB 1233** (2020) added new data requirements for the Housing Element Annual Progress Reports (APRs).

## HCD Links

[\*HCD Annual Progress Reports Webpage\*](#). HCD's APR hub.

[\*Online APR Reporting System\*](#). A portal for APR submission.

[\*APR Dashboard\*](#). Information and data regarding APR submissions statewide.

[\*APR Data Portal 2018-2020\*](#). Search for APRs by jurisdiction.

## Example Annual Progress Reports (PDF)

[\*Kings County 2020 Annual Progress Report\*](#)

[\*City of Fresno 2020 Annual Progress Report\*](#)

[\*City of Clovis 2020 Annual Progress Report\*](#)

## Available Sites Inventory

Government Code Section 65583(a)(3) requires cities and counties to prepare, as a part of their housing elements, an inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship between zoning and public facilities and services for these sites. The land inventory suitable for residential development is then used to identify sites that can be developed for housing, known as the Available Sites Inventory (Government Code Section 65583.2). Land suitable for residential development includes all of the following:

- Vacant sites that are zoned for residential development
- Vacant sites that are not zoned for residential development, but that allow residential development
- Underused sites that are zoned for residential development and capable of being developed at a higher density or with greater intensity
- Sites that are not zoned for residential development, but can be redeveloped for, and/or rezoned for, residential use, if the housing element includes a program to accomplish the rezoning early within the planning period
- Sites owned or leased by a city or county (If using these types of sites, the housing element must include a description of whether there are any plans to sell the property during the planning period and how the jurisdiction will comply with the Surplus Land Act).

**Realistic Capacity.** Government Code Section 65583.2(c) requires cities and counties, as part of the analysis of available sites, to demonstrate the estimated residential development capacity of the identified sites can be realistically achieved. Jurisdictions must determine whether each site in the inventory can accommodate some portion of its share of the regional housing need during the planning period, as determined pursuant to Section 65584. The number of dwelling units calculated must then be adjusted as necessary, based on land use regulations and site improvement requirements, the realistic development capacity for the site, typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction, and the current or planned availability of sufficient water, sewer, and dry utilities.

**Zoning to Accommodate Housing Affordable to Low-income Households.** Government Code Section 65583.2(c)(3) requires that the site densities in the inventory be sufficient to encourage and provide for housing affordable to lower-income households. Alternatively, Government Code Section 65583.2(c)(3)(B) allows local governments to use “default” density standards deemed adequate to meet the “appropriate zoning” test. Sites in zones that do not meet the minimum default density must be evaluated for affordability based on market demand and trends, financial feasibility, or comparison to an affordable project with similar density.

**Affirmatively Furthering Fair Housing (AFFH).** Government Code 65583.2(a) requires the housing element sites inventory analysis to be consistent with AFFH and the Assessment of Fair Housing by ensuring available sites for lower-income housing are located equitably across the community with fair access to opportunities and resources. AFFH will be discussed in greater detail in the next section.

**Standard Forms.** Pursuant to Senate Bill 6 (2019) the sites inventory must be prepared using the standards, form, and definitions adopted by HCD. Links to HCD’s form and instructions are included below. Forms are submitted via email to: [sitesinventory@hcd.ca.gov](mailto:sitesinventory@hcd.ca.gov).

## Survey Results

A survey of Valley city and county planning staff conducted for the San Joaquin Valley Regional Early Action Planning (REAP) Report asked staff two questions relevant to available land for housing and the sites inventory. A summary of the questions and 41 responses is included below.

- **Constraints to Housing Production.** Participants were asked to score a series of constraints on a seven-point scale. Land Availability (4.22) and Zoning Regulations (4.1) were ranked the least significant constraints to housing production, behind Annexation (4.41), Neighborhood Opposition (4.66), Staffing Capacity (4.81), and Other State Regulations (5.09).
- **Technical Assistance.** Participants were asked to rate topics based on the likelihood that the jurisdiction would need technical assistance on the topic. Participants ranked topics related to the sites inventory, including Land Use and Zoning Changes (3.58) and Land Redesignation (3.1), as less likely to require technical assistance. Participants favored technical assistance with Incentives for Affordable Housing (4.06), CEQA Streamlining (3.84), Objective Design Standards (3.77), and Planning for Infrastructure Expansion (3.74), among others.

## Stakeholder Interviews

**Issues.** The MPO directors in Stanislaus, Fresno, Kern, and Madera voiced concerns that affordable housing is more expensive to build than market rate housing – specifically, that higher-density infill housing can be more expensive and “doesn’t pencil.” Developers are choosing to produce middle- and upper-market-rate, mostly single-family products. Further, the Fresno and Stanislaus directors stressed that the State density requirements [for affordable housing] (20-30 units/acre) are not realistic in much of the Valley.

**Challenges.** Valley stakeholders are concerned with lacking infrastructure in areas zoned for housing because public improvements are costly for projects. MPO directors also identified constraints associated with the capacity of water and wastewater infrastructure, and portrayed infrastructure constraints as a universal challenge in the region.

**Successes.** Valley MPO directors noted that extensive available land designated for future housing helped to accelerate development and to keep land prices down in the Kern, Kings, and Fresno regions. Stakeholders strongly agreed that ensuring there is sufficient land designated for housing is critical to housing production.

**Opportunities.** Valley stakeholders believe there are opportunities to increase housing production by identifying, planning, and incentivizing priority sites, incentivizing density, and updating development regulations. Stakeholders also said that there are opportunities in identifying and creating housing sites on surplus public property. Additionally, MPO directors believe that the HCD and REAP technical assistance programs will be helpful in planning for increased housing production.

## Relevant State Law

**Assembly Bill 879 (2017)** and **Assembly Bill 1397 (2017)** require additional analysis and justification of the sites included in the sites inventory of the city housing element. The housing element may only count non-vacant sites included in one previous housing element inventory and vacant sites included in two previous housing elements if the sites are subject to a program that allows affordable housing by-right. Additionally, the bills

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require additional analysis of non-vacant sites and additional analysis of infrastructure capacity, and place size restrictions on all sites.

**No-Net-Loss Zoning: Senate Bill 166 (2017)** amended the no-net-loss rule to require that the land inventory and site identification programs in housing elements include sufficient sites to accommodate the unmet RHNA. When a site identified in a housing element as available to accommodate the lower-income portion of the RHNA is actually developed for a higher-income group, the City must either (1) identify, and rezone, if necessary, an adequate substitute site or (2) demonstrate that the land inventory already contains an adequate substitute site.

**AFFH: Assembly Bill 686 (2018).** Government Code 65583.2(a) requires the housing element sites inventory analysis to be consistent with AFFH and the assessment of fair housing.

**Senate Bill 6 (2019).** SB 6 requires the jurisdiction to electronically submit the sites inventory to HCD.

### HCD Links

[\*Inventory of Land Suitable Land and Sites Inventory Webpage\*](#)

[\*Analysis of Sites and Zoning Webpage\*](#)

[\*Housing Element Sites Inventory Guidebook\*](#)

[\*Housing Element Sites Inventory Form\*](#)

[\*Housing Element Sites Inventory Form Instructions\*](#)

[\*HCD Webinar: Sites Inventory in the 6th Cycle\*](#)

[\*Summary of Affirmatively Furthering Fair Housing Requirements in Housing Element Law\*](#)

[\*AFFH Guidance Memo\*](#)

## Affirmatively Furthering Fair Housing (AFFH) Programs

In 1968, Congress established the Fair Housing Act to prohibit discrimination in housing sales, rentals, and financing based on race, religion, and national origin. Over time the law expanded its protections to include discrimination based on sex, disability, and familial status.

Assembly Bill 686 (2018) goes beyond the Fair Housing Act by establishing new requirements within Government Code Section 65583 that mandate local general plans to affirmatively further fair housing (AFFH) to create real housing choice rather than just prevent discrimination. AB 686 requires each city and county to take actions to overcome patterns of segregation, address disparities in housing needs and access to opportunity, and foster inclusive communities. Key housing element changes triggered by AB 686 include:

- **Outreach.** A diligent effort must be made to equitably include all community stakeholders in the housing element public participation process.
- **Assessment of Fair Housing.** All housing elements must include an assessment of fair housing within the housing needs section. This assessment should include an analysis of housing issues, segregation, trends, and current practices.
- **Sites Analysis.** Local jurisdictions must evaluate and address how particular sites available for housing development will meet the needs of households at all income levels and will affirmatively further fair housing by replacing segregated living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity. The sites inventory assessment must ensure available sites for lower-income housing are located equitably across the community with fair access to opportunities and resources.
- **Priorities, Goals, and Actions.** Based on findings from the needs assessment and the site inventory analysis with respect to AFFH, local jurisdictions are required to assess contributing factors to fair housing barriers and adopt policies with programs that remediate identified fair housing issues and/or further promote fair housing.

**Implementation Programs and Actions.** Under AB 686, all cities and counties are required to administer programs and activities to proactively promote fair housing and are restricted from taking any action that is materially inconsistent with this obligation. Housing element performance programs must:

- Address significant disparities in housing needs and lack of opportunity;
- Replace segregated living patterns with truly integrated and balanced living patterns;
- Transform racially and ethnically concentrated areas of poverty into areas of opportunity; and
- Foster and maintain compliance with civil rights and fair housing laws.

HCD encourages jurisdictions to use a variety of actions to accomplish these goals, including enhancing housing mobility strategies, encouraging new affordable housing in high resource areas, improving place-based strategies to encourage community conservation and revitalization, and protecting existing residents from displacement.

### Survey Results

A survey conducted for the San Joaquin Valley Regional Early Action Planning (REAP) Report asked city and county staff a number of questions relevant to AFFH. Below is a summary of the questions and the 41 responses.

- **Prioritizing Projects and Improvements in Disadvantaged Areas.** Seventy percent of (33) respondents said that public works projects or service improvements designed to better serve disadvantaged areas are already given priority in their policies.
- **Impediments to Fair Housing.** The survey asked participants to provide feedback on a list of fair housing issues by scoring each on a seven-point scale from "Not at all Important" to "Extremely Important" in their city or county.
- Of the 32 responses to this question, the topics with the highest scores include: disproportionate housing needs/displacement risk (4.94 average); disparities in access to opportunity (4.53 average); and racially concentrated areas of poverty and affluence (4.25 average).
- Fair housing enforcement and outreach capacity (4.19 average); segregation and integration (4.13 average); and supplemental data (3.87 average) were, on average, ranked as less-notable impediments to fair housing.
- **Technical Assistance.** The survey asked participants to rate topics to indicate their interest in technical assistance on the matter. Of the 31 responses to this question, 13 indicated they would likely or very likely need technical assistance on AFFH and another 13 indicated that they were unsure. Only five participants indicated they were unlikely to need assistance.
- **AFFH Programs.** Only two of 30 respondents indicated they had AFFH programs in place, and another three indicated that changes were in progress, when asked if AFFH programs have been created to promote housing production. Twenty-five participants indicated that the jurisdiction had no AFFH programs.

### Stakeholder Interviews

**Issues.** The San Joaquin MPO directors have been tracking increasingly worrisome patterns of gentrification and displacement in the Valley, and the Madera County Transportation Commission director noted that lower income communities tend to be geographically isolated in unincorporated areas away from most services.

**Challenges.** Specific to the sites analysis, one MPO director indicated that there are often challenges in finding sites near amenities, while another believes that it is challenging to find sites for multifamily housing. Generally, both Valley stakeholders and MPO directors identified limited staff capacity and funding as challenges to housing production.

**Successes.** As mentioned in the Annual Progress Reports section, Valley stakeholders believe that housing production is more successful when local planners have the resources and capacity to understand the housing programs and State requirements and to provide help with individual project applications.

**Opportunities.** With limited staff capacity and funding on the local level, MPO directors voiced support for technical assistance programs to assist jurisdictions update their housing elements, complete other planning projects, and meet HCD requirements, including AFFH.

## Relevant State Law

**California Government Code Section 65583** governs housing elements in California.

**AB 686 (2018)** established requirements that expand and protect a jurisdiction's duty to AFFH, including the following additions to State law:

- **Government Code 8899.50** requires AFFH in all housing and community development programs of public entities.
- **Government Code 65583(c)(5)** requires housing elements to include a program to AFFH.
- **Government Code 65583(c)(10)** requires housing elements to include an analysis of Fair Housing in the Housing Element. For more information on the specifics required of this analysis, see the AFFH Guidelines listed in the links below.
- **Government Code 65583.2(a)** requires the housing element sites inventory analysis to be consistent with AFFH and the Assessment of Fair Housing.

## HCD Links

[AFFH Website/Resources](#)

[AFFH Guidance Memo](#)

[AFFH Data Viewer](#). The Data Viewer includes mapped data layers in six categories:

- Fair housing enforcement and outreach capacity
- Segregation and integration
- Disparities in access to opportunity
- Disproportionate housing needs/displacement risk
- Racially concentrated areas of poverty and affluence
- Supplemental data

## Examples

To date, HCD has certified few sixth-cycle housing elements with AFFH analysis. Nevertheless, there appear to be several adopted housing elements with AFFH analyses, based on HCD comments from the 60-day review of draft housing elements. For example, HCD provided comments to the City of San Diego, which has revised and resubmitted its AFFH analysis for review. Below are links to four example sixth-cycle housing elements:

[San Diego](#)

[Carlsbad](#)

[Elk Grove](#)

[Auburn](#)



## Part 2: Housing Production, Trends, Impediments, and Best Practices

### *Analysis of Impediments to Fair Housing Choice Examples*

HUD: [How to Collaborate](#).

State of California, [2020 Analysis of Impediments to Fair Housing Choice](#)

Stanislaus County, [Regional Analysis of Impediments to Fair Housing Choice](#)

City of Madera, [Analysis of Impediments to Fair Housing Choice](#)

City of Tulare, [Analysis of Impediments to Fair Housing Choice](#)

Alameda County, [Fair Housing Consortium Draft Analysis of Impediments](#)

## Fair Housing Enforcement and Outreach Capacity

The State of California's 2020 Impediments to Fair Housing Choice report identified limited community awareness of fair housing protections and enforcement resources as an impediment. Cities and counties are now required to engage and document community involvement and participation efforts when updating their housing elements. Outreach efforts should be designed help identify problems and obtain local data and knowledge to assess fair housing matters in a jurisdiction's housing element.

**Outreach Capacity:** HCD guidelines outline the following important components of meaningful outreach/engagement:

- Work with community-based organizations, fair housing organizations, and other community stakeholders to develop effective outreach and engagement plans
- Incorporate a variety of engagement techniques (e.g., meetings, surveys, stakeholder interviews)
- Provide accessible materials that avoid overly technical language
- Translate materials and make translation services available at meetings
- Market community meetings and provide for meetings at various times
- Make forums accessible (e.g., webcast, effective communication, reasonable accommodation procedures)
- Offer mini-grants to community-based organizations

**Enforcement Capacity:** HCD guidelines identify the following factors contribute to fair housing enforcement capacity:

- Lack of local private fair housing enforcement
- Lack of local public fair housing enforcement
- Lack of resources for fair housing agencies and organizations
- Lack of State or local fair housing laws to support strong enforcement
- Unresolved violations of fair housing or civil rights law (including challenges to protect the constitutional and statutory rights of unhoused people)

The fair housing enforcement and outreach capacity analysis should include the following:

- Patterns and trends (both local and regional)
- Local data and knowledge
- Other relevant factors
- Conclusion and summary of issues

### Relevance to Housing in the San Joaquin Valley

New requirements for AFFH in housing elements are applicable to all jurisdictions. This is especially relevant given that several fair housing indicators appear to be present throughout the Valley based upon a review of HCD's AFFH Data Viewer. Limited local funding, resources, and staff with knowledge and/or capacity to address enforcement and outreach capacity make fully addressing AFFH to the satisfaction of HCD staff is challenging.

## Part 2: Housing Production, Trends, Impediments, and Best Practices

Valley communities will be required to assess, analyze, and then prioritize actions relating to enforcement and ongoing outreach.

### Survey Results

Of responding jurisdictions, 53.13 percent found fair housing enforcement and outreach capacity to be moderately to extremely important while 31.26 percent found it to be not or slightly important. The survey also found that only 16 percent of jurisdictions are unlikely to need technical assistance to address AFFH matters, while 42 percent are likely or very likely to need some assistance. This relatively high percentage of assistance need likely results from new requirements to incorporate AFFH into housing elements.

Abundant guidance and data available on HCD's AFFH website may explain why a relatively high percentage (42 percent) of respondents report not needing technical assistance. The AFFH Data Viewer depicts HUD FEHO data from 2013-2021. The data identifies most of the larger San Joaquin Valley cities with a relatively low number (0.26 to 0.5) of inquiries per 1,000 residents and smaller cities with an even lower number (<0.25). Given that affirmatively furthering fair housing is a new topic for the Valley, there are no local examples of this topic in local housing elements.

### Resources

California Department of Fair Employment and Housing, [Housing Discrimination](#).

U.S. Department of Housing and Urban Development Office of Fair Housing and Equal Opportunity, [About FHEO, File A Complaint](#).

U.S. Department of Housing and Urban Development and Federal Housing Finance Agency, [HUD and FHFA Announce Collaboration to Advance Fair Housing and Fair Lending Enforcement](#).

## Segregation and Integration

Segregation occurs when certain groups in a community are separated or isolated from the broader community. Segregation often occurs based on community characteristics -- especially race, income, religion, sex, familial status, natural origin, or disability. In contrast, integration occurs when there is no disproportionate concentration of persons with specific characteristics (e.g., race, income, religion) when compared to the broader geographic area. In 1968, Congress enacted the Federal Fair Housing Act to prohibit discrimination in housing sales, rentals, and financing. This legislation was later expanded to address the segregated housing context that existed across American cities. Residential segregation has persisted due to several factors that have reinforced exclusionary patterns. Community opposition, displacement due to economic pressures, immigration patterns, land use and zoning laws, and a lack of investment in certain neighborhoods contribute primarily to segregation.

As part of California's effort to affirmatively further fair housing, the State now requires all cities and counties to identify and analyze local segregation and integration patterns through the housing element fair housing assessment. This analysis must include a current and historic look at local demographic data and segregation patterns, including identification of areas of ongoing and concentrated segregation and integration, and a comparison of local and regional patterns. At a minimum, analysis should address levels of segregation and integration for race and ethnicity, income, familial status, and persons with disabilities, and should include an identification of the groups that experience the highest levels of segregation. By effectively analyzing segregation and integration within the fair housing assessment, public agencies can appropriately inform fair housing policies and actions.

### Relevant State Laws

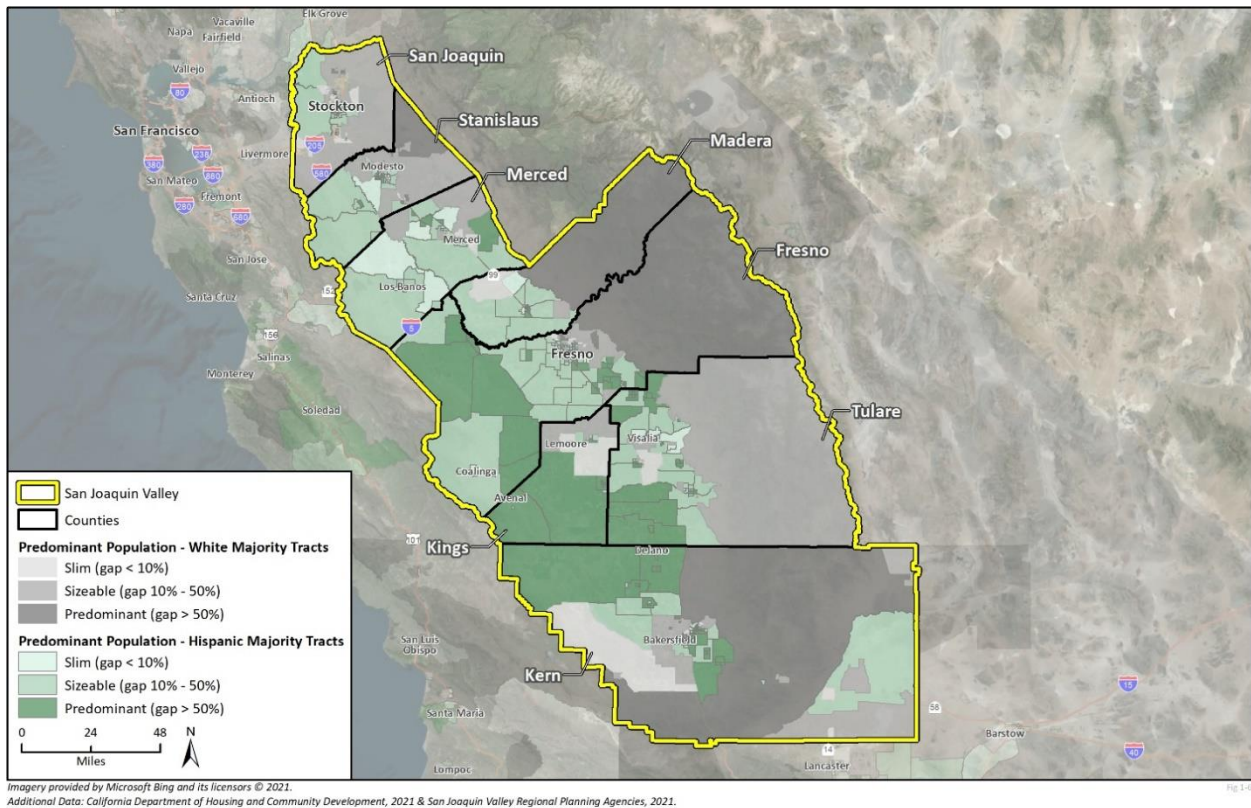
**Assembly Bill 686 (AB 686)** expands on the fair housing requirements and protections outlined in the California Fair Employment and Housing Act (FEHA). AB 686 requires that public agencies affirmatively further fair housing by assessing existing housing market conditions within their jurisdictions and provide effective policy and program changes to mitigate issues. To enable this assessment and mitigation, the law requires fair housing assessments in the housing element beginning January 1, 2021. The fair housing analysis must use available Federal, State, and local data to address a variety of factors, including:

- Integration and segregation
- Racially or ethnically concentrated areas of poverty
- Disparities in access to opportunity, including for person with disabilities
- Disproportionate housing needs, including displacement risk

AB 686 also requires programs and policies to promote fair housing opportunities. Additionally, all public agencies must administer housing and community development programs and activities to be consistent with AFFH. These policies and programs must then be supported by identifying quantifiable metrics for determining what fair housing results will be achieved.

### Relevance to the San Joaquin Valley

The San Joaquin Valley is home to a significant Hispanic/Latino community, making up over 50 percent of the regional population (U.S. Census 2020). Location-based differences between predominantly White populations and predominantly Hispanic populations across the region may be indicative of large-scale trends in segregation, although the origins of predominately some Hispanic cities (e.g., Arvin, Huron, San Joaquin) may have more nuanced or complex explanations. Public agencies should analyze local demographics in relation to regional patterns to identify areas of segregation and inform policies for furthering fair housing opportunity and integration. The figure below depicts the Hispanic majority and White majority census tracts within the San Joaquin Valley.



By assessing current and historic trends related to race, ethnicity, and other community characteristics, public agencies within the San Joaquin Valley can effectively determine local patterns of segregation related to housing and whether those patterns are the result of, or could result in, fair housing access for all populations. Through focused policies targeted toward equitable housing, agencies can promote integration and ensure fair housing practices within their jurisdiction.

### Resources

**AFFH Data Viewer.** HCD's AFFH Data Viewer is an interactive resource that can determine local and regional patterns related to AFFH. The Data Viewer consists of mapped data layers organized by the different, mandatory AFFH assessment levels. Local agencies can use the segregation and integration data layer to view different indicators that may aid in assessing the local segregation context. These indicators include, but are not limited to, the following:

- Median income
- Poverty status
- Neighborhood segregation
- Population with a disability
- Diversity index
- Low to moderate income population (HUD)

**Racial/Ethnic Qualitative Metrics.** To prepare an effective segregation and integration analysis, jurisdictions must quantify the extent of segregation within their communities. The U.S. Census American Community Survey uses two quantitative metrics to analyze the relative extent of racial and ethnic segregation within a community as compared to regional trends: the dissimilarity index and the isolation index. Both quantitative metrics serve to identify geographic segregation patterns. The dissimilarity index measures the percentage of a group's population that would have to change residence for each subarea to have the same percentage of that group as the broader geographic area. The index ranges from 0 to 100, with 0 meaning no segregation and 100 indicating complete segregation between the two groups. The isolation index compares a group's share of the overall population to the average share within a given subarea. The isolation index ranges from 0 to 100, with values closer to zero indicating that members of that group live in more integrated neighborhoods. Jurisdictions should use both indices to compare trends regionally (local versus regional trends) and locally (trends between Census tracts and block groups). Data to calculate the dissimilarity index and isolation index are available at the Census tract or block group level from the American Community Survey: <https://www.census.gov/programs-surveys/acs/data.html>.

**Mapping Lower-Income Households.** Jurisdictions can map concentrations of low- and moderate-income (LMI) households within the segregation and integration component of the fair housing assessment to identify where unique pockets of LMI are located and develop targeted mitigation strategies. Data for this analysis is available through the U.S. Department of Housing and Urban Development (HUD) via the Low- and Moderate-Income Summary Data (LMISD): <https://www.hudexchange.info/programs/acs-low-mod-summary-data>.

**Mapping Inequality Tool.** The Mapping Inequality Tool provides insight into historic redlining practices within communities across the United States. Redlining was a historic practice of furthering segregation by refusing to insure mortgages in and near Black neighborhoods. Biased mortgage security maps strategically segregated Black populations from white communities. The Mapping Inequality tool depicts Home Owners' Loan Corporation (HOLC) maps that were color coded to reflect the mortgage security potential of various neighborhoods. San Joaquin Valley jurisdictions can use these historic maps in their fair housing assessments to provide historic context for current segregation patterns. This tool is available at <https://dsl.richmond.edu/panorama/redlining/#loc=5/39.1/-94.58>

### Access of Opportunity Disparities

Access to opportunity correlates housing location with opportunity or resources. Residents should have equal access to essential public and private resources, including education, employment, safe and decent housing, transportation, recreation, food, and a healthy environment. Opportunity disparities are inequalities in resources and quality of life, depending on location, race, ethnicity, and other defining factors.

As part of California's effort to affirmatively further fair housing (AFFH), the State requires all public agencies to include an analysis of local disparities in accessing opportunity as part of their fair housing assessment. To appropriately address this requirement, public agencies should graphically and narratively assess historic and current trends in resource access by analyzing the relationship between local geography and available resources, as well as the relationship between race/ethnicity and available resources. Resources analyzed should include access to public transit options, educational opportunities, employment and proximity to jobs, and access to a healthy environment. By effectively analyzing opportunity disparities within the fair housing assessment, public agencies can appropriately inform fair housing policies and actions within their housing elements.

#### Relevant State Law

**Assembly Bill 686 (AB 686)** expands fair housing requirements and protections outlined in the California Fair Employment and Housing Act (FEHA). AB 686 requires that public agencies affirmatively further fair housing by assessing the housing context within their jurisdictions and making effective policy and program changes to mitigate issues. The law mandates incorporating fair housing assessments into the housing element beginning January 1, 2021. The fair housing analysis must consider available Federal, State, and local data to address a variety of factors, including:

- Integration and segregation
- Racially or ethnically concentrated areas of poverty
- Disparities in access to opportunity, including for persons with disabilities
- Disproportionate housing needs, including displacement risk

As part of this requirement, AB 686 requires developing or modifying programs and policies to promote fair housing opportunities. Additionally, all public agencies must administer programs and activities relating to housing and community development to be consistent with AFFH. These policies and programs must then be supported by identifying metrics or quantifiable objects for determining what fair housing results will be achieved.

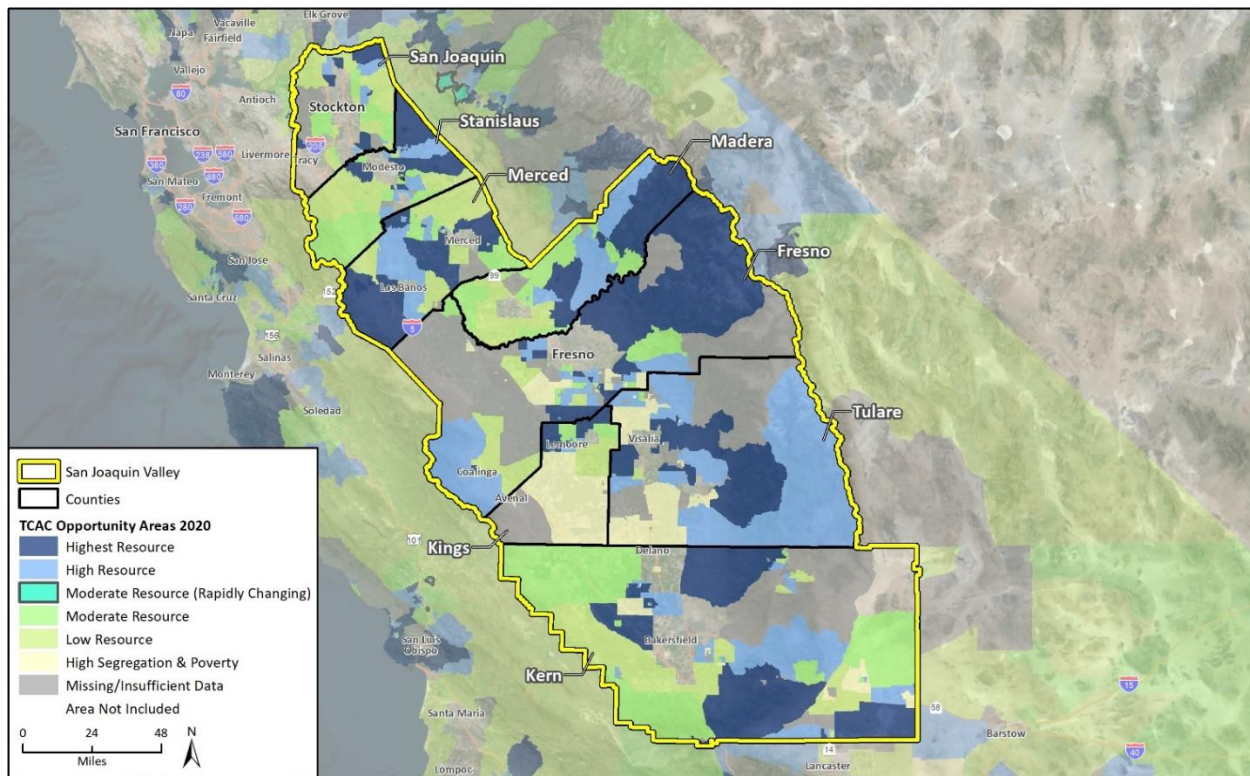
#### Relevance to Housing in the San Joaquin Valley

Access to opportunity varies significantly by geographic location and community characteristics. According to the Urban Institute, neighborhoods in metropolitan areas are more likely to offer residents better access to affordable transportation and stable labor markets compared to rural neighborhoods. In contrast, rural neighborhoods tend to have superior environmental health. The disparities in environmental health, access to affordable transportation, and stable labor markets between urban and rural locations are compounded by the relationship between geographic location and identity characteristics, such as race, ethnicity, and income.



Nationally, racial disparities in accessing opportunity are statistically evident. The Urban Institute identifies that White and Asian/Pacific Islander residents tend to live in neighborhoods with stronger labor markets and higher performing schools in comparison to Black, Hispanic, and Native American residents. These access patterns are likely to be evident in many communities across the United States.

HCD and the California Tax Credit Allocation Committee (TCAC) maintain a joint task force focused on mapping areas at the census tract level with high opportunity-based outcomes for low-income families. These include positive economic, education, and health outcomes. Those identified areas are known as TCAC Opportunity Areas. The figure below depicts an example image of the TCAC Opportunity Areas and their associated resource levels for the San Joaquin Valley.



Imagery provided by Microsoft Bing and its licensors © 2021.  
Additional Data: California Department of Housing and Community Development, 2021 & San Joaquin Valley Regional Planning Agencies, 2021.

Fig 1-7

Because the TCAC tool maps data at the census tract level, information for areas where data is lacking, or where populated areas are part of a large census tract, may require a more detailed analysis. Each jurisdiction should explore the TCAC tool individually and perform an assessment of local opportunity areas.

These 'low resource' areas tend to be predominantly Hispanic/Latino concentrations within the region. In contrast, there is a notable 'high resource' trend for communities with predominantly White populations in the San Joaquin Valley, which illustrates the mapping correlation to Census Data racial/ethnic make-up. These resource patterns indicate that there may be significant racial disparities in accessing opportunity within the region. Public agencies should use the TCAC/HCD Opportunity Map to identify local patterns specific to their jurisdictions. These patterns can then be used to develop equitable housing policy to mitigate opportunity disparities and further promote fair housing.

## Part 2: Housing Production, Trends, Impediments, and Best Practices

### Resources

Association of Bay Area Governments, [\*Data Tools and HESS\*](#).

California Department of Housing and Community Development, [\*Affirmatively Furthering Fair Housing In California\*](#).

California Department of Housing and Community Development, [\*AFFH Data and Mapping Resources\*](#).

Urban Institute, [\*Place and Opportunity \(2018\)\*](#).

U.S. Department of Housing and Urban Development, Office of Policy Development and Research, [\*Breaking Down Barriers: Housing, Neighborhoods, and Schools of Opportunity \(April 2016\)\*](#).

## Disproportionate Housing Needs/Displacement Risk

Disproportionate housing needs may include cost burdens, overcrowding, and substandard housing conditions disproportionately affecting protected classes, including displacement risk. Contributing factors to fair housing issues can include:

- Available, affordable units in a range of sizes
- Resident displacement due to economic pressures
- Few private investments in specific neighborhoods
- Few public investments in specific neighborhoods, including services or amenities
- Few renter protections
- Few protections for mobile home park residents
- Land use and zoning laws
- Lending discrimination
- Few rental relief programs for people at risk of homelessness

The State of California's 2020 Analysis of Impediments to Fair Housing Choice (AI) identified that poor enforcement and inadequate anti-displacement protections have left protected classes, such as communities of color, more vulnerable to displacement.

Displacement can be both investment- and disinvestment-driven. Both types of displacement have historically harmed people with protected characteristics and low-income households. Investment-driven displacement can occur when improvements and services are made in a neighborhood that may have been neglected over longer periods of time, such as those to support older downtowns or areas to be served by transit improvements. These types of investments can lead to zoning changes, real estate speculation, and gentrification, all of which can result in displacement. Disinvestment-driven displacement can occur where fewer public sector investments in infrastructure and services occur and/or where the property values do not justify investing in maintenance.

Disasters (e.g., fires, floods, earthquakes) can also result in displacement and often create insurmountable burdens for low-income households, particularly for those who rent. Finally, converting subsidized affordable rental units to market-rate housing can constitute a substantial loss for low-income residents.

Housing elements must include an analysis of disproportionate housing needs, including displacement risk, for people with protected characteristics and low-income households. This analysis is important to understand how some populations experience severe housing needs when compared to other populations within a community and the region. A critical component is local data and specifically market conditions that put households at risk of displacement or pending or upcoming planning decisions that may exacerbate displacement risk.

Finally, public agencies must not take any action materially inconsistent with furthering fair housing, including actions that have a disparate impact on protected classes (e.g., permitting toxic or polluting projects near a disadvantaged community, lower investment in concentrated areas of poverty, failure to designate multifamily or affordable housing sites in high-resource areas).

### Relevance to Housing in the San Joaquin Valley

HCD's AFFH Data Viewer confirms disproportionate housing needs and displacement risk are prevalent in most Valley jurisdictions. As such, jurisdictions face additional requirements to assess, analyze, and then prioritize actions relating to disproportionate housing needs and displacement risk.

### Resources

California Department of Housing and Community Development, [\*Final 2020 Analysis of Impediments to Fair Housing Choice \(June 2020\)\*](#).

Urban Displacement Project, [\*What Are Gentrification and Displacement\*](#).

## Racially/Ethnically Concentrated Areas of Poverty (R/ECAP) and Affluence

Defining the Federal Housing and Urban Development (HUD) Department's Racially/Ethnically Concentrated Areas of Poverty (R/ECAP) involves both a racial/ethnic concentration threshold and a poverty test. The racial/ethnic concentration threshold must have a non-White population of 50 percent or more within a metropolitan or a micropolitan area. Outside of these areas, where the non-White populations are likely to be much smaller, the threshold is set at 20 percent. A neighborhood (Census tract) can also be a R/ECAP if it has a poverty rate that exceeds 40 percent or more or is three or more times the average tract poverty rate for the metropolitan/micropolitan area, whichever threshold is lower.

The State's 2020 Analysis of Impediments (AI) found that in 2017, the State had 391 racially and ethnically concentrated areas of poverty (R/ECAP) areas, which represents a notable 40 percent increase from the 278 R/ECAP areas documented in 2010. Between 2000, when the state had 182 R/ECAP areas, and 2017, California has seen a 115 percent increase in R/ECAP areas. The HCD guidance memo identifies the following as examples of contributing factors to R/ECAPs:

- Community opposition
- Deteriorated and abandoned properties
- Resident displacement due to economic pressures
- Few community revitalization strategies
- Few private investments in specific neighborhoods
- Few public investments in specific neighborhoods, including services or amenities
- Little regional cooperation
- Land use and zoning laws
- Location and type of affordable housing
- Occupancy codes and restrictions
- Private discrimination
- Lending discrimination
- Policing and criminalization

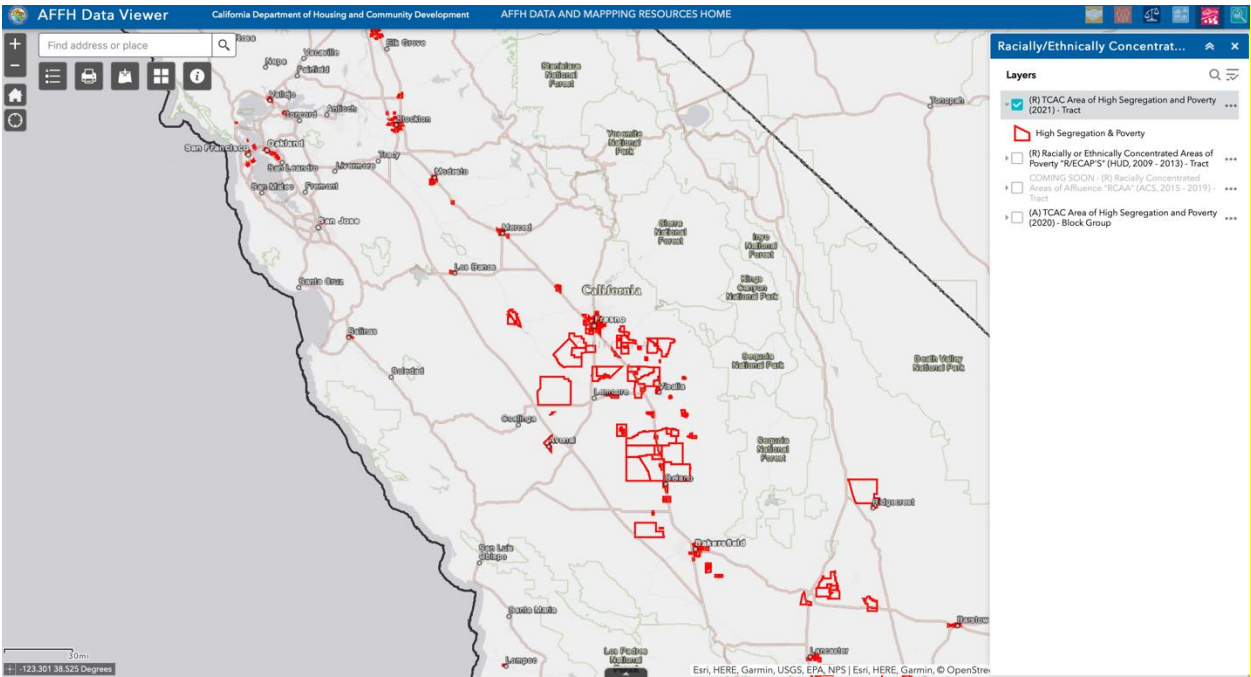
Updated housing elements must include R/ECAP analyses. Concentrated areas of poverty must be discussed relative to the region, as well as within the jurisdiction. The analysis should also consider concentrated areas of affluence to better evaluate trends, patterns, policies, and practices and to guide meaningful goals and actions to address fair housing issues. The analysis should aim to replace segregated living patterns with truly integrated and balanced living patterns and to transform R/ECAPs into areas of opportunity.

### Relevance to Housing in the San Joaquin Valley

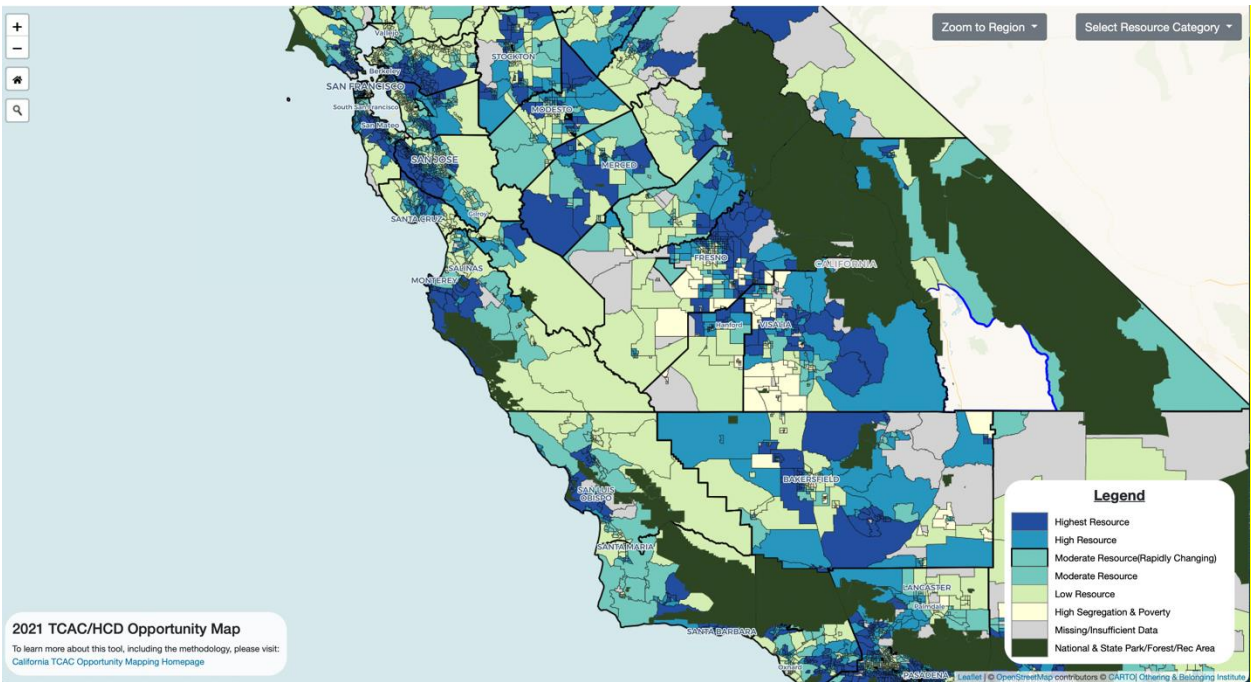
R/ECAP areas are present in most of the larger cities and are more commonly found in central and southern San Joaquin Valley cities and counties as shown on the following maps.

Part 2: Housing Production, Trends, Impediments, and Best Practices

Areas of High Segregation and Poverty



Opportunity Map (Level of Resources)





For those jurisdictions (and surrounding regions) with R/ECAPs, housing elements must identify factors that create, contribute to, perpetuate, or increase the severity of R/ECAP and then develop policies and prioritize actions to transform R/ECAPs into areas of opportunity. Each jurisdiction and R/ECAP area may be influenced by different factors and require differing interventions to effectuate the desired transformations.

### R/ECAP Resources:

U.S. Department of Housing and Urban Development, [The R/ECAP database](#).

Office of the State Treasurer, [TCAC/HCD Opportunity Map: The High Segregation & Poverty category in the TCAC/HCD Opportunity Area Map may also be used in identifying R/ECAPs](#).

California Department of Housing and Community Development, Concentrated Areas of Affluence (RCAA) map and accompanying data (noted as “coming soon”) can be accessed using the [AFFH Data Viewer](#).

### Supplemental Data

Quantitative data is critical to a comprehensive and regulatory compliant housing element. Recent developments in State housing regulation have expanded the housing element requirements for public agencies to include an assessment of fair housing per the Affirmatively Further Fair Housing (AFFH) regulation. Quantitative data enables public agencies to analyze the mandatory topics within the AFFH assessment in a more objective and measurable manner. To develop an adequate housing element and fair housing assessment, public agencies can rely on AFFH data provided by HCD, as well as supplemental data provided by external resources. Integrating both options will provide a more local context to adequately assess fair housing and develop appropriate housing policy.

### Relevant State Law

**Assembly Bill 686 (AB 686)** expands on the fair housing requirements and protections outlined in the California Fair Employment and Housing Act (FEHA). AB 686 requires that public agencies affirmatively further fair housing by assessing the housing context within their jurisdictions and making effective policy and program changes to mitigate issues. To assist this assessment and mitigation, the law mandates fair housing assessments as part of the housing element beginning January 1, 2021. The fair housing analysis must use available Federal, State, and local data to analyze a variety of factors. These include:

- Integration and segregation
- Racially or ethnically concentrated poverty areas
- Disparities in accessing opportunities, including for person with disabilities
- Disproportionate housing needs, including displacement risk

AB 686 requires new or modified programs and policies to promote fair housing opportunities. These policies and programs must then be supported by identifying metrics or quantifiable objects for determining what fair housing results will be achieved.

### San Joaquin Valley Experience

To meet the regulatory requirements for the AFFH assessment, Valley agencies must assess impediments to affirmatively furthering fair housing within their jurisdiction. These impediments include disparities in accessing



## Part 2: Housing Production, Trends, Impediments, and Best Practices

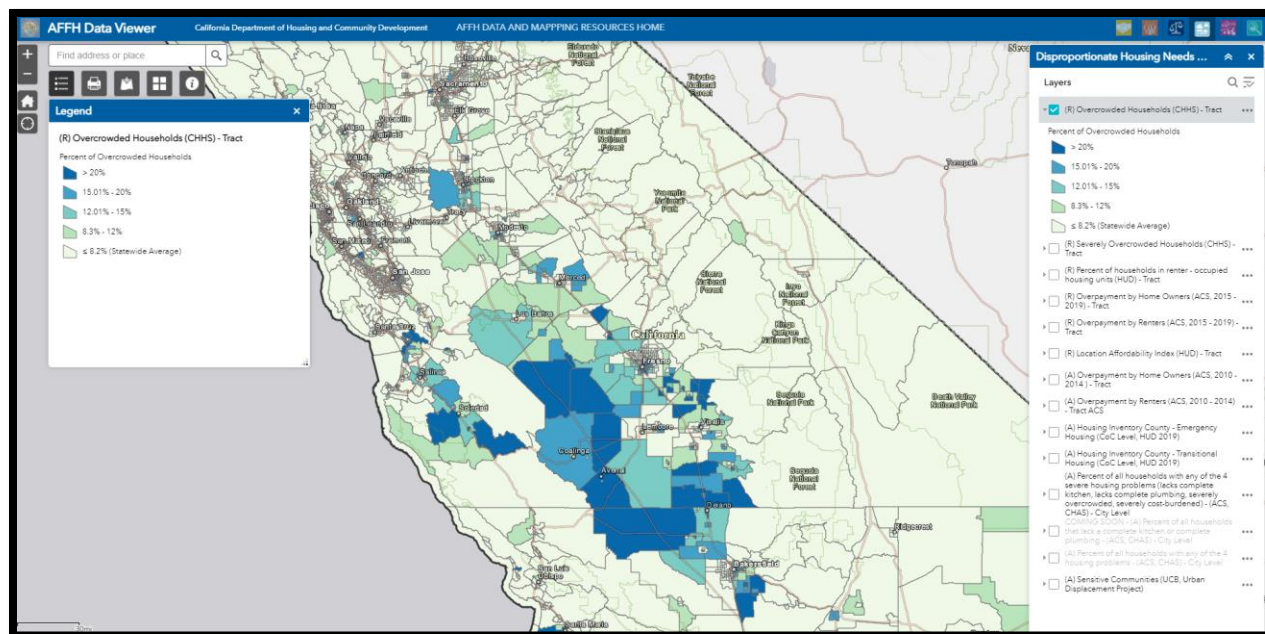
opportunities, segregation and integration, racially or ethnically concentrated areas of poverty, and disproportionate housing needs. Quantitative data tools in the AFFH Data Viewer will help inform the housing element update process and supply information to better understand the local impediments to housing production.

### HCD AFFH Data Viewer

Navigating the AFFH Data Viewer, users can explore key data sets and demographic maps that will enable them to qualitatively assess integration and segregation, racially or ethnically concentrated poverty areas, disparities in accessing opportunities, and disproportionate housing needs.

The figure below depicts a snapshot of the AFFH data viewer. Data layers are shown in the top right corner and correspond to requirements for the AFFH analysis: disproportionate housing needs/displacement risk, fair housing enforcement and outreach capacity, segregation and integration, disparities in access to opportunities, racially/ethnically concentrated areas of poverty, and supplemental data. The metrics provided can further enable the AFFH assessment by providing additional context for community patterns and demographics. The data layer options for the supplemental data layer include the Social Vulnerability Index, CalEnviroScreen, Healthy Places Index, and SB 535 Disadvantaged Communities.

### AFFH Data Viewer

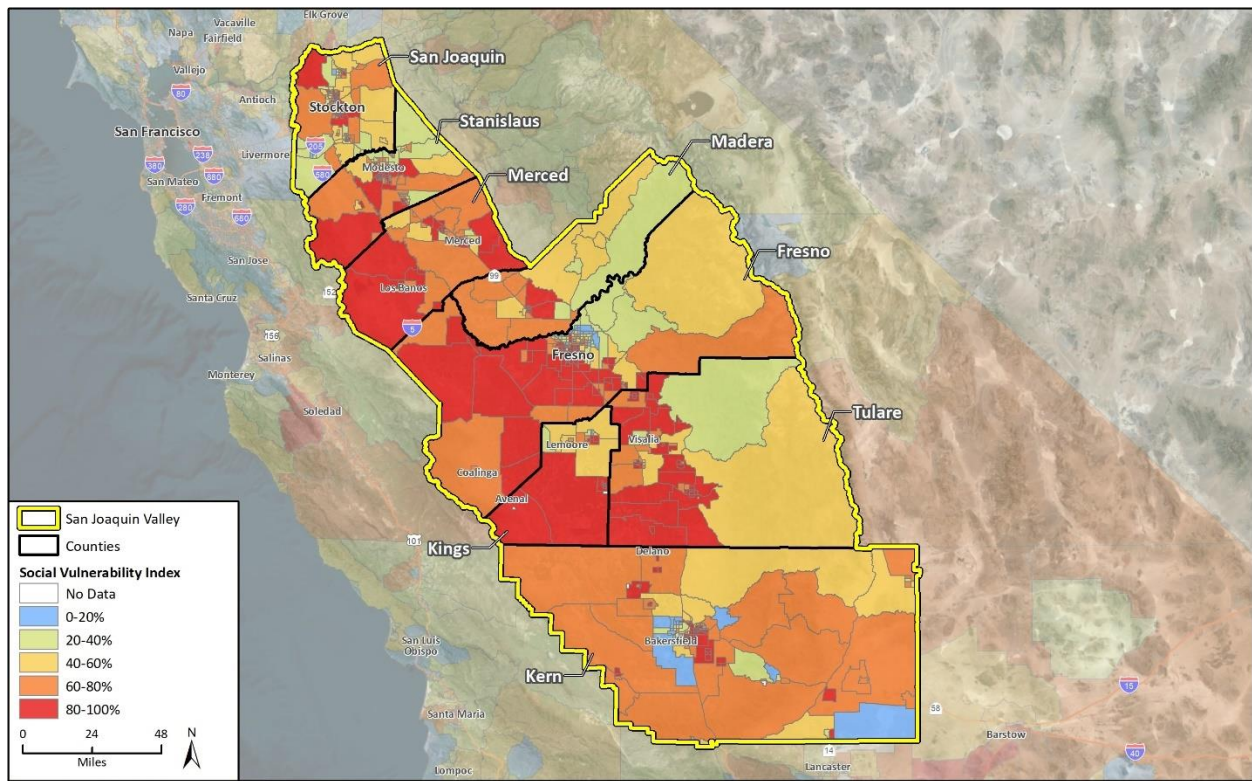


## Supplemental Data Tools

**Social Vulnerability Index.** The Agency for Toxic Substances and Disease Registry (ATSDR) established the Social Vulnerability Index through its Geospatial Research, Analysis, and Services Program (GRASP). The assists emergency response planners and public health officials identify and map communities that are more likely to need support before, during, and after a hazardous event. This index uses 15 social factors that include poverty, lack of vehicle access, and crowded housing. These factors are grouped together to assign a ranking. The index may help inform the housing element update by contributing to the decision-making process regarding emergency shelters and housing locations.

The figure below depicts the Valley's Social Vulnerability Index. Census tracts with higher ratings are considered more socially vulnerable. Communities in the west are more likely to rank high on the Social Vulnerability Index. Agencies with high-ranking communities can use the Social Vulnerability Index mapper to determine areas for emergency resource allocation related to housing.

### Social Vulnerability Index San Joaquin Valley



## Healthy Places Index (HPI)

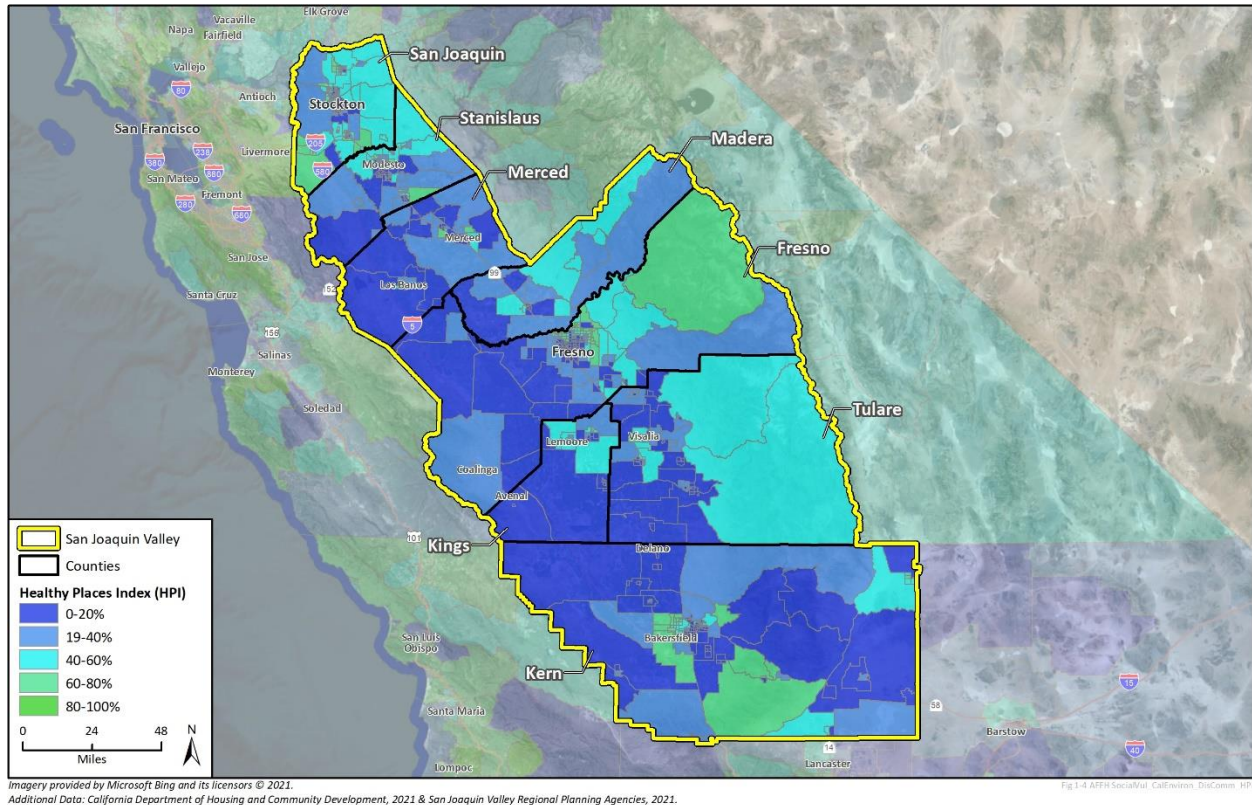
The Public Health Alliance of Southern California developed the Healthy Places Index (HPI), a supplemental data tool, in partnership with the Virginia Commonwealth University's Center on Society and Health. The tool predicts life expectancy based on community conditions. Community condition indicators include economic stability, neighborhood and built environment, health and access to health care, education, social and

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community context. The Healthy Places Index provides a single health metric for each Census tract using 25 community characteristics.

The figure below shows a map of the HPI metrics for the San Joaquin Valley. Higher HPI values indicate healthier conditions. The San Joaquin Valley has predominantly low HPI values for Census tracts located in the west. Valley agencies can use HPI to determine which areas may have more disparities in opportunity. This information can inform the AFFH assessment of fair housing and contribute to determining where housing resources should be allocated.

### Healthy Places Index San Joaquin Valley



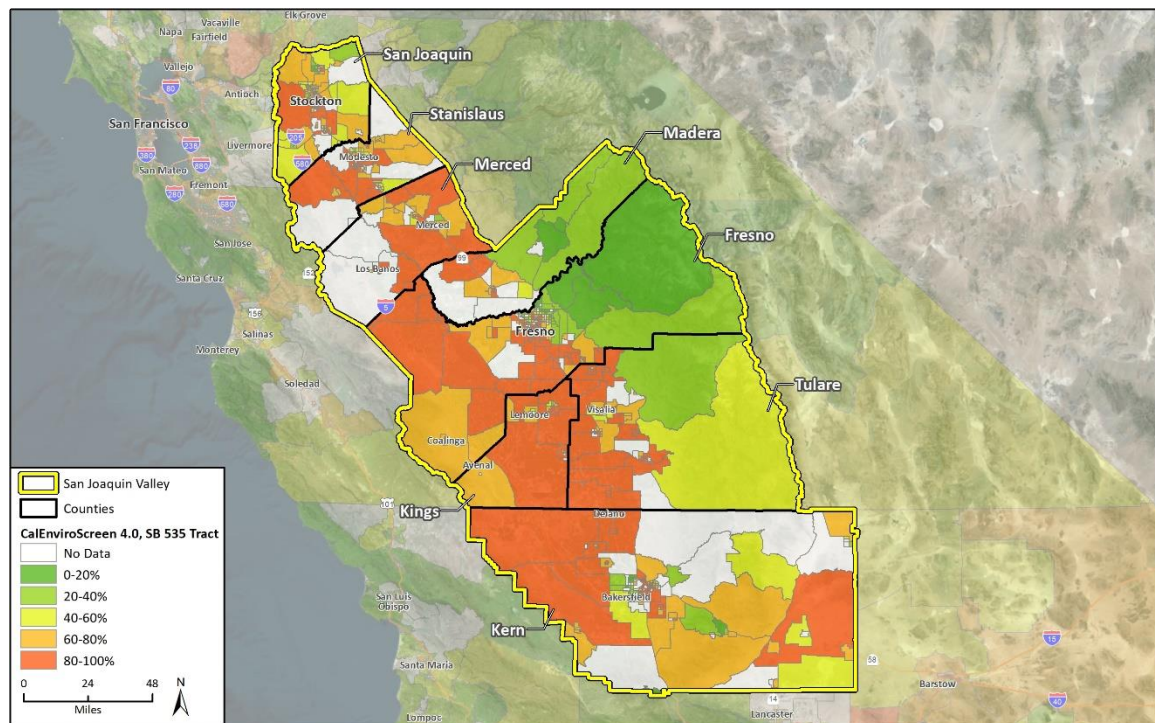
### CalEnviroScreen

CalEnviroScreen is a mapping tool that identifies pollution and high environmental hazard exposure areas by Census tract. The tool indicates a community's vulnerability to environmental pollution in relation to its designation as an SB 535 disadvantaged community. CalEnviroScreen illustrates data using percentiles to compare Census tracts across the entire state. Each Census tract can display the tract number, population, CalEnviroScreen score, and the percentile range. The lowest scores (1-10 percent) indicate lower pollution impacts and higher scores (91-100 percent) indicate higher impacts in comparison to the broader state.

The figure below depicts the CalEnviroScreen percentiles for San Joaquin Valley Census. A large majority of those tracts have a CalEnviroScreen score at the 70th percentile or higher. Housing location relative to pollution exposure is critical to a community's health. Using CalEnviroScreen, public agencies can plan local housing in a manner that minimizes pollution exposure.



## CalEnviroScreen Percentiles San Joaquin Valley



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Additional Data: California Department of Housing and Community Development, 2021 & San Joaquin Valley Regional Planning Agencies, 2021.

Fig 1-4 AFFH SociaVal\_CalEnviroScreen\_DisComm\_RPT

## Sources

California Office of Environmental Health Hazard Assessment, [SB 535 Disadvantaged Communities \(June 2017\)](#).

California Department of Housing and Community Development, [Affirmatively Furthering Fair Housing \(April 2021\)](#).

California Department of Housing and Community Development, [AFFH Data and Mapping Resources](#).

Agency for Toxic Substances and Disease Registry, [CDC/ATSDR SVI Fact Sheet](#).

### Homeless Housing Planning and Production Needs

HUD defines a “homeless” individual as one who lacks a fixed, regular, and adequate nighttime residence. A recent HUD report counted over 580,000 people experiencing homelessness nationwide. The state of California accounts for over 28 percent of the national homeless population (AHAR, 2021), a number that has continued to rise on an annual basis. A lack of affordable housing for low- and moderate-income persons, increases in those whose incomes fall below the poverty level, reductions in public subsidies to the poor, and the de-institutionalization of the mentally ill are among the most prominent contributing factors. Government agencies have long struggled to overcome these impediments and address homeless housing needs.

As part of California’s housing element requirements, cities and counties must analyze existing and projected housing needs, including for those experiencing homelessness. Recent changes to housing element law related to the AFFH analysis have further emphasized addressing homelessness in the outreach process, as well as requiring goals and actions consistent with AFFH homeless housing requirements.

Public agencies can plan for homeless housing through a variety of strategies, including emergency shelter development, transitional housing, permanent supportive housing, and rapid rehousing programs. Determining the appropriate approach to address homeless housing requires evaluating local housing need, which includes estimating the number of homeless individuals, as well as assessing local resources.

**The point-in-time (PIT)** count enumerates sheltered and unsheltered people experiencing homelessness on a single night in January. HUD requires that continuums of care conduct the annual count of those in emergency shelters, transitional housing, and safe havens on a single night. Continuums of care also must conduct a count of unsheltered people experiencing homelessness every other year (odd numbered years). Each count is planned, coordinated, and carried out locally. A PIT is conducted one day a year, which only captures the needs at that specific time. A lack of ongoing information showing occupancy levels throughout each year makes determining an average occupancy rate impossible. A jurisdiction’s PIT can be used to estimate homelessness and inform programs and policies to address this context. PIT data can be found using HCD’s Affirmatively Fair Housing (AFFH) Data Viewer tool.

**The Housing Inventory Count (HIC)** provides a point-in-time inventory of programs within a Continuum of Care that offer beds and units dedicated to serve people experiencing homelessness (and, for permanent housing projects, were homeless at entry). Provider programs are categorized by five program types: emergency shelter; transitional housing; rapid re-housing; safe haven; and permanent supportive housing. The HIC provides a snapshot of homeless housing and can inform local policy and programs.

#### Relevant State Law

**Senate Bill 2 (SB 2)** requires housing elements to address transitional and supportive housing.

**Assembly Bill 139 (AB 139)** requires housing elements to include an emergency shelter assessment based on the capacity to accommodate the most recent homeless point-in-time count, shelter beds available on a year-round and seasonal basis, unused beds on an average monthly basis, and the percentage of those in emergency shelters who move to permanent housing.

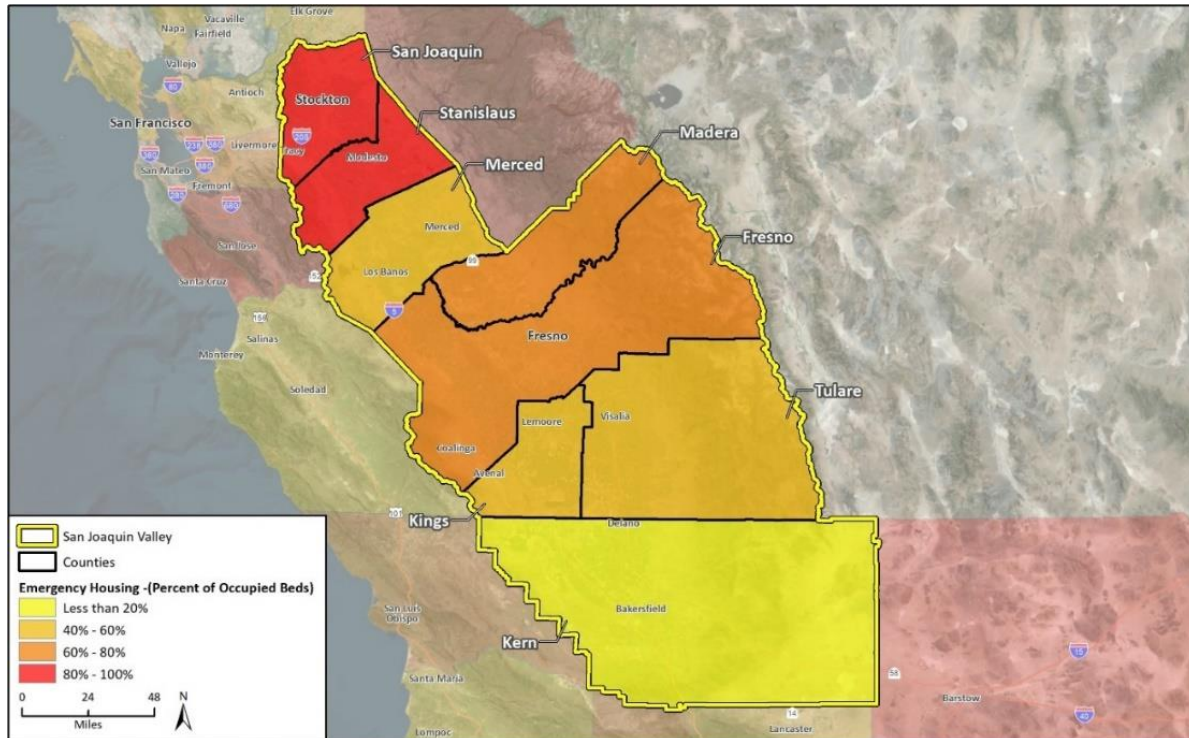
**Assembly Bill 101 (AB 101)** requires that low-barrier navigation centers be allowed by-right in areas zoned for mixed uses and multifamily uses under specific circumstances. These service-enriched shelters provide

temporary living facilities while focusing on moving people into permanent housing and case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing.

## Relevance to Housing in the San Joaquin Valley

The homeless housing burden varies significantly across the San Joaquin Valley. In certain counties, emergency shelter occupancy is at capacity. The figure below depicts the 2021 PIT occupancy count for emergency housing in the San Joaquin Valley.

### Emergency Housing Point-in-Time Occupancy Count



Stanislaus and San Joaquin Counties were both at capacity for emergency housing, while the remaining five counties were at a capacity range between 40 percent and 80 percent. Although this PIT count was limited to one day of data gathering, it provides a reasonable understanding of local homeless housing need. Counties should assess their PIT count data, for both sheltered and unsheltered individuals, to develop an in-depth context for local homelessness.

## Survey Results

Of the survey respondents, approximately 31 percent indicated that homelessness was in the top three most critical housing issues facing their city or county. Valley jurisdictions are aware of the significant local housing needs related to homelessness. Addressing this need requires that jurisdictions perform a comprehensive homelessness assessment within their housing element update process and develop strategic policies to mitigate resource gaps.

## Part 2: Housing Production, Trends, Impediments, and Best Practices

### Resources

U.S. Department of Housing and Urban Development, Office of Community Planning and Development, [\*The 2020 Annual Homeless Assessment Report \(AHAR\) to Congress \(January 2021\)\*](#).

California Legislative Information, Title 7. [\*Planning and Land Use, Article 10.6 Housing Elements \[65580 – 65589.11\]\*](#).

California Housing and Community Development, [\*AFFH Data and Mapping Resources\*](#).

Bakersfield – Kern BKRHC, [\*Regional Homeless Collaborative\*](#).



## NIMBYism and Resistance to Higher-Density Housing

NIMBY, the acronym for “not in my back yard,” is used to characterize resident opposition to new development or changes in land uses that are considered undesirable or unwanted for their neighborhood. This opposition is generally based on assumptions about the development’s physical characteristics, personalities, or traits of those attracted to the new development, or changes in property taxes or values. This resistance to change has been a significant contributor to housing shortages in some California communities, impeding, or stopping new or higher-density housing development.

Given California’s persistent housing shortage, local jurisdictions are under pressure to establish a more hospitable regulatory environment for additional housing. Cities and counties must allow for higher-density development to meet the Regional Housing Needs Allocation (RHNA), which is a predetermined share of the housing need that HCD mandates. Many cities and counties must update their housing elements, general plans, and zoning codes to accommodate their share of RHNA. An effective update to the housing element sometimes requires cities and counties to balance housing needs with other competing community interests.

For many jurisdictions, there may be a strong resistance to increased residential densities. This resistance can create challenges for decision-makers and delay necessary project approvals required to meet State requirements. Effective planning at the local level must include strategic preparation for potential resistance to housing development and a solution-oriented approach to outreach and community education.

### San Joaquin Valley Experience

The survey of city and county staff found that housing opposition is a notable concern for many local jurisdictions. Of 32 respondents, over 56 percent identified neighborhood opposition as likely to play a notable role in constraining housing production. In addition, approximately 22 percent of respondents identified ‘NIMBYism’ as one of the three most critical housing issues facing their jurisdictions. By employing a strategic approach to outreach that focuses on aligning values and desired outcomes, jurisdictions can minimize certain delays and constraints.

### Relevant State Law

California recently enacted several new laws to increase housing production through ministerial approval processes that avoid public review and limit the NIMBYism effect:

**Senate Bill 35 (SB 35)** requires a streamlined, ministerial approval process for development projects on infill sites in jurisdictions that have not met their State-mandated RHNA targets. Projects that meet certain location, density, and inclusionary housing unit criteria qualify for expedited approval processes.

**Senate Bill 330 (SB 330)** aims to increase development, speed up the review process, preserve existing affordable housing, and prevent zoning actions that reduce housing availability. This law is effective through January 1, 2025.

**AB 2299 (2016), SB 1069 (2016), AB 494 (2017), SB 229 (2017), AB 68 (2019), AB 881 (2019), AB 587 (2019), SB 13 (2019), AB 670 (2019), AB 671 (2019), and AB 3182 (2020)** guide accessory dwelling unit development (ADUs). The 2016 and 2017 laws changed ADU size allowances, required ADUs by-right in at least some areas,

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and limited ADU parking requirements. More recent laws reduce application review and approval times to 60 days, remove lot size and parking space requirements, and require local jurisdictions to permit junior ADUs. These laws aim to increase by-right housing production and eliminate successful neighborhood opposition.

**Senate Bill 9 (SB 9)** encourages more middle-income housing by allowing single-family residential parcels in Census-designated urban clusters or urbanized areas to be divided by-right into two parcels. The law also allows two homes by-right on each parcel, with or without a lot split occurring.

**Senate Bill 10 (SB 10)** allows local governments to adopt a streamlined zoning process for new, multi-unit housing of up to 10 units per parcel located near transit or urban infill areas. The bill also simplifies the CEQA requirements for upzoning.

### Resources

Institute For Local Government, [\*Housing and Public Engagement Toolkit\*](#).

California Department of Housing and Community Development, [\*Public Participation\*](#).

San Mateo County, [\*Home for All, Community Engagement Program\*](#).

Government Community Affairs, GCA Strategies, [\*Overcoming NIMBY Opposition \(February 2010\)\*](#).

California Department of Housing and Community Development, [\*Accessory Dwelling \(ADUs\) and Junior Accessory Dwelling Units \(JADUs\)\*](#).

California Department of Housing and Community Development, [\*Updated Streamlined Ministerial Approval Process, Government Code Section 65913.4 Guidelines \(March 30, 2021\)\*](#).

## Regulatory Barriers and Constraints

Housing elements must identify and analyze all constraints to housing development, improvement, and maintenance for all income levels, including for people with disabilities. The analysis should determine whether local, regulatory standards, or processes pose an actual constraint, and if so, must also demonstrate local efforts to remove those that hinder a jurisdiction from meeting its housing needs.

While promoting public health and safety, government actions can produce unintended consequences, such as increasing housing costs. Regulatory constraints include land use controls, zoning and building codes, fees, exactions, and permit procedures. Land use controls and zoning codes may limit development, while building codes may set specific building standards that add material costs or limit building space on a site, increasing the cost of housing per unit. Fees and exactions can lead to increased housing costs or discourage housing development. Permit procedures can lead to excessive review times, or even housing project failure.

In some jurisdictions, zoning district development standards can limit parcels, precluding certain housing types or needs. Maximum density, parking requirements, lot coverage, height limits, unit size requirements, setbacks, and open space requirements are some of the typical development standards that may limit uses, potentially conflicting with fair housing laws. Such limitations could constrain multifamily rental housing, factory-built housing, mobile homes, housing for agricultural employees, supportive housing, single-room-occupancy units, emergency shelters, and transitional housing development.

Maximum allowable density is a common regulatory constraint. Lower-density requirements, combined with high land costs, may prevent housing from being affordable to lower-income families. Height limits and building coverage requirements can also create constraints; these factors could prevent developing a parcel with its maximum density potential. Off-street parking requirements can also result in increased development costs. If a jurisdiction has excessive parking standards, more land is required, reducing space for housing and increasing per-unit housing cost.

### Relevant State Law

Constraints to Production of Housing: Government Code § 65583

**Mitigation Fee Act:** Government Code § 66000-66025

### Survey Results

The majority (51.6 percent) of survey respondents found that zoning would be a likely barrier to housing production. This high percentage is likely a product of changing State regulations that have caused local jurisdictions to update their codes. Most respondents found that the following areas of their codes have yet to be updated:

|                                   |        |
|-----------------------------------|--------|
| Low-barrier navigation centers    | 69.70% |
| Housing Crisis Act (SB 330, 2019) | 62.50% |
| Streamlined review (SB 35, 2017)  | 57.58% |
| Objective design standards        | 54.55% |

## Part 2: Housing Production, Trends, Impediments, and Best Practices

|                           |        |
|---------------------------|--------|
| Single-room occupancy     | 42.42% |
| Density bonus             | 38.24% |
| Community care facilities | 36.36% |
| Accessory dwelling units  | 8.82%  |

Given the State Legislature's changes to housing law over the last three years, not surprisingly, 61.29 percent of respondents noted they would be interested in technical assistance to address needed zoning changes.

### Stakeholder Interviews

Stakeholders made the several observations and recommendations:

- Streamline permit processing. Create streamlined zoning and plan permit applications processes.
- Update development regulations. Updates to development and zoning codes are critical. Even if funding is available and policies are in place, development and zoning codes can discourage the very types of development needed — some product types should be "by-right."
- Ineffective density bonus law. Respondents noted the Valley is not dense enough for density bonuses to work in many areas. (See Turner Study link below).
- Reduce fees. Impact fees are a development constraint. Several interviewees believe impact fees need to be reduced for preferred housing projects.

### Resources

California Department of Housing and Community Development, [Housing Element Building Blocks](#).

California Department of Housing and Community Development, [By-right Rezoning Checklists/Model Ordinances/Fact Sheets/Templates](#).

California Department of Housing and Community Development, [Objective Design Standards – Approaches and Considerations](#).

California Department of Housing and Community Development, [SB 35 \(2017\) – Streamlined Ministerial Approval](#).

California Department of Housing and Community Development, [SB 330 \(2019\) – Jurisdictions That Cannot Take Certain Zoning Actions](#).

Turner Center for Housing Innovation, UC Berkeley, [Revisiting California's Density Bonus Law: Analysis of SB 21085 and AB 2345 \(July 2020\)](#).

## Findings and Recommendations

### Recommendations: Housing Element Engagement Strategies

- Create a project website or page on agency website for meeting announcements, documents, and other related project activities.
- Develop a contact database and provide frequent project updates.
- Advertise housing education and outreach events for months beforehand.
- Engage all segments of the housing-related community, including builders, developers, real estate brokers, non-profit housing builders, housing advocates, tenant rights groups, and environmental justice advocates.
- Call stakeholders before events to encourage event and project participation.
- Call participants after events to get additional thoughts.
- Hold "lunch-and-learn" events, where public housing agencies can learn from landlords and vice versa over a lunchtime discussion. This approach is beneficial because it provides a daytime engagement opportunity.
- Provide education for public housing tenants.
- Communicate the importance of all stages of the housing element update process in a way that is fun and easy to understand.
- Make an extra effort to involve low- and moderate-income residents in the housing element update process.

### Housing Element Annual Progress Reports

- Cities and counties should use the APR Instructions and form provided by HCD to submit their APR each year by April 1.
- HCD and Valley MPOs should consider providing targeted technical assistance to smaller cities and counties with limited staff to help prepare their Housing Element or APR.
- HCD should continue to fund technical assistance programs that produce instructional materials that assist jurisdictions with State requirements and forms, such as the APR.

### Available Sites Inventory

- Prepare preliminary sites analysis data for each MPO region for use by cities and counties in preparing housing element sites analysis.
- Provide technical assistance, particularly for smaller cities, to prepare sites analysis.

### AFFH

- Prepare AFFH data packages, either on a Valleywide or MPO basis, to assist and streamline housing element updates.
- Provide technical assistance, particularly for smaller cities, to prepare AFFH analysis for local conditions.

### R/ECAP

- Provide general overview training for staff on fair housing laws. Provide more extensive training for staff who are routinely engaged in supporting fair housing laws.
- Consider partnering or forming countywide/regional consortiums to prepare and assist with fair housing outreach, analysis, and development of subsequent goals, policies, and actions for housing elements.

*Example: ABAG Regional Housing Technical Assistance Tools and Resources*

### Housing Element Strategies to Promote Equitable Housing and Mitigate Segregation

- Determine suitable, available sites for housing to satisfy RHNA in a manner that reduces segregation patterns including subsidized housing, income-based, and racial/ethnic segregation.
- Diversify zoning by broadening use and density provisions to permit a broader range of housing-types throughout the jurisdiction, including ADUs, missing middle, multi-family, and mixed-use housing.
- Develop broader tenant protection regulations to limit displacement.
- Encourage new, affordable housing development in high-resource areas.
- Implement place-based strategies to encourage community revitalization, including preserving affordable housing.

### Housing Element Strategies to Help Reduce Local Disparities to Access of Opportunity

- Review the HCD AFFH list of housing actions and contributing factors to fair housing located at [https://www.hcd.ca.gov/community-development/affh/docs/affh\\_document\\_final\\_4-27-2021.pdf](https://www.hcd.ca.gov/community-development/affh/docs/affh_document_final_4-27-2021.pdf). Housing actions may include voucher mobility, housing mobility counseling, city-wide affordable rental registries, landlord outreach to expand the location of participating voucher properties, and more.
- Use the TCAC/HCD Opportunity Map to identify areas of higher and lower resources to evaluate access to opportunity.
- Engage local nonprofits and fair housing organization in housing element policy development.
- Actively engage communities from low-resource and underrepresented neighborhoods in the housing element process.
- Describe any differences in access to quality schools for those with protected characteristics (e.g., race and ethnicity, familial status, persons with disabilities).
- Assess supportive housing stock and other housing stock including group homes, homes for people with intellectual or developmental disabilities, and mental health disabilities.
- Evaluate local and regional employment trends by protected group status.
- Compare concentrations of protected groups with access to transportation options. Encourage expansion of local transportation infrastructure across low-resource neighborhoods.
- Establish place-based housing-education partnerships to support low-income students and improve low-resource schools.
- Encourage new, affordable housing development in high-resource areas.
- Institute place-based strategies to encourage community revitalization, including preserving affordable housing.

## Homeless Housing Planning and Production Needs

- Encourage partnerships among housing providers and homeless assistance programs that can quickly and efficiently address homeless housing in the short term. For instance, The Housing Authority of the County of Kern partnered with the Bakersfield/Kern Region Homeless Collaborative to provide 18 months of funding for emergency housing vouchers that include homeless and at-risk individuals and families. These vouchers are renewable, a vital service to prevent homelessness recidivism.
- Include programs with meaningful action in the housing element to address people at risk of homelessness.
- Conduct meaningful outreach to homeless service agencies, both during and after the housing element update and adoption process.
- Prioritize access to housing and services for homeless or at-risk individuals.

## NIMBYism and Resistance to Higher-Density Housing

- General plan, housing element, and zoning code updates should include well-designed, comprehensive engagement process and streamlined approval processes that simplify and help people understand the development process.
- Employ extensive and meaningful community engagement in the housing policy and development process, particularly identifying sites for the housing element, housing resources, and housing requirements.
- Unify the community's vision for future housing by disseminating information that addresses the extent of regional housing needs, implications of increasing housing availability, and the statutory requirements placed on local jurisdictions by the State.
- Gather input from a broad and diverse range of residents and community groups, in particular those most impacted by fair housing issues, to develop a more comprehensive understanding of local interests.
- Strive for meetings that address differing cultures, races, economic and housing situations, and perspectives in a respectful and safe manner to improve community dialogue.
- Identify and meet with community leaders who represent common neighborhood interests and can help deliver information and messaging about the housing goals and process.
- Promote education and additional research on how multifamily housing, such as limited multifamily zoning, and height and density limitations, provide for a more inclusive, economically vital community.
- Update zoning codes and other regulations to have more housing development approved through a ministerial process.
- Ensure development process information is available and easy to understand, such as on city or county websites and creating handouts.
- Provide staff training to improve communication about projects and speak to community expectations and underlying values.
- Host regular study sessions with the planning commission and city council regarding housing requirements and achieving the jurisdiction's housing goals.



### Regulatory Barriers and Constraints

- Amend general plan land use designations to permit a broader range of residential densities, particularly in traditionally low-density categories
- Amend zoning code discretionary permitting requirements to increase residential uses subject to administrative or ministerial review.
- Amend zoning codes to expand residential uses permitted by-right in lower-density zoning districts.
- Amend zoning codes to reduce or eliminate off-street parking requirements for some types of residential development, particularly affordable housing.
- Amend zoning codes to reduce residential project appeals.
- Revise permitting fee structures, particularly for affordable housing.

## Regulatory Mechanisms

Many Valley communities struggle to accommodate their fair share of housing during California's record housing crisis. The housing shortage has driven home prices and rents to unprecedented levels throughout the State. Coupled with an ever-increasing population, the housing shortage is at the forefront of issues facing California communities, especially those in the San Joaquin Valley. Despite the multitude of California laws aimed at increasing housing supply and affordability, the crisis has prompted many communities to look for other, more innovative solutions. Through their zoning codes and other regulatory mechanisms, local governments have a unique opportunity to revisit existing development policies and regulations and explore new policies and regulations that could lead to increased housing supply or decreased housing costs in their community. This section addresses thirteen regulatory mechanisms that can make a difference in housing supply and affordability on the San Joaquin Valley:

- Objective residential design and development standards
- Density bonuses
- Missing middle housing/infill housing
- Inclusionary zoning
- Infill development
- Transit-oriented development (TOD)
- Innovative zoning solutions
- Form-based codes
- Upzoning
- Housing overlay zones
- Accessory dwelling units (ADUs)
- Permit streamlining and fee reduction
- CEQA implications for housing approvals
- Findings and Recommendations

## Objective Residential Design and Development Standards

In recent years, the State has enacted several new laws to increase housing supply and affordability and reduce obstacles to housing production. As a part of this effort, State law (Government Code Section 65589.5, SB 35, SB 330) has made it more difficult for cities and counties to deny or decrease densities of affordable or market-rate multi-family housing projects unless the projects fail to meet clear and objective standards established in the general plan, zoning code, specific plan, or design manual.

State mandates present an opportunity for cities and counties to revisit existing design guidelines, convert any subjective guidelines to design standards, and create objective residential design and development standards that expedite the application and design review processes.

An “objective” standard is one that involves no personal or subjective judgment by a public official and is verifiable by reference to criteria available and known to both an applicant and the public official. Many design standards, however, are “subjective” and require personal interpretation of their meaning and application. This interpretation, in turn, can lead to a lengthy project review and approval process. The intent of new State housing law is to streamline the review process for multi-family residential projects to increase housing production and decrease housing costs.

**Objective** means involving no personal or subjective judgment by a public official and being uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official.  
(Government Code Section 65589.5, subdivision, (h)(2)(B))

While zoning codes typically have objective standards in the form of setbacks, heights, etc., many jurisdictions have also relied on more subjective tools such as design guidelines or generalized zoning requirements to achieve overall compatibility and a preferred aesthetic. These can no longer be enforced, thereby necessitating the need for new or modified objective regulations. The incorporation of objective standards into local codes should result in streamlined review processes that facilitate housing production goals. The development of objective standards is, therefore, one of the most critical updates that a local jurisdiction can undertake to facilitate housing and ensure that future development achieves desired community goals.

Design-related requirements placed on residential projects can often be the result of subjective interpretation on the part of decision-makers. This can lead to uncertainty for project applicants, lengthy review periods, and conditions of approval that can increase project costs, sometimes to the point of making them infeasible. Design review has historically been based on design guidelines, which are subject to broad interpretation and personal opinions, creating uncertainty with residential applicants about what is expected for their project. In many cases, design review can result in reduced project densities, leading to increasing per-dwelling unit costs. The State Legislature viewed the local design review process as an impediment to housing production and affordability, particularly for affordable housing projects, and passed legislation, which the Governor signed, requiring any design-related requirements for certain residential project be in the form of objective standards, and not subjective guidelines.

Many cities and counties do not impose design-related approval conditions on residential development projects. For those communities, no change in their application review process is needed. Cities and counties that want to continue to impose design requirements on residential projects have a broad range of choices as to how they can address the law's requirements. Typically, existing design guidelines can be converted to design standards by modifying subjective language to objective language. Typical conditions of approval can also be refined to be objective, consistent standards.

Another objective of State housing law is to encourage more multifamily housing development to be approved through a ministerial review process. Once objective design and development standards are established, development application review could be limited to confirming compliance with the standards. No public hearing or discretionary approval would be required.

For communities that want to regulate multifamily residential project design, adopting objective design standards presents an opportunity for interested residents and decision-makers to prepare, review, and agree on standards that represent the community character and quality. There are a broad range of topics that can be addressed as objective design standards.

**Design limitations and flexibility.** Objective design standards should be tailored at the local level to ensure that by-right development fits with the existing character of the surrounding community. However, not all subjective design guidelines can be made into objective design standards. It is important to recognize that objective design standards can help prevent bad design but cannot necessarily ensure good design. When developing objective design standards, a jurisdiction must balance the need for design control with flexibility and creativity, keeping in mind that especially in larger jurisdictions, an overly prescriptive or “one size fits all” set of objective design standards could result in monotony and repetitive design. Each jurisdiction should consider which topics are the most important to regulate through objective standards and which topics to remain silent on to allow creativity and flexibility. Alternatively, where flexibility is needed or desired, standards can incorporate a list or menu of potential options to meet the requirement.

**Interim approach where resources are limited.** Given recent State legislation, one of the best practices in the near term is to adopt interim objective design standards for residential and mixed-use developments until there are sufficient funding or staff resources to adopt more comprehensive standards. The adoption of interim standards also allows for a “testing” period so that the jurisdictions can see what is missing, what is effective, and what needs to be clarified, revised, or eliminated. It also provides an opportunity to learn from other jurisdictions. Another consideration is to phase update efforts (e.g., focusing initially on objective standards for the most frequently seen development types) rather than trying to solve all needs at once.

**Longer-term approaches where resources are available.** When funding or staff resources permit, develop a set of objective design standards for all residential development types that reflect community values and needs. Keep in mind that an overly prescriptive or “one size fits all” set of objective design standards could result in monotony and repetitive design. As such, communities may wish to adopt design standards that address various housing types, mixed-use developments, non-residential areas, downtowns, historic districts, or cohesive neighborhoods. A form-based code approach that is tied to distinct areas of a city or town may be best suited to achieve this objective.

### Survey Results

The survey of Valley city and county planners asked three questions relevant to objective residential design and development standards. A summary of the questions and the 41 responses is below.

#### **Zoning code updates for streamlined review and objective residential design and development standards.**

When asked about zoning code compliance, 33 participants responded. Six have updated the zoning code to include objective residential design and development standards and nine are undertaking an update; three have updated the zoning code for SB 35/streamlined review and 11 are in the process of that update.

**By-right product types.** Participants were asked to indicate whether a range of product types were allowed by-right in residential zones. More than 70 percent indicated that ADUs and JADUs were allowed by-right in residential zones. By contrast, 36 percent allow live/work, 18 percent allow duplex and triplex, 15 percent allow fourplex, and 21 percent allow cottage courts/bungalow product types.

**Technical assistance.** Participants were asked to rate several topics on a seven-point scale based on how likely it would be that their jurisdiction would need technical assistance on that topic. Nearly two-thirds of the respondents believed it likely they would require technical assistance on the topics of objective residential design and development standards and expedited processing.

### Stakeholder Interviews

**Issues.** Stakeholders expressed that the high cost of construction materials, as well as permitting and fees, has made it difficult to build more affordable homes, and believe there is a lack of incentives from local jurisdictions and the State. Four MPO Directors (Stanislaus, Merced, Tulare, San Joaquin) noted limited housing inventory as an issue across all housing types. The San Joaquin MPO Director noted a particular issue in the lack of availability of multi-family housing.

**Challenges.** The Stanislaus and Tulare MPO Directors identified delays associated with permitting housing projects as an impediment.

**Successes.** Stakeholders thought that updates to development and zoning codes are critical to increasing housing supply and affordability. Many codes discourage affordable housing types, but updated codes tend to permit these housing types “by-right.” MPO Directors observed that some local jurisdictions (e.g., Modesto, Turlock, Fresno) have been very successful at streamlining permitting processes to expedite housing construction.

**Opportunities.** Stakeholders and MPO Directors see opportunity in streamlined zoning and plan permit application processes. MPO Directors noted that some Valley jurisdictions are exploring ways to streamline project approvals.

### Relevant State Law

**Senate Bill 35** (Government Code Section 65913.4), which went into effect Jan. 1, 2018, was part of a comprehensive bill package aimed at addressing the State’s housing shortage and high costs. SB 35 requires a streamlined ministerial approval process for multi-family residential developments in jurisdictions that have not yet made sufficient progress toward meeting their regional housing need allocation (RHNA). Included in the

streamlining process, these cities and counties are required to establish objective design standards for multi-family residential development.

**The Housing Accountability Act (HAA)** (Government Code Section 65589.5), establishes the State’s overarching policy that a local government may not deny, reduce the density of, or make infeasible affordable or market-rate housing development projects, emergency shelters, or farmworker housing that are consistent with objective local development standards. This provides developers more certainty about the standards, conditions, and policies that apply to their projects. Local governments that deny a project due to subjective standards (e.g., standards that are not objective) could be in violation of the HAA.

**Senate Bill 167** and **Assembly Bill 678**. These bills strengthened the Housing Accountability Act (HAA) by increasing the documentation necessary and the standard of proof required for a local agency to legally defend its denial of low- to moderate-income housing development projects.

**Senate Bill 330** (“Housing Crisis Act of 2019) went into effect on Jan. 1, 2020. The bill establishes regulations that sunset on Jan. 1, 2025, as a means to address housing conditions (“crisis”) in the state. During this period, cities and counties in urban areas, are prohibited from rezoning or imposing new development standards that would reduce capacity for housing or adopting new design standards that are not objective. The bill also defined previously undefined terms such as “objective standards” and “complete application” and set forth vesting rights for projects that use a new pre-application process.

## Resources

California Department of Housing and Community Development, [\*SB 35 Streamlined Ministerial Approval Process Guidelines\*](#).

California Department of Housing and Community Development, Housing Accountability Act Technical Assistance Memo. [\*Housing Accountability Act Technical Assistance Memo\*](#).

California Department of Housing and Community Development, [\*Objective Design Standards – Approaches and Considerations\*](#)

Opticos Design, [\*How to Get By-Right Zoning Right \(June 4, 2019\)\*](#).

League of California Cities, [\*Navigating Housing Development in the New Era \(May 2019\)\*](#).

Madera County, [\*Objective Design and Development Standards Memo\*](#).

## Examples

County of Marin. [\*Objective Design and Development Standards\*](#).

City of Gilroy. [\*https://www.cityofgilroy.org/905/Objective-Design-Standards\*](https://www.cityofgilroy.org/905/Objective-Design-Standards)

City of Walnut Creek. [\*Objective Standards Checklist for Single Family Homes\*](#).

City of Fremont. [\*Citywide Design Guidelines\*](#).

City of Fremont. [\*Multi-Family Design Guidelines\*](#).

City of Los Altos. [\*Objective Design Standards\*](#).

### Example Objective Design and Development Standard Topics

- 1) **Site Design**
  - a) Massing
    - i) Adjacent to residential uses
    - ii) Adjacent to open space, park, or community facility
  - b) Height
    - i) Adjacent to residential uses
    - ii) Opposite residential uses
  - c) Orientation
  - d) Fenestration
  - e) Alignment of features
  - f) Public improvements
- 2) **Building Design**
  - a) Articulation
  - b) Variation
    - i) By elevation
    - ii) Between buildings within a single development
  - c) Building entries
  - d) Base, middle, and cap
  - e) Street-facing façade transparency
  - f) Wall modulation
  - g) Roof Type
  - h) Roof Pitch
  - i) Roof Form
    - i) Articulation
    - ii) Alternative energy compatible
  - j) Windows
  - k) Air, light, and privacy
  - l) Architectural details
    - i) Awnings
    - ii) Balconies
    - iii) Eaves
    - iv) Porches
    - v) Railings
    - vi) Exterior stairways
  - m) Personal storage areas
  - n) Sustainable design
- 3) **Materials**
  - a) Primary building materials
    - i) Disallowed primary materials
  - b) Secondary and accent materials
    - i) Disallowed secondary and accent materials
  - c) Roofing materials
  - d) Color and texture
  - e) Windows and doors
  - f) Gutters and downspouts
  - g) Railings
- 4) **Connectivity and Parking**
  - a) Vehicular Circulation
    - i) Access points
      - (1) Quantity and interconnectivity
      - (2) Location
      - (3) Entryway accent materials requirement (i.e., require 30% of entry roadway to be brick)
  - ii) Parking
    - (1) Location
    - (2) Screening
    - (3) Landscaping/shade
      - (a) Solar facility exclusion (consider)
  - b) Pedestrian/Bicycle circulation
    - i) Access points
    - ii) Connections to buildings/amenities
    - iii) Bike parking
      - (1) Location
      - (2) Required amenities
- 5) **Open Space and Common Areas**
  - a) Space requirement
  - b) Location
  - c) Amenities
  - d) Safety (CPTED)
- 6) **Private Open Space Areas**
  - a) Space requirement
    - i) Type of space required
    - ii) Disallowed uses
  - b) Location
  - c) Size requirement (sf requirement)
  - d) Design
- 7) **Landscaping**
  - a) Space requirements (e.g., percent of non-building area)
  - b) Design
  - c) Plant selection
    - i) Plant and groundcover selection (*consistent with WELO requirements*)
    - ii) Approved street trees
  - d) Conservation
    - i) Water saving technology
    - ii) Existing mature trees, creeks, etc.
- 8) **Lighting Design**
  - a) Entryways
    - i) Development gateways
    - ii) Building and unit entryways
  - b) Pedestrian pathways
  - c) Parking areas
    - i) Vehicular parking
    - ii) Bike parking
  - d) Open space areas
  - e) Signs
- 9) **Fences and Walls**
  - a) Location
  - b) Materials
    - i) Fences
    - ii) Retaining walls
    - iii) Sound walls
  - c) Disallowed materials
- 10) **Signs Design**
  - a) Gateway signs
    - i) Size restrictions
    - ii) Readability
    - iii) Location
    - iv) Materials
  - b) Directional signs
    - i) Vehicular circulation
    - ii) Pedestrian circulation
  - c) Building and amenity identification signs
  - d) Unit identifiers
- 11) **Utilities and Service Areas**
  - i) Utilities
  - ii) Location
  - iii) Undergrounding
  - iv) Screening
  - b) Refuse
    - i) Enclosure requirement
    - ii) Enclosure construction materials
    - iii) Location
    - iv) Access requirement
    - v) Screening
  - c) Mail and delivery areas (design only)



## Density Bonuses

Density bonuses are State-required zoning provisions to incentivize affordable housing development. The density bonus law has been in place in one form or another in California for over 40 years. Density bonus provisions allow housing developers to avoid or modify selected zoning development standards (e.g., density, height, setback, parking) through incentives, concessions, waivers, and reductions to increase the number of affordable housing units than would otherwise be permitted. This serves as an additional incentive to developers as well as an overall cost savings, considering an increase in housing units lowers overall per unit construction costs.

The law requires that applicants seeking to use a density bonus provide a specified number of affordable units within their project, consistent with Government Code Section 65915. Since 1979, the law has undergone several amendments that address shifts in real estate market conditions and trends, the overall demand for affordable housing products, and construction and housing cost increases leading to decreased access to affordable housing.

In 2019, the Legislature enacted several new State laws addressing density bonuses that included major changes to the maximum bonus allotted to specific affordable housing projects. In addition, the laws enabled housing project applicants to receive additional incentives and concessions to streamline affordable housing projects. These incentives and concessions are applied on a sliding scale based on the percentage of affordable units within each of the specific income/affordability thresholds. Every city and county must provide a minimum number of specific incentives or concessions but may provide additional incentives or concessions if desired.

In addition to incentives and concessions, cities and counties may be required to provide waivers and reductions for development standards that will impede a qualifying project. Cities and counties do have the authority to deny waivers and reductions, but only in limited circumstances. For example, a jurisdiction can deny a waiver or reduction if it can substantiate that the waiver or reduction would cause undo harm that cannot be mitigated and result in quality of life and safety impacts to the community and environment.

Parking ranks as one common development standard density bonus provisions affect. Like the sliding scale of incentives and concessions, eligible projects are allowed to reduce required parking, regardless of the parking requirements in a zoning code. Depending on the percentage of affordable units and specific location (e.g., one-half mile of a major transit stop), some projects may qualify to reduce parking requirements to less than one space per unit or be eliminated entirely.

Following a series of State laws referred to as the Housing Package of 2019, the State enacted additional revisions to the density bonus law in 2021. The new laws modify requirements to allow greater maximum density bonuses for certain income thresholds, expand incentives and concessions, and further reduce parking requirements. The intent of new law is to further reduce roadblocks to affordable housing statewide and expedite the project approval process for qualifying projects.

**2020 versus 2021 Requirements.** There are substantial differences between 2020 and 2021 laws that can easily be overlooked. Below are a series of comparative tables that highlight the primary differences between both assembly bills.

## Part 2: Housing Production, Trends, Impediments, and Best Practices

| Maximum Density Bonus Tiers |                              |                              |
|-----------------------------|------------------------------|------------------------------|
| Income Categories           | 2020 and Prior               | 2021                         |
| Very Low Income             | 35% bonus for 11% set aside  | 50% bonus for 15% set aside  |
| Low Income                  | 35% bonus for 20% set aside  | 50% bonus for 24% set aside  |
| Moderate Income             | 35% bonus for 40% set aside* | 50% bonus for 44% set aside* |

\*For-sale units only.

Source: Gibson Dunn; <https://www.gibsondunn.com/californias-ab-2345-expands-and-enhances-density-bonus-law-development-incentives/>

| Incentives and Concessions Tiers |                 |      |            |      |                 |      |
|----------------------------------|-----------------|------|------------|------|-----------------|------|
| Number of Entitled Units         | Very Low Income |      | Low Income |      | Moderate Income |      |
|                                  | 2020            | 2021 | 2020       | 2021 | 2020            | 2021 |
| 1                                | 5%              | 5%   | 10%        | 10%  | 10%             | 10%  |
| 2                                | 10%             | 10%  | 20%        | 17%  | 20%*            | 20%* |
| 3                                | 15%             | 15%  | 30%        | 24%  | 30%*            | 30%* |

\*Applies to a common interest development, as defined in Section 4100 of the Civil Code.

Source: Gibson Dunn; <https://www.gibsondunn.com/californias-ab-2345-expands-and-enhances-density-bonus-law-development-incentives/>

| Maximum Parking Requirements |                           |      |
|------------------------------|---------------------------|------|
| Rooms                        | Number of Spaces Required |      |
|                              | 2020                      | 2021 |
| Studio/1 bedroom             | 1                         | 1    |
| 2 bedrooms/3 bedrooms        | 2                         | 1.5  |
| 4 bedrooms                   | 2.5                       | 2.5  |

Source: Gibson Dunn; <https://www.gibsondunn.com/californias-ab-2345-expands-and-enhances-density-bonus-law-development-incentives/>

## Survey Results

A survey conducted for the San Joaquin Valley Regional Early Action Planning (REAP) Report asked staff from the 70 cities and counties whether they have codified standards that comply with both AB 1763 (2019) and AB 2345 (2020). Of the 41 overall survey responses, 29 responded to this specific question. Only 24 percent of respondents said their jurisdiction had an updated compliant set of density bonus regulations consistent with both assembly bills. Forty-one percent of respondents said they did not have updated regulations; 21 percent are updating their regulations, either through ordinance amendments or comprehensive zoning code updates. The final 14 percent declined to answer. Based on these survey results, approximately 50 percent of San Joaquin Valley communities are out of compliance with current density bonus regulations.

## Stakeholder Interviews

Stakeholders indicated the primary challenges regarding density bonuses is that few communities are structured to accommodate the more urbanized development the legislation envisions. Dense, multi-family developments are not common in the dozens of small agricultural-oriented communities where overall infrastructure and public transportation is limited. There also was broad consensus that development standards, specifically the parking regulations, mirrored those of more urban environments in the Bay Area, Sacramento, and Southern California regions, which does not accurately address Valley development patterns and lifestyles.

## Relevant State Law

**Government Code Section 65915.** Local Housing Trust Fund Matching Grant Program: Housing and Emergency Shelter Trust Fund Act of 2002 Allocation: Local Housing Trust Eligibility.

**AB 1763.** Local Housing Trust Fund Matching Grant Program: Housing and Emergency Shelter Trust Fund Act of 2002 Allocation: Local Housing Trust Eligibility.

**AB 2345.** Local Housing Trust Fund Matching Grant Program: Housing and Emergency Shelter Trust Fund Act of 2002 Allocation: Local Housing Trust Eligibility.

## Resources

California Legislative Information, Title 7. Planning and Land Use, [\*Chapter 4.3 Density Bonuses and Other Incentives \[65915 – 65918\].\*](#)

California Legislative Information, [\*Assembly Bill No. 1763, Chapter 666 \(October 10, 2019\).\*](#)

California Legislative Information, [\*Assembly Bill No. 2345, Chapter 197.\*](#)

Gibson Dunn, [\*California's AB 2345 Expands and Enhances Density Bonus Law Development Incentives \(January 26, 2021\).\*](#)

Reuben, Junius & Rose, LLP, Luper, Mark, [\*California Increases Density Bonus to 50% \(November 19, 2020\).\*](#)

### Missing Middle Housing

According to Parolek & Nelson in their book “Missing Middle Housing,” middle housing is a range of multi-unit or clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living, respond to shifting household demographics, and provide more housing choice at different price points (Parolek & Nelson, 2020). These housing types are identified as “missing” because, while they have been historically incorporated into neighborhoods across the U.S, there have been very few of these typologies built in the last 30-40 years. Today, due in part to the shift in housing demographics described above, many people are searching for a broader range of housing choices that are more affordable and located in contemporary, walkable neighborhoods.

**Figure 31: Missing Middle Housing (Retrieved from Congress for New Urbanism)**



The term “middle” has two meanings in the context of missing housing types. The first refers to the middle scale of buildings between single-family homes and large apartments or condos. These include duplexes, triplexes, fourplexes, courtyard apartments, bungalow courts, townhouses, live-work units, and small apartment buildings. Unlike other types of buildings that contain multiple units, missing-middle building types are compatible in scale with single-family homes. The second meaning of “middle” refers to affordability (Parolek & Nelson, 2020). Middle can be simplified into the building’s form and scale in relation to existing housing stock, as well as being affordable by design via lower land costs per housing unit, lower construction costs through typical type V simple wood construction, and simply being smaller units. The overall goal is to respond to shifting household and population demographics and provide increased housing choices at affordable price points.

### Relevance to Housing in the San Joaquin Valley

Trends show a demographic shift in urban areas in preferred housing types, which is reshaping the housing market. Nationwide, the number and market share of new, single-family detached homes has fallen steadily since the great recession (Parolek & Nelson, 2020). One thing that remains consistent is the increasing desire to live in walkable communities, which typically requires housing options other than single-family detached.

Studies show that between 2018 and 2040, the percentage of homeowners under age 35 will decrease. More specifically, the overall homeownership rate is projected to fall from 64.3 percent in 2018 to between 62.6 percent and 64.0 percent in 2040 (Parolek & Nelson, 2020). This will result in a commensurate increase in

demand for rental housing. The same studies suggest that these renters will be looking for a broad range of housing alternatives such as missing middle housing (MMH), which is predominately rental housing.

Since the 1970s, American household size has decreased, and more households comprise single individuals living alone. In contrast, the housing market has continued to produce predominantly single-family, detached housing geared toward larger households, offering increases in square footage and an even higher selling price. This disconnect between available myriad housing types and the trend toward renting has created an affordability and availability crisis for smaller households. While the trend nationwide is away from the suburban, auto-centric lifestyle and towards more centrally located, walkable, bikeable living environments that are close to transit and employment opportunities and near amenities such as shopping and restaurants, most communities in the Valley remain auto dependent. MMH is seen as an opportunity to provide affordable housing options for the more urbanized cities in the San Joaquin Valley.

### Missing Middle Housing Characteristics

- Small footprint buildings
- Smaller units
- Single-family home characteristics
- Can be purchased or rented
- Fewer off-street parking spaces
- Lower perceived density
- Walkable



Missing Middle Housing Examples

- Duplex (side-by-side) (6-13 du/ac)



- Duplex (stacked) (7-16 du/ac)





- Bungalow/Cottage Court (10-30 du/ac)



- Fourplex (stacked) (15-25 du/ac)





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- Townhouse (10-22 du/ac)



- Multiplex – medium (10-50 du/ac)



- Courtyard building (20-60 du/ac)



- Live/work (10-20 du/ac)



## Survey Results

While approximately 75 percent of respondents reported accessory dwelling units are allowed as a by-right housing option based on single-family zoning ordinances, only 15 percent reported fourplexes are allowed as by-right in their jurisdictions. In addition, only 18 percent of respondents reported duplexes and triplexes are allowed as a by-right housing option in their single-family zoning ordinances, 36 percent allowed live/work by-right, and 21 percent allowed cottage court/bungalows by-right. Respondents were also asked about their jurisdiction's best tools for addressing housing supply and costs. Infill housing strategies ranked among the

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highest at 50 percent and allowing multiple units (e.g., duplexes, triplexes, fourplexes) by-right in single-family zones was supported by 21 percent.

### Stakeholder Interviews

Building costs in the San Joaquin Valley were identified as a major challenge to housing production. Building costs are just as high in the Valley as in the Bay Area, which keeps rents high in affordable Valley developments. For-profit developers can't build low-income housing under strict market conditions. The problem is difficult enough for housing authorities and non-profits. In particular, several interviewees cited prevailing wage requirements that are tied to Bay Area indices as problematic, considering unions don't have a strong presence in the SJV.

### Resources

Opticos Design, [\*Missing Middle Housing\*](#).

City of Portland Bureau of Planning, [\*The Infill Design Toolkit: Medium-Density Residential Development \(December 2008\)\*](#).

Incremental Development Alliance, [\*Helping locals strengthen their neighborhoods through small-scale real estate projects\*](#).

Master Builders Association of King and Snohomish Counties, [\*MBAKS Housing Toolkit \(October 2021\)\*](#).



## Inclusionary Zoning

Inclusionary zoning is a tool that facilitates the production of affordable housing units by requiring developers to incorporate a defined percentage of affordable units into market-rate developments. The first inclusionary ordinances were implemented in the 1970s, and their popularity has grown since. According to a Grounded Solutions Network report, as of 2019 there were 162 jurisdictions within California that have inclusionary housing programs that go above the State's Density Bonus requirements.<sup>10</sup>

Inclusionary housing ordinances provide opportunities for lower- and sometimes moderate-income households to live in higher resource areas and can also reduce opposition to affordable housing by dispersing it throughout the community. While inclusionary zoning is effective in creating additional affordable units in a community, it cannot generally be relied on to produce a sufficient number of affordable units to meet the entire need for such units in a community. However, in conjunction with other programs and complimentary incentives, inclusionary ordinances can be a key component to increasing the number of affordable units within a community and achieving a jurisdiction's lower-income RHNA requirements.

Most inclusionary zoning programs follow a similar framework; however, jurisdictions vary on the application of inclusionary requirements, alternatives offered to developers to meet the requirements, incentives, and waiver procedures. The vast majority of inclusionary programs in California are applied consistently across the entire jurisdiction. However, some larger jurisdictions choose to increase inclusionary requirements within certain geographic areas, for example, within a specific plan area or transit district that is seeing a higher level of development than other areas within the city.<sup>11</sup> When establishing an inclusionary housing program, key considerations include:

- **Percentage requirement:** Most inclusionary requirements are a percentage of the total units within a development, with 15 percent being the most commonly adopted requirement in California. With the passage of AB 1505 in 2017, State law allows local jurisdictions to impose an inclusionary requirement on rental projects of 15 percent of units for low-income households without completion of a feasibility study.
- **For-sale versus rental housing:** In most cases, affordable for-sale housing requires such deep subsidies that most for-sale inclusionary policies require the affordable units to be provided at moderate-income levels only.
- **Affordability level:** The required number of units is usually split between units affordable to low- and very low-income households. Some ordinances include requirements for extremely low-income and/or moderate-income units as well. However, requirements for moderate-income units are only justifiable if the market is not already producing units affordable to those households. Some ordinances provide flexibility in their requirements by allowing a lesser percentage of units if they are

<sup>10</sup> Unless otherwise noted, information about the characteristics of inclusionary zoning programs is taken from the following: Wang, Ruoniu, & Balachandran, Sowmya. "Inclusionary Housing in the United States: Prevalence, Practices, and Production in Local Jurisdictions as of 2019." Grounded Solutions Network. 2021.

<sup>11</sup> Local Government Commission, Western Center on Law and Poverty, and California Rural Assistance Foundation. "Meeting California's Housing Needs: Best Practices for Inclusionary Housing." November 2018.

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affordable to lower-income levels (i.e., very low- or extremely low-income households). An ordinance may also incorporate a sliding scale of incentives based on the number of affordable units provided.

- **Applicability Threshold:** Some programs exempt small projects or allow small projects to pay an in-lieu fee. However, there are also ordinances that place inclusionary housing on all residential projects, including one- and two-unit projects. In those cases, payment of in-lieu fees is typically allowed.
- **Affordability Length:** Most inclusionary ordinances in California require a 55-year affordability term for rental units, consistent with State Density Bonus Law. However, some jurisdictions choose to lengthen the term to perpetuity. For-sale units are most typically deed restricted for 45 years with resale or equity share provisions.

**Alternative methods of compliance.** Pursuant to California Government Code Section 65850, an inclusionary housing ordinance shall “provide alternative means of compliance that may include, but are not limited to, in-lieu fees, land dedication, off-site construction, or acquisition and rehabilitation of existing units.”<sup>12</sup> In-lieu fees are usually the most preferred alternative method of compliance for developers because it is often cheaper to pay the in-lieu fee than construct affordable units. Therefore, jurisdictions must ensure that in-lieu fees are appropriately set in order to cover the true cost of constructing affordable units. Appropriate in-lieu fees will also ensure that developers only choose this option when it is truly more feasible than providing units on site.

Generally, in-lieu fees are determined by calculating the difference between the cost to develop the affordable unit and the total financed amount that can be covered by an affordable rent. In-lieu fees are typically placed in a housing trust fund for use toward other affordable housing projects. One of the major advantages of including in-lieu fees as a component of an inclusionary program is that these funds can be used to address housing needs that are not otherwise being built through the program, such as housing for special needs populations or housing for extremely low-income households. Additionally, the availability of funds in a housing trust fund allows the jurisdiction to leverage other State and Federal funding sources.

Jurisdictions may also allow developers to construct affordable units off-site in order to meet the inclusionary requirements. Most ordinances require the developer to provide additional units if they are being constructed off site. Again, this helps to ensure that developers will only select an alternative method of compliance when it is actually more feasible to do so. As dispersion of affordable units throughout a community is a key goal of inclusionary housing programs, it is important that ordinances specify where off-site units are constructed (i.e., within a certain radius of the market-rate development).

Other lesser used alternatives include preservation of at-risk affordable housing units or purchase of affordability covenants on existing non-affordable units. However, these units usually do not qualify for RHNA credits. Although State law does contain provisions to fulfill up to 25 percent of the lower- and moderate-income RHNA with existing units, the requirements are extremely stringent such that few communities are able to satisfy the requirements.

**Development standards for affordable units** should be focused on ensuring affordable units are similar to market-rate units within a project. Affordable units should be dispersed throughout the development and should be outwardly indistinguishable from the market-rate units. The mix of unit sizes should also be similar in proportion to the market-rate units. However, some jurisdictions allow for affordable units to be smaller in size

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<sup>12</sup> California Government Code §65850 (g). 2018.

if there is an identified need for such units within the community. Finally, the ordinance should require that construction of affordable units be completed simultaneously or prior to completion of the market-rate units.

**Incentives and concessions** provided to developers of inclusionary units may be applied in conjunction with density bonus incentives to maximize benefits and feasibility. The types of incentives provided in inclusionary ordinances are generally similar to State density bonus law, and may include density bonuses, relaxation of development standards and parking requirements, and fee waivers.

**Allocating the administrative resources** necessary to successfully implement an inclusionary housing program can be a considerable challenge, particularly for smaller jurisdictions. Resources must be dedicated to tracking affordability terms, ensuring tenants/buyers meet income requirements, and maintaining an up-to-date inventory of affordable units.

Administration of inclusionary programs can be further complicated by issues such as resale controls for owners that want to sell a unit within the affordability term and tenants/owners whose income grows out of the required income category. Restrictions and guidelines addressing these situations should be addressed within the ordinance or within the deed restriction.<sup>13</sup>

**Reliance on the private market.** Inclusionary housing programs, by nature, rely on private market development to produce affordable units. Opponents of inclusionary housing programs argue that they are essentially a tax on developers which is ultimately passed on to consumers in the form of higher rents and sales prices. Additionally, this reliance on the private market means that the success of the program depends to some extent on favorable market conditions, and programs may not perform as expected or desired during an economic downturn. Conducting a feasibility study, as discussed in the Recommendations section may address these concerns.

## Relevant State Law

[Government Code Section 65850.](#)

[Assembly Bill No. 1505 \(AB 1505\)](#) (2017) **Land use; zoning regulations.** Also known as the “Palmer Fix” bill, this legislation restored local government’s authority to impose inclusionary requirements on rental housing. AB 1505 also authorizes HCD to review a city’s inclusionary ordinance and require a city to conduct a feasibility study to ensure that the ordinance does not constrain development, under certain circumstances.

[California Supreme Court case, \*CBIA v. City of San Jose\*](#) (2015). Affirmed local jurisdiction’s ability to implement inclusionary housing programs.

## Survey Results

Only one of the 33 survey respondents, the City of Oakdale, said it does have an inclusionary housing ordinance. In contrast, 78 percent of respondents without an inclusionary housing ordinance simply answered “no,” as opposed to the alternative option, “no, but think it would be a good tool.” This may indicate a hesitancy among San Joaquin Valley jurisdictions regarding inclusionary zoning policies. Along the same lines, inclusionary

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<sup>13</sup> Higgins, Bill. “The California Inclusionary Housing Reader.” Institute for Local Self Government. 2003.

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zoning was not selected as a tool for addressing housing supply and costs. Only 12 percent of responding jurisdictions have inclusionary zoning policies in progress.

### Stakeholder Interviews

Stakeholders did not address inclusionary housing. Though inclusionary zoning is rare in the Valley, one MPO Director noted that the City of Ripon adopted a 10 percent inclusionary housing requirement, but it is too early to assess its impact.

### Resources

Jamboree, Grounded Solutions Network, Inclusionary Communities. [\*Inclusionary Housing in the United States\*](#).

Local Government Commission, Western Center on Law and Poverty, and California Rural Assistance Foundation. [\*Meeting California's Housing Needs: Best Practices for Inclusionary Housing\*](#).

Health Affairs, Tuller, David, [\*Housing and Health: The Role of Inclusionary Zoning \(June 7, 2018\)\*](#).

The World Bank, [\*Inclusionary Zoning\*](#).

McFarland, CA – Municipal Code, [\*Code of Ordinances, Supplement 5\*](#).

Local Government Commission, [\*Meeting Housing Needs: Best Practices for Inclusionary Housing\*](#).

Grounded Solutions Network, [\*Inclusionary Housing\*](#).

### Examples

The following San Joaquin Valley cities have inclusionary zoning programs:

**City of McFarland.** [\*Municipal Code Chapter 17.150. Inclusionary Zoning\*](#).

**City of Patterson.** [\*Municipal Code Chapter 18.86. Inclusionary Housing\*](#).

**City of Escalon.** [\*Municipal Code Chapter 17.50. Affordable Housing\*](#).

**City of Ripon.** [\*Municipal Code Chapter 16.194. Affordable Housing\*](#).

### Case Study

The City of McFarland has a great example of an inclusionary zoning code that is relevant to the San Joaquin Valley. At least 15 percent of units from every new multiple-family residential project of 15 units or more are required to “be affordable to very low, and/or low-income households.” Also, at least 20 percent of units from every new single-family residential project of 15 units or more are required to be affordable. The City also includes a “special consideration” qualification for projects that include a significant percentage of very low- and low-income units. McFarland’s inclusionary zoning provisions (Chapter 17.150) refer to the affordable units as “inclusionary units.” The City’s code specifies that housing projects subject to inclusionary zoning requirements “include, but are not limited to, single-family detached dwellings, townhomes, apartments, condominiums, or cooperatives provided through new construction projects, and/or through conversion of rentals to ownership units.” To mix income types together, the City requires that inclusionary units be dispersed throughout a project. To promote equity and cohesive design, inclusionary units are required to be constructed with the same



exterior materials and exterior architectural design as their market-rate neighbors within the project. Overall, the McFarland zoning code is very specific and extensive and should be considered exemplary for other jurisdictions in the San Joaquin Valley region.

### Infill Development

The Governor's Office of Planning and Research (OPR) defines infill development as "building within unused or underused lands within existing development patterns, typically but not exclusively in urban areas."<sup>14</sup> The benefits of infill development are multi-faceted. Infill development provides opportunities to build housing in accessible, high-resource areas of a city. It can also further sustainability goals, including reduced greenhouse gas emissions, air pollution, and stormwater pollution. Locating housing on infill sites rather than on greenfield sites generally reduces the vehicle miles traveled (VMT) for residents, resulting in lower emissions and cleaner air. Further, infill development minimizes the construction of new impermeable surfaces that contribute to stormwater runoff. Preservation of open space and agricultural land is another clear benefit of infill development. Finally, infill development ties into the existing infrastructure rather than creating a need to build new infrastructure, resulting in both cost and resource savings.

Metrics jurisdictions can use to identify underused sites include low lot coverage or floor area ratios, low improvement ratios (value of improvements to land value), and age of structures on a site. Sites with declining or outdated business types may also be considered underused. Proactive identification of underused sites by the city sends a positive message to developers about where opportunities for development exist and can lead to reinvestment and revitalization.

Development on infill sites can be more challenging than on undeveloped land due to the necessity of working with existing on- and off-site conditions. For example, some infill sites may require some level of environmental remediation prior to development due to previous uses on the site. At times, existing conditions or issues may not be known at the outset and are discovered as project construction begins. These types of issues can increase project costs and level of complexity. However, the benefits of remediation and reuse of infill sites include a possible growth in the local tax base, more jobs, a cleaner environment, and support for community development and revitalization.

Beyond State requirements, local jurisdictions should consider policies that encourage infill development. According to a report published by the UC Berkeley Center for Law, Energy & the Environment (CLEE), best practices for incorporating infill development into land use elements include the following:

- Identify the most appropriate infill types in the local context;
- Create a list of potential infill sites;
- Simplify development regulations to allow for flexibility in land reuse;
- Create design standards to protect existing community character; and,
- Incentivize lot consolidation and small lot development.

The CLEE report in the Available Resources section above discusses policy recommendations for incorporating infill development, including sample general plan goals, policies, and implementation strategies, and provides examples from California communities.<sup>15</sup>

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<sup>14</sup> "Infill Development - Office of Planning and Research," accessed November 24, 2021, <https://opr.ca.gov/planning/land-use/infill-development/>.

<sup>15</sup> Williams, C. & Center for Law, Energy & the Environment. "Integrating Infill Planning in California's General Plans: A Policy Roadmap Based on Best-Practice Communities." University of California Berkeley School of Law. September 2014.

## Relevant State Law

The State Legislature has prioritized infill development in recent years and has passed a number of bills that incentivize this type of development, most notably Senate Bill No. 35 (SB 35) (2017) and Senate Bill No. 10 (SB 10) (2021):

[Senate Bill No. 35 \(SB 35\) \(2017\)](#) requires jurisdictions that have not made sufficient progress towards their RHNA allocations are required to use a streamlined, ministerial review process for affordable housing projects on urban infill sites, among other requirements.

[Senate Bill No. 10 \(SB 10\) \(2021\)](#) allows jurisdictions to adopt zoning regulations that would allow up to 10 dwelling units on any parcel located within a transit-rich area or urban infill site. Adoption of these zoning regulations is exempt from CEQA review.

## Resources

League of California Cities. [Streamlined Processing of Ministerial Projects Under SB 35.](#)

County of Sacramento, Office of Planning and Environmental Review (PER). [Senate Bill 35 Permit Streamlining Preliminary Eligibility Determination Application Form.](#)

County of Sacramento PER. [Affordable Housing Streamlined Approval Pursuant to Senate Bill 35 Information Sheet.](#)

University of California Berkeley School of Law Williams, C. & Center for Law, Energy & the Environment. [Integrating Infill Planning in California's General Plans: A Policy Roadmap Based on Best-Practice Communities.](#)

## Examples

**City of Fresno.** The City of Fresno has taken a proactive approach to infill development with its 2035 General Plan and subsequent adoption of the Infill Development Act by the City Council. Through its comprehensive development code update in 2015, the feasibility of infill development was increased citywide. The City has focused its infill development efforts on the Blackstone and Kings Canyon Transit Corridors and several residential and mixed-use projects have been constructed/approved in the area. Proactive planning has also led to multiple grant awards through the IIG program.

- [Background on Development Code update](#)
- [Opportunity Fresno Infill Program](#)
- [Infill Development Act \(2012\)](#)

## Funding Resources

**Infill Infrastructure Grant Program (IIG).** The Infill Infrastructure Grant Program is a competitive grant program intended to promote infill housing development by providing financial assistance for Capital Improvement Projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project or area. Eligible activities/costs include construction, rehabilitation, demolition, relocation, preservation, and acquisition of infrastructure. Within the San Joaquin Valley region, the following agencies have been awarded

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IIG funds: Housing Authority of the City of Fresno (\$1.8M in 2019 and \$1.16M in 2018) and City of Dinuba (\$1.56M in 2018). More information can be found on [HCD Infill Infrastructure Grant Program \(IIG\) Website](#).

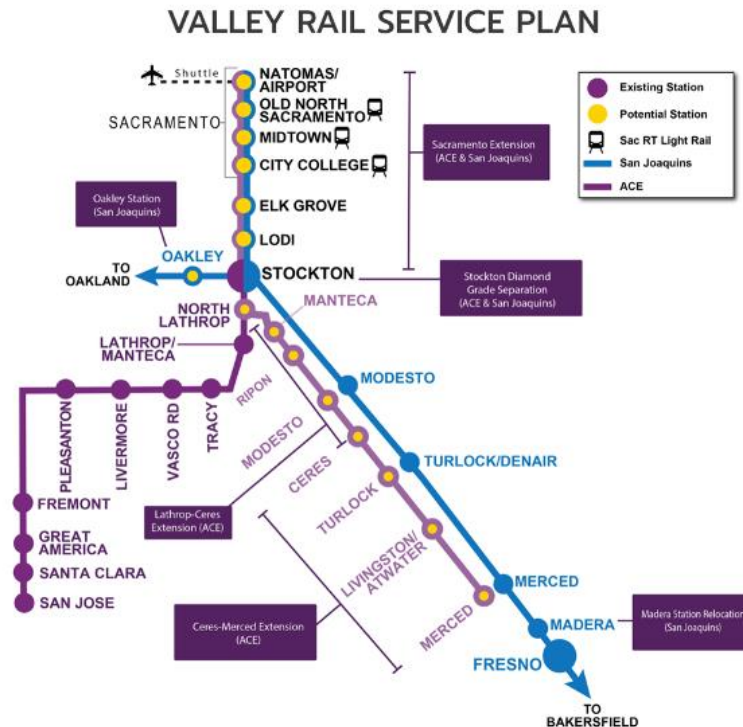
**California Transportation Commission.** [Solutions for Congested Corridors Program \(SCCP\)](#) is a statewide, competitive program that provides funding to achieve a balanced set of transportation, environmental, and community access improvements to reduce congestion throughout the state. Projects must address how they support infill development to qualify.

## Transit-Oriented Development (TOD)

Transit-Oriented Development (TOD) is a planning strategy that promotes compact, mixed-use, pedestrian- and bicycle-friendly urban development with mass transit by clustering jobs, housing, services, and amenities around rail and/or bus rapid transit stations. A lighter form of TOD may also be feasible along high-quality bus corridors. TOD can serve as an infill strategy to integrate housing development within traditionally commercial areas in accessible, high-resource areas. Housing developments near transit result in multiple benefits – they provide housing with good transit access, they support transit through increased ridership, and they require less parking, which reduces development costs and makes affordable units more feasible.

TOD would clearly be possible in Valley communities served by existing and planned fixed rail transit stations as identified in the figure below, with significant added potential at future High-Speed Rail stops in Stockton, Modesto, Merced, Madera, Fresno, Kings/Tulare, and Bakersfield with ultimate linkages to the Bay Area and Los Angeles.

### Altamont Corridor Express (ACE) Valley Rail Service Plan



Source: San Joaquin Regional Rail Commission (SJRR), 2021.

Assembly Bill No. 1324 (AB 1324) (discussed below) may provide a significant funding opportunity for adding housing in these transit districts. Additionally SB 10 (Upzoning in Transit-Rich Areas and Urban Infill Sites), which was signed into law in September 2021, enables local agencies to upzone parcels in transit-rich areas or urban infill locations and reduces CEQA requirements.<sup>16</sup> SB 10 also allows upzoning along “high-quality bus

<sup>16</sup> Leaderman, Ryan Michael, & Golub, Daniel R., & Brundy, Deborah. “SB 10 to Facilitate Upzonings, But Does Not Include CEQA Exemptions for Corresponding Projects.” Holland & Knight. September 20, 2021.

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corridors” (see Related State Laws and Statutes for more information), which could prove to be a useful strategy for Valley communities that do not have fixed-rail forms of transit but do have good bus service.

**Technical assistance.** Undertaking the creation of a TOD area or plan is no small task. A great deal of advance planning and coordination with transit providers, stakeholders, and the community will be required. To this end, one best practice is to engage a team of professionals to assist with the project. Aside from hiring a consultant team, many communities have sought early assistance from the Urban Land Institute (ULI) Technical Assistance Panel (TAP) program that provides expert, multidisciplinary advice to local government, public agencies, and non-profit organizations facing complex land use and real estate issues (see links in Available Resources below).

**Prepare TOD plans.** Cities can take advantage of available funding opportunities to prepare TOD plans. Both short- and long-term goals should be kept in mind (e.g., Valley Rail may exist today, but it may be supplemented by improved bus service and/or high-speed rail in the future). In areas where increased transit service is envisioned, allow for some initial development while preserving long-term intensification potential. For example, a phasing plan that includes:

- An initial phase of the project may be developed at lower intensities than required in the TOD plan if there is an acceptable plan for interim land uses and a long-term master plan.
- Subsequent phases of projects provide an increase in intensity of land use.
- The final phase achieves minimum development intensities indicated in TOD plan.

### Relevant State Law

**AB 710 (Infill Development and Sustainable Community Act of 2011)** limits jurisdictions from requiring more than one parking space per unit or one space per thousand square feet of non-residential development within “transit intensive areas” as defined, with few exceptions. The parking limitations in this law were attributed to the cost of parking (estimated to be 10 to 20 percent to the cost of an infill project) and lost opportunities for infill development. As such, these parking limitations can make TOD more financially feasible and improve overall housing affordability. Note, however, that the law does not prevent a builder from providing more parking unless there is a local parking ordinance that also limits how much parking can be provided (i.e., through parking maximums).

**AB 1324 - The Transit-Oriented Affordable Housing Funding Program Act (2021-2022)** is currently under review in the State legislature and may provide significant funding opportunities for affordable housing in qualifying transit areas. The bill envisions the formation of a separate legal entity, namely a “Transit-Oriented Affordable Housing District,” and a State-administered trust fund that uses tax increment dollars from the district to fund the development of multi-family housing projects that include a minimum percentage of units that are restricted to very low-, low-, or moderate-income households. The bill would authorize the issuance of revenue bonds by the State using the property tax increment as the source of debt repayment. Not unlike subsidized affordable housing projects, prevailing wage requirements would apply within these districts. Additional TOD funding is listed in the Available Resources section.

## Stakeholder Interviews

Stakeholders noted that it is hard to find housing sites that are near transit and other services, especially in smaller communities. Stakeholders stated that there should be a focus on transit station area planning around both bus and rail locations, either with conditional funding or incentives for both market-rate and affordable housing. Additionally, stakeholders recommended that these and other priority infill areas should be regionally identified and ranked for funding opportunities. A local example that was cited is the Fresno COG TOD plan that enables developers to request funding for infrastructure improvements for high-density projects.

## Resources

**Urban Land Institute (ULI) – Technical Assistance Programs.** The Technical Assistance Panel (TAP) & Technical Assistance for Communities (TA4C) program:

- [\*San Francisco Chapter TA4C\*](#)
- [\*Los Angeles Chapter TAP\*](#)

**California Housing Consortium.** [\*Affordable Housing and Sustainable Communities Program.\*](#)

**Institute for Transportation and Development Policy.** [\*What is TOD?\*](#)

[\*Transit-Oriented Development Institute Website.\*](#)

## Examples

**ULI.** [\*Stockton ULI Report \(Downtown Revitalization\).\*](#)

**The Center for Global Metropolitan Studies.** [\*Transit Oriented Development for High Speed Rail \(HSR\) in the Central Valley California: Design Concepts for Stockton and Merced.\*](#)

## Funding Resources

**HCDs Transit-Oriented Development (TOD) Housing Program** offers low-interest loans to provide gap financing for rental housing developments near transit that include affordable units. In addition, grants are available to localities for infrastructure improvements necessary for the development of specified housing developments, or to facilitate connections between these developments and the transit station.

**California Housing Consortium.** [\*Transit-Oriented Development \(TOD\) Housing Program.\*](#)

**Fresno Council of Governments.** [\*Measure C Transit Oriented Development.\*](#)



### Innovative Zoning Strategies

Many Valley communities struggle to accommodate their fair share of housing during California's record housing crisis. The housing shortage has driven home prices and rents to unprecedented levels throughout the state. Coupled with an ever-increasing population, the housing shortage is at the forefront of issues facing California communities, especially those in the San Joaquin Valley. Despite the multitude of California laws aimed at increasing housing supply and affordability, the crisis has prompted many communities to look for other, more innovative solutions. Through their zoning codes, specific/master plans, and general plans, local governments have a unique opportunity to revisit existing development policies and regulations and explore new policies and regulations that could lead to increased housing supply or decreased housing costs in their community.

Several zoning code revision approaches are identified and explored in this section, presenting opportunities and challenges. It is important to recognize that a combination of approaches will likely be necessary to achieve desired results. Time permitting, it is always a best practice to “plug holes or deficiencies” in local zoning codes relating to constraints on housing production and bring codes into compliance with State laws and the general plan (e.g., consistent zones and densities, by-right requirements, density bonus) prior to submitting housing elements for HCD review. If deficiencies or needed updates are identified but have not been completed prior to housing element submittal, the housing element should contain a program and an early timeline for action to address the needed changes. While there are endless general plan and zoning code revision possibilities, this section describes three examples of innovative zoning strategies that facilitate increased housing production:

- Eliminate single-family zoning
- Eliminate or increase maximum residential density standards
- Modify parking requirements

#### Eliminate Single-Family Zoning

Traditional single-family zoning originated with Euclidian zoning. The basic idea of this zoning approach was to separate residential uses from commercial and industrial uses that were seen as incompatible. Over the last 100 years, single-family zoning has become the dominate zoning type in most California cities and counties. Typical to these zones are large minimum lot sizes, large setbacks, two-three story height limits, and allowed uses limited to single-family homes and uses that support them. While this development type is extremely popular, it also represents an inefficient use of land, leading to high housing costs, expensive infrastructure, and increased traffic and air pollution. More recently, such zoning is increasingly viewed as economically and socially exclusionary.

In response to the many issues raised by single-family zoning, particularly the housing supply and cost, an increasing number of states and cities are opting to eliminate or substantially alter single-family zoning. Common to most of these efforts is eliminating single-family dwellings as the only permitted residential use, in favor of allowing duplexes, triplexes, and fourplexes on the same sized parcel. The obvious effect of this relatively simple change is to allow an increased number of housing units in a given area and the likelihood that each of those units would be smaller, and more affordable, than the single-family unit that might have otherwise been built. Most of the modified single-family zones are retaining the same or similar development

standards to ensure compatibility with the existing, built environment. Here are some examples of places that are eliminating single-family zoning:

**Oregon.** The State of Oregon eliminated exclusive single-family zoning in 2019. Under House Bill 2001, cities with more than 25,000 people must allow up to fourplexes in single-family neighborhoods. Cities between 10,000 and 25,000 must allow at least duplexes. Cities in the Portland metropolitan area with more than 1,000 must also allow up to fourplexes in single-family residential areas. The changes expected from this legislation are likely to be gradual.

**Minneapolis.** In 2019, the City of Minneapolis became the first major municipality to eliminate exclusive single-family zoning in the United States. The City's policy "does not prohibit construction of single-family homes...it simply says that no neighborhoods in the city can have one single-family homes." The City's progressive policy was praised and approved of by zoning experts and academics, which made Minneapolis an influential and exemplary case study for addressing housing crises.

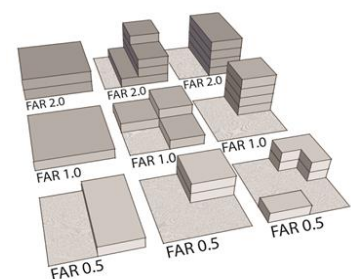
**Sacramento.** Like Minneapolis before it, the City of Sacramento is attempting to eliminate exclusive single-family residential zoning. Despite some backlash from neighborhood groups, the City Council voted unanimously to end exclusive single-family residential zones in Sacramento. The changes will be reflected in the City's 2040 General Plan.

## Eliminate or Modify Maximum Residential Density Standards

California law requires that general plan land use elements include population density and building intensity standards (see *Twain Harte Homeowners Association v. County of Tuolumne* [1982]). Most general plans determine population density using two factors: dwelling units per acre and persons per dwelling unit. Establishing density ranges for residential land uses has become standard general plan practice.

Building intensity is essentially the amount of building square footage allowed (or assumed) per given area, typically per acre. The common measure used in general plans for determining allowable building intensity is floor area ratio or FAR. FAR refers to the ratio of building floor space compared to the square footage of the site. FAR is calculated by dividing the floor area of all buildings on the site by the total square footage of the site. For example, a 12,500 square foot building on a 25,000 square foot site has a FAR of 0.5. FAR is typically used to determine maximum allowable development for non-

residential land uses. Implementing zoning regulations are, by law, required to be consistent with the general plan. As a result, zoning code development standards, particularly those related to minimum/maximum parcel size, lot coverage, and building height, are directly linked to the general plan residential density or FAR standards. Typically, low-density residential land use designations include lower-density maximums, based on the assumption that these areas will be primarily (or exclusively) single-family homes. Implementing zoning development standards are then constrained by these lower-density assumptions, resulting in larger minimum parcel sizes, lot coverage and building height restrictions, and limitations to single-family dwellings.



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Traditional Euclidian zoning codes typically include development standards that regulate height, bulk, and space of structures by zoning district. These development standards address front, side and rear setbacks, lot coverage, height, and parcel size. For residential uses, these standards have the effect of regulating maximum density, or the total number of dwelling units that can be built in a given area. Typically, most general plans establish the minimum and maximum allowable density in each residential land use category. Implementing zoning regulations are required to be consistent with the general plan, so the combined development standards for each residential zoning district should be consistent with the corresponding land use category.

Many cities and counties are modifying residential development standards by increasing allowable density to allow for more efficient and intense use of residential land. Such modifications include reduced setbacks, increased height and lot coverage, and smaller minimum parcel size. Such changes do not affect existing single-family neighborhoods, as does the elimination of single-family zoning, but are focused on enabling new or redeveloping neighborhoods to include a broader range of housing types, densities, and affordability.

There are two other emerging approaches to addressing limitations typical residential density standards impose on housing supply and affordability: increase density maximums to allow for a broader range of housing types in traditional low-density-designated areas or eliminate density standards altogether in favor of FAR as the density/intensity standard.

**Establish Minimum Residential Zoning Density.** Most general plans establish a minimum and maximum allowable density in each residential land use category. Some cities establish the midpoint of a density range as the minimum density unless environmental, historic, or other unique constraints are present. Additionally, jurisdictions must ensure that their zoning allows for the maximum density of the general plan density range since zoning regulations must be consistent with the general plan.

The establishment of minimum density requirements within zoning districts is a method to ensure that development makes the best use of available land. Development at lower densities can result in land use patterns that are difficult or more costly to serve with infrastructure and utilities, reducing affordability. Minimum density requirements can also be useful to ensure that developments do not build too many overly large or expensive units. Untapped development potential may be lost as it can be difficult for these areas to redevelop when there is more demand for housing, forcing development to sprawl. Enacting a minimum density ordinance can help ensure that housing is built at sufficient densities to support transit or provide a variety of housing choices.

Additionally, minimum densities help guarantee that sites develop according to the minimum densities required to accommodate lower-income household requirements for housing elements. For cities in the San Joaquin Valley, minimum residential density is currently 30 units/acre for cities with populations over 100,000, and 20 units/acre for cities or county areas with populations less than 100,000. This is important because jurisdictions are now required to annually report on housing production and if, because of housing approvals, site inventories are found insufficient to meet remaining housing allocations, jurisdictions must initiate additional zoning actions to maintain an adequate inventory.

## Modify Parking Standards

Through the zoning codes, local governments establish off-street parking standards for residential development. The standards can be determined on a per-dwelling-unit basis, on the number of bedrooms per dwelling unit, or a combination of the two. Off-street residential parking standards are established to ensure that residential uses have adequate on-site parking, so the residents don't need to park on public streets. At the same time, on-site parking requirements reduce the amount of land that can be devoted to housing and must be factored into the cost of each dwelling unit. In particular, the per-unit cost of multi-family residential development can be significantly influenced by the amount of land and costs devoted to parking. However, many current parking standards are decades old and do not account for more recent changes in vehicle ownership and driving habits that result in reduced parking demand. Ride sharing, car share apps, access to public transit, and decreasing vehicle ownership in younger generations all contribute to reduced parking demand.

Recent State legislation has also restricted a local jurisdiction's ability to require parking in certain instances (e.g., near transit, car share, etc.) or has capped the amount of parking that a jurisdiction may require (e.g., SB 9 and transit proximate areas). In other instances, State laws have allowed for the outright elimination of parking by allowing garages to be converted into an ADU without replacement parking.

In light of the housing cost implications, changing driving habits, and new State laws, many communities seeking to decrease housing costs are revisiting their zoning codes to determine whether current parking requirements are still appropriate. In doing so, those communities may reduce housing costs for residents, potentially lower development costs, and free up land for additional dwelling units. The following are examples of strategies communities are taking to create greater flexibility in parking requirements and increase the land allocated to residential development.

**Reduced Parking Requirements.** A simple, obvious approach some communities have taken is to simply reduce the minimum parking standards, either on a communitywide basis or in specific circumstances. Since driving and auto-ownership characteristics vary widely among different communities, this approach requires some research into the area-specific parking needs. More dense urban areas served by mass transit are more likely to experience higher transit use and lower auto dependence. Most San Joaquin Valley communities have limited or no public transit to auto ownership, and dependence is higher, leading to greater parking demand. Specific instances where lower parking standards work well are age-restricted residential uses with high senior populations or affordable housing projects where residents are less able to afford the cost of vehicle ownership.

**Maximums Instead of Minimums.** Most communities specify their parking requirements in terms of a minimum number of required spaces. One of the biggest concerns with minimum parking requirements is they have the potential to cause an excessive amount of land to be devoted to parking by applying a "one size fits all" solution. Parking minimums fail to consider the many nuances of a residential development, such as vehicle ownership rates and transit use. That is, parking minimums assume that every adult occupant owns at least one vehicle, which is increasingly not the case.

To address this issue, some communities have not only eliminated minimum parking standards but have instead adopted parking maximums. Rather than specifying a minimum number of spaces that must be

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provided, a maximum limit is placed on the number of parking spaces that may be developed as a part of a residential project. Replacing parking minimums with maximums can help avoid parking oversupply, reduce land costs, or enable a greater portion of a parcel to be devoted to residential uses.

**Unbundling Parking.** “Unbundling” parking is the practice of selling or leasing parking spaces separate from the purchase or lease of a residential use. This allows base housing costs to be lowered and individuals who do not need parking the flexibility of paying less for their dwelling unit. It also incentivizes individuals – where they have the option to walk, bike, or use public transit for daily activities – to forego parking space ownership. While most zoning codes include procedures for making specific findings to reduce residential parking requirements, zoning codes could also include provisions to allow for or incentivize unbundled parking for residential projects.

**Shared Parking.** Shared parking can reduce costs associated with development and maintenance of parking. Shared parking works particularly well in mixed-use developments where uses have differing peak parking demand periods. For example, housing and offices are complementary uses wherein residents leave for work and free up spaces for office users during the day. Shared-parking arrangements can also be used among different property owners by employing shared-parking agreements. When shared-parking agreements are developed, ensure that the jurisdiction is a party to the agreement if replacement parking solutions are required.

**Reduce Covered Parking Requirements and/or Allow Tandem Parking.** Many jurisdictions have covered parking requirements (e.g., two covered spaces per unit). Covered parking could be reduced or eliminated in some instances to reduce overall costs of development. Reduced covered parking and or tandem parking can also make it easier to accommodate small-lot single-family homes and townhomes.

**Challenges.** Reduced parking standards, in general, can be a difficult topic to address. The lack of parking in some areas sometimes creates impacts on other areas (e.g., spillover parking, blocked driveways). As such, jurisdictions should evaluate parking requirements carefully to see where and when parking requirements can be reduced. Considerations include:

- Do individual garages in single-family neighborhoods get used for parking or storage, or are they converted to an accessory unit? Could less covered parking be required? Could tandem parking be allowed? Is covered parking essential?
- Are parking standards for multi-family developments tied to unit sizes or just a number per unit? Smaller units like studios and one-bedroom units may not need more than one space while 2+ bedroom units may need more. Are parking spaces assigned? If so, many spaces will go unused or will be underused. Shared open parking and unbundled parking can significantly reduce overall parking needs.
- Are transit or other transportation options (e.g., car share, shuttles) available that could allow for reduced parking requirements?
- Is plentiful on-street parking available that could allow for reduced parking requirements?
- Are parking standards tailored to distinct types of housing, (e.g., senior housing, affordable housing) that may have lower than average parking demand?
- Are shared parking facilities possible (e.g., mixed-use developments)?
- Are car share/rental spaces an option? Encourage their provision by allowing a reduction in required parking spaces for every car share space provided.

While a comprehensive overhaul of parking requirements is desirable, to test which solutions work best, jurisdictions can also adopt some of the less controversial options or adopt ordinances that allow variations in parking standards within new developments with limited ability for spillover effects.

## Stakeholder Interviews

While stakeholders and MPO Directors did not focus on innovative zoning solutions, several relevant points were made during the interviews:

- **Encourage Innovation and Flexibility.** An entrepreneurial mindset is needed to try new innovations and pivot from what isn't working. Flexibility is key.
- **Update Development Regulations.** Updates to development and zoning codes are critical. Even if funding is available and policies are in place, development and zoning codes can discourage the very types of development needed. Some product types should be "by-right."
- **Lack of Housing Type Diversity:** Some Directors noted that the Valley housing inventory is dominated by single-family homes and that a greater diversity in housing types is needed.
- **Flexible Zoning:** The Kern MPO Director shared that flexible zoning has facilitated the development of market rate housing in downtown Bakersfield.

## Survey Results

When asked about the effectiveness of planning tools to facilitate housing, 85 percent of the respondents rated zoning as moderately to extremely effective. In response to a question about whether specific housing types were allowed by-right in residential zones, only 15-20 percent of respondents indicated that duplexes, triplexes, fourplexes, and cottage courts are allowed by-right in all residential zones. When asked whether zoning represented a housing impediment in their city or county, there was no consensus. Only 30 percent rated zoning as moderately important, 48 percent neutral to not important, and only 22 percent very or extremely important.

## Relevant State Laws

A growing trend in recent State legislation is to limit a local jurisdiction's ability to require parking (e.g., for ADUs, junior ADUs, transit-oriented areas (AB 710), for housing on religious sites (AB 1851), and most recently for Urban Lot Splits (SB 9).

[Government Code Section 65852.2](#). Accessory Dwelling Units.

HCD. [Accessory Dwelling Unit Handbook](#).

[Assembly Bill No. 710 \(AB 710\)](#) (2011). Infill and transit-oriented development (parking limits).

[Assembly Bill No. 1851 \(AB 1851\)](#) (2020) Religious institution affiliated housing development projects: parking requirements.

[Senate Bill No. 9 \(SB 9\)](#) (2021). Housing Development: Approvals.

## Resources

California YIMBY, YIMBY Analysis, [SB9](#) and [SB10](#).

California Legislative Information, Legislation Text, [SB 9 Housing Development: Approvals](#) and [SB 10 Planning and Zoning: Housing Development: Density](#).

ABC 10, News Article, Howland, Lena, (July 12, 2021), [‘Two bills in the California Senate are making housing advocates upset’](#).

Davisite, Letter, Walsh, Colin (June 13, 2021): [Proposal to Eliminate R-1 Single Family Zoning is a Terrible Idea](#)

Reason, News Article, Britschgi, Christian, (July 1, 2019), [Oregon Becomes First State to Ditch Single-Family Zoning](#)

OPD, News Article, Mapes, Jeff (July 3, 2019), [Oregon Strikes Exclusive Single-Family Zoning. But Effects May Take Years](#).

Legislation (Overview and Text): [HB2001](#) and [Housing Choices](#).

Lincoln Institute of Land Policy, Academic Column: [Rezoning History: Influential Minneapolis Policy Shift Links Affordability, Equity](#)

The Century Foundation, Kahlenberg, Richard, [How Minneapolis Ended Single-Family Zoning](#).

Politico Magazine Article, Trickey, Erick, [How Minneapolis Freed Itself From the Stranglehold of Single-Family Homes](#).

LA Times News Article, Dillon, Liam, [In a first for California, Sacramento poised to allow apartments in single-family home neighborhoods](#).

Planetizen News Article, Brasuell, James (February 11, 2021) [Context for Sacramento’s Decision to End Single-Family Zoning](#).

Local Housing Solutions, [Reducing Parking Requirements \(August 2021\)](#).

Skyline Parking, [Minimum parking requirements – problems and alternatives \(August 2021\)](#).

CityLab. [Parking Reform Will Save Your City](#).

Donald Shoup. [Parking Links](#).

ULI. [Shared Parking](#).

## Examples

### *Elimination of Single-Family Zoning*

**State of Oregon.** The State of Oregon eliminated single-family zoning through House Bill 2001 in 2019. The bill is an example of inclusionary zoning and allows for more affordable housing to be built. The bill allows duplexes, triplexes, fourplexes, and cottage clusters to be constructed on land zoned for single-family homes in



cities with over 25,000 residents. In cities with over 10,000 residents, duplexes will be allowed on land zoned for single family homes.

<https://www.oregon.gov/lcd/UP/Pages/Housing-Choices.aspx>

<https://olis.oregonlegislature.gov/liz/2019R1/Measures/Overview/HB2001>

### ***Increasing Density***

**Fairfax County, Virginia.** In 2016, Fairfax County, Virginia, rezoned key areas around transit stations and certain commercial corridors to allow for higher-density residential development. The upzoning effort increased the allowable floor area ratio (FAR) for new buildings in designated areas from 2.0 or 3.0 to 5.0.

[https://www.washingtonpost.com/local/virginia-politics/higher-buildings-allowed-near-metro-stations-in-fairfax-county-board-rules/2016/06/22/67192eae-388c-11e6-8f7c-d4c723a2becb\\_story.html](https://www.washingtonpost.com/local/virginia-politics/higher-buildings-allowed-near-metro-stations-in-fairfax-county-board-rules/2016/06/22/67192eae-388c-11e6-8f7c-d4c723a2becb_story.html)

<https://ggwash.org/view/41968/a-zoning-change-in-fairfax-will-allow-more-density>

**City of Los Angeles, California.** Los Angeles adopted a small lot subdivision ordinance to promote the development of high-density residential development. Primarily, the ordinance reduces minimum lot size and side yard requirements to allow for creative townhome developments. The ordinance applies only to multi-family and commercial zones. The ordinance does not apply to single-family zones.

[https://planning.lacity.org/Code\\_Studies/Housing/Townhouse176354.pdf](https://planning.lacity.org/Code_Studies/Housing/Townhouse176354.pdf)

[https://www.huduser.gov/portal/casestudies/study\\_102011\\_1.html](https://www.huduser.gov/portal/casestudies/study_102011_1.html)

### ***Establishing Minimum Required Densities***

**Minimum Densities.** While maximum densities are a key feature, development may occur at intensities much lower than the intent of the zone. Establishing minimum densities can be used by jurisdictions to require more efficient use of available residential-zoned land and to ensure sufficient residential capacity to accommodate growth. Adopting minimum densities can also support other community goals such as maximizing transit investments, expanding housing choices, protecting open space, and reducing greenhouse gas emissions.

[City of Seattle, Washington](#)

[City of Portland, Oregon](#)

[City of Renton, Washington](#)

### ***Parking Requirements***

**City of Sacramento.** [Zoning Code Parking Regulations Summary Sheet.](#)

### Form-Based Codes

A form-based code (FBC) is a land development regulation technique that focuses on the physical form of the built environment rather than on the separation of uses. As communities continue to grow, many have found traditional land use regulations that encourage separate-use, automobile-dependent patterns of development are no longer working. FBCs may be best suited to areas that wish to foster mixed-use developments in and around downtowns, transit-oriented developments, and transit corridors. They can also be used in combination with other zoning regulations to form hybrid models. The primary benefits of these codes are more predictable outcomes and by-right reviews that streamline development approvals.

FBCs focus less on structure use and more on the overall form and character of a neighborhood. While use is still regulated, more emphasis is placed on the placement and form of structures, the character of the street frontage, and the relationship between structures and public spaces. By regulating the design of new development, FBC zoning addresses the size and mass of structures in relation to one another. FBCs are presented through graphics, charts, and minimal text, with a focus on readability. This approach can result in a wider variety of residential uses mixed with commercial and office uses, including mixed-use development, and live/work and workforce housing close to work, shopping, and entertainment.

The regulations and standards of an FBC are typically presented in tables and graphics with supplemental text which can be more readily understood by users. Additionally, FBC's usually include photographs that depict the desired outcomes. The standards vary in intensity based on each form-based zone. The form-based zones are mapped in a regulating plan, a document similar to a zoning map.

The development of an FBC can be a significant undertaking, so jurisdictions should first evaluate whether FBCs best accomplish community goals and are appropriate for the context (see *Form-Based Codes: A Step-by-Step Guide for Communities* under Available Resources below).

**Implementation Techniques.** Form-based codes can be adopted as part of a specific plan/master plan process, a general plan update, or as a focused addition to a comprehensive zoning code update. Additionally, some communities have opted to implement a hybrid zoning approach that combines conventional zoning techniques with form-based standards. This technique typically involves creating a mandatory or optional overlay zone, and/or adopting form-based standards into the community's existing development and design standards.

**Benefits of FBCs.** FBC regulations usually lead to a more predictable built environment and allow mixed-use walkable projects to be built by-right (whereas this must be explicitly allowed in conventional zoning, it is inherently permitted in FBCs).

- FBCs promote compatible infill, allowing more opportunity for individual landowners to develop property, resulting in more diversity in architecture and style.
- The public process to develop the code is often more understandable for the public, since the discussion revolves around what a development should look like, rather than abstract concepts such as FAR or use tables. This encourages greater public participation.
- Although FBCs may include the same categories of elements as design guidelines, they are regulatory, rather than elective. FBCs typically replace existing conventional zoning codes for a particular area. FBCs can apply to a particular zone, a collection of zones, or apply citywide or countywide.

## Potential Outcomes

- Predictable development pattern
- Faster application processing and review
- Walkable, bikeable, and pleasant urban character
- Establishment, reinforcement, and/or preservation of the aesthetic and spatial character of the community
- Broad mix of housing types and opportunities
- Increased live/work options
- Structures and entries that are oriented to the street to activate the public realm
- Sustainable design and growth

**Challenges.** Developing an FBC will require education, community engagement, and time to develop as the approach differs from traditional zoning approaches. Because this form of zoning is different than traditional forms (e.g., new terms and definitions), it also requires staff that can explain and implement its provisions. It should also be expected that not every provision of the new code will address every issue that may arise, and as such, jurisdictions should plan for the possibility that amendments will be needed in the initial years of implementation.

## Resources

Chicago Metropolitan Agency for Planning (CMAP). [\*Form-Based Codes: A Step-by-Step Guide for Communities.\*](#)

Strong Towns, [\*6 Reasons Your City Needs a Form-Based Code.\*](#)

Form-Based Codes Institute. [\*Library of Form-Based Codes.\*](#)

Local Government Commission (LGC). [\*Form-Based Codes: Implementing Smart Growth.\*](#)

Form Based Code Institute. [\*Form-Based Codes Defined \(August 2021\).\*](#)

Weitz, J. (2005). Form-Based Codes: A Supportive but Critical Perspective. *Practicing Planner*, Vol. 3, No. 3.

Langdon, P. (2006). The Not-So-Secret Code. *Planning*, Vol. 72, No. 1.

## Examples

City of Tehachapi. [\*Tehachapi General Plan.\*](#)

City of Fremont. [\*Fremont Downtown Community Plan + Design Guidelines.\*](#) A hybrid FBC that incorporates use-based regulations, street typologies, and public realm requirements as well as minimum and maximum parking standards based upon exclusive and non-exclusive use.

City of Fremont. [\*Warm Springs/South Fremont Community Plan.\*](#)

## Upzoning

Upzoning refers to zoning code changes that increase the amount of development allowed. Upzoning is applied more broadly (e.g., over an entire zoning district) whereas rezoning is typically applied to specific

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properties (e.g., rezoning of one or more parcels from one district to another district). Upzoning can increase housing affordability by providing more housing in existing residential areas. It can also help achieve many economic, social, and environmental goals including Affirmatively Furthering Fair Housing, implementing sustainable communities' strategies, and creating areas with mixed incomes and access to high-resource areas.

Upzoning can also be used to implement general and/or programmatic goals to accommodate a jurisdiction's regional housing needs allocation. If a jurisdiction does not have a sufficient housing site inventory, they are typically required to have programs within their housing element to identify and zone land within a specified time frame. Not having adequate sites can also result in a "conditional" certification of a housing element and ongoing reporting and follow-up with HCD. A jurisdiction may need to engage in broad upzoning of large areas of a city (e.g., rezone enough underused or vacant residential parcels to a minimum of 20-30 units per acre to accommodate lower-income housing allocations) and/or more targeted area-specific upzoning (e.g., along transit corridors). These options are discussed further below.

**Broad upzoning.** Accessory Dwelling Unit and Junior Accessory Dwelling Unit laws along with recently passed legislation (SB 9) that allows urban lot splits and two-unit developments on existing single-family lots are broad forms of upzoning. Additionally, SB 10 provides a new upzoning tool that allows jurisdictions to zone parcels for up to 10 units in areas that are "transit-rich" or considered "urban infill" as defined by State law. All these laws create additional capacity to accommodate regional housing need allocations, but they may not be sufficient to address long-term affordability requirements, as they do not necessarily result in income/deed-restricted forms of affordable housing that can be counted towards lower-income production goals.

**Area or site-specific upzoning.** An alternative to broad upzoning is to upzone specific sites or areas of a city, such as a downtown or transit corridor. Examples include:

**Mixed-use zoning** is a way to upzone property to incorporate housing within existing commercial zones. Jurisdictions can still preserve commercial land use goals, especially in neighborhood, office, and retail commercial type zoning districts by requiring housing to be located above and/or behind commercial uses. If this approach is employed, a jurisdiction should specify the minimum amount of commercial development that is required along with spatial requirements to avoid token or unusable commercial development.

Mixed-use zoning can be applied as a requirement or as an optional zoning overlay, keeping in mind that the "optional approach" could preclude such sites from being counted to meet regional housing needs in the housing element.

**Area, community, or specific plans** can be used to upzone newly developing areas or to revitalize and integrate new development within an existing area. The primary advantage of such plans is that all the basic planning requirements (e.g., land use, zoning, and backbone infrastructure needs) are established and environmental review is completed. This, in turn, can provide for a streamlined review of subsequent projects.

**Upzoning of transit-oriented development TOD areas** around transit stations or along high frequency bus corridors (usually with headways of fifteen minutes or less during peak commute times) has the dual benefit of providing more housing accessible to transit and creating a ridership base that enhances the economic and financial viability of the mass transit investment. The TOD section of this report explores this opportunity in greater detail.

**Challenges.** Having an adequate inventory of sites zoned at the minimum densities required to meet obligations for lower-income households is a key component for housing elements. Most jurisdictions in the San Joaquin Valley will need to zone for at least 20 units per acre (30 units per acre in cities with populations over 100,000) to meet lower-income housing allocation requirements, and upzoning will be a critical method to achieve this.

## Relevant State Law

[Senate Bill No. 9 \(SB 9\)](#) (2021). **Housing Development: Approvals.** Urban Lot Splits and Two-Unit Developments.

[Senate Bill No. 10 \(SB 10\)](#) (2021) **Housing Development: Density.** A Tool for Residential Upzoning in transit-rich areas.

[Senate Bill No. 478 \(SB 478\)](#) (2021). Floor Area Ratio Allowances for Certain Housing Projects.

[Government Code Section 65589.5](#). Density Bonuses and Other Incentives.

[Government Code Section 66300 \(b\)\(1\)\(A\)](#). Prohibits downzoning.

## Resources

HCD. [Map of Designated Jurisdictions Prohibited from Certain Zoning-Related Actions](#).

Sightline Institute. [Video: Invisible Walls Shutting You Out?](#)

Curbed. [Will upzoning neighborhoods make homes more affordable?](#)

Planetizen. [What is Missing Middle Housing?](#)

[MissingMiddleHousing.com](#).

Governing.com. [A Recipe for Achieving Real Housing Affordability](#).

Terner Center for Housing Innovation. [Will Allowing Duplexes and Lot Splits on Parcels Zoned for Single-Family Create New Homes?](#)

American Planning Association, Northern California Chapter. [Why zoning for Middle Housing doesn't make it so](#). Upzoning approaches in different areas of a city.

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### Examples

City of Ashland. [\*Questions and Answers for the proposed Minimum Density Ordinance amendments to R-2 and R-3 zones.\*](#)

Puget Sound Regional Council. [\*Minimum Densities.\*](#)

## Housing Overlay Zones (HOZs)

A Housing Overlay Zone (HOZ) is a layer of standards in addition to base zoning regulations which provide incentives for developers to build affordable or population-specific housing. The incentives provided can vary depending on the local market conditions and opportunities but often include increased density or intensity (floor area ratio), increased height allowances, lower parking requirements, by-right zoning, project permit and approval streamlining, impact fee deferrals or waivers, or allowing housing in non-residential zones.

Overlay zones can be applied to underlying residential and non-residential zones; however, the greatest potential may lie with non-residential zones where a jurisdiction may seek to promote infill housing development, spur revitalization efforts, or simply find additional sites to meet housing goals. Application of HOZs to existing residential zones may be less useful given that State Density Bonus Law already provides incentives for projects that include affordable housing, and recent housing legislation requires by-right zoning for most residential projects. A housing overlay atop residential zones could, however, serve as a means of promoting additional affordable housing or population specific housing types beyond what is already authorized by Density Bonus Laws or as a means of marketing existing Density Bonus Law provisions to prospective builders.

A housing overlay ordinance should have four key components: (1) a defined geographic area; (2) thresholds for the number of affordable units and/or affordability levels required for projects to qualify for different overlay zone incentives; (3) defined incentives given to qualifying projects; and (4) streamlined permitting and approval processes.

An HOZ is a relatively simple zoning tool that can be used to address three best practices, including:

- Ensuring there is sufficient land designated for housing
- Creating streamlined zoning and permitting processes
- Reducing impact fees for preferred housing projects

As discussed below, an HOZ may be applied to some but not all properties within a particular commercial zone allowing additional flexibility to find appropriate sites for housing.

**Specific site opportunities.** HOZs can be applied to specific sites rather than to all properties in a particular zone or zones. This provides an opportunity to target properties that are underperforming, underused, or could otherwise benefit from being redeveloped. This could have the added benefits of using existing infrastructure (i.e., infill development strategy), capturing impact fee credits from demolished buildings, removing blight, and revitalizing an area. It also allows a jurisdiction to target some properties within a zone while avoiding others that may be proximate to incompatible land uses, especially those that are nonconforming uses. If housing is introduced into non-residential zones, care should be taken to ensure that any new commercial uses are appropriately regulated to ensure they are compatible with housing.

HOZs also provide flexibility. Jurisdictions can tailor overlay zones to allow:

- Housing in the form of a mixed-use project
- Housing in the form of a limited mixed-use project (e.g., allow housing but maintain a commercial street frontage in a downtown or commercial corridor)



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- Housing as an option to commercial development

They can also determine how much housing must be affordable and/or at what level(s).

### Relevant State Law

Several recent legislative bills have amended the State's Density Bonus Law. Density Bonus Law is effectively a Housing Overlay Zone that provides density bonuses, incentives, and concessions to developers that agree to provide certain amounts and levels of affordable housing.

[Senate Bill No. 290 \(SB 290\)](#) (2021). Density Bonus Law Clean-up.

[Assembly Bill No. 2345 \(AB 2345\)](#) (2021). Planning and zoning: density bonuses: annual report: affordable housing.

[Assembly Bill No. 168 \(AB 168\)](#) (2020). Planning and zoning: annual report: housing development: streamlined approval.

### Resources

East Bay Housing Organizations. [Factsheet: Housing Overlay Zones.](#)

### Examples

City of Corte Madera. [Affordable Housing Overlay Districts.](#)

City of Capitola. [Affordable housing \(-AH\) overlay zone.](#)

City of Palm Desert. [Housing Overlay District.](#)

Turner Center for Housing Innovation. [Affordable Housing Overlay Zones: Oakley.](#)

## Accessory Dwelling Units (ADUs)

Accessory dwelling units (ADUs) — also referred to as accessory apartments, second units, or granny flats — are additional living quarters on single-family lots that are independent of the primary dwelling unit. ADUs offer a variety of benefits to communities. They help increase a community's housing supply in high-opportunity areas while seamlessly blending into existing neighborhoods. ADUs are affordable by design in that they do not require paying for land, major new infrastructure, structured parking, or elevators. Elderly and/or disabled persons who may want or need to live close to family members or caregivers, empty nesters, and young adults just entering the workforce may find ADUs convenient and affordable. In addition to increasing the supply of affordable housing, ADUs benefit homeowners by providing extra income that can assist in mitigating increases in the cost of living.

Due to the lower per-dwelling unit construction costs, increased affordability, and reduced environmental impacts, the State has enacted many laws aimed at incentivizing ADUs to help combat the worsening housing crisis. The State requires cities and counties to allow all ADUs that comply with specific standards as by-right, not subject to discretionary review, requiring only the issuance of building permits. Local governments may impose specific objective design and development standards, which include, but are not limited to setbacks, parcel size, parking, and height. ADUs and JADUs can be encouraged through creating pre-approved ADU plans, easy-to-navigate ADU zoning code provisions, and public education. ADUs are flexible in use — they are appropriate as a residential unit for both a college student and an elderly retiree. As more people learn about their affordability and practicality, as well as their environmental benefits, ADUs will grow in popularity.

**Affordability.** ADUs are considered affordable housing by design and can provide housing choices that are more affordable in more costly single-family neighborhoods. Most communities require an ADU to be smaller than the primary residence on the property. The smaller size can reduce the unit's rental price. Monthly rent would likely be lower than for a house in the same neighborhood, and residents generally do not bear the maintenance and other costs associated with owning a home.

Depending on how the ADU is constructed, residents may be able to share utility costs with the primary residence. For example, the simple efficiency of shared walls may lower utility costs. For homeowners, an ADU can be an additional source of income, offsetting the cost of home ownership.

**Housing Choice.** ADUs add variety and housing choice in single-family neighborhoods. They can include detached units, above garage units, garage conversions, backyard cottages, basement units, and upstairs units. In addition to adding different sizes and forms of housing, they can add rental opportunities to largely owner-occupied neighborhoods. ADUs can be a great solution for allowing residents to age in place or live with or near family and caregivers, providing a flexible way to address family needs for additional housing.

**Efficient Land Use.** ADUs can help achieve housing goals by increasing density in existing neighborhoods. ADUs are a way to create infill housing and add density to low-density, single-family neighborhoods without compromising the existing look or design of the neighborhood. ADUs increase the efficiency of land use by allowing more people to live in the same area, reducing the per capita costs of public facilities and services.

**Opportunities to achieve multiple benefits.** In developing this type of program, jurisdictions have the opportunity to address other goals in addition to ADU development. For example, the City of Clovis Cottage

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Home Program was initially designed to target the Old Town Clovis area. While incentivizing ADU development, the program simultaneously worked toward goals of alley revitalization and creating a more walkable environment within Old Town Clovis.

### Pre-approved ADU Plans

Pre-approved ADU plan programs generally fall into one of two broad categories: city-owned pre-approved plans and architect-owned pre-approved plans. In programs where the plans are city-owned, the city procures the services of one or multiple design firms to develop plans, which are then purchased by the city for distribution to interested homeowners. The plans are available for free or for a small fee directly from the city. In many cases, the plans are available for immediate download from the jurisdiction's website. In programs where the architect maintains ownership of the plans, the city typically provides information on their website about the pre-approved plans, along with a link to the firm's website (see City of San Jose Preapproved ADUs in the Available Resources section below). Homeowners then purchase the plans directly from the firm. The jurisdiction could still provide multiple designs from multiple firms using this option.

**City-Owned Versus Architect-Owned Pre-Approved Plans.** While both city-owned and architect-owned pre-approved plans can result in a successful program, they have different strengths and limitations that should be considered during program design. Programs where plans are city-owned may have a greater up-front cost to the jurisdiction, which must cover the cost of purchasing the plans from the designer(s). However, this allows the jurisdiction to control the level of cost savings for the homeowner by making the plans available for free or for a low cost.

In programs where the architect maintains plan ownership, the city has less control over the fee for the plans. However, by purchasing plans from the design firm, the homeowner has greater access to the firm's professional services should changes to the plans be desired or extra support needed through the permitting process.

Jurisdictions that opt for a city-owned plan program model should anticipate that homeowners may need additional support through the permitting process as they are navigating it without a design professional. It is also important to note that pre-approved plans must be continuously kept up to date with current State law, zoning, and building code requirements.

**Design limitations.** A key challenge of pre-approved plan programs is ensuring that the city-selected designs are attractive and desirable to homeowners. It is important to bear in mind that by selecting a pre-approved design, the homeowner is trading away the chance for a custom design in order to save what amounts to a small percentage of the total ADU construction cost. Many homeowners may decide that the cost savings is not worth the tradeoff. However, by taking into consideration local architectural styles and typical site configurations, as well as by providing multiple design options, jurisdictions may be able to increase the success of the program.

For example, the City of Clovis offers three separate designs which are intended to address typical lot configurations within the program's target area. The Town of Danville's Garden Cottage Program offers a total of five pre-approved plans: one studio, one one-bedroom, and three two-bedroom designs. The two-bedroom units all have the same floor plan but have a different architectural style on the exterior (craftsman,

contemporary, and Mediterranean). Other programs include preapproved customization options. Links to both the Clovis and Danville programs are included in the Available Resources section below.

**Technical assistance.** Jurisdictions should also take care to ensure that homeowners have a clear understanding of their responsibilities when using a pre-approved plan. Some homeowners may have an over-simplified impression of the permitting process that occurs when using a pre-approved plan. Jurisdictions should be up front about other tasks that will need to be completed, such as a site plan showing the configuration of the pre-approved plan on the homeowner's lot. The Town of Danville includes a helpful table on their website outlining what is provided through the Garden Cottage Program and what is the responsibility of the homeowner.

## Relevant State Law

[Government Code Section 65852.2](#). Accessory Dwelling Units.

**AB 3182, AB 68, AB 881, SB 13, AB 587, SB 13, SB 2, AB 587, AB 670, and AB 671.** Changes to existing ADU laws effective January 1, 2021, further reduce barriers, better streamline approval processes, and expand capacity to accommodate ADUs and junior accessory dwelling units (JADUs). ADUs and JADUs may now be constructed in multi-unit dwelling projects as ADUs and JADUs are allowed by-right in residential zones. Concurrently, homes in single-family residential zones are now entitled to one ADU and one JADU by-right. Other recent legislation changes include: a maximum 60-day review period for all ADU and JADU applications, the requirement to install solar panels on newly constructed detached ADUs, impact fee waivers on units less than 750 square feet, and allowances for one ADU and one JADU per parcel. Additionally, the State prohibits local governments from requiring parking if ADUs meet certain criteria, such as being located within a half-mile from public transit or being located within one block of a car share area. Otherwise, parking requirements cannot exceed one space per unit or bedroom.

## Survey Results

A survey conducted for the San Joaquin Valley Regional Early Action Planning (REAP) Report asked city and county staff about various housing topics, including accessory dwelling units. From this survey, 12.5 percent of survey respondents stated they offer pre-approved ADU plans for residents to use for projects, while 34.38 percent of respondents have pre-approved ADU plans in progress. Respondent jurisdictions generally offer between two and eight pre-approved ADU plans. These pre-approved plans have initially not been as successful in producing new housing as hoped. Approximately 73 percent of respondents say their pre-approved plans have not been used to produce new housing. Conversely, over 26 percent of respondents say their plans have been used. Most often, homeowners find out about jurisdiction's pre-approved ADU plans through the jurisdiction's website, newsletters, brochures, and public meetings. Overall, jurisdiction staff believe that ADUs and pre-approved ADU plans are beneficial for promoting housing production. Around 56 percent of respondents are developing ADU guidance or plans to promote housing production. In addition, 20 percent of respondents recently completed ADU regulatory changes to promote housing production.

## Stakeholder Interviews

None of the stakeholders interviewed addressed the issue of ADUs. However, during the MPO Directors interviews, ADUs were described as success stories in the Tulare and Fresno regions, including the award-winning ADU designs that are free to residents in Clovis.

## Resources

HCD. [\*ADU Handbook\*](#)

California ADU. [\*Best Practices\*](#).

## Examples

City of Clovis. [\*Cottage Home Program\*](#).

Town of Danville. [\*Garden Cottage Program\*](#).

City of Encinitas. [\*Permit Ready ADU Program\*](#).

San Diego County. [\*County Standard ADU Building Plans\*](#).

City of San Jose. [\*Preapproved ADUs\*](#).

City of Del Mar. [\*Accessory Dwelling Units \(ADUs\) – 3D Models and Floor Plans For Public Use\*](#).

City of Los Angeles. [\*Approved Standard Plans\*](#). Design firm-owned plans; total of 42 plans. However, some designs have unusual features that may not appeal to a broad audience and will likely increase construction costs.

City of Sacramento. [\*Accessory Dwelling Units\*](#).

## Sources

California Department of Housing and Community Development, [\*Accessory Dwelling Unit Handbook \(December 2020\)\*](#).

California Department of Housing and Community Development, [\*Accessory Dwelling Units \(ADUs\) and Junior Accessory Dwelling Units\*](#).

American Planning Association, [\*Accessory Dwelling Units\*](#).

Maxable Space, [\*Pre-Approved ADU Plans: The Most Common Misconceptions \(August 20, 2020\)\*](#).

California Legislative Information, Title 7. Planning and Land Use, Division 1, [\*Article 2. Adoption of Regulations \[65850 – 65863.13\]\*](#).

California Department of Housing and Community Development, [\*Understanding Accessory Dwelling Units and Their Importance\*](#).

City of Sacramento, Community Development, [\*Accessory Dwelling Units \(ADU\)\*](#).

## Permit Streamlining and Fee Reduction

Permit streamlining and fee reduction are not new topics among cities, counties, and the development community. Both permit applicants and reviewers can find permit processing to be quite frustrating. Most cities and counties have not made significant changes to their development permit processing and administrative procedures to ensure an efficient and timely process not only for applicants, but also for city or county staff review. Permit fees have not seen significant reform either. As a result, many permit review procedures and fee structures have led to excessive review times and fees, which in turn increase housing project costs, and are always passed on to the home buyer or renter.

**Permit streamlining and fee reduction benefits.** The primary benefit to permit streamlining and fee reduction is clear: reduced per-unit housing development costs. A shorter permit review process reduces costs for both the applicant and the local agency. Applicants have lower “carrying costs” that translate into less costly development projects and increased profits, theoretically reducing housing unit sales, prices, or rents. More reasonable, reduced permit process time can often make the difference between a successful project and one that fails to get built. On the public agency side, less time devoted to application review and approval means more time to devote to other important priorities.

### By-Right Housing

A key contemporary best planning practice is to amend zoning code provisions to allow more housing types, particularly multifamily housing by-right in more zoning districts, subjecting fewer housing project to discretionary and public review. Typical zoning codes include several residential zoning districts, ranging from low to high density. In many zones, particularly the more widely used low-density zones, multifamily uses either require a discretionary permit or are not permitted. Permitting certain multifamily housing by-right in more zoning districts would streamline permitting by eliminating the discretionary review process for those uses. A simple change to allow more housing types by-right (e.g., duplexes, triplexes, fourplexes) in single-family zones would increase housing supply and decrease costs.

Recent State legislation requires that local jurisdictions adopt objective design standards and streamline the review and permitting processes for housing development. In addition to CEQA-related changes for streamlining, these laws are aimed at reducing the extent of discretionary review for housing developments. A ministerial review process is mandated for projects that meet certain criteria, including all housing developments of two or more units and mixed-use developments that are at least two-thirds residential that meet objective general plan, zoning, and design standards (see Related State Laws and Statutes below). Housing Element law also requires jurisdictions to identify zones (with sufficient capacity to accommodate identified needs) that allow emergency shelters and farmworker housing by-right, as well as zones that permit supportive and transitional housing projects. For example, supportive housing must be a by-right use in all zones where multi-family residential and mixed-use are permitted. By-right zoning and approvals, coupled with objective standards, would make most residential projects subject to ministerial review, thereby increasing certainty, streamlining approvals, and decreasing permitting costs for housing developers.

Outside of State-mandated ministerial review, jurisdictions are increasingly expanding the housing typologies which are permitted by-right in residential and mixed-use zoning districts and are, therefore, subject to a more

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streamlined review process. Effective local by-right policies establish thresholds for discretionary review as the exception, with the majority of projects subject to the ministerial process.<sup>17</sup> In developing thresholds, jurisdictions may also want to consider their RHNA allocation to ensure that by-right policies are in line with housing production goals.

**Reduced housing costs.** The cost of required reviews and studies, and other approvals (entitlements and permits) imposed by State and local governments can make up as much as 15 to 20 percent of the costs to build new housing. By-right zoning and approvals, coupled with objective standards, would make most residential projects subject to ministerial review, thereby increasing certainty for developers, streamlining approvals, and decreasing overall housing production costs.

**Infill in high resource areas.** A key benefit of approval streamlining, particularly through by-right zoning, is the potential to increase housing in areas of high resources. According to the National Multifamily Housing Council, while high resource neighborhoods have the greatest demand for new housing, they are often more effective at blocking efforts to increase housing through political and discretionary processes. This in turn can increase development in neighboring lower resource areas, contributing to displacement. By-right zoning regulations should be applied in a manner that furthers fair housing goals.<sup>18</sup>

### Relevant State Law

[Assembly Bill No. 1485 \(AB 1485\)](#) (2019) Amendment to [Senate Bill No. 35 \(SB 35\)](#) (2017) adds an additional class of projects that qualify for streamlined project approval and clarifies existing law under Senate Bill 35.

[Senate Bill No. 765 \(SB 765\)](#) (2021). Amendments to [SB 35](#) (2017). Makes a series of “cleanup” revisions to SB 35.

[Senate Bill No. 35 \(SB 35\)](#) (2017). “By-Right” Approval Processing, applies permit streamlining requirements, including ministerial review, to projects meeting certain criteria in jurisdictions that have not met their RHNA targets.

[Senate Bill No. 330 \(SB 330\)](#) (2019). Housing Crisis Act of 2019, establishes new procedural protections affecting larger-scale housing developments, which refers to 1) a development project consisting of two or more residential units, 2) a mixed-use development project where at least two-thirds of the square footage comprises residential uses, or 3) transitional or supportive housing development projects. Makes numerous changes to the Permit Streamlining Act and the HAA.

[Assembly Bill No. 3194 \(AB 3194\)](#) (2018), **Housing Accountability Act Amendments (2019)**, strengthens the HAA, a law which strictly limits local government authority to reject or restrict housing development projects that comply with applicable objective general plan, zoning, and subdivision standards. Expands the meaning of zoning consistency to include projects that are consistent with general plan designations on a site even if the zoning designation is inconsistent with the general plan.

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<sup>17</sup> National Multifamily Housing Council. “The Housing Affordability Toolkit.” <https://housingtoolkit.nmhc.org/>.

<sup>18</sup> *Ibid.*



[Senate Bill No. 167 \(SB 167\)](#) (2017); [Assembly Bill No. 678 \(AB 678\)](#) (2017); [Assembly Bill No. 1515 \(AB 1515\)](#) (2021). These Housing Accountability Act Amendments strengthen the Housing Accountability Act (HAA) by increasing the standard of proof required for a local government to justify a denial of low- and moderate-income housing development projects. AB 1515 provides for a broader range of housing projects to be afforded the protections of the HAA if the project is consistent with local planning rules.

[Assembly Bill No. 2162 \(AB 2162\)](#) (2018). Supportive Housing Use "By-Right," requires supportive housing to be considered a use "by-right" in zones where multifamily and mixed uses are permitted, including nonresidential zones permitting multifamily uses, if the proposed housing development meets specified criteria.

[Assembly Bill No. 1397 \(AB 1397\)](#) (2017), makes projects that include 20 percent of units affordable to lower-income households eligible for by-right approval without discretionary reviews if the project is located on:

- Non-vacant sites that were identified in the previous housing element for lower-income RHNA
- Vacant sites that were identified in the previous two cycles of housing element for lower-income RHNA
- Vacant or non-vacant sites rezoned for lower-income RHNA after the housing element statutory deadline (i.e., a program is included in the housing element promising to rezone for RHNA)

[Senate Bill No. 2 \(SB 2\)](#) (2017), requires cities to identify a zone that allows emergency shelters as a permitted use.

[Government Code Section 65589.5](#), includes requirements for emergency shelters/farmworker housing.

[Senate Bill No. 13 \(SB 13\)](#) (2019), allows ADUs to be created in areas zoned to allow single-family or multi-family residential uses.

[Assembly Bill No. 68 \(AB 68\)](#) (2019), limits review periods and standards that local jurisdictions can impose on ADUs.

[Assembly Bill No. 881 \(AB 881\)](#) (2019), allows for an ADU as well as a "junior" ADU where certain criteria are met.

## Resources

National Multifamily Housing Council. [The Housing Affordability Toolkit](#).

Opticos Design. [How to Get By-Right Zoning Right](#).

HCD. [Updated Streamlined Ministerial Approval Process](#).

HCD. [Housing Accountability Act Technical Assistance Advisory \(Government Code Section 65589.5\)](#).

GovThink, Amburgey, Tom. [5 Reasons Why Issuing Permits Faster Benefits Everyone](#).

California Legislative Information, [Assembly Bill No. 2132, Chapter 386 \(September 17, 2018\)](#).

Local Housing Solutions, [Reduced or Waived Fees For Qualifying Projects](#).

## Examples

County of Sacramento, Office of Planning and Environmental Review, SB 35 materials:

- [Senate Bill 35 Permit Streamlining – Preliminary Eligibility Determination Application Form.](#)
- [Affordable Housing Streamlined Approval Pursuant to Senate Bill 35 Information Sheet.](#)

## Fee Reductions and Waivers

The fees imposed by cities and counties for new residential development are important in covering the costs incurred for processing permits but also for funding of the infrastructure needed to serve the new development. Fees that are too high, however, may discourage or preclude housing development. Timing for the collection of fees is also an important factor.

Fees have become a mainstream method for local jurisdictions to cover the cost of staffing and infrastructure and services given limited sources of revenue. This has been especially true since the passage of Proposition 13 wherein local governments lost the ability to annually adjust property tax rates to meet the infrastructure and other needs of the community. Instead, property tax rates were essentially capped at the rates in effect at the time the proposition passed with only a minor annual adjustment (also capped) that is made by the County Assessor.

While local jurisdictions have the legal authority to charge fees for permit processing, those fees must be “reasonably necessary” to cover the cost of providing the services. For impact fees, the Mitigation Fee Act requires that these fees have a proportional nexus to the development that causes the need for the improvement.

### Types of Fees

- **Impact fees** are charged to address impacts caused by new development and are a means to ensure that infrastructure needed to support new development is paid for by new development rather than the public at-large. These fees can include the cost of constructing public facilities (e.g., transportation improvements, parks (land and facilities), and new or expanded public buildings like fire stations or libraries that are needed to serve the new development).
- **Environmental mitigation fees** are another form of impact fee. Examples include fees for species habitat preservation (land) and loss of agricultural land (preserve other lands).
- **Connection or demand fees** pay for access to water and wastewater systems. These are a form of “buy-in” to existing systems that can be used to expand existing systems or to pay off the debt that the service provider has incurred for the previous construction of these facilities in anticipation of demand.
- **Service/User fees** are generally related to the cost of providing a service such as permitting fees (e.g., planning and building permit fees).
- **Special District impact fees** are typically outside the control of a city or county. These typically include school impact fees but may also include other independent special district fees (e.g., a fire protection or utility district).
- Finally, there are **in-lieu fees**. These are fees charged in lieu of the provision of a requirement. These types of fees can include inclusionary fees (a fee in lieu of providing affordable housing units) but can also include such things as childcare or public art fees. In-lieu fees are also typically used when a requirement results in a fraction of a unit or a fee that is too small by itself to generate a meaningful contribution to a goal but when aggregated with other in-lieu fees can achieve the desired result.

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Reducing and/or deferring fees may act as an incentive for housing production, but fees must be balanced against the overall need for infrastructure and the likelihood of finding alternative funding sources to make up for any resulting shortfalls. A jurisdiction can extend fee reductions or waivers to preferred housing types (e.g., affordable housing, missing middle housing, accessory dwelling units) even before other funding resources are identified, but there must eventually be an accounting that shows how the shortfalls are replaced (e.g., grants, donations, other city revenues).

Impact fee deferral programs are one such best practice. Most impact fees are due prior to the issuance of a building permit because it is the simplest method to ensure payment. That said, developers put out a large sum of money to get to this stage (e.g., land costs, permitting, fees, etc.) and then need to secure financing for construction (materials and labor) long before they can sell or rent units. The cost of financing fees can place a tremendous burden on development and as such, fee deferral programs can provide significant relief. Typically, deferral programs allow fees to be deferred for a period sufficient to allow for construction (15-18 months) with required payment prior to finalizing the building permit (Certificate of Occupancy). Fee deferrals are typically secured by liens on the properties, so there is a fair amount of paperwork in preparing, recording, tracking, and ultimately releasing the liens. More detailed information about Impact Fees is included in the Funding and Financing section below.

Permitting fees are a different matter. As discussed elsewhere in this report, permit streamlining through objective design standards and ministerial reviews is one way that permit fee may be reduced in the form of reduced permit requirements or timeframes.

**Fees can both hinder and facilitate new development.** Valley stakeholders noted that excessive development impact fees can stall residential development projects, specifically affordable projects that serve underrepresented areas within the San Joaquin Valley. The high cost of permitting fees (especially when permitting duration is lengthy) also makes it difficult to build more affordable homes. Finally, it was noted that creating a diversity of housing types is challenging when costs are high.

Ironically, both impact fees and permitting fees support development activity. For example, in areas facing development moratoria because of the lack of adequate public facilities, impact fees may be viewed not as growth stopping measures, but rather as growth facilitators. Impact fees pay for the infrastructure needed to support the development and, in many cases, also act as mitigation to provide environmental clearance for projects. Without the impact fees, some projects would have to construct necessary infrastructure and improvements themselves or wait until they were built with other resources.

Additionally, permitting fees that are reasonably related to cost-of-service delivery should be widely accepted by the development community as adequate staffing can result in reduced permitting timeframes, especially when permitting processes are objective and efficient.

**Fee reductions can create funding shortfalls.** While impact fee reductions may be offered to preferred housing projects, jurisdictions must understand they are effectively subsidizing the fee reductions through other sources. Equally important is the fact that jurisdictions cannot pass the unfunded burden on to future development activity. As such, jurisdictions should be aware that they will need to find other sources of revenue or possibly use a transportation improvement grant to offset a traffic impact fee reduction or a land donation to offset a parkland acquisition fee reduction.

## Survey Results

The survey asked city and county staff whether they have codified standards or policies that focus on streamlining efforts, such as standards and regulations pertaining to SB35. Only nine percent of the 33 respondents said their jurisdiction had either evaluated or updated regulations and policies to ensure efficient streaming of permitting and fee processes. Fifty-eight percent of respondents said they have not streamlined any of their processes, while 33 percent are currently in progress of some form of streamlining effort.

## Stakeholder Interviews

The primary challenge stakeholders voiced is that most permit processes for Valley communities are over-regulatory and burdensome. This type of regulatory environment has led to decreasing residential development, a lack of housing options, and frustration among the development community. Beyond the permitting processes, financial constraints tied to excessive impact fees have stalled multiple residential projects, specifically those that are affordable and serve underrepresented areas. Other comments included:

- **High Costs for Developers.** The high cost of construction materials, as well as permitting and fees, has made it difficult to build more affordable homes. Housing affordability is a top concern, and the diversity of housing types is challenging when costs are high.
- **Streamline Permit Processing.** Establish streamlined zoning and plan permit application processes.
- **Permitting Delays:** Several directors identified permitting delays as an impediment to housing.
- **Permit Streamlining:** Directors also observed that some local jurisdictions (e.g., Modesto, Turlock, Fresno) have been very successful at streamlining permitting processes to expedite housing construction.

## Relevant State Law

[Government Code Sections 66000 – 66008.](#) Fees for Development Projects.

[Government Code Section 66477.](#) Parkland Dedication (Quimby Act).

[Government Code Sections 66483 – 66484.9.](#) Subdivision Fees for Utilities, Transportation, Groundwater Recharge.

[Government Code Sections 65940 - 65945.7.](#) Application Fees for Development Projects.

**Assembly Bill (AB) 2132** grants cities and counties full authorization to set their own fees for permits. Therefore, cities and counties have the flexibility to set lower fees for preferred development project types, such as housing.

[Assembly Bill No. 571 \(AB 571\)](#) (2021), **Affordable Housing: Density Bonus**, prohibits a local government from charging affordable housing impact fees, including inclusionary zoning fees, public benefit fees, and in-lieu fees on deed-restricted affordable units that are part of a project eligible for a density bonus under Density Bonus Law (DBL).

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[Senate Bill No. 330 \(SB 330\)](#) (2019), **Housing Crisis Act of 2019**, places restrictions on certain types of development standards and amends the Housing Accountability Act. Additionally, it requires changes to local approval processes and the Permit Streamlining Act, including those relating to development impact fees.

[Assembly Bill No. 1483 \(AB 1483\)](#) (2019), **House Data: Collection and Reporting**, requires a local agency or special district to maintain online a current schedule of fees, exactions, and affordability requirements imposed by the local agency to a proposed housing development project, all zoning ordinances and development standards, and annual fee reports or annual financial reports. The bill also requires local agencies to provide an online archive of impact fee nexus studies, cost of service studies, or equivalent, as specified.

[Assembly Bill No. 3149 \(AB 3149\)](#) (2020), **Mitigation Fee Act**, requires that a local agency hold at least one open and public meeting, with a 14-day advanced notice when increasing a fee or service charge.

[Senate Bill No. 13 \(SB 13\)](#) (2019), prohibits a local agency, special district, or water corporation from imposing any impact fee, as specified, upon the development of an accessory dwelling unit less than 750 square feet, and would require any impact fees to be charged for an accessory dwelling unit of 750 square feet or more to be proportional to the square footage of the primary dwelling unit.

[Proposition 13 \(1978\)](#) decreased property taxes by assessing properties at their 1976 value and restricted annual increases of assessed value to not exceed 2 percent per year. It also prohibited reassessment only in cases of change in ownership and completion of new construction.

[Assembly Bill No. 2372 \(AB 2372\)](#) (2014) provides that a change of ownership under Prop 13 is considered when 90 percent or more of the ownership interests transfer ownership in one or more transactions. This would apply to ownership interest sales made on or after January 2015.

[Assembly Bill No. 602 \(AB 602\)](#) (2021) requires: 1) local governments to update their nexus studies used to justify certain impact fees at least once every eight year's 2) jurisdictions to base rate calculations on the square footage of individual units, unless the jurisdiction demonstrates that another metric is more appropriate; 3) large jurisdictions to incorporate capital improvement plans into their nexus studies; and 4) it adds additional public hearing requirements and requires local agencies to make additional findings supporting their fee calculations and address evidence challenging the validity of their findings.

[Assembly Bill No. 879 \(AB 879\)](#) (2017) requires that the Annual Report in the Housing element to include additional analysis of non-governmental and governmental constraints including locally adopted ordinances that impact the cost and supply of residential housing.

### Resources

Local Housing Solutions. [Reduced or waived fees for qualifying projects.](#)

Terner Center for Housing Innovation, [Residential Impact fees in California.](#) This report provides an analysis of 40 jurisdictions' impact fees and provided policies intended to improve housing supply and affordability.

Terner Center for Housing Innovation, [The Cost of Building Housing Series.](#) reviews the costs of building housing, including the high costs of impact fees that impose a significant expense for developers.

Terner Center for Housing Innovation, [\*Improving Impact Fees in California: Rethinking the Nexus Studies Requirement\*](#), reviews the nexus studies of eight jurisdictions and identifies areas of improvement.

### Examples

City of Fremont. [\*Fee Deferral Program Amendment – Affordable Housing Deferrals\*](#).

City of Folsom. [\*Fee Deferral Ordinance\*](#).



## CEQA Implications for Housing Approvals

Environmental review can be both lengthy and costly for developers, with required public review periods and the need to hire multiple specialty consultants. Additionally, the CEQA review process has been misused by housing opponents to delay and prevent housing projects from being built. However, the State has enacted a number of CEQA exemptions in recent years in an effort to facilitate housing production. Gaining familiarity with and implementing these exemptions for qualified projects may be a good starting point for jurisdictions wishing to streamline review processes, as this requires only procedural changes. The Governor's Office of Planning and Research (OPR) has released two Technical Advisories, one for conventional housing projects and one for affordable, transitional, and supportive housing, which summarize various available statutory and categorical exemptions (see Available Resources below).

The State Legislature's efforts to incentivize housing development through statutory CEQA exemptions as outlined above have created significant opportunities to streamline project review, particularly for projects that contain affordable units and/or are located near transit. For some developers, the opportunity to bypass a lengthy EIR process may be a factor in whether affordable units are included in the project.

However, understanding the nuances of these statutory exemptions can be challenging for both city staff and developers. This is compounded by the fact that many of the exemptions have similar components or requirements, such as project location and proximity to transit, number of units, and proportion of affordable units.

### Relevant State Law

Numerous bills have amended CEQA regulations to facilitate certain types of housing development. This list is not exhaustive and Public Resources/Government Code sections are referenced below for clarity.

[Public Resources Code Section 21159.24](#), **Infill Housing in Urbanized Areas**, applies to urban infill projects that have less than 100 units and contain 5 to 10 percent affordable units (based on level of affordability) and are within the half mile of a major transit stop.

[Public Resources Code Section 21155.1](#), **Transit Priority Projects**, applies to Transit Priority Projects, as defined in the law, must have fewer than 200 units, and contain 5 to 20 percent affordable units (based on level of affordability).

[Public Resources Code Section 21094.5](#), **Infill Housing**, applies to residential/mixed-use infill projects that a minimum density of 20 units/acre or an FAR of at least 0.75, among other requirements. There is no affordability component required for this exemption.

[Public Resources Code Section 21155.4](#), **Transit Oriented Housing**, applies to residential and mixed-use projects within a transit priority area and within a specific plan area for which an EIR has been certified.

[Government Code Section 65457](#), **Housing Covered by a Specific Plan**, applies to residential projects within a specific plan adopted after January 1, 1980, with a certified EIR.

[Public Resources Code Section 21159.23](#), **Low Income Housing**, applies to infill projects of 100 units or less in which all units are affordable to low-income households, subject to other limitation.

[Public Resources Code Section 21080.50](#). **Interim Motel Housing**, applies to the conversion of a motel, hotel, or hostel to supportive or transitional housing.

## California and the San Joaquin Valley Experience

In 2017, the Association of Environmental Professionals (AEP) published a survey of California's cities and counties that assessed CEQA impacts on housing production. The survey compiled data on all residential projects under CEQA review and consisting of five or more units. The survey identified 1,417 housing projects for which CEQA streamlining was the predominant type of environmental review. Of the streamlined projects, 26 percent used categorical exemptions, while 14 percent used program EIR tiering.

The survey conducted for the San Joaquin Valley REAP Report asked staff at 41 Cities and Counties a range of questions related to housing development. Several respondents cited CEQA streamlining as a means for accelerating housing development. The State of California continues to adopt regulations that serve to reduce barriers to housing development associated with CEQA.

## Resources

Governor's Office of Planning and Research (OPR). [Technical Advisory: CEQA Review of Housing Projects](#).

OPR. [Technical Advisory: CEQA Review of Affordable, Transitional, Interim, and Permanent Supportive Housing Projects](#).

Governor's Office of Planning and Research. [Site Check Interactive Map](#). Currently in Beta format, Site Check is a mapping tool developed in coordination with HCD that allows users to see if selected parcels may qualify for an existing CEQA streamlining option. It is intended to be a "first step" for developers and agency staff in considering how CEQA may apply to a housing project. Version 1.0 is expected in late 2021 or early 2022. Check <https://opr.ca.gov/ceqa/ceqa-housing.html> for updates.

Governor's Office of Planning and Research, [Technical Advisory, CEQA Review of Housing Projects](#).

Sacramento Area Council of Governments, [Senate Bill 743 Implementation Tools \(June 2020\)](#).

Southern California Association of Governments, [SB 375 and CEQA Streamlining](#).

## Findings and Recommendations

### Objective Residential Design and Development Standards

- Adopt interim objective design standards for residential and mixed-use developments until there are sufficient resources to adopt more comprehensive standards.
- Update the zoning code to include objective residential design and development standards.
- Pool resources by developing Countywide or multijurisdictional objective design standards
- Create a checklist for reviewing qualified projects to confirm compliance with objective design and development standards

### Density Bonuses

- Amend zoning codes to comply with State density bonus law

### Missing Middle Housing

- Update general plans and zoning codes to allow for missing middle housing in single-family zoning districts
- Update land use regulations to speed development and allow for additional building options
- Streamline the development permit process
- Reduce impact fees for missing middle housing options
- Provide technical assistance to small-scale developers

### Inclusionary Zoning

- To make it easier for cities and counties to adopt inclusionary requirements. Prepare model inclusionary zoning ordinance provisions.
- Standardize inclusionary zoning requirements make residential development requirements consistent from jurisdiction to jurisdiction.
- Conduct a feasibility study prior to drafting an ordinance to ensure that requirements are appropriate for the local setting.

### Infill Development

- Consider local programs that encourage infill development, include the following:
  - Identify the most appropriate infill types in the local context;
  - Create a list of potential infill parcels;
  - Simplify zoning designations and regulations to allow for flexibility in land reuse;
  - Create design standards to protect existing community character; and,
  - Incentivize lot consolidation and small lot development.

### Transit-Oriented Development (TOD)

- Identify and prioritize potential TOD planning areas within your jurisdiction. These can include fixed-rail stations, bus rapid transit stations, and/or high-quality transit corridors.
- Upzone properties near transit stations and along high-frequency transit corridors.
- Reduce parking requirement in TOD areas to make development more feasible and support transit.

## Innovative Zoning Strategies

- Update zoning codes to include revised density and development standards designed to reduce housing costs and increase housing affordability, including:
  - Eliminating single-family zoning
  - Increase maximum allowable densities
  - Increasing minimum required densities
  - Increasing residential structure height limits
  - Reducing setback requirements
- Establish a robust community engagement process to help quell concerns about reduced parking requirements.
- Consider establishing parking maximums.
- Reduce parking requirements in areas near transit, and for housing types with low car ownership populations such as senior and affordable housing developments.
- Require unbundled parking for multi-family housing projects and especially for projects near transit.
- Reduce covered parking standards and/or allow tandem parking for certain types of developments.
- Encourage shared parking between users with different peak parking demands.
- Consider policies that provide funding for subsidized carshare in locations that provide some housing without parking or with very low-parking requirements.

## Form-Based Codes

- Determine if a form-based code approach is a good fit for your community (or district within) and if there is support for development of the code. Form-based codes work best in areas where change is anticipated, and existing zoning regulations are insufficient to achieve the desired results.
- Consider starting with a small district or area, like a small downtown where housing or mixed-use development is being introduced or a newly developing area where there may be support from a developer.

## Upzoning

- Account for and accommodate the “built in” upzoning capacity created by State laws related to Accessory Dwelling Units and Urban Lot Splits-Two Unit Developments (SB 9) but recognize that these will not necessarily provide an adequate supply of land zoned to meet affordable housing needs related to lower-income households (e.g., at densities of 20 or 30 units/acre).
- Consider multiple upzoning approaches to meet housing needs. Consider applying different recommendations.
- Establish minimum density requirements to provide the needed capacity for RHNA, reduce sprawl, and make the best use of infrastructure and utilities.

## Housing Overlay Zones (HOZ)

- Determine if the general plan allows for housing in a non-residential zone(s) or if it will require an amendment to the general plan text to authorize the creation of a housing overlay zone and in what

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instances it may be considered. If needed, this amendment could be processed as a companion amendment to the adoption of a housing element.

- Determine which areas or zones in the jurisdiction are best suited to a housing overlay. Are there multiple objectives that could be satisfied by an HOZ (e.g., infill development, redevelopment corridor revitalization that supports transit services, etc.)?
- Determine what levels of affordability or other benefits are desired and what incentives the jurisdiction is willing to offer. Consider a tiered approach to affordability and benefit levels (i.e., the greater the affordability, the greater the benefits or incentives).
- Consider if an HOZ should be offered in residential zones given that State Density Bonus Laws already apply. An overlay zone, however, could simply be used as a marketing tool to bring awareness to the opportunity through more explicit zoning designations.

### ADUs

- Update zoning codes to reflect current State law.
- Provide ADU information and education materials online and as counter handouts.
- Provide preapproved ADU plans and streamlined building permit processing.
- Ensure that preapproved plans take into consideration architectural styles and lot configurations which are common in the community to maximize their use.
- Consider using multiple designs from several architectural firms to appeal to a wider base.
- In selecting plans for preapproval, consider whether the designs are practical and affordable to construct.
- Keep pre-approved plans up to date with current State law, zoning, and building code requirements.

### Permit Streamlining and Fee Reduction

- Amend zoning code discretionary permitting requirements to increase the number and type of residential uses subject to administrative or ministerial review.
- Amend zoning codes to expand the type of residential uses permitted by-right in lower density-zoning districts.
- Amend zoning codes to reduce the number of appeals allowed for residential projects.
- Provide statewide funding programs to convert housing development permitting to digital platforms.
- Eliminate conditional use permit requirements for certain residential uses in residential zones and update permitting and procedures to establish clear criteria and thresholds for when ministerial versus discretionary review is required.

### Fee Reductions and Waivers

- Periodically evaluate and update impact fees to make sure they are in alignment with the costs of providing infrastructure.
- Consider an impact fee deferral program so developers can avoid the costs associated with financing impact fees. This could be applied to affordable housing projects or to projects that agree to incorporate a certain amount of affordable housing, or even to highly desirable housing types (e.g., ADUs missing middle housing, multi-family housing).

- Offer a fee deferral program in specific areas of the community to help with revitalization efforts (e.g., the downtown or mixed-use projects in the downtown).
- Consider the potential for impact fee waivers, recognizing that the foregone revenues must ultimately come from other sources (e.g., grants, donations, or even other city funds). As such, craft waivers carefully and periodically review them to see if they are achieving desired results.
- Revise permitting fee structures, specifically for affordable housing development.
- Update local policies and regulations to further address impact fees and comply with new State mandates.
- Provide fee estimates as well as public guidance on how to calculate development fees. Create a page on the city website for developers that has the development fee schedules, impact fee schedules, and nexus studies with links to related council agendas and public records. This will assist local agencies to comply with AB 1483.

### CEQA Implications for Housing Approvals

- Embrace CEQA streamlining options to the fullest extent possible in an effort to minimize project review for qualifying housing projects.
- Consider indicating whether certain targeted project sites (i.e., sites identified within the housing element sites inventory) meet the size and locational requirements for certain statutory exemptions in order to proactively inform developers of the potential to bypass CEQA review.

## Funding and Financing

The loss of redevelopment tax increment funds for housing has led to considerably fewer financial resources and capacity for cities and counties to further fair housing, affordable housing development, housing rehabilitation, and infrastructure needs. Finding local funding for affordable housing is problematic because there are usually a multitude of competing needs for any unrestricted (e.g., general funds) or even moderately restricted (e.g., CDBG) funds.

Over the past RHNA cycle, State and Federal funds have been limited. Funding opportunities have expanded at the State level and there are also possibilities at the Federal level as well, especially related to pending legislation that could support infrastructure needs.

At the Federal level, Community Development Block Grants (CDBG) and Home Investment Partnerships Program (HOME) Investment Partnership (HOME) funds have been the mainstay for funding affordable housing projects.

State funding options are improving, and recently enacted law will focus on streamlining HCD's rental housing programs to align eligibility criteria, scoring, and fund releases, allowing for a coordinated and concurrent single application and award process. Homeless funding and resources have also been expanded. Additionally, many of the funds target specific populations (e.g., farmworkers, veterans, homeless) or have specific uses (e.g., infill infrastructure, transit-oriented development). This section addresses a number of housing funding and financing impediments, opportunities, and best practices, including:

- Local funding barriers
- Lack of State and Federal housing funding
- Market and feasibility implications for affordable and higher-density market rate housing
- Prevailing wages
- ADA and Title 24
- Capacity to deliver housing
- Mello-Roos community facilities district (CFD)
- Tax-increment financing
- Community revitalization and investment authority (CRIA)
- Housing trust funds
- Housing impact and linkage fees
- Development agreements
- Revenue bonds
- Grants
- Findings and Recommendations



## Local Funding Barriers

Jurisdictions that lost redevelopment tax increment funds for housing had considerably fewer financial resources and capacity to further fair housing, affordable housing development, housing rehabilitation, and infrastructure needs. Successor housing agencies may have retained residual receipts and loan repayments, but unless a jurisdiction had a robust subsidized housing inventory, it is probably not a significant source of funds.

Finding local funding for affordable housing is problematic because there are usually a multitude of competing needs for any unrestricted (e.g., general funds) or even moderately restricted (e.g., CDBG) funds. Local funds restricted to affordable housing are typically scarce, especially within the San Joaquin Valley. It appears that only a handful of smaller Valley jurisdictions have inclusionary housing programs, and most of those emphasize producing affordable units over collection of in-lieu fees.

## Potential Local Funding Sources

**Residual Receipts.** Many successor housing agencies have funds returned to them from prior housing loans and agreements (e.g., loan repayments and residual receipts). A residual receipt is what remains in an affordable housing project's annual operating budget after net operating income (project income less project expenses) and allowable payments from surplus. Such funds, minus a small percentage for administration, are restricted to reuse in subsequent affordable housing projects.

**Inclusionary in-lieu fee programs** could provide additional local funds; however, they tend to be more successful in communities with relatively high housing costs and in areas anticipating significant development. Of course, if a community focuses its ordinance on unit production within projects rather than collect in-lieu fees, there may be little in the way of funds.

**Commercial Linkage (Jobs-Housing Linkage) fee programs** could provide some funds but probably wouldn't be a significant source of revenue unless a community experiences significant job growth.

**Local/Regional voter-approved measures.** Some cities and counties have asked voters for bonds or taxes (e.g., transfer taxes, sales taxes, parcel taxes, bonds) to support affordable housing. One potential advantage with a bond is that money can be accessed early on and paid back subsequently. This may enable housing development at lower land and construction costs but should be weighed against the bond's interest rate. Determining if the community would support such a measure is the first step. Some communities have "bundled" tax requests with other worthwhile causes. Others have pledged portions of increased transit occupancy taxes, which don't directly impact most residents.

**Trust funds.** Forming a local trust fund enables access to the state's Local Housing Trust Fund (LHTF) Program. The LHTF program provides funds to local and regional housing trust funds dedicated to building, rehabilitating, or preserving affordable housing, transitional housing, and emergency shelters on a dollar-for-dollar basis with local housing trust funds. Public agencies may use funds for affordable housing acquisition, predevelopment expenses, construction, transitional housing projects, emergency shelters, and homeownership projects, including down payment assistance to qualified first-time homebuyers, and to rehabilitate homes owned by income-eligible homeowners. No more than 20 percent of each allocation may assist moderate-income households, and at least 30 percent is required to assist extremely low-income households.

**Local philanthropy and/or foundation funds.** Existing community foundations may be able to assist San Joaquin Valley communities (see link to list below). Philanthropy itself could be accommodated by a local trust or foundation.

**General Funds.** Some jurisdictions have pledged portions of former redevelopment tax increment funds (now general funds) to affordable housing. Given communities face many competing demands for limited general funds, such contributions may not always be feasible.

**Other examples of local financial assistance:**

- Building infrastructure improvements
- Reducing development impact fees
- Reducing other jurisdictional fees for services
- Dedicating surplus public lands

### Relevance to Housing in the San Joaquin Valley

The lack of local funding sources puts many San Joaquin Valley jurisdictions at a competitive disadvantage when matching funds are required to access State and Federal funding sources. Local jurisdictions have not had redevelopment funds to assist with affordable housing production for the entirety of the last housing element cycle. No significant local funding sources appear to have materialized during this time frame and production within the region has been slow.

Only a handful of inclusionary zoning ordinances exist and most target unit production over collecting in-lieu fees. Both production-focused and in-lieu fee options have merit, and each community will need to decide which approach works best and what affordability levels will be targeted. For example, a production-based ordinance usually targets low- to moderate-income level units to retain a project's market feasibility. To reach extremely low- or low-income levels, in-lieu fees are typically collected and used to leverage State and Federal funding sources. Smaller jurisdictions and jurisdictions that don't experience significant development activity may find that an inclusionary ordinance focused on collecting in-lieu fees may not be effective fundraising strategy. Conversely, larger jurisdictions or jurisdictions anticipating growth may find that a combined approach (some production and some collection of in-lieu fees) presents an opportunity for broader affordability.

Local bond measures or taxes may be worth exploring, but such measures require a good deal of lead time and community/voter support. City, countywide, and/or regional approaches should be considered.

Jurisdictions can contribute other resources, such as staff capacity, infrastructure/capital improvements, and impact fee reductions as incentives to assist affordable housing projects. For instance, timely construction of a capital improvement could eliminate an obstacle for the affordable housing builder, allowing a project to proceed. Alternatively, jurisdictions could determine whether a project may be able to receive impact fee credits for any needed improvements.

Ironically, impact fees fund the very infrastructure needed to support development activity. They also act as mitigation to provide environmental clearance for projects that might otherwise have to construct improvements themselves. While impact fee reductions may be offered to preferred housing projects, jurisdictions must understand they are effectively subsidizing the fee reductions through other sources. For

example, a jurisdiction could use a transportation improvement grant to offset a traffic impact fee or a land donation to offset a parkland acquisition fee.

## Relevant State Law

**Impact Fees (Mitigation Fee Act):** [\*Government Code Sections 66000 -66008.\*](#)

## Survey Results

Survey respondents universally stated that there were no local housing trust funds. Most respondents indicated they did not have an inclusionary zoning ordinance, which could provide a source of in-lieu fees for affordable housing. Research indicates that only a handful of cities in SJV have inclusionary ordinances, and those that do seem to favor housing production over collecting in-lieu fees.

## Stakeholder Interviews

Stakeholder interviews noted that the lack of local funding capacity makes it difficult to assemble financing packages and be successful in providing local matching funds, which are sometimes required for grant applications. Stakeholders noted that local government needs support in pursuing housing funds. Staff capacity (another form of local match) is limited (especially in smaller jurisdictions), which makes it challenging to apply for grants funds. Some stakeholders noted that local jurisdictions often do not understand the complexity of low-income tax credit programs and that funding cycles don't align appropriately. Some jurisdictions offer impact fee reductions for affordable housing projects, while others offer them for higher density projects or projects that are located within core/infill areas, which has adequate infrastructure in place.

## Resources

Other & Belonging Institute, [\*Affordable Housing Bonds.\*](#)

Shelterforce, [\*Where Voters Supported Affordable Housing \(November 25, 2020\).\*](#)

Turner Center for Housing Innovation, UC Berkeley, [\*Housing on the Ballot: How Californians Voted on Key Measures in 2020 \(December 5, 2020\).\*](#)

Shelterforce, [\*Inclusionary Housing: Secrets to Success \(March 2021\).\*](#)

League of California Community Foundations, [\*Find Your Local Community Foundation.\*](#)

California Department of Housing and Community Development, [\*Local Housing Trust Fund \(LHTF Program\).\*](#)

### Lack of State and Federal Housing Funding

Over the past RHNA cycle, State and Federal funds have been limited. Funding opportunities have expanded at the State level and there are also possibilities at the Federal level as well, especially related to pending legislation that could support infrastructure needs.

At the Federal level, Community Development Block Grants (CDBG) and Home Investment Partnerships Program (HOME) funds have been the mainstay for funding affordable housing projects. Both sources are allocated on a formula basis with the majority going to large cities and consortia. The State also gets a share and distributes these funds to smaller communities. Additionally, HUD funds the Housing Choice Voucher Program, which assists low-income households with rental subsidies in the private sector, primarily through Section 8 certificates and vouchers. Under the Section 8 certificate program, rent subsidies are used to pay owners the difference between what tenants can pay and contract rents.

Because CDBG funds can be used to renovate housing; construct or improve public facilities, such as water, sewer, streets, and neighborhood centers; purchase real property, and; assist private businesses in economic development activities, the amount allocated to affordable housing is based on often-competing community needs. HUD also provides homeless assistance through local communities and faith-based and other nonprofit organizations.

State funding options are improving, and recently passed legislation (AB 434) will focus on streamlining HCD's rental housing programs to align eligibility criteria, scoring and fund releases, allowing for a coordinated and concurrent single application and award process. Homeless funding and resources have also been expanded. Additionally, many of the funds target populations (e.g., farmworkers, veterans, homeless, etc.) or have specific uses (infill infrastructure, transit-oriented development, etc.).

Finally, the Building Homes and Jobs Trust Fund (SB 2, 2017) established the Permanent Local Housing Allocation (PLHA) to provide ongoing funding for affordable housing within communities. There are two types of assistance under PLHA:

- Formula grants to entitlement and non-entitlement jurisdictions based on the formula prescribed under federal law for the Community Development Block Grant.
- Competitive grants to non-entitlement jurisdictions. Funding amounts will vary based on annual revenues to the Building Homes and Jobs Trust Fund.

### Relevance to Housing in the San Joaquin Valley

Funding is key to affordable housing and addressing homelessness. While there are multiple opportunities to gain funding, the capacity and expertise required to be successful remains challenging. On a positive note, San Joaquin Valley communities were successful in securing 37 percent of Permanent Local Housing Allocation in the latest round of funding. While the majority went to a larger jurisdiction, four smaller jurisdictions were also successful in accessing funds.

### Relevant State Law

[AB 434 Streamlined Multifamily Housing Application Implementation.](#)

[SB 2 Building Homes and Jobs Act.](#)

## Survey Results

Survey respondents identified “Lack of funding” (56.25 percent) followed by “Inadequate infrastructure” and “Lack of affordable rental housing” (37.5 percent each) as the three most critical housing issues facing their jurisdiction. Homelessness ranked fourth with 31.25 percent. Stakeholders also identified a variety of funding concerns and observations, including:

**Increase public funding.** There needs to be a significant increase in public funds available for constructing affordable housing. Subsidize prevailing wage requirements to bring down project costs (discussed in a subsequent section).

**Chaotic State funding system.** Respondents cited no uniform State application process as the top impediment. There are currently too many agencies with differing missions and focus. The application process is too cumbersome, and agencies often change rules and guidelines from year to year. HCD and HUD’s application processes were cited as being particularly difficult.

**Complex funding systems.** Respondents believe cities and counties [and the State] often don’t understand low-income tax credit programs and that funding cycles don’t align appropriately.

**Funding increasingly tied to increased density.** Many State funding programs prioritize density thresholds and rolling back greenfield development. Because higher-density infill housing can be more expensive to build, local jurisdictions must provide incentives for higher-density development.

**Prioritize funding for infill sites:** Respondents recommending finding ways to incentivize infill plans and programs. One example cited was Fresno COG’s plan that enables developers to request funding for infrastructure improvements for high-density projects. If a priority infill site has been identified, find ways to encourage development. There should be a focus on transit station area planning around both bus and rail locations, either with conditional funding or incentives for both market-rate and affordable housing. The key is infrastructure planning and funding. Priority infill areas should be regionally identified and ranked for funding opportunities.

**Funding set asides.** When housing funding is population based, sometimes small jurisdictions with the greatest need get short-changed, which leads to questions of equality versus equity. If an area is historically disadvantaged, more funding and resources are needed. Geographic set-asides for smaller jurisdictions or regions are needed.

**Location-based funding.** Interviewees mentioned difficulty in developing housing projects that qualify for State funding due to less-developed transportation systems in the Valley, as well as different needs for unit size/density in Valley communities compared to denser urban areas with public transportation. This is especially true for rural and smaller jurisdictions. Because of program requirements, Valley jurisdictions often can’t compete with larger, more urban cities and counties.

## Funding Resources

**HCD information on the grants and loans available for affordable housing and addressing homeless:**

<https://www.hcd.ca.gov/grants-funding/active-funding/index.shtml>

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California Grants Portal: <https://www.grants.ca.gov>

Permanent Local Housing Allocation: <https://www.hcd.ca.gov/grants-funding/active-funding/plha.shtml>

AB 434 streamlines HCD's rental housing programs to align eligibility criteria, scoring, and fund releases allowing for coordinated and concurrent single application and award process:

<https://www.hcd.ca.gov/grants-funding/ab434.shtml>

Programs include:

- Multifamily Housing Program (MHP)
- Veteran Housing and Homeless Prevention Program (VHHP)
- Joe Serna Jr. Farmworker Housing Grant Program (Serna)
- Transit-Oriented Development Program (TOD)
- Infill Infrastructure Grant Program (IIG)
- Housing for Healthy California Program (HHC)

### *Housing and Urban Development (HUD) Grants:*

[HUD grants on Grants.gov](#). Search for discretionary HUD grants, eligibility, and category. You will also find a forecast for upcoming HUD grants.

[HUD Funding Opportunities Page](#). HUD's funding opportunities page covers competitive applicants and existing recipients.

### Resources

Office of Governor Gavin Newsom, [Homeless Funding Package](#).

Termer Center For Housing Innovation, UC Berkeley, [The Complexity of Financing Low-Income Housing Tax Credit Housing](#).

## Market and Feasibility Implications for Affordable and Higher-Density Market Rate Housing

There are several factors affecting housing market feasibility; however, many of these may be temporary or subject to change. On the supply side, a shortage of labor (particularly skilled labor), as well as a reduced or delayed availability of building materials slows construction. The labor and materials shortage drives development and project feasibility costs. One other notable factor may be the limited market for multi-family ownership units (e.g., condominiums<sup>19</sup>) in the valley given other ownership options such as single-family homes and planned-unit developments. At the same time, demand for higher-density development is increasing due to a variety of factors, including:

- Sustainable Community Strategies (SCS) and Regional Transportation Plans (RTP) implementation
- Land conservation for agricultural use and habitat preservation and the associated mitigation costs if they are not
- Cost of extending/providing infrastructure
- Related urban development and urban growth boundaries
- Higher residential densities to satisfy very low- and low-income RHNA allocation.

As a result of these changes, jurisdictions are beginning to refocus housing development inwards toward downtowns, neighborhood and community centers, and transit-served areas.

Higher-density and affordable housing development depends on several factors but essentially comes down to demand and financial feasibility. Assuming there is a demand [we know there is for affordable housing] project financial feasibility remains the key factor. Developers typically prepare a pro forma to test financial feasibility. The pro forma considers hard costs such as building, infrastructure, and landscaping construction (e.g., materials and labor), and soft costs including design, engineering, taxes, insurance, permitting, and impact fees, as well as land costs, and then compares those costs to anticipated project revenues (e.g., sale price/rents, and a rate of return for the developer and any investors). The return rate is typically based on a risk assessment (e.g., approval likelihood, time frame). A development project is considered financially feasible when it generates a sufficient return rate for the developer and investors and when there is a fair value for the landowner. As such, jurisdictions can support project feasibility by providing certainty in project review schedules/timelines, and when feasible, assisting timely infrastructure improvements.

**Support for higher-density development:** The marketplace is beginning to support higher-density developments, particularly in metropolitan areas, as evidenced in a recent HUD study (link below) that evaluated the Fresno County housing market area. The study found a strong economy with non-farm payrolls increasing by an average of 3.1 percent annually since 2011; a balanced sales market with a low ownership vacancy rate of 1.5 percent; and a slightly tight rental market/apartment vacancy rate of 2.4 percent. The study also forecasted a demand of 2,625 rental units through 2023, noting 1,075 units under construction that would satisfy a part [~41 percent] of the forecast demand. A March 2021 article in the Los Angeles Times (link below)

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<sup>19</sup> Jurisdictional survey results indicate that most small towns have rarely if ever seen condominium developments. Larger cities noted there had not been activity in the past two years but did have some activity in the past 2-5 years.



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supports the study's findings, noting the robust demand for rental housing with rents rivaling those in the Los Angeles area.

Another September 2021 article in the Modesto Bee (link below) compares the differing approaches to housing development in Modesto and Manteca. The article finds that Manteca with its pro-development stance has weathered far better during economic downturns and the Covid pandemic than Modesto, despite its much larger size. The article notes that the Modesto development review process takes much longer and is less supportive than neighboring communities, making development generally less attractive to developers. This indicates permit streamlining and city support is relevant in overall market feasibility.

In March 2020, the Turner Center for Housing Innovation published a report on the costs of affordable housing production relating to California's 9 percent Low-Income Housing Tax Credit (LIHTC) Program (link below). The report concludes that the costs on 9 percent LIHTC new construction projects have significantly outpaced inflation, meaning more public subsidy dollars are building fewer and fewer affordable units. The study notes that costs [not unique to affordable housing] are related to a tight labor market and challenges in gaining entitlements for multi-family projects. The study also notes that most zoning accommodates single-family homes, making it difficult to build a more balanced mix of units affordable to all income levels. Finally, the study concludes that expanded State funding for affordable housing will help, but the State should lead system reform to get the best return for dollars invested. This study also demonstrates the need for jurisdictions to zone for multi-family developments.

Also in March 2020, the Turner Center for Housing Innovation published another report: "The Hard Costs of Construction: Recent Trends in Labor and Materials Costs for Apartment Buildings in California" (link below) noting that rising construction costs are undercutting housing affordability and viability overall. The study also found that the State has several tools that could help mitigate construction costs, including building regulations and codes (possibly supporting new construction techniques): streamlining permitting approval processes; providing support for training and apprenticeship programs to address labor challenges, and evaluating affordable housing financing to promote more cost-efficient construction.

### Survey Results

Overall, stakeholders identified high construction costs, skilled labor shortages, few affordable housing developers, and additional incentives as important factors dampening housing production. More than 53 percent of interviewees identified public-private partnerships as the best tool for addressing housing supply and associated costs. It was closely followed by 50 percent that found infill housing strategies to be the best tool. Innovative funding, financing, and capital investments (28.57 percent), promoting use of alternative housing types (25 percent) and allowing multiple housing units by-right (21.43 percent) rounded out the best tools.

### Stakeholder Interviews

Stakeholders offered the following observations and recommendations:

**Income and use mix.** Mixed-income developments and mixed-use developments seem to be thriving better in the Valley. Mixing development with those with higher-income earners has been successful.

**Incentivize density.** Many State funding programs are going back to density thresholds and rolling back greenfield development. Because higher-density infill housing can be more expensive to build, local jurisdictions must provide incentives for it.

**Identify, plan, and incentivize priority sites.** Find ways to incentivize infill plans and programs. Respondents cited Fresno COG's plan, which enables developers to request funding for infrastructure improvements for high-density projects, as an example. If a priority infill site has been identified, find ways to encourage development. There should be a focus on transit station area planning around both bus and rail locations, either with conditional funding or incentives for both market-rate and affordable housing. The key is infrastructure planning and funding. Priority infill areas should be regionally identified and ranked for funding opportunities.

**Ineffective density bonus.** Respondents noted the Valley is not dense enough for density bonuses to work in many areas.

## Resources

U.S. Department of Housing and Urban Development, Office of Policy Development and Research, [\*Comprehensive Housing Market Analysis, Fresno CA \(January 2020\)\*](#).

Los Angeles Times. [\*The Nation's Hottest Housing Market? Surprise its Fresno\*](#).

Modesto Bee. [\*Modesto and Manteca's Contrasting Approaches to Housing Development\*](#).

Turner Center for Housing Innovation, UC Berkeley, [\*The Costs of Affordable Housing Production: Insights from California's 9 percent Low-Income Housing Tax Credit Program \(March 2020\)\*](#).

San Francisco Planning Department, [\*Housing Development Feasibility and Costs, White Paper\*](#).

Turner Center for Housing Innovation, UC Berkeley, [\*The Hard Costs of Construction: Recent Trends in Labor and Materials Costs for Apartment Buildings \(March 2020\)\*](#).

California Department of Housing and Community Development, [\*Uniform Multifamily Regulations \(UMR\) Financial Feasibility Analysis/Underwriting and Project Management and Operations for HCD loans and grants\*](#).

Brookings, Policy 2020, [\*To improve housing affordability, we need better alignment of zoning, taxes, and subsidies \(January 7, 2020\)\*](#).

Urban Land Institute, [\*Higher Density Development – Myth and Fact\*](#).

Turner Center for Housing Innovation, UC Berkeley, [\*Four Tools for Stimulating Economic Recovery Through New Homebuilding \(June 2020\)\*](#).

Turner Center for Housing Innovation, UC Berkeley, [\*Revisiting California's Density Bonus Law: Analysis of SB 1085 and AB 2345 \(July 2020\)\*](#).

### Prevailing Wages

The Davis–Bacon Act of 1931 (Act) is a Federal law that establishes paying the local prevailing wage on public works projects for laborers and mechanics. It protects local workers from outside contractors who may underbid the local wage level when competing for public projects. The Act, in combination with State law, requires that all workers on public works projects (which includes most housing projects receiving public funds) must be paid the prevailing wage determined by the California Department of Industrial Relations, according to the project type and location. Prevailing wage rates are usually based on those specified in collective bargaining agreements.

Prevailing wage requirements are thought to add approximately 20 percent to the cost of a project. The State Labor Code § 1720(c)(5) provides for some exceptions to the prevailing wage requirement for some affordable housing projects, even if there is a public subsidy. These exceptions include:

- Sweat-equity projects
- Certain not-for-profit emergency or transitional housing for homeless persons
- Homebuyer assistance programs (mortgage, down payment, or rehab assistance for single-family homes)
- Below-market interest rate loans if at least 40 percent of units are restricted to 80 percent median income for at least 20 years

While there is no statutory exception for new low-income housing tax credit (LIHTC) projects, there is case law stating that low-income housing tax credits to a developer does not constitute public funds. The State Department of Industrial Relations has applied this to Federal tax credits as well. Legislation passed in 2017 added new prevailing wage requirements for certain projects.

- SB 35 requires jurisdictions that fail to meet RHNA requirements cannot require a conditional use permit or other discretionary review permit for affordable housing projects. It also provides for a streamlined ministerial review process if developers agree to pay prevailing wages on the entire project.
- SB 540 created the opportunity for cities to create "workforce housing opportunity zones," and developers are exempt from environmental review in those zones if they certify to paying prevailing wages.
- AB 73 allows jurisdictions to form "housing sustainability districts" — by-right affordable housing districts — to access State funding when a jurisdiction adopts an ordinance requiring developers to pay prevailing wages on all projects in a district.

**Prevailing Wage Determinations.** The California Department of Industrial Relations is responsible for making prevailing wage determinations. There are two types of determinations — general and special. General determinations are issued by the Department director twice a year on February 22 and August 22. When the director determines that the general prevailing rate of per diem wages for a particular craft, classification, or type of worker is uniform throughout an area, the director issues a determination enumerated county by county, but covering the entire area. When a particular craft, classification or type of worker is not covered by a general determination, a public agency or private entity using public funds may request a special prevailing wage determination.

A review of the California Department of Industrial Relations website regarding prevailing wages for Residential found that there are differences in the prevailing wage rates from one area to another.

**Example of Prevailing Wages by Area – Trade: Residential Carpentry**

| Region  | Prevailing Wage (\$ per hour) | Variance from Bay Area (\$ per hour) |
|---|-------------------------------|--------------------------------------|
| Bay Area Counties                             | 54.85                         | 0                                    |
| San Joaquin, Sacramento, and Yolo Counties    | 48.97                         | 5.88                                 |
| Valley Counties (except San Joaquin and Kern) | 48.97                         | 5.88                                 |
| Kern, Inyo, and Mono Counties                 | 43.87                         | 10.98                                |
| Counties west, south and east of Kern County  | 44.44                         | 10.41                                |

Source: California Department of Industrial Relations, August 22, 2021.

Given the variation in prevailing wages, some of the northern valley counties may be experiencing losses of skilled labor to other Bay Area counties with higher prevailing wages, especially when those higher wages are within commute range. Likewise, there is the possibility that Kern County workers are commuting northwards to other Valley counties as well. It is also possible that some construction workers have alternative housing options (e.g., living with a relative or renting a room) enabling them to take higher paying jobs in other areas.

**Prevailing wages appear here to stay.** In a recent paper produced by the Institute for Construction Economic Impact entitled: “Should Prevailing Wages Prevail? Reexamining the Effect of Prevailing Wage Laws on Affordable Housing Construction Costs” (link below) the authors found no causal effect of prevailing wages on affordable housing construction costs. The paper also noted that recent research on residential construction indicates it provides poor wages, benefits, and working conditions and that prevailing wage laws are tools that provide better working conditions. Finally, the paper concludes that there is no straightforward trade-off between better labor standards and project costs which may further encourage use of prevailing wages. Studies of this nature as well as the extensive lobbying efforts by building trades (link below) regarding affordable housing legislation appear to have “locked-in” prevailing wages for the foreseeable future suggesting that increased subsidies will continue to be necessary to construct affordable housing.

**Build a better workforce.** Given the realities of the workforce marketplace, interventions may be required to develop and expand the building trade workforce. The Valley may wish to consider efforts to encourage, support, or otherwise develop a strategic workforce development program that could involve State, regional and local partners such as economic development agencies, workforce development boards, building apprenticeship programs, colleges, and trade schools.

## Relevant State Law

[California Prevailing Wage Laws](#)

## Stakeholder Interviews

Stakeholders offered the following observations:

**Cost/income ratio.** Building costs are just as high in the Valley as in the Bay Area, which keeps rents high in Valley developments. For-profit developers can’t build low-income housing with current cost to build; and it is difficult enough for housing authorities and non-profits. Several interviewees cited prevailing wage requirements that are tied to Bay Area indices – unions don’t have a strong presence in the SJV and there can

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be a shortage of union workers. *Note: See discussion above as prevailing wages do vary by region but regional differences could be impacting workforce availability.*

**Address Prevailing Wage Requirement.** Addressing the costs of prevailing wages is critical. Some stakeholders suggest removing the requirement, while others suggest subsidizing them. In any event, the prevailing wage costs need to be reduced. There needs to be a significant increase in public funds available for constructing affordable housing. *(Note: See discussion above as prevailing wages are likely to remain in place.)*

**Land value.** While construction material costs are equivalent to the Bay Area, land values are lower as vacant land is more plentiful. Some interviewees noted that price points are increasing rapidly for vacant land in the Valley.

**Increasing construction material and land costs.** In addition to increasing construction material costs, an inflow of buyers from the Bay Area and other locations has resulted in significant increases in home and land prices.

### Resources

California Department of Industrial Relations, [\*Current residential prevailing wage determinations.\*](#)

California Department of Industrial Relations, [\*Prevailing Wage FAQ\*](#) and [\*Index 2021-2 general prevailing wage journeyman determinations.\*](#)

Institute for Construction Economic Research, [\*Should Prevailing Wages Prevail? Reexamining the Effect of Prevailing Wage Laws on Affordable Housing Construction Costs\*](#)

American Planning Association, [\*Building trades push for union workforce in affordable housing bills \(July 27, 2021\).\*](#)

Turner Center for Housing Innovation, UC Berkeley, [\*The Complexity of Financing Low-Income Housing Tax Credit Housing \(April 2021\).\*](#)

California Central Valley Economic Development Corporation, [\*Workforce & Education.\*](#)

Workforce Development Board of Madera County, [\*Regional Collaboration.\*](#)

## ADA and Title 24

The following sections provide an overview of the Americans with Disabilities Act (ADA) and California Building and Energy Efficiency Standards (Title 24)

**The Americans with Disabilities Act (ADA).** The ADA prohibits discrimination against individuals with disabilities in all areas of public life. Particularly relevant are the standards for accessible design required for all new construction and alterations. Applying the standard that provides the greatest accessibility level is the easiest way to resolve the different Federal and State standards.

**Universal Design.** Universal design is an approach that incorporates products as well as building features and elements that can be used by everyone and generally improve accessibility. Knowing universal design principals prior to building design and construction can result in overall accessibility improvements and adaptability for future users. HCD has developed a model ordinance ([link below](#)) that provides for universal design features that would only be installed if requested by the buyer/owner and would not cause an unreasonable delay or significant costs to the developer or builder.

**California Building and Energy Efficiency Standards (Title 24).** On August 12, 2021, the California Energy Commission adopted the 2022 Building Energy Efficiency Standards for newly constructed and renovated buildings to support the State's public health, climate, and clean energy goals. The 2022 Energy Code focuses on four key areas in newly constructed homes and businesses:

- Encouraging electric heat pump technology for space and water heating, which consumes less energy and produces fewer emissions than gas-powered units
- Establishing electric-ready requirements for single-family homes to position owners to use cleaner electric heating, cooking and electric vehicle (EV) charging options whenever they choose to adopt those technologies
- Expanding solar photovoltaic (PV) system and battery storage standards to make clean energy available onsite and complement the state's progress toward a 100 percent clean electricity grid
- Strengthening ventilation standards to improve indoor air quality

These new requirements become effective on January 1, 2022. The link below provides a more detailed overview.

### Relevant State and Federal Law

[Americans with Disabilities Act \(ADA\).](#)

California [Building and Energy Efficiency Standards \(Title 24\).](#)

### San Joaquin Valley Experience

Stakeholders noted the constantly changing regulatory environment (e.g., the solar power mandate) continues to add cost to every housing unit. Changes in building codes are intended to advance health and safety, and are increasingly focused on supporting climate action goals of the State. While some of these requirements may initially add to the cost of homes, the long-term benefits of reduced power consumption and associated

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savings for homeowners should offset the initial investment. Other code changes like past approval of PEX piping and the more recent approval of mass timber can result in cost savings for projects.

### Resources

State of California Energy Commission, [\*2022 Building Energy Efficiency Standards Summary. Summary of Title 24 Changes Effective January 1, 2022.\*](#)

California Department of Housing and Community Development, [\*Building Code Development and Adoption \(Title 24\).\*](#)

U.S. Department of Justice, Civil Rights Division, [\*ADA Standards for Accessible Design.\*](#)

Disability Access Consultants, [\*The Americans with Disabilities and Title 24 of the California Building Code.\*](#)

California Department of Housing and Community Development, [\*Universal Design Model Ordinance.\*](#)



## Capacity to Deliver Housing

This section addresses both local developer capacity to deliver “affordable housing” as well as challenges related to the delivery and facilitation of additional housing at the local jurisdictional level.

Local zoning regulations, permitting processes, and “not in my backyard” opposition are all contributing factors affecting the production of housing. It has been said that “time is money,” and there are several actions that local jurisdictions can undertake to reduce the amount of time it takes for a developer to obtain the approvals needed to build housing. Once those barriers have been addressed, jurisdictions can also begin to require that developers incorporate or otherwise provide for more affordable housing.

While it may seem contrary to expectations, developers are typically willing to pay for better service because it generally will take less time for them to complete project reviews. Shortened review time frames can also reduce risk from other factors (e.g., increasing material, labor, and land-holding costs) that can both impact project feasibility but also the final cost of housing.

**Staffing.** Staff capacity remains challenging for most Valley cities and counties. A jurisdiction’s capacity can fluctuate depending on activity and staffing levels. The continually evolving and complex regulatory environment requires staff training and development to ensure effective, efficient, and equitable development application processing. Additionally, ongoing data collection, annual reporting, housing site inventory maintenance, compiling funding applications and encouraging production, all rely on staffing capacity.

The San Joaquin Valley has many small- to medium-sized jurisdictions that have limited staff capacity to specifically address housing needs. Even larger jurisdictions struggle to maintain the staffing levels and expertise needed to address the needs. Staffing capacity is, therefore, a key factor in providing affordable housing.

A key component for delivering housing is to have city or county staff available to complete permit processing functions in a timely manner. One approach is to establish a “pay for service” model that charges developers for the time reviewers spend working on their projects. This enables jurisdictions to both provide and focus staff on permitting review services while providing developers with reasonable expectations for project review time frames. It will also assist jurisdictions in their efforts to meet or exceed requirements of the Housing Accountability Act, Housing Crisis Act, Permit Streamlining Act, and other permit processing obligations. Other methods for creating staff capacity are also identified in the recommendations section that follows.

**Streamlining.** The most important way to reduce permitting time frames is to allow housing by-right in residential zones (e.g., no conditional use permits). Allowing housing by-right in a residential zone should not be surprising to anyone. This will not only reduce the number of permits required but will also avoid “not in my backyard” opposition. The next step in streamlining is to adopt objective design and development standards that developers, staff, and the public can readily understand and quickly determine if a project complies or not. By contrast, discretionary review processes are more difficult and time-consuming to administer as they typically require at least internal consultation but may also involve referrals to boards and commissions for review and action, all of which add time.

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**Incentives for affordability.** Jurisdictions should also explore other possible incentives that motivate developers to provide affordability. Possibilities include assistance with the provision of infrastructure (perhaps accelerating timing for a planned public project), impact fee deferrals for the entire project, and/or waivers for affordable units.

**Requirements for affordability.** Once project review time frames have been streamlined and other incentive packages are in place, market-rate housing developers should have some capacity to provide improved housing affordability. The level of affordability needs, however, to be reasonable and not render a project infeasible. Inclusionary housing ordinances are one option; however, there can be challenges in finding the right fit or amount of affordability to require. One of the common challenges with inclusionary ordinances is that jurisdictions typically want to achieve deep affordability in the projects to meet their assigned housing needs for lower-income households but requiring deep levels or amounts of affordability can render projects infeasible. A best practice is to evaluate needs and market feasibility through a nexus study to determine the feasibility of inclusionary requirements such as percentage and level of affordability.

### Relevant State Law

**Housing Accountability Act** - Government Code Section 65589.5

**Permit Streamlining Act** - Government Code § 65920 - 65964.1

**Streamlined Ministerial Approval (SB-35)** - Government Code § 65913.4

### Survey Results

The city/county survey found that only 18.75 percent of responding jurisdictions find staffing capacity to be of low or slight importance while 68.75 percent of respondents find staffing capacity to be of moderate to extreme importance. It also appears that larger jurisdictions face more intense staffing needs due to the volume of applications received. Conversely, it appears that some smaller cities retain outside staffing assistance when needed.

### Stakeholder Interviews

**Lack of Staffing.** Stakeholders indicated there is a lack of public agency staff to streamline housing applications, encourage production, or put together funding applications. This is largely a result of budget limitations in smaller cities and increasing workloads for larger jurisdictions.

**Low Staff Capacity.** The limited capacity of local planning agencies was identified as a major impediment to the advancement of housing production. Specific challenges include offices with no or very limited staff, recruitment, retention, and heavy workloads, which make it challenging to complete comprehensive General Plan updates and to meet State requirements for updates to specific elements.

**Limited Budgets.** It was also noted that many local jurisdictions do not have the budgets to hire consultants to assist with the mandated planning.

## Templates/Examples

[Fresno User Fee Update Report.](#)

HCD, [Housing Accountability Act Technical Assistance Advisory.](#)

HCD, [Updated Streamlined Ministerial Approval Process Guidelines \(SB-35\).](#)

HCD, [No Net Loss Law Memorandum.](#)

## Resources

U.S. Department of Housing and Urban Development, [Regulatory Barriers to Production of Affordable Housing \(Spring 2018\).](#)

## Mello-Roos Community Facilities District (CFD)

A special tax or community facilities district (CFD) establishes additional assessments on properties levied and varied based on a selected property characteristic (excluding property value). The Mello-Roos Community Facilities Act of 1982 allows any county, city, special district, school district, or joint powers authority to establish a Mello-Roos community facilities district (CFD) which allows for financing of a broad range of public improvements and services. The services and improvements that Mello-Roos CFDs can finance include streets, sewer systems, and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums, and other cultural facilities. By law, the CFD is also entitled to recover expenses needed to form the CFD and administer the annual special taxes and bonded debt. A CFD should include all properties that will benefit from the improvements to be constructed or the services to be provided. They are most commonly used in circumstances in which approval is limited to a small group of landholders, since they must be approved by a two-thirds majority.

The special tax creates a dedicated funding source suitable for capital improvement bond financing but also an additional cost on property ownership. Often, after bonds are paid off (typically 20-25 years, but may be up to 40 years), a CFD will continue to charge a reduced fee to maintain the improvements and/or continue to provide services.

A CFD presents an opportunity to fund infrastructure improvements and other needed public facilities for the benefit of property owners but can have other challenges and disadvantages, as detailed below.

**Opportunities and Advantages.** Mello Roos CFDs may be best suited to larger, newly developing, areas that otherwise could not occur without infrastructure improvements. CFDs can result in highly desirable, well-maintained neighborhoods given the provision of services and facilities such as new schools and parks.

**Challenges for Implementation.** A jurisdiction must adopt goals and policies concerning the use of Community Facilities Districts prior to their formation (Government Code Section 53312.7). Jurisdictions should consider if added special taxes for services and maintenance are appropriate for newly developing areas given that older areas without a CFD may be getting the same or similar services through their payment of regular property taxes. There are limitations on the inclusion of agricultural, open space, or conservation areas in CFDs (Government Code Section 53312.8). A CFD can be difficult to form because it requires a two-thirds majority vote of residents living within the proposed boundaries. If there are fewer than 12 residents, the vote is instead conducted of current landowners. Therefore, they are most commonly used in circumstances in which approval is limited to a small group of landholders.

**Potential Disadvantages for Prospective Buyers.** A CFD can increase housing costs over areas without Mello-Roos special tax assessments. Prospective homebuyers may be turned off if they perceive that they would be paying more than they need or want (e.g., schools or other amenities if the buyer does not intend to use the facilities). Ongoing maintenance of the community improvements could be more costly than anticipated.

## Relevant State Law

[Government Code Section 53311 – 53368.3](#). The Mello Roos Community Facilities Act of 1982.

## Resources

California Land Title Association. [Understanding Mello Roos](#).

California Title Company. [The Truth about Mello Roos](#).

## Examples

Merced County Tax Collector. [Mello-Roos](#).

City of Vacaville. [Community Facilities Districts](#).

### Tax Increment Financing

Tax increment financing presents an opportunity for jurisdictions to fund or obtain infrastructure and affordable housing as well as other community benefits through land value capture. At a basic level, by authorizing development, constructing public works projects and other improvements, and making zoning changes that permit additional development, a jurisdiction can improve property values. A city can capture the associated land value increases through property taxes and reinvest those into other public purposes that benefit the community, including other types of infrastructure, affordable housing, and economic development.

Following the dissolution of Redevelopment in 2012, the State has bolstered alternative means of tax increment financing through the approval of legislation that permits the creation of enhanced infrastructure finance districts (EIFDs) and community revitalization and investment authorities (CRIAs), further discussed below. Pending State legislation may also provide another form of tax increment financing for TOD districts in the future.

**Enhanced infrastructure financing districts (EIFDs).** The primary objective of infrastructure financing districts is to finance capital projects of “communitywide impact.” Enhanced Infrastructure Financing Districts (EIFDs) can be used to finance infrastructure projects such as transportation infrastructure, water and wastewater facilities, solid waste facilities, and community amenities including parks, libraries, and childcare centers. EIFDs can also help fund affordable housing and even environmental mitigation where improvements are found to provide communitywide benefits.

EIFDs may be formed over a defined area (the district), including non-contiguous areas, by a city, county, or joint powers authority (JPA). EIFDs formed by a JPA can be established without voter approval; however, 55 percent voter approval is required for the issuance of bonds. As such, EIFDs have the greatest potential for success where taxing authorities (typically cities and counties) are motivated to move such projects forward and have strong community support.

Projects within EIFDs are financed through tax increments generated from the growth in property taxes collected from parcels within the district. EIFDs may last for up to 45 years from the date on which the issuance of bonds is approved. Additionally, cities and counties may loan money to an EIFD to fund authorized projects.

EIFDs may also be used to fund projects within former redevelopment areas (RDAs) when the Successor Agency has obtained a finding of completion for the RDA project, RDA litigation has been resolved, and Controller review has been completed.

Community revitalization and investment authorities (CRIAs), in particular, are intended to provide a source of funding for infrastructure and housing in disadvantaged communities.

**Opportunities and advantages.** Stakeholders expressed serious concerns regarding infrastructure capacity and costs associated with upgrading existing infrastructure as well as providing new infrastructure to developing areas. EIFDs may present an attractive option for financing infrastructure needed to serve housing projects and can also be used to fund affordable housing projects themselves. The financing capacity of the districts is driven by the portion of the base 1 percent tax levy that is dedicated to the district. It can be an effective tool when either a sponsoring city receives a large share of the 1 percent property tax levy or if counties agree to contribute a portion of the county increment to the district.

**Challenges for implementation.** Some of the challenges associated with EIFDs include various limitations, requirements, and difficulties in forming them. The use of EIFDs could be limited if a jurisdiction has not completed its redevelopment area wind-down processes. EIFDs are also subject to State provisions such as prevailing wages, but given that public works projects and most affordable housing projects that receive public subsidies are also subject to prevailing wages, this may not be a significant issue. Lastly, the formation of EIFDs requires strong partnerships with participating taxing entities and strong community support, especially for the issuance of bonds within districts having 12 or more registered voters, since a 55 percent approval rate is required. In districts having less than 12 registered voters, each landowner has one vote for each acre or portion of an acre of land that they own within the district. As such, issuance of bonds within a newly developing or a largely uninhabited area may be more readily feasible. Conversely, strong community support and educational outreach will be needed in districts with 12 or more registered voters. It is important to inform stakeholders that EIFDs do not create a new tax and do not create a lien on the property.

### Relevant State Law

[Senate Bill No. 628 \(SB 628\)](#) (2014). Enhanced Infrastructure Financing Districts.

### Resources

California Community Economic Development Association. [Resource Guide to Enhanced Infrastructure Financing Districts](#).

California Association for Local Economic Development. [How to Create an Enhanced Infrastructure Financing District \(EIFD\)](#).

Lincoln Institute of Land Policy. [Land Value Capture and the Property Tax](#).



## Community Revitalization and Investment Authority (CRIA)

In 2015, as part of “Redevelopment 2.0.” the State Legislature adopted Assembly Bill 2 authorizing the formation of Community Revitalization and Investment Authorities (CRIAs). CRIAs use tax increment funds to finance projects within a designated Revitalization Area. CRIAs are intended to provide a source of tax-increment funding for infrastructure and housing in disadvantaged communities and, therefore, may only be formed in geographic areas that meet specific criteria. The designated geographic area is referred to as the Revitalization Area. The primary requirement is that at least 80 percent of properties located in the Revitalization Area must have a median annual household income of 80 percent of the statewide, countywide, or citywide annual median income (the CRIA may choose the metric used). Additionally, three out of four of the following conditions must exist:

- Unemployment rate 3 percent higher than the statewide average
- Crime rates 5 percent higher than the statewide average for violent or property crime offenses
- Deteriorated or inadequate infrastructure, including streets, sidewalks, water supply, sewer treatment and processing, and parks
- Deteriorated commercial or residential structures.

However, in addition to the criteria listed above, all areas designated as SB 535 Disadvantaged Communities are eligible Revitalization Areas for a CRIA. Since a sizable portion of the San Joaquin Valley has the SB 535 Disadvantaged Community designation, this may be the most straightforward way for many Valley jurisdictions to show eligibility (see link in the Available Resources section for a map showing Disadvantaged Communities).

CRIA formation is achieved by adoption of a resolution by the sponsoring jurisdiction’s city council or board of supervisors, appointment of a governing body, and adoption of a Revitalization Plan. Once the CRIA board adopts the Revitalization Plan, CRIAs are authorized to use revenues to conduct a variety of activities, based on what was described in the Plan. Eligible activities include, but are not limited to, funding infrastructure improvements, affordable housing projects, seismic retrofits, property acquisition, tenant improvements, and undertaking brownfield cleanup. CRIAs may also borrow and accept funding from other sources, including other government agencies and private entities. Accountability measures required for CRIAs include completion of an annual report and a protest hearing every ten years to determine if the Revitalization Plan should continue.<sup>20</sup>

A key requirement that differentiates CRIAs from other tax increment tools is that at least 25 percent of the tax increment allocated to the CRIA must be set aside for affordable housing. State law contains detailed requirements for the use of affordable housing funds like previous Community Redevelopment Law. In terms of housing production, prior to expiration of the Revitalization Plan, 30 percent of the housing units constructed or rehabilitated by the CRIA must be made available to lower- and moderate-income households and 15 percent of housing units constructed or rehabilitated by any other entity must be made available to lower- and moderate-income households.

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<sup>20</sup> California Association for Local Economic Development. “Primer on California’s New Tax Increment Financing Tools.” March 2017.

**New and untested.** Because CRIAs are a relatively new tool, examples of their effectiveness are not available. Without proven success stories, it may be difficult to garner the political and community support needed for CRIA formation. The City of Victorville approved formation of a CRIA in August 2021 and is currently in the process of appointing board members. The City of Riverside has conducted a feasibility analysis and held public informational meetings but has yet to form a CRIA.

**Bonds and loans.** CRIAs are also authorized to issue bonds without voter approval. Therefore, once the CRIA's tax base has increased enough to support financing, this is an available option. Alternatively, the CRIA's sponsoring jurisdiction can provide a loan to the CRIA in the interim period while the CRIA's revenue base is growing.

**Timing and revenue generation.** As with all tax increment funding mechanisms, the contingency of funding on the amount and pace of development can pose a significant challenge. Unlike former Community Redevelopment Law, the tax increment diverted to the CRIA is only from the sponsoring jurisdiction's share rather than from all taxing entities. Therefore, it can be challenging to generate enough initial revenue over the base tax year to begin plan implementation. Furthermore, plan implementation, such as infrastructure improvements, may be needed to spur other development within the Revitalization Area, which in turn increases tax increment revenues.

One potential remedy is for a city to partner with other local taxing entities. Other local agencies (excluding school districts) may opt to contribute all or just a portion of their tax increment to the CRIA. Other agencies may see participation in the CRIA as a worthwhile investment if the planned infrastructure improvements and other programs contribute to an increase in the long-term property tax base.

## Relevant State Law

[Assembly Bill No. 2492 \(AB 2492\)](#) (2016), [Assembly Bill No. 2 \(AB 2\)](#) (2015), as amended by AB 2492 (a clean-up bill passed in 2016), authorized the formation of CRIAs.

[Government Code Sections 62000-62208.](#) Community Revitalization and Investment Authorities.

## Resources

California Association for Local Economic Development (CALED). [Primer on California's New Tax Increment Financing Tools](#), includes a clear explanation and examples of how tax increment funds are generated and built over time.

California Office of Environmental Health Hazard Assessment (OEHHA). [SB 535 Disadvantaged Communities Map](#).

## Examples

City of Victorville. CRIA formation documents (August 17, 2021, City Council Meeting):

- [City Council Staff Report](#).
- [City Council Resolution](#).
- [Successor Agency Resolution](#).

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- [\*Feasibility Study.\*](#)

**City of Riverside.** [\*Community Revitalization and Investment Authorities \(CRIA\).\*](#) Although Riverside has yet to form a CRIA, they have developed a helpful public information page explaining the benefits of CRIAs and how they provide designated funding without increasing taxes.

## Housing Trust Funds

Housing trust funds are financing mechanisms that cities, counties, or state governments establish to support and preserve affordable housing. By financially supporting affordable housing projects, cities and counties increase opportunities for low-income families and individuals to access good homes. The funds may include support services such as: down payment assistance, interest subsidies, deferred loan payments, equity investments, new construction, rehabilitation, and homeless assistance programs.

Housing trust funds are advantageous because they provide more flexibility than other State and Federal funding sources used for affordable housing, enabling funds to be leveraged to obtain additional funding from other sources. Further, local agencies can tailor their housing trust fund program requirements to address specific identified needs in their community, such as housing for special needs populations, housing for very low-income households, or increasing homeownership opportunities. The development of a housing trust fund should include the adoption of clear program guidelines and priorities which establish the types of projects and entities that are eligible for funding.

Activities typically funded by housing trust funds include:

- **Preservation/rehabilitation of existing housing.** Funds can be used to purchase existing affordable housing projects where affordability is set to expire or existing multi-family projects for conversion to affordable units.
- **Land acquisition.** A local agency may use housing trust funds to purchase or assist a local nonprofit with purchasing land to develop affordable housing.
- **New construction.** New construction of affordable housing projects can be accomplished using housing trust funds in a variety of ways, including:
  - To provide “gap” funding needed to make affordable housing projects financially feasible
  - To provide up front funding needed for the developer to seek additional funds from other sources
  - To provide low-interest loans to affordable housing developers to increase the financial feasibility of affordable housing projects
- **Special needs housing.** A local agency may choose to focus on housing for special needs populations, based on local needs, including supportive housing, transitional housing, senior housing, and emergency shelters.
- **Individual rental subsidies or homeowner assistance.** Some agencies focus on grants to individual households. Due to the increased administrative needs of this type of program, they may sometimes be operated by a nonprofit organization. Types of programs include:
  - Subsidy of rents for lower-income individuals
  - Grants or loans for homebuyers to assist with down payment and/or closing costs
  - Grants to lower-income homeowners to complete needed rehabilitation/maintenance on their home

There are 30 local government housing trust funds in California. All of these trust funds have been established by cities; none by counties. With the exception of Mammoth Lakes and the City of Fresno, every California city

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with a housing trust fund is either in the San Francisco Bay Area, Los Angeles County, or Orange County. Across the United States, 815 housing trust funds produce \$2.5 billion annually to support affordable housing.

**Access to additional funding for affordable housing projects.** A key benefit of implementing a housing trust fund program is the opportunity to leverage additional public and private funds for affordable housing. This opportunity exists not only for the local agency but also for private and nonprofit developers looking to pool a variety of funding sources for one project. According to the 2016 Housing Trust Fund Survey Report, local agencies were able to leverage six dollars for every one dollar invested in housing activities by the trust fund.<sup>21</sup> The State's Local Housing Trust Fund Program is one such program in California that provides matching grants to local housing trust funds for a variety of affordable housing activities.

**Revenue sources for housing trust funds.** Identifying a reliable source of revenue is often the biggest challenge in creating a housing trust fund. Housing trust funds can be a key tool in attracting new affordable housing development in a community; however, these efforts can be stunted if annual revenues are not sufficient to fund the types of projects envisioned by the program. Housing trust funds should have a dedicated source of revenue that is not dependent solely on appropriations through the annual budget process. The following are typical ongoing revenue sources for housing trust funds:

- Local impact fees, such as commercial linkage fees or housing impact fees
- Inclusionary housing program in-lieu fees
- Other local discretionary revenues, such as transient occupancy tax, short-term rental fees, or a share of local sales tax
- Loan Repayment (revolving fund): If the housing trust fund is to be used for loans to affordable housing developers, a revolving fund could be created whereby repayments from previous loans fund future loans. While a large initial deposit into the trust is necessary at the onset, annual revenues needed from other sources, if any, would only need to cover ongoing program administration costs.

**Regional trust fund distribution.** A particular challenge is the distribution or use of funds; how to guarantee an equitable share of the funds is used in each member jurisdiction of the trust fund. Within a region, the market conditions, development regulations, and local acceptance of affordable housing vary among jurisdictions. These differences often result in the uneven use of funds in the region and some members may not see the benefits of participation.

**Establishing a housing trust fund.** In establishing a housing trust fund, consider community needs and priorities to develop clear program goals and guidelines. Community needs can be informed by stakeholder input as well as existing conditions reports, such as the needs assessment component of the housing element. Agencies may also consider implementing a prioritization system to ensure that key program goals are met, such as extra review points for high-priority projects. Some agencies also set aside a portion of trust funds specifically for high-priority housing, such as housing for extremely low-income households to further incentivize development of these project types. Program guidelines should also include specific requirements related to

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<sup>21</sup> *Housing Trust Fund Project, "Opening Doors to Homes for All: The 2016 Housing Trust Fund Survey Report". Center for Community Change. 2016.*

terms of affordability and target populations (i.e., designated income category and/or special needs populations).

## Survey Results

A survey conducted for the San Joaquin Valley Regional Early Action Planning (REAP) Report asked 41 different jurisdictions about their housing trust funds. Only 3.03 percent of respondents said their jurisdiction had a housing trust fund. Another 27.27 percent of respondents thought having one would be a good tool. In another similar question, survey respondents were asked if they had completed recent projects or regulatory changes to promote housing production. Housing trust funds were one of the sample responses, and 6.9 percent of respondents said they have housing trust funds in development.

## Stakeholder Interviews

Stakeholders identified a lack of local funding capacity in the San Joaquin Valley as a major challenge to housing production. Several interviewees pointed to the difficulty of assembling financing packages without bonding, housing trust funds, or philanthropic/large foundation “soft” money. The Valley MPO Directors indicated that the Stanislaus and San Joaquin County areas are strongly considering establishing housing trust funds to improve funding.

## Relevant State Law

**SB-1111.** Local Housing Trust Fund Matching Grant Program: Housing and Emergency Shelter Trust Fund Act of 2002 Allocation: Local Housing Trust Eligibility.

## Resources

Center for Community Change. [\*The 2016 Housing Trust Fund Survey Report.\*](#)

Institute for Local Government. [\*Establishing a Local Housing Trust Fund: A Guide for California Officials.\*](#) While outdated in some regards, this report provides detailed information on key components and considerations when developing a housing trust fund.

California Department of Housing Community Development, [\*National Housing Trust Fund Program.\*](#)

U.S. Department of Housing and Urban Development, [\*About Housing Trust Funds.\*](#)

Community Change, [\*What Are Housing Trust Funds?\*](#)

Community Change, [\*Housing Trust Funds in the United States 2021.\*](#)

Community Change, [\*State and Local Housing Trust Funds 2022.\*](#)

National Housing Trust Fund, [\*HTF: The Housing Trust Fund \(March 2020\).\*](#)

## Funding Resources

HCD. [\*Local Housing Trust Fund \(LHTF\) Program.\*](#) Provides housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing, and emergency shelters.

### Examples

California cities with housing trust funds include Anaheim, Berkeley, Campbell, Citrus Heights, Cupertino, Elk Grove, Emeryville, Fremont, Fresno, Livermore, Long Beach, Los Angeles, Mammoth Lakes, Menlo Park, Morgan Hill, Mountain View, Oakland, Oxnard, Palo Alto, Pasadena, Petaluma, San Diego, San Francisco, San Jose, Santa Cruz, Santa Monica, Santa Rosa, Sunnyvale, and West Hollywood.

### Housing Impact and Linkage Fees

The Mitigation Fee Act (Government Code Section 66000) authorizes local governments to impose fees on new development provided that a nexus be shown between the fee that is charged and the impact of the new development. Local jurisdictions use impact fees to fund affordable housing in two primary ways: 1) through fees imposed on new market-rate residential projects, typically called housing impact fees; and 2) through fees imposed on new commercial development, typically called commercial linkage fees. Funds collected through housing impact and linkage fees are typically deposited into a housing trust fund. As with all fees imposed under the Mitigation Fee Act, a nexus study must be completed in order to justify the imposition of the fee. Linkage fees and housing impact fees are most typically assessed on a per square foot basis, as opposed to the per unit basis often used for inclusionary housing in-lieu fees.<sup>22</sup>

The justification for imposing housing impact fees on new residential development is that new market-rate housing increases demand for goods and services in the community, which in turn creates new lower paid jobs and creates a need for housing affordable to lower-income households. Similarly, a nexus study for a commercial linkage fee would use an estimate of the number of jobs created by a new commercial development to establish the number of new housing units needed by new employees by income level.

In crafting a linkage fee or housing impact fee program, jurisdictions may consider thresholds, exemptions, and varying fee levels based on project size or type to ensure that certain uses and smaller projects are not discouraged or disproportionately burdened by fees. As is common with inclusionary housing programs, jurisdictions may choose to exempt small residential projects (i.e., five units or less). Exemption of certain uses such as public uses, schools, and childcare centers are also common. For commercial development, a threshold is often established based on square footage, whereby smaller projects are exempt. Many jurisdictions also base fee amounts on type of residential (i.e., single-family, condo, or rental) or commercial (i.e., office, retail, hotel) use.

**Feasibility.** A key challenge in the development of new impact fees is ensuring that the new fee will not result in the financial infeasibility of new development. According to a Turner Center for Housing Innovation report, cities frequently set fees well below what is justified in the corresponding nexus study.<sup>23</sup> However, single-impact fees should not be considered in a vacuum, as projects are often subject to multiple other fees and exactions. Feasibility studies that consider the total financial impact of all fees can help ensure that new fees will not constrain development. To that end, linkage fees and housing impact fees may be less appropriate in jurisdictions where greenfield development is occurring, and impact fees related to the installation of new

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<sup>22</sup> *Inclusionary Housing. "Commercial Linkage Fees."*

<sup>23</sup> *Turner Center for Housing Innovation. "Improving Impact Fees in California: Rethinking the Nexus Study Requirement." November 2020.*



infrastructure are high. The Turner Center report noted that linkage fees and housing impact fees were most common in more urbanized communities where the majority of development occurring was on infill sites.<sup>24</sup>

**Market conditions.** To a large extent, the success of a linkage fee program relies on good market conditions where significant private development is occurring. Naturally, fee revenues will be less in years when development has slowed. However, commercial linkage fees and housing impact fees provide a good opportunity to create a dedicated revenue source for a housing trust fund which can then be used toward a variety of affordable housing goals and programs. More information on housing trust funds and related programs can be found in the Housing Trust Fund section.

## Relevant State Law

[Government Code Section 66000](#). Mitigation Fee Act.

[Assembly Bill No. 1483 \(AB 1483\)](#) (2019), **house data collecting and reporting**, requires local jurisdictions to post fee schedules and nexus studies clearly online.

## Resources

**Turner Center for Housing Innovation.** [Residential Impact Fees in California: Current Practices and Policy Considerations to Improve Implementation of Fees Governed by the Mitigation Fee Act](#).

**Inclusionary Housing.** [Commercial Linkage Fees](#).

## Examples

**21 Elements.** [Impact Fees and Inclusionary Housing](#). 21 Elements is a collaboration between all the local jurisdictions within San Mateo County in order to share information on housing policy and planning issues. As part of the project, a spreadsheet detailing the fee amounts and program characteristics for linkage and housing impact fees was compiled for cities within the county. The spreadsheet provides insight on various thresholds, exemptions, and fee amounts. Some jurisdictions only had a linkage fee for commercial development, while others imposed a fee on both residential and commercial development. Fee amounts ranged from \$5 per square foot up to \$42 per square foot, dependent on project type. The 21 Elements site also provides numerous examples of nexus studies and staff reports related to linkage fee approval.

**City of Sacramento.** [Housing Impact Fee](#). The City of Sacramento adopted its housing impact fee in 2015. The City's fee structure is intended to incentivize high-density development. The City also provides a lower fee rate for housing constructed within designated areas of the city, defined as census tracts where the average home sales price was less than or equal to \$190,940 in 2015.

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<sup>24</sup> Turner Center for Housing Innovation. "Residential Impact Fees in California: Current Practices and Policy Considerations to Improve Implementation of Fees Governed by the Mitigation Fee Act." August 2019.

### Development Agreements

Development Agreements (DAs) are another mechanism used to capture increases in land value and provide benefits to a community. It is common for local agencies to enter into a development agreement when conferring long-term entitlements for a major project. As part of the negotiation process, developers may agree to provide extraordinary benefits, including infrastructure and other public facilities. These commitments are agreed upon at the discretion of negotiating parties and as such are not subject to the Mitigation Fee Act. The nature and magnitude of benefits provided will depend on local market conditions, the entitlements, and the development economics of the project. A DA may have the best chance of success when land values increase significantly (e.g., as part of annexation or significant zoning change). A DA is, however, a voluntary agreement among the parties, meaning that the jurisdiction and developer need to agree upon the terms.

Community organizations have also begun to get involved in land value capture through a more recent trend called community benefits agreements (CBA). A CBA is a contract signed by community groups and a developer that requires the developer to provide specific amenities and/or mitigations to the community. In exchange, the community groups agree to publicly support the project, or at least not oppose it. Examples of community benefits include local hiring efforts, funding for workforce development, apprenticeship programs, youth programs, affordable housing, and even physical space for community programs.

**Opportunities and advantages.** One of the primary advantages of a DA is that the terms or benefits that may be requested by the jurisdiction do not require a nexus (or reasonable relationship) to the impacts caused by the development (e.g., a request for a public facility that serves more than the development itself). A jurisdiction could also ask for a variety of items including land dedications beyond what is normally required of new development, public realm/material upgrades, financial contributions toward other public projects, etc. A jurisdiction may also incorporate timing goals for components of a project (e.g., construct the affordable units and/or retail component of the project in an early phase). As noted, developers will also want something in return from the jurisdiction; typically these can include longer-term approvals, agreement to provide subsequent streamlined review and/or dedicated staffing for follow-on permits to reduce holding costs, exemptions from any new fees, timely construction of a planned capital improvement project, commitment to staff a fire station, etc., that may benefit or be required to accommodate the project.

**Procedural considerations.** From a procedural point of view, DAs require public hearings and must ultimately be approved by the City Council or Board of Supervisors. Additionally, once established, they do require annual reviews to ensure that there is ongoing compliance with the terms of the agreement.

There are **feasibility limits** on the value capture, meaning the items/terms requested by the jurisdiction must be somewhat commensurate with the increased land value and any terms that benefit the developer. Given that community-based organizations have expressed interest in value capture, there could be additional or competing requests upon future development to incorporate other benefits as well. As such, care will need to be taken to balance a variety of community needs and desires with overall project feasibility.

## Relevant State Law

[Government Code Sections 65864 - 65869.5](#). Development Agreements.

## Resources

Institute for Local Self Government. [\*The Nuts and Bolts of Processing Development Agreements\*](#).

Partnership for Working Families. [\*Community Benefits 101\*](#).

Urban Habitat. [\*Community Benefits Agreement in Fremont\*](#).

## Examples

City of Sacramento. [\*Aggie Square – Community Benefits Partnership Agreement\*](#).

UC Labor Center. [\*Raising The Bar: The Hunters Point Shipyard and Candlestick Point Development Community Benefits Agreement\*](#).

### Revenue Bonds

Utility Revenue Bonds and Mortgage Revenue Bonds can be used to fund infrastructure (e.g., sewer or water system improvements) and affordable housing projects, respectively. There are two types of revenue bonds:

- **Utility Revenue Bonds** are municipal debt securities that are used to finance public utility projects. The utility is required to repay bondholders directly from project revenues rather than a general tax fund.
- **Mortgage Revenue Bonds (Housing Bonds)** are bonds issued by local or State housing finance agencies. Funding from the sale of these bonds is then used to finance affordable mortgages for lower-income households. These bonds are secured by the promise of monthly payments by the borrowers whose home mortgages or rents were financed through the sale of the bonds.

Revenue bonds could be a valuable tool for funding needed infrastructure and housing, but there are certain considerations or limitations to keep in mind.

**Revenue bonds versus pay-as-you-go.** Revenue bonds are well suited to funding needed infrastructure repairs but can also be used to fund water and/or sanitary sewer capacity improvements. If, however, infrastructure will primarily create capacity to serve a newly developing area, care should be taken to ensure that development will materialize in a timely fashion and new ratepayers are brought online to help repay the bonds. Jurisdictions should also evaluate if existing infrastructure systems have adequate capacity and can use a “pay-as-you-go” approach that relies on connection/impact fees as the latter avoids financing costs associated with bonds. While bonding comes with added costs, it can also be a valuable tool for larger projects and if timed properly (e.g., when construction costs and/or interest rates are lower) can result in cost savings for rate payers.

**Limited availability of housing bonds.** State housing bonds and financing requests are subject to availability and award given the State’s volume cap allocation. In recent years, the State has received more requests to fund affordable housing than there are funds available. Currently, pending legislation (SB 5 - The Affordable Housing Bond Act of 2022) could expand bond funding significantly if passed by the legislature and subsequently by California voters on November 8, 2022. Specifically, the legislation would authorize the issuance of bonds in the amount of 6.5 billion dollars. Proceeds from the sale of these bonds could be used to fund affordable rental housing and homeownership programs.

### Relevant State Law

[Government Code Section 54300 -54700.](#) California Revenue Bond Law.

**Pending Legislation:** [Senate Bill No. 5 \(SB 5\)](#) (2020). Housing Bond Act of 2022.

### Resources

Millionaire Acres. [How Do Affordable Housing Bonds Work?](#)

National Low Income Housing Coalition. [Housing Bond Summary.](#)

NOVOGRADAC. [Competitive Bond Landscape Leads to New Challenges with 50% Test for Private Activity Bond and 4% LIHTC Transactions.](#)

Next City. [California Bond Program Helps Cities Secure Middle-Income Housing Without Upfront Cost.](#)

California Statewide Communities Development Authority. [Financing Community-Based Public Benefit Projects.](#)

## Bond Programs

The State's [Qualified Residential Rental Project Program](#) can be used by developers of multi-family rental housing to construct new units or purchase and rehabilitate existing units. Projects that receive an award of bond authority have the right to apply for non-competitive 4 percent tax credits.

The State's [Single-Family First-Time Homebuyer Program](#) is designed to help homebuyers of single-family homes, condominiums, or townhouses use mortgage credit certificates to reduce their Federal tax liability by applying the credit to their net tax due. State and local governmental agencies and joint powers authorities can issue both tax-exempt mortgage revenue bonds or mortgage credit certificates to assist first-time homebuyers when they purchase a home, however; participants must meet certain income limits and purchase a home that falls within the program's purchase price limitations.

The [California Public Finance Authority's Affordable Housing Bond Program](#) provides for-profit and nonprofit developers access to tax-exempt bonds to finance low-income multi-family and senior housing projects.

## Examples

San Diego Housing Commission. [Multifamily Housing Revenue Bonds.](#)

### Grants

Currently, local jurisdictions face a growing number of infrastructure challenges, which have been exacerbated by the impacts of climate change. Both State and Federal grants can be found to assist communities fund infrastructure projects for transportation and water. However, applying for grants can be a difficult task for local jurisdictions as there are various State and Federal programs, and it can be difficult to navigate the requirements of the various agencies that provide infrastructure grants. The “Resources” section provides a sample of applicable grant programs that could be used to support infrastructure and housing in Valley communities.

**Lack of unified system and application for State funding.** Finding grants to fund infrastructure improvements is a difficult task. The stakeholder interviews identified a “Chaotic State Funding System” as an issue faced when funding infrastructure projects. The most often cited impediment was the lack of a unified application for State funding as there are currently too many agencies with differing missions and focus. Additionally, the application process can be cumbersome with rules and guidelines that change from year to year.

**Funding targeted to rural communities.** Over the years, more grants have become available to rural, local jurisdictions that lack adequate infrastructure. The 2019-2020 Budget Act established the Prohousing Designation Program. This incentive-based program prioritizes jurisdictions that have achieved a prohousing designation for grant programs directed at sustainable housing and communities including the Affordable Housing and Sustainable Communities (AHSC), Infill Infrastructure, and Transformative Climate Communities grant programs. Some programs such as the AHSC programs have also set aside funding specifically for rural projects.

**The Prohousing Designation Program** is a new program implemented by the California Department of Housing and Community Development (HCD) which provides incentives in the form of additional points or other preference in the scoring of competitive grant applications to local governments that adopt prohousing policies. In order to receive the designation, jurisdictions must meet basic threshold requirements including compliance with all State housing laws, a compliant housing element, and having completed all required rezones. Jurisdictions meeting the threshold requirements must then earn a minimum of 30 points for prohousing policies that fall under the four following categories: 1) Favorable zoning and land use; 2) Accelerating production time frames; 3) Reducing construction and development costs; and 4) Providing financial subsidies. Applications for the program are accepted and reviewed by HCD on a rolling basis. Jurisdictions with the Prohousing Designation are more competitive because they are awarded additional points for grant applications for the Affordable Housing and Sustainable Communities (AHSC), Infill Infrastructure Grant (IIG), and Transformative Climate Communities (TCC) programs.

### Resources

[Grants.gov](https://www.grants.gov/), up-to-date database of grants provided by State and Federal agencies.

HCD. [Grants and Funding website](#). provides information regarding both housing and infrastructure grants.

**The Institute for Local Government (ILG)** provides information on funding opportunities for infrastructure and housing:

- [Housing](#)
- [Transportation](#)

- [Webinar: Accessing State Funding, Resources, and Tools](#)

## Funding Resources

### Federal

**US Environmental Protection Agency (EPA).** [EPA Brownfields Grant Funding](#). Provides technical assistance to communities, states, tribes, and others to assess, safely clean up and sustainably reuse contaminated properties.

**US Department of the Treasury.** [Coronavirus Local Fiscal Recovery Fund](#). Allows funds to be used for making necessary investments in water, sewer, or broadband infrastructure

**US Department of Agriculture.** [ReConnect Loan and Grant Program](#). Provides loans and grants to fund the costs of construction, improvement of facilities and equipment to provide broadband services in eligible rural areas.

**US EPA grant funding for water systems:**

- US EPA. [Drinking Water Grants](#).
- In October 2021, the EPA announced the availability of [grant funding to support rural and small water systems](#) and help rural communities comply with Safe Drinking Water Act and the Clean Water Act.

[TIFIA Rural Project Initiative](#), a Federal program that helps improve transportation infrastructure in America's rural communities.

**National Telecommunications and Information Administration (NTIA).** [Broadband Grants](#). Administers grant programs that further the deployment and use of broadband and other technologies.

### State

**California Strategic Growth Council.** [Affordable Housing and Sustainable Communities \(AHSC\) Program](#). Provides funds for housing, land use and transportation for projects that support infill and compact development and reduce greenhouse gas emissions. The funds may be provided as a loan or as a grant. One of the three project types include Rural Innovation Project areas. Previously in 2015, no rural projects were funded so the California Coalition of Rural Housing advocated for some of the funds to be set aside for them. The AHSC program then set aside 10 percent of the funds for rural projects.

**HCD.** [Infill Infrastructure Grant \(IIG\) Program](#). Provides gap funding for infrastructure improvements for residential or mixed-use infill developments and affordable housing. This program also includes exceptions and different qualifications for rural areas such as requirements for net densities.

**HCD** [Prohousing Designation Program](#).

**California Strategic Growth Council.** [Transformative Climate Communities \(TCC\) program](#). Funds infrastructure projects that achieve environmental, health, and economic benefits in disadvantaged communities.

**Caltrans.** [Active Transportation Program \(ATP\)](#). Consolidates three different transportation programs (Transportation Alternatives Program (TAP), Bicycle Transportation Account (BTA), and State Safe Routes to



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School (SRTS)) into one. This program provides funding for active transportation projects that promote biking and walking, increase safety for non-motorized users, and enhance public health, among other goals.

**Caltrans.** [\*Sustainable Communities and Strategic Partnerships Grant Program\*](#). Provides funding for local and regional multimodal transportation and land use planning projects that promote sustainability, preservation, accessibility, safety, and social equity.

**HCD.** [\*Senate Bill 2 \(SB 2\) California's Building Homes and Jobs Fund\*](#). Provides funding to support housing development.

**HCD.** [\*Building Equity and Growth in Neighborhoods \(BEGIN\) Program\*](#). Provides grants to local governments that reduce regulatory constraints to housing

**California Department of Water Resources (DWR).** [\*Sustainable Ground Water Management Grant Program\*](#). Provides funding for Ground Water Sustainability Agencies and others to promote projects that improve groundwater supply and quality.

**California State Water Board.** [\*Division of Financial Assistance – Grants and Loans\*](#). Provides grants and loans to fund construction of municipal sewage and water recycling facilities, remediation for underground storage tank releases, watershed protection projects, nonpoint source pollution control projects, among others.

### Regional

**Fresno Council of Governments.** [\*Measure C TOD Fund\*](#). Provides funding through a sales tax aimed at improving the overall quality of Fresno County's transportation system.

**San Joaquin Council of Governments.** [\*Valley Air Grants\*](#). Provides funding to assist with the development or expansion of transportation infrastructure and alternative modes of transportation.

## Findings and Recommendations

### Local Funding Barriers

- Identify any local housing successor agency funds. Follow up on residual receipts that may be due to the agency and evaluate reporting to make sure it is accurate.
- Evaluate potential for an inclusionary housing program. Determine if the program's focus is to provide units on the ground or for sufficient in-lieu fees to leverage grants or other funding sources. Both are valid approaches and larger jurisdictions may find that a combined approach works best, especially since development of very low-income units does not occur as readily through private development activities.
- Form local trust funds in order to leverage the State's LHTF program.
- Coordinate and seek funding from local philanthropic foundations.
- Consider partnering with other agencies to seek funding. Identify agencies that are pursuing funding, which are not, and why.
- Evaluate if taxes or bonds have community support.
- Identify what a community can afford to contribute in the way of general funds, capital improvements, staff capacity, services, fee reductions, and dedication of land.

### Lack of State and Federal Housing Funding

- Leverage local funds to obtain best returns on State and Federal funding requests. Recognize that multiple funding sources may be necessary to make a project a reality.
- Seek out and support affordable housing partners to enable projects. A key best practice is to work in tandem with affordable housing builders. Understand which grants they are applying for and the milestones and deadlines they face.
- Understand what entitlements/approvals affordable housing partners need from your jurisdiction and facilitate/streamline those approvals.
- Understand what helps affordable housing partners score well for funding.
- Be flexible: If affordable housing partners aren't successful in the first attempt at a grant or funding source they may need to try for others or try again in the next cycle. Be aware that in certain instances, reapplication requires adjustments in original approvals.
- Partner with other jurisdictions on projects of mutual interest (e.g., a city/county partnership to support farmworker or homeless housing project).

### Market and Feasibility Implications for Affordable and Higher-Density Market Rate Housing

- Higher-density affordable and market-rate developments are generally considered feasible in the San Joaquin Valley but hindered by several limiting factors that are likely to change over time. In the interim, local jurisdictions can take steps to assist these developments by zoning to accommodate higher densities, streamlining permitting processes, prioritizing and supporting development in areas with existing infrastructure (infill development), and by planning for and constructing infrastructure.

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- Higher-density development will likely be more feasible in urban settings (larger- and medium-sized cities) but can be feasible as mixed-use projects and/or near smaller-town centers.
- Higher densities within historically lower-density communities will take both time and a concerted effort. Residents need time to adjust to this new paradigm and to understand why things can't continue as they have in the past.
- More rural communities may be best served by increasing densities through low-barrier efforts like reducing lot sizes; focusing and directing increased densities to areas where existing residents can also experience the benefits (e.g., a mixed-use project that supports goals of creating a more vibrant downtown); or by accommodating higher densities as part of larger planned developments where they could be incorporated with reduced opposition.
- Local jurisdictions can contribute to affordable and higher-density housing development feasibility by:
  - Reducing project review times or at minimum, providing more certainty as to project review schedules.
  - Streamlining project approvals for preferred housing types, including more "by-right" housing and objective design standards
  - Partnering with affordable housing builders to assist approvals and support needs associated with grant funding cycles.
  - Reducing application and permit fees for preferred housing types
  - Directing growth to areas with infrastructure capacity or constructing needed infrastructure
  - Avoiding premature annexation or upzoning to reduce increased land values and market speculation.
  - Promoting higher densities by reducing or eliminating minimum lot size standards and increasing allowable density and housing types.

### Prevailing Wages

- Recognize that prevailing wages are likely to remain a factor for affordable housing projects and plan for increased subsidies accordingly.
- In order to assure sufficient workforce, consider a Valleywide effort to develop the construction trade workforce, possibly through support from State and/or regional workforce development boards, trade apprenticeship programs, local colleges, and trade schools.

### Capacity to Deliver Housing

- Consider a pay-for-service model (e.g., time, services, materials) in lieu of flat fees for entitlement processing to support staffing needs. Alternatively, consider updating flat fees to reflect staffing costs for various application types on a regular basis.
- Consider a general plan/zoning maintenance fee (or enhanced maintenance fee) to cover staffing costs associated with updating general plans and zoning ordinances. This is particularly important regarding requirements associated with housing elements.
- Consider a technology fee to upgrade permit tracking software and speed up collection of data needed for housing element reporting and tracking.
- Consider using outside or temporary staff to supplement permanent staff during peak activity.
- Consider staff sharing between smaller jurisdictions.

- Consider interjurisdictional (countywide) housing working groups for gathering information, best practices, examples, and other resources.
- Use grant funds (e.g., LEAP, REAP) for updates to codes, policies, and permitting process streamlining where available.
- Prioritize creation of objective design and development standards and by-right zoning to streamline entitlement reviews.
- Consider developer partnerships (or requirements) including, but not limited to:
  - Maintaining sufficient land zoned to meet affordability requirements in the housing element (no net loss) should the development proposal not meet affordability expectations.
  - Conserving or replacing any naturally occurring affordable housing on the development site.
  - Dedicating a portion of the land for future affordable housing development, perhaps consolidating remaining overall site density onto remaining dedicated land.
- Consider inclusionary programs that have been evaluated for market feasibility.

### Mello-Roos Community Facilities District (CFD)

- Determine if a Mello-Roos CFD or other infrastructure financing tool(s) are best suited to address the specific needs of the developing area.
- When adopting CFD goals and policies (required by State law) evaluate if they will further broader housing goals and objectives given that inequities may be created between existing (non CFD) communities and proposed new CFD communities, especially where service and maintenance are components of the program.

### Tax Increment Financing

- When considering the formation of an EIFD, engage professional legal and financial advisors, evaluate the feasibility, and conduct outreach to build support prior to initiating the formal process of forming a district (See “How to Create an EIFD” in the Available Resources section, which provides an overview).

### Community Revitalization and Investment Authority (CRIA)

- Conduct a feasibility study when considering CRIA formation to ensure eligibility of the Revitalization Area and evaluate potential tax increment revenue.
- Consider allowing the participation of other taxing agencies to increase tax increment funding available to the CRIA. The CRIA’s potential to boost long-term property tax revenues may be an effective motivator for participation of other agencies.

### Housing Trust Funds

- Consider forming housing trust funds to provide a local funding source for affordable housing projects.
- Consider forming multijurisdictional or regional Housing Trust funds to expand funding sources and trust fund recipients.
- Provide assistance with forming Housing Trust funds to smaller cities and counties.
- Establish a consistent and reliable source of revenue for the housing trust fund program.

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- Consider timing releases of RFPs and NOFAs in a manner that allows developers to apply for other funds.

### Housing Impact and Linkage Fees

- In considering whether to pursue implementation of a commercial linkage fee or housing impact fee, evaluate the fees and exactions as a whole to ensure the cumulative impact will not make development financially infeasible. In addition to the nexus study required by the Mitigation Fee Act, a feasibility study should be undertaken to analyze the financial impact on development.
- Design the fee structure to balance other goals and priorities. For example, projects within a defined area where the jurisdiction wants to incentivize commercial development may be exempted or pay a reduced linkage fee amount. Similarly, the jurisdiction may exempt certain housing types, such as high-density housing, from a housing impact fee in order to encourage that type of development.
- Consider how implementation of new commercial linkage or housing impact fees fit into the overall affordable housing goals and programs. A new commercial linkage fee may be complementary to an inclusionary housing program with an in-lieu fee option, both of which can feed into a housing trust fund. However, in jurisdictions where an inclusionary zoning program is infeasible, a housing impact fee justified by a thorough nexus study may provide a better alternative.

### Development Agreements

- Negotiate DAs and CBAs early in the land development/annexation process.
- Be aware that development agreements are voluntary and, therefore, must be mutually beneficial to be successful.
- Carefully balance community benefits/terms with overall project feasibility.

### Revenue Bonds

- Evaluate the use of revenue bonds or a pay-as-you-go approach to determine which is best suited to resolving infrastructure needs for future housing development.
- Evaluate the use of housing bonds to support qualifying affordable housing projects, recognizing that some bonding sources have caps and others may be competitive.
- If feasible, approve affordable housing projects that may rely on bonds as soon as possible considering the potential for expanded bonding capacity within the state.

### Grants

- Check State and Federal websites to find available grants and any changes that may be made to the requirements for funding. As with the AHSC program, some programs may change their requirements and funding to make it easier for rural communities to qualify. Some programs may also offer technical assistance with the application process to help jurisdictions better understand regulations and navigate through the application process.
- Partner with various local organizations which can assist smaller communities apply and compete for grants. Some grants such as the TCC grant may be awarded not only to local governments but also non-profit organizations, joint power authorities, community development corporations, and faith-

based organizations that form a Collaborative Stakeholder Structure. For example, local leaders, residents, and business owners in Fresno came together to create the Transformative Climate Communities Collaborative, which helped fund various projects in the city of Fresno.<sup>25</sup> The projects included 56 affordable homes, 2,500 trees, and new electric vehicle and bicycle-sharing programs.

- Keep in mind the growing need to improve internet and telephone infrastructure, particularly in rural communities. Local jurisdictions may pursue public-private partnerships through the NTIA Promote Broadband Expansion Grant Program.

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<sup>25</sup> California Strategic Growth Council. "Transform Fresno Fact Sheet."

## Housing Production and Ownership

This section discusses alternative financing tools, ownership models, and housing types that can be considered to address high construction costs and other challenges to funding housing production, including housing trust funds, CRIAs, social housing, manufactured homes, and micro units. Local jurisdictions may receive inquiries from individuals or organizations interested in promoting these alternatives. It is important that local jurisdictions be aware of these alternatives and where appropriate, support them as viable marketplace alternatives. This section addresses four key topics:

- Employer-assisted housing
- Alternative housing ownership models
- Mutual housing associations
- Other lower-cost housing types
- Findings and recommendations

### Employer-Assisted Housing

Housing is a crucial component of economic competitiveness for employers seeking a reliable workforce. Employers have a stake in extending housing affordability and creating housing opportunities for their employees while increasing the competitiveness of their businesses in the areas where they are located. Employers can aid in several ways and at various levels. A customized Employer-Assisted Housing (EAH) program can provide opportunities for businesses to help their employees become homeowners or secure affordable housing close to work and could include the following components:

- Homebuyer education and counseling
- Down payment assistance programs
- First-time homebuyer mortgage programs
- Foreclosure prevention counseling
- Realtor home buyer representation
- Relocation services

Local jurisdictions can create and/or facilitate the formation of EAH programs through education, linked assistance programs (e.g., first-time homebuyer mortgages), fostering partnerships between employers and providers, and/or encouraging employers to form their own programs that could provide services, housing, or other forms of financial assistance. An EAH program may also serve as a local economic development tool.

The agricultural industry is one of the largest employers in the Valley, and affordable housing is key to its long-term success. In 2018, The California Institute for Rural Studies prepared a case study entitled “Farmworker Housing Study and Action Plan for Salinas Valley and Pajaro Valley” (see link in the Available Resources section below).<sup>26</sup> Employers could potentially offer a wide variety of assistance ranging from education and partial financial assistance (subsidies) to the actual provision of housing.

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<sup>26</sup> Villajro, Done, & Wadsworth, Gail. “Farmworker Housing Study and Action Plan for Salinas Valley and Pajaro Valley.” California Institute for Rural Studies. April 2018.



## Stakeholder Interviews

Stakeholders noted that farm labor makes up a sizable portion of the Valley workforce and that farmworker housing is typically not close to amenities and services, creating challenging transportation and livability issues for farmworkers. An employer-assisted program could be tailored to address these unique needs.

Stakeholders also suggested that the Valley could be made more attractive to employers through 'quality of life' and transportation system improvements. As affordable housing is a key determinant in the quality of life for employees, an employer-assisted housing program could benefit employers with recruitment and retention. In the Valley, there are several industries that are well suited to employer-assisted housing programs, including those serving farmworkers, educators, tourism workers, and other employers seeking to recruit and maintain their workforce.

## Relevant State Law

[\*Assembly Bill No. 1783 \(AB 1783\)\*](#) (2019), the Farmworker Housing Act of 2019, creates a streamlined process to build farmworker housing on surplus agricultural land, and sets quality standards to ensure that the new housing is dignified and family friendly. With the passage of AB 1783, jurisdictions could partner with non-profit housing providers to develop farmworker housing with willing landowners.

## Resources

### *Employer Assisted Housing*

Local Housing Solutions. [\*Employer-Assisted Housing Program Development.\*](#)

Neighborhood Housing Partnership Services. [\*Employer Assisted Housing.\*](#)

HCD. [\*Employee Housing Program – Laws and Regulations.\*](#)

### *Farmworker Housing*

California Institute for Rural Studies. [\*Farmworker Housing Study and Action Plan for Salinas Valley and Pajaro Valley.\*](#)

California State Assembly. [\*AB 1783 – Farmworker Housing Fact Sheet.\*](#)

Motivation Education & Training, Inc. (MET). [\*National Farmworker Jobs Program – Housing.\*](#)

### *University Housing*

California State University Monterey Bay. [\*University Corporation – Employee Housing.\*](#)

UC Santa Cruz. [\*Employee Housing.\*](#)

### *Other Employer-Assisted Housing*

San Mateo County. [\*Home for All Employer-Employee Housing Program.\*](#)

City of Burlington. [\*Employer-Assisted Housing Programs Precedents.\*](#)

### Alternative Housing Ownership Models

Alternative land ownership and homeownership approaches can provide benefits that traditional markets cannot. Long-term equity may be offered in full (e.g., co-housing) or offered on a limited basis through resale restrictions to preserve affordability for future residents (e.g., community land trusts or co-ops). There is growing awareness of shared-equity models, especially community land trusts (CLTs) and cooperatives, and mounting interest among housing advocates, policymakers, and community developers for using market alternatives to make homeownership more attainable and affordability last longer.

The market alternatives discussed in this section have not been widely used in most communities, yet there are examples and instances where they have been extremely successful in achieving both affordability and promoting homeownership opportunities. Pending legislation and possible constitutional amendments could expand the use of alternative homeownership options in the future. Awareness of these options and the willingness of local jurisdictions to consider and/or assist with them could result in more affordable housing options for communities moving forward.

**Social housing.** The concept of “social housing” or public housing has come into wider use among housing advocates over the last few years. The basic idea of publicly owned, de-commodified housing has gained appeal; however, the creation of publicly owned housing in California currently requires voter approval, which restricts this type of housing. In 2020, the State Legislature endeavored to place a constitutional amendment before the voters but did not meet the deadlines for completing the process.<sup>27</sup> Voter approval, however, remains feasible given that in November 2020 San Francisco voters pre-authorized up to 10,000 units of public housing and authorized an increase in Transfer Taxes to help fund affordable housing.

**Community land trusts (CLTs).** CLTs are community-led, nonprofit organizations that hold land in trust for the benefit of a community. CLTs may be formed to provide affordable housing for residents either through construction of new housing or through preservation and rehabilitation of existing housing. CLTs may also incorporate and support other community-serving amenities, like parks and community gardens and even locally important businesses and/or nonprofits.

CLTs create permanently affordable housing options by separating the land value from the value of the improvements on the land. Homes are sold (or rented) to income-qualified purchasers along with an interest in the underlying land that is offered through a ground lease (i.e., an annual fee). The ground lease incorporates resale restrictions to ensure that the home remains permanently affordable. By removing the property’s land value from the speculative market, CLTs can reduce the cost of housing while also providing an opportunity for residents to build some wealth (equity) through homeownership. Resale restrictions may cap equity and/or incorporate equity sharing to ensure that the housing remains affordable to subsequent buyers. Additionally, revenues from the ground leases and any resale profits/equity shares enable CLTs to support long-term maintenance of the property and can also be used to continue their mission through incorporation of new projects.

**Shared or limited equity cooperatives.** Shared or limited equity cooperatives are an alternative to traditional homeownership (and renting) that provides a substantial upfront reduction in the purchase price of the home,

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<sup>27</sup> Ballotpedia. “California Repeal Article 34 Local Referendum Requirement for Low-Rent Housing Projects Amendment.” 2020.

which reduces the cost of homeownership and can expand access for households that do not have the savings for a down payment or have incomes too low to qualify for market rate mortgages. An individual with a share is entitled to one unit in the cooperative as well as a say in the decision-making regarding the project. Upon resale, share owners' rate of return is limited to maintain affordability for future buyers.

Shared equity in rentals or dividend housing is a variation on a shared equity cooperative that allows renters to build equity credits for assisting with property maintenance and/or management.<sup>28</sup> This is a relatively new model that currently has been tried on a smaller scale using duplexes and smaller multi-unit properties but could potentially be scaled up to larger projects. Support for these types of projects typically comes from a local jurisdiction or community foundation with ongoing assistance from a non-profit manager. The model also allows renters to gain homeownership skills and build equity while pursuing their longer-term quests for affordable housing ownership.

**Awareness and support.** Local jurisdictions should be aware that these other forms of housing can provide alternatives to conventional affordable housing. Housing Authorities that have voter approval for public housing, CLTs, and Shared or Limited Equity Cooperatives can all benefit from support by local jurisdictions. This can be in the form of financial assistance to acquire or develop affordable housing or provision of expedited permit processing.

**Lasting Affordability.** One of the strongest attributes of public and shared equity models is that they offer lasting affordability, which is a more prudent use of public resources than other deed-restricted units whose affordability terms may expire. Additionally, equity ownership models can result in better outcomes that help more families build wealth through owning a home. They can also provide greater community impact by permanently incorporating families with modest incomes into revitalizing neighborhoods and neighborhoods of opportunity which can benefit the social fabric and economic vitality of a jurisdiction.

**Funding challenges.** Shared-equity programs are still in need of better access to financing as well as equity, and financing challenges are different across models. For example, shared-equity cooperatives need greater access to blanket financing and share loans with much more favorable terms and liquidity for preservation and recapitalization. Below-market-rate homes created by inclusionary housing policies and community land trusts need their homebuyers to have mainstream access to home purchase and refinance loans. Shared-equity cooperatives and CLTs typically rely on public subsidies; therefore, significant growth will require subsidy, financing, and political buy-in.<sup>29</sup>

## Relevant State Law

**United States Code Section 12773(f).** Community Land Trusts, are defined in the Housing and Community Development Act of 1992 ([Public Law 102-550](#), amended by 42 U.S.C. § 12773(f)).

**Pending Legislation:** [Assembly Bill No. 387 \(AB 387\)](#) (2021). Social Housing Act of 2021.

<sup>28</sup> Nonko, Emily. "When Renters Can Earn Equity." *NextCity*. August 18, 2020.

<sup>29</sup> Thaden, Emily. "The State of Shared-Equity Homeownership." *Shelterforce*. May 7, 2018.

## Resources

Shelterforce. [\*The State of Shared-Equity Homeownership.\*](#)

NextCity. [\*Voters to Weigh a 'Social Housing' Solution in San Francisco.\*](#)

ResilientCA.org. [\*Community Land = Community Resilience: How Community Land Trusts Can Support Urban Affordable Housing and Climate Initiatives.\*](#)

NextCity. [\*California Puts up \\$500 Million for Community Ownership Against Big Real Estate.\*](#)

U.S. HUD Office of Policy Development and Research (PD&R). [\*Ensuring Long-Term and Stable Affordability With Community Land Banks and Trusts.\*](#)

NextCity. [\*An Unusual Community Land Trust in Colorado Is Making Its Mark.\*](#)

Local Housing Solutions. [\*Limited Equity Cooperatives.\*](#)

US HUD PD&R. [\*The Potential for Shared Equity and Other Forms of Downpayment Assistance to Expand Access to Homeownership.\*](#)

## Mutual Housing Associations

Mutual Housing Associations (MHAs) are nonprofit corporations that construct, own, and/or operate affordable housing. MHAs are frequently formed to assist in the prevention and/or elimination of neighborhood deterioration and used to create neighborhood stability. MHAs incorporate community and resident involvement in the provision of high-quality, long-term housing for low- and moderate-income families in which residents:

- Participate in the ongoing operation and management of such housing;
- Have the right to continue residing in such housing for as long as they comply with the terms of their occupancy agreement; and
- Do not have an equity or ownership interest in such housing.

MHAs are also generally more inclusive of the larger community surrounding them, frequently including non-residents as board members. This allows MHAs to seek management expertise from outside experts and associations. Unlike community land trust (CLT) homeowners (introduced elsewhere in the report), MHA residents cannot sell their units for profit; that is, they do not develop equity in the property. Instead, the organization uses resident rents to continually provide services and improvements which increase the overall value of the MHA.

**Awareness and support.** Local jurisdictions should be aware that MHAs provide an alternative to conventional affordable housing by incorporating residents in the ongoing decision-making processes regarding both existing and expanded housing developments. Additionally, these organizations can go beyond provision of housing to help support and revitalize communities by supporting community gardens, local merchants, and businesses, and encouraging neighborhood involvement and improvement.

Like other non-profit housing providers, MHAs can benefit from support by local jurisdictions. This can be in the form of financial assistance to acquire or develop affordable housing, expedited permit processing, or simply linking MHAs to available supportive resources.

### Resources

**Shelterforce.** [\*Watchful Stewards: Mutual Housing Associations and Community Land Trusts.\*](#)

### Examples

**Mutual Housing California.** [\*Mutual Housing California.\*](#)

### Other Low-Cost Housing Types

New construction materials, products, and techniques are emerging in the industry to address a variety of issues and concerns including resilience to climate change, shortening construction time, reducing costs, and improving the quality and consistency of construction products. Examples include cohousing, micro units, mass timber construction, and prefabricated and modular homes, discussed further below.

Both industry professionals and local jurisdictions have been slow to adjust to the changing types of construction due to unfamiliarity with products and/or techniques. There can also be preconceived misperceptions that these types of homes are not as good or as attractive as stick-built homes. Additionally, there can be financing and local permitting challenges all of which can contribute to limiting these more affordable types of housing production.

**Prefabricated building components** such as trusses and panelized construction components have increasingly become the norm in construction. A project using panelized construction techniques could incorporate pre-built walls that can vary from simple framing to those that include pre-installed windows, doors, and even exterior siding.

Mass-produced building components are typically constructed on an assembly line which can reduce costs because factories buy supplies in bulk. The cost of labor is also less because you do not have to send carpenters, plumbers, and electricians to individual construction sites. Faster construction time also saves money. The general rule of thumb is that prefabricated construction is cheaper than stick-built homes by an average of 10-20 percent.

**Modular and manufactured housing** is also becoming more widely accepted as the overall appearance of these homes has been greatly improved to the point that they resemble the more familiar stick-built homes. A modern take on this type of housing is repurposing old shipping containers.

Manufactured homes built entirely at factories are far more durable and attractive than the "mobile homes" of old and remain cheaper than conventional brick-and-mortar homes. During the early 2000s, HCD placed emphasis on having jurisdictions update their zoning codes to ensure that zoning regulations for manufactured homes were consistent with State laws.

**Mass Timber** is one emerging construction product. Mass timber uses state-of-the-art technology to glue, nail, or dowel wood products together in layers. The results are large structural panels, posts, and beams that are exceptionally strong and versatile. Mass timber products can be used to create taller wood frame buildings and reduce costs over typical steel or concrete forms of construction. Timber harvested from sustainable forests is also considered beneficial from a climate change viewpoint. Construction using mass timber became possible under the California Building Code on July 1, 2020.

**Micro units** (sometimes called efficiency units) are small units (usually 220-400 square feet in size) with an open concept (typically one room) living space that includes seating, a bed, a bathroom, storage, and a kitchenette, with access to communal amenities. Because micro units are small, they are typically less expensive to build, and more units can be fit within a building envelope. Micro units have been popular in urban settings where housing costs are high and where residents may have access to amenities and services provided

in the greater community. Micro units in urban settings may also be well suited to unbundled parking solutions wherein a parking space is purchased or rented separately from the unit.

Micro units can house a wide variety of ages and demographics. Micro units can be a form of “starter home” for those starting their careers, or simply a more economical form of housing than a larger condominium or apartment. They are best suited to serving individuals that do not need a lot of space (i.e., likely not suitable for roommates or larger families).

**Cohousing** is community housing designed to foster connection. Communal areas allow neighbors to easily interact with others just outside private homes. Communal areas typically include common kitchen and dining spaces, community gardens, and other on-site amenities. Collaborative decision-making builds relationships. Connection, environmentalism, security, and community support (e.g., sometimes child or day-care) are all draws to cohousing communities. Cohousing can be less expensive since the provision of shared communal areas or facilities enable individual housing units to be smaller.

**Education.** The construction industry, local jurisdictions, financing entities, and the public have all been slow to embrace change. It typically requires several successful projects to demonstrate the benefits of new techniques or modular methods to overcome skeptics. In this regard, education is key.

Hesitancy by local jurisdictions (usually due to unfamiliarity with products and or techniques) can create barriers to implementation due to extended permitting time frames. Jurisdictions that accommodate these forms of construction could market their acceptance and permit streamlining abilities as a tool to attract developers using these techniques to build more affordable housing.

**Supply-chain challenges.** In the short term, current supply-chain challenges will likely impact both prefabricated and stick-built construction projects; however, it is unclear if one type of construction will have an advantage over another.

**Financing** for manufactured homes is also becoming easier because of a 2017 decision by the Federal Housing Finance Agency wherein the two mortgage-financing agencies Fannie Mae and Freddie Mac, have pushed banks to make it easier to obtain mortgages.

**Stakeholders** noted that the high cost of construction materials, as well as permitting and fees, has made it difficult to build more affordable homes. Housing affordability is a top concern, and the diversity of housing types is challenging when costs are high. While the lower-cost materials and techniques addressed in this section alone will not solve this issue, they do present opportunities for lower-cost housing production in jurisdictions that are willing to embrace and promote them as alternatives to conventional housing production.

## Relevant State Law

**Manufactured Housing.** [\*Government Code Sections 65852.3 – 65852.5.\*](#)

**HCD.** [\*Manufactured Housing and Factory-Built Housing Laws and Regulations.\*](#)

**California Building Code.** [\*Mass Timber Code Amendments.\*](#)



## Resources

Terner Center for Housing Innovation. [\*Recent Trends in Labor and Materials Costs for Apartment Buildings in California.\*](#)

### ***Factory-built, Manufactured, and Modular Housing***

HCD. [\*Manufactured and Factory-Built Housing.\*](#)

Terner Center for Housing Innovation. [\*Modular Construction in the Bay Area: The Future Is Now.\*](#)

Terner Center for Housing Innovation. [\*Building Affordability by Building Affordably: Exploring the Benefits, Barriers, and Breakthroughs Needed to Scale Off-Site Multifamily Construction.\*](#)

US Department of Housing and Urban Development. [\*Regulatory Barriers to Manufactured Housing Placement in Urban Communities.\*](#)

Terner Center for Housing Innovation. [\*Off-Site Construction in Los Angeles County.\*](#)

Shelterforce. [\*Can New Construction Methods Lower the Cost of Housing?\*](#)

Fannie Mae. [\*Manufactured Housing Product Matrix.\*](#)

### ***Mass Timber***

Naturally: Wood. [\*What is Mass Timber?\*](#)

Commercial Real Estate Development Association. [\*A Mass-Timber Building Rises in San Francisco.\*](#)

### ***Micro Units***

KTGY. [\*Research + Development: Micro-Unit.\*](#)

ULI. [\*The Macro View on Micro Units.\*](#)

### ***Cohousing***

[\*The Cohousing Association of America.\*](#)

## Examples

[\*Fresno Cohousing.\*](#)

## Findings and Recommendations

### Employer-Assisted Housing

Local jurisdictions can be a catalyst in establishing Employer-Assisted Housing programs through education and provision of tools and resources. EAH programs could result in measurable progress toward both housing and economic development goals. These efforts could include:

- Incorporating relevant farmworker housing policies and programs into housing elements and zoning codes. (The “*Farmworker Housing Study and Action Plan for Salinas Valley and Pajaro Valley*” (link above) provides an excellent resource for farmworker housing policies and programs that could be incorporated into local housing elements and zoning ordinances.)
- Sponsoring community forums that educate and engage business leaders and employers who are experiencing challenges in retaining and/or recruiting employees.
- Identifying benefits and potential costs associated with an EAH program.
- Identifying existing and potential assistance programs.

### Alternative Housing Ownership Models

Local jurisdictions can be supportive of the sponsors of these alternative housing ownership models by:

- Providing financial assistance in the form of low- or no-interest loans or grants (as noted above, these forms of housing still require funding assistance).
- Providing property tax exemptions for rental housing properties owned and operated by limited partnerships/nonprofits.<sup>30</sup>
- Securing Rights-of-Refusal (e.g., opportunities to purchase subsidized rental units).
- Expediting permit processing for these types of projects.

### Mutual Housing Associations

- Given that stakeholders noted there are few non-profit housing developers in the Valley, several jurisdictions (e.g., a County and its Cities) could consider facilitating a new MHA or partnering with an existing association that may be willing to expand or assist in the development of a new association.

### Other Low-Cost Housing Types

- Confirm local zoning regulations allow for manufactured housing and modular/prefabricated housing, consistent with State laws.
- Add micro units and cohousing to zoning codes as allowable residential building types.
- Consider a marketing program that promotes use of lower-cost construction techniques and/or developments with manufactured housing by noting the jurisdiction’s willingness to streamline permits and provide other incentives (e.g., a fee deferral upfront; waiver of a portion of fees when more affordable units result).

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<sup>30</sup> California State Board of Equalization. “Filing Requirements for Low Income Housing Properties Involving a Limited Partnership and Associated Claim Forms.”

### Land Availability

At a very basic level, increasing housing supply is completely dependent on the availability of land for housing development - not just the availability of any land but land that is suitable for development (e.g., not subject to hazardous conditions or physical constraints) and has access to essential services to support housing (e.g., water supply, waste disposal, road access). While the San Joaquin Valley has vast amounts of undeveloped land, most of the land constrained from development based on one or more of a broad range of factors. This section explores some of the more common constraints that have potential for resolving, as well as opportunities and best practices for removing constraints. Seven topics are addressed, including:

- Annexations, spheres of influence, county islands, and municipal service reviews
- Infrastructure
- Disadvantaged unincorporated communities
- Water conservation and management
- Surplus public land
- Religious/public institutions
- Agricultural land preservation
- Findings and Recommendations

### Annexations, Spheres of Influence, County Islands, and Municipal Service Reviews

Annexation is the process in which a city incorporates a parcel or parcels that are outside of an urban service area and its sphere of influence. Annexation has the potential to make additional land available for housing development.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Act) sets forth the legal framework for government organization including, but not limited to, annexations, detachments, consolidations, and dissolutions. State law originally authorized Local Agency Formation Commissions (LAFCo or commission) in 1963 and each county has a LAFCo to administer and enforce this Act. In addition to considering changes in government organization, LAFCOs are also required to periodically review an agency's sphere of influence (SOI) and conduct municipal service reviews (MSRs).

LAFCOs are also tasked with discouraging urban sprawl, preserving agricultural and open space lands, and encouraging local government agencies to develop in an orderly fashion. In reviewing proposals for boundary changes, LAFCOs are required to consider certain factors such as conformity between city and county plans, service levels and the need for future services to the area, as well as the social, physical, and economic effects that agency boundary changes present to the community.

**Annexations and Detachments (Reorganizations).** LAFCOs regulate, through approval and denial, boundary changes proposed by public agencies or individuals. Reorganizations involving inhabited territories (12+ registered voters) include additional considerations and requirements. In general, LAFCo review includes: 1) an analysis of an agency's ability and capacity to provide public services and public facilities (e.g., infrastructure) to serve the area; 2) minimizing loss of agricultural and open space lands; 3) avoiding creation or seeking

incorporation of county islands; 4) determining if a disadvantaged unincorporated community (DUC) needs to be addressed; and 5) addressing the related economic effects of reorganization.

**Spheres of Influence (SOI).** LAFcos are responsible for conducting a review of an agency's sphere of influence (SOI) every five years. The California Association of LAFcos defines "sphere of influence" as plans for the probable physical boundaries and service area of a local agency, as determined by a commission. The commission must consider and prepare a written statement of its determinations which are summarized as follows: 1) present and planned land uses in the area, including agricultural and open-space lands; 2) the present and probable need for public facilities and services in the area; 3) the agency's capacity for adequate public facilities and services; 4) any social or economic communities of interest in the area, if the commission determines that they are relevant to the agency; and 5) the present and probable need for sewers, municipal and industrial water, or structural fire protection for any disadvantaged unincorporated community within the existing sphere of influence from a city or special district that provides those public facilities or services.

**Municipal Service Review (MSR).** Prior to, or in conjunction with an agency's SOI update, LAFCo is also required to conduct a municipal service review (MSR) for each agency. A MSR is a comprehensive review of an agency's ability to provide service(s) to persons and businesses within its boundaries. The commission must prepare written statements of its determinations with respect to each of the following factors: 1) area growth and population projections; 2) the location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI; 3) present and planned public facilities capacity and public services adequacy, including infrastructure needs or deficiencies; 4) financial ability of agency to provide services; 5) Status of, and opportunities for, shared facilities; 6) community service needs accountability, including governmental structure and operational efficiencies; and 7) any other matter related to effective or efficient service delivery, as required by commission policy.

**County Islands.** An overview of San Joaquin Valley city boundaries indicates that county islands are more prevalent in larger- to medium-sized cities, particularly in those that incorporated prior to the formation of LAFCo in 1963. Most of the islands that remain today appear to contain agricultural and/or rural residential uses. Larger islands typically comprise single-family residential subdivisions developed under county requirements that have been surrounded or substantially surrounded by cities as they have grown. Many islands, particularly those developed long ago, typically lack urban infrastructure (e.g., community water service, sanitary sewer service, piped storm drainage), and many lack municipal amenities such as sidewalks, curbs/gutters, streetlights, and underground utilities. Instead, these areas may be served by individual or small community wells, septic systems, and open/roadside storm drainage. In more recently developed areas, islands may contain County- and/or a Community Service District (CSD)-supported infrastructure and/or amenities.

As cities surround or approach these areas, providing county services can become more challenging or inefficient, considering city services are typically more proximate and/or county services are consolidated or focused to serve larger unincorporated communities. Many county islands also exhibit characteristics of a disadvantaged unincorporated community (discussed in the following section).

**Relevance to housing in the San Joaquin Valley:** For many cities, annexation appears to be an important tool in meeting regional housing need allocations. In smaller- and medium-sized communities, there appears to be a preference towards lower-scale and lower-density development patterns which, if continued, requires more

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land area and potentially more annexation. Medium- to large-sized cities may need to annex county islands and disadvantaged unincorporated communities should they continue to annex more land but also have more potential for infill and higher-intensity developments.

**Inadequate Infrastructure.** In the San Joaquin Valley, many of the unincorporated areas are rural communities that have aging infrastructure and housing stock. A city may be reluctant to annex a community because the tax share may not cover the costs to provide services to the proposed properties.

In 2018, the San Joaquin LAFCo Executive Officer issued a statement addressing the lack of adequate infrastructure in the San Joaquin unincorporated islands and stating that LAFCo has the power to form policies to encourage cities to annex unincorporated islands in order to further its mission to promote orderly growth and development of cities. Although LAFCo cannot initiate annexation, it can create policies to help streamline the process for the annexation of disadvantaged areas.

**Serving disadvantaged communities.** Annexation can provide services to disadvantaged communities that are outside of an urban service area. Newly annexed properties are regulated and developed with consistent plans, policies, and standards. They can also tap into city resources and funds that can help with improvements for infrastructure and housing.

**Annexation can lead to sprawl.** Annexation of largely undeveloped land can have the unintended consequence of promoting urban sprawl and fragmented land use patterns. When a city expands onto the undeveloped land beyond its current boundaries, it may result in economic, environmental, health, and climate consequences. Multiple studies show that low-density sprawl burdens local governments with higher economic costs in the long run compared to infill development. It can lead to housing development far from existing infrastructure, jobs, transit, and other amenities. Low-density sprawl development uses more water and results in increased VMT compared to higher-density infill development. It can also lead to development in wildland urban interface areas prone to climate hazards, such as wildfires.

**Costs and procedural challenges.** The process of annexation includes the costs of city staff, legal counsel, and various studies. Generally, the first step of the annexation process is for the city council to pass a resolution for the annexation application to be filed with LAFCo.

The next step is for the city and county to determine a property tax exchange. This step is one of the most challenging steps in the annexation process as the county government and the annexing city must negotiate the property tax agreement. When a city annexes a territory, the county will transfer a share of its property tax entitlement to that city to account for the service responsibility being transferred. In Kern County for example, property taxes will generally be shared in the ratio of 80 percent county and 20 percent city. However, other ratios are also possible such as Escalon and Ripon whose sharing ratio is 63.4 percent county and 36.6 percent city.<sup>31</sup>

In order for the annexation proposal to be approved, all parties must agree. However, it may be difficult for the involved parties to come to an agreement on the tax share as the annexation may not be financially beneficial in the long run for either of the parties. Many municipalities are reluctant to annex unincorporated communities

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<sup>31</sup> Kern County Administrative Office. "A Citizen's Guide to Annexation by Cities." June 2011.

because the cost of infrastructure improvements may exceed the amount the community can pay through property taxes.

## Relevant State Law

**Assembly Bill No. 2838 (AB 2838) (2000).** Local agency formation commissions. Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 encourages orderly growth and development which are essential to the social, fiscal, and economic well-being of the state.

**Government Code Section 99.** Jurisdictional Changes and Negotiated Transfers. LAFCo is to initiate property tax negotiation process among all the agencies affected by the annexation proposal.

**Government Code Section 56301.** Local Agency Formation Commission.

**Government Code Section 56430.** Spheres of Influence, municipal service reviews must be provided in the county or other appropriate area designated by the Local Agency Formation Commission.

**Senate Bill No. 244 (SB 244) (2011).** Disadvantaged unincorporated communities, requires annexations of greater than 10 acres to be reviewed in regard to the presence of any contiguous disadvantaged unincorporated communities, and includes specific requirements and restrictions when applicable. Early consultation with LAFCo and the city is strongly recommended to identify the presence of disadvantaged unincorporated communities to establish the application process and ensure the timely processing of annexation applications.

## Survey Results

Over 50 percent of survey respondents identified annexation as a moderate to extreme housing production constraint. Respondents ranked the following factors as limiting annexation:

|                            |         |
|----------------------------|---------|
| Infrastructure             | 43.75 % |
| Political/Public Concerns  | 37.50 % |
| Urban Growth Boundary      | 34.38 % |
| Loss of Prime Ag Land      | 12.50 % |
| Lack Tax Sharing Agreement | 9.38 %  |
| No Areas to Expand         | 9.38 %  |

Additionally, respondents identified a lack of interest, entitlement requirements, and voter initiatives as limiting factors.

## Stakeholder Interviews

Stakeholders identified several interrelated factors that make annexation challenging. Areas proposed for annexation typically lack infrastructure, necessitating extensions or improvements to existing facilities; the

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costs of which have a direct correlation to housing affordability. Additionally, evaluating annexation requests can be complex and time consuming (see Staffing Capacity discussion).

### Resources

**Kern County.** [\*A Citizen's Guide to Annexation by Cities\*](#). Kern County provides general information regarding annexation processes.

**LAFCo.** [\*San Joaquin Unincorporated Islands Executive Officer's Report\*](#). In 2018, the Executive Officer of the San Joaquin LAFCO issued a report discussing the unincorporated Islands in the county.

**OPR.** [\*LAFCOs, General Plans, and City Annexations\*](#). This report goes over the general background and process of annexations.

**Lindsay Eileen Keyes.** [\*Strategic Considerations for City Annexations in California\*](#). This study looks into history of annexations in California and discusses the impacts and outcomes of annexations.

**California Associations of Local Agency Formation Commissions (CALAFCO).** [\*The Good, the Bad and the Confusing: Current Protest Requirements under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000\*](#). This memorandum discusses the procedures of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

**San Joaquin County.** [\*Municipal service reviews of SJC LAFCo\*](#). This website provides a database of Municipal Service reviews of cities in San Joaquin County.

### Examples

**CALAFCO.** [\*OC LAFCo Unincorporated Island Program\*](#). This provides background and information regarding a program initiated to annex unincorporated islands throughout Orange County.

**Sonoma County and City of Santa Rosa.** [\*Pre-Annexation Agreement\*](#). This is an example of a pre-annexation cost-share agreement.



## Infrastructure

Many of the rural communities in the San Joaquin Valley face a variety of challenges related to lack of transportation and utility infrastructure. Transportation infrastructure is needed to provide efficient access to schools, work, medical care, and grocery stores. It is also important for rural communities to be able to prosper economically as rural communities rely on efficient transportation for the shipment of products such as food and manufactured goods.

Additionally, when planning for potential housing sites, local agencies must ensure there is sufficient infrastructure for sewer, water, and dry utilities (electric, gas, cable, telephone, and internet). The lack of existing infrastructure along with California's aging water systems and the competition of water resources due to climate change has overwhelmed many rural communities. Local jurisdictions are facing pressure from residents and new government standards to improve infrastructure; however, local jurisdictions, especially those in rural areas or with limited resources, do not have the funds to improve infrastructure.

Parcels included in the housing sites inventory of a housing element, including those identified for rezoning, must be shown to have sufficient water, sewer, and dry utilities available and accessible to support the planned housing development, or to have planned improvements to provide such infrastructure. If sufficient utility access is present, an analysis describing the existing or planned infrastructure must be provided. If infrastructure is not present but is planned, a program must be included in the housing element to ensure access and availability within the housing element planning period. Including sites in a housing element's inventory requires showing adequate existing or planned utility infrastructure. As this information is specific to each jurisdiction, it should be evaluated on a case-by-case basis to ensure sites can be included.

### Water Systems: Water Supply and Water Resource Management

Housing sites must show current, planned, or potential utilities/infrastructure available for potable water to be considered as part of housing sites inventory, although overall water availability for a region is taken into consideration when a jurisdiction is allocated its RHNA. Changes in water quality regulations and source water quantity and quality may affect the treatment necessary to produce potable drinking water for local jurisdictions. These changes could result in additional treatment processes required and increased costs for treating drinking water to avoid potential for human health risk from consumption. Sustainable groundwater management through the Sustainable Groundwater Management Act (SGMA) has been given a high priority as aquifers continue to be over pumped in many areas, particularly during dry periods when surface water to sustain agricultural yields is in short supply. To maintain a reliable water supply, California's water systems' aging infrastructure, including but not limited to, the aqueduct, canals, dams, spillways, reservoirs, levees, pumping plants, and other infrastructure needs to be bolstered or reconstructed.

Climate change is expected to increase pressure on and competition for water resources, worsening already stretched water supplies. Decreasing snowpack and spring stream flows, changes in the rain pattern, and increasing demand for water from a growing population and hotter climate could lead to increasing water shortages. The entire San Joaquin Valley is expected to experience hotter and drier conditions, reduced Sierra snowpack, and changes in rain patterns that could cause reduced reservoir supplies and river flows. The region may experience more intense rainfall events that could increase demand for reservoir capacity to provide for

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water capture and storage. As a result, water supply is expected to decrease, and water yields from reservoirs are expected to become more unreliable. Competition for water is expected to increase among municipal users, agricultural users, and the environment.

Many rural communities have long faced challenges with providing clean drinking water due to insufficient water infrastructure. Nitrates are difficult to remove from drinking water supplies, especially in systems relying on untreated groundwater that do not have the necessary treatment infrastructure or funds to improve them. Public systems must be consistently maintained and upgraded to meet new State and Federal regulations. These costs, if not built into the rates for supplying water, will lead to insufficient funds for upgrades and maintenance, or emergency repairs.

### *Case Study: County of Madera*

Under SGMA, Madera County comprises three watershed subbasins, all designated by the California Department of Water Resources as critically over drafted, and high priority — the Chowchilla, Madera, and Delta-Mendota subbasins. Each of these subbasins submitted a Groundwater Sustainability Plan (GSP) in January 2020, which showed a plan to achieve “sustainability” by 2040 through projects and management actions. These include increasing surface water supply for recharge and conveyance, and programs or policies designed to incentivize reductions in groundwater pumping within the subbasins.

### *Case Study: City of Kerman*

The City of Kerman has an ongoing history of water supply contamination and has only one source of water supply — ground water. Kerman has reported higher than State-allowed levels of chromium and uranium and lacks funding to address this issue (City of Kerman 2019). The California Safe Drinking Water Act requires the State to adopt a maximum containment level for hexavalent chromium in drinking water. The State is revisiting the economic feasibility component for establishing a safe level for chromium-6 that is expected in 2021. In 2017, none of Kerman’s wells, apart from one, met the SB 385 chromium standard. In 2018, the City’s wells were well within the allowed total chromium limits. Due to the unknown future of the State’s limits for chromium 6, the City must pursue funding to evaluate treatment options for reducing chromium 6 below the anticipated new standard without a clear indication of the standard it may need to meet.

## **Wastewater: Sewer Systems and Wastewater Treatment Facility Capacity**

California’s wastewater collection systems and treatment plants are regulated by separate and distinct State laws. Additionally, court-mandated judgments and agreements with third-party litigators may play a role in collection system regulations. Developing, maintaining, and expanding these facilities, while also navigating proliferating small maintenance districts, can be very challenging for small rural communities and cities that do not have a large customer base to spread out maintenance and operating costs. This is in addition to dealing with limited scalability with aging systems. Cities are increasingly required to upgrade pipes and other aging infrastructure to avoid major failures and to provide increased capacity for planned infill development. Placing these costs solely on the infill development can price the potential housing development outside acceptable market rates.

Many San Joaquin Valley rural and unincorporated areas still rely on septic systems for wastewater disposal. Some of these areas have a community water system, while others rely on private wells. Regardless, the

available water supply significantly affects the number of allowed septic systems in a community, as well as their locations and their ability to provide for additional dwelling units on a property. Septic systems have forced some rural communities to develop community water systems due to private well contamination. In addition, the California Housing and Community Development Department (HCD) has previously indicated that sites identified for above-moderate income housing can still be in areas not served by public sewer systems. AB 725 requires that jurisdictions fulfill 25 percent of their moderate- and above-moderate income RHNA targets with multi-family housing of four-plus units or more, which will put even more pressure on rural jurisdictions to develop programs that expand public sewer systems and/or limit where they can concentrate housing sites.

### ***Case Study: Kerman, CA, Wastewater Treatment Plant (WWTP)***

The City's WWTP is located south of Church Avenue on the Del Norte Avenue alignment and provides secondary treatment. The original plant was designed with a hydraulic capacity of approximately 1.34 million gallons per day (mgd) but was upgraded in 2011 to a capacity of 2.0 mgd. The upgraded WWTP consists of an influent pump station, headworks, two new clarifiers, a sludge press, expanded storage and disposal ponds, one acre of new drying beds, and a new 5,000-gallon storage tank for receiving domestic septic. The aeration tanks from the original plant were also converted to digesters. However, while the upgraded WWTP is sufficient now, growth projections suggest it will be insufficient by 2027.

### ***Flood Control and Management***

The California Department of Water Resources Central Valley Flood Protection Plan (CVFPP) is the State's strategic blueprint to improve flood risk management in the Central Valley. The first plan was adopted in 2012 and is updated every five years. Despite progress to improve flood management, this vast region still faces significant risk. Approximately one million Californians live and work in the Valley's floodplains, which contain approximately \$80 billion worth of infrastructure, buildings, homes, and prime agricultural land.

Modesto, Stockton, and other communities along the Tuolumne and San Joaquin Rivers face growing flood risk. The U.S. Geological Survey estimates a large flood could cause \$725 billion in economic losses and force the evacuation of 1.5 million Californians. This risk will grow over time as climate change is turning slow-melting Sierra Nevada snowpack into rainfall that runs off rapidly into the rivers. As a result, the State Central Valley Flood Protection Board predicts that peak San Joaquin River flows will nearly double in the next half century. Many rural communities do not have the resources to maintain the infrastructure needed for adequate protection from the increased flood risk due to climate change.

In lower-income and rural communities, the cost of constructing housing can be prohibitive in areas prone to flooding. As the infrastructure ages and risk of floods grow, some State and Federal agencies either mandate flood insurance, thereby increasing the costs, or refuse to allow housing in those areas altogether. Certain Federal programs also do not allow or require high costs for housing rehabilitation in these areas. As climate change continues, flood control will become an increasingly relevant impediment to housing construction and rehabilitation.

### *Case Study: Fresno Metropolitan Flood Control District*

The Fresno Metropolitan Flood Control District (FMFCD) develops and maintains the Storm Drainage Master Plan (SDMP) for the Fresno-Clovis Metropolitan Area. The SDMP consists of 134 drainage areas, with each drainage area being a self-contained watershed consisting of a collection system and disposal facilities. In most cases, the disposal facility is a basin capable of storing the runoff from six inches of rainfall on the watershed. For the cities' developed areas, the SDMP is funded through assessment district proceedings; Federal and State grants, low-interest, clean-water loans, a drainage fee program, or a combination of these mechanisms. This approach was necessary because the storm drainage system is "playing catch-up" in developed areas to provide service, and there was insufficient development to generate the necessary drainage fees to fund the system. In undeveloped areas, FMFCD implements the SDMP in anticipation of development by purchasing retention basins. As development occurs, it installs collection systems and excavates those retention basins.

### Utilities

Recently, electric infrastructure damaged by wildfires and stressed by increased demand due to heatwaves has forced the State to lean more on fossil fuels. Utilities use power outages and rolling blackouts across the state to conserve energy and prevent wildfires. This threat of blackouts underscores the State's increasingly vulnerable power grid as the Valley's climate becomes hotter and the number of extreme heat days rises each year. Extended drought conditions have dried up some hydro power operations, causing the delay in closing gas-fired power plants still needed to fulfill peak power demand.

California struggles to balance its climate goals of sourcing 60 percent of its power from renewable sources by 2030 and moving away from natural gas and coal power. In the San Joaquin Valley specifically, one of the world's largest solar power developments, Westlands Solar Park, is being constructed in western Fresno and Kings Counties. This project will produce 2.7 gigawatts (GW) of renewable power. In 2021, the California Public Utilities Commission approved 11.5 GW of new, renewable energy development. This deployment of renewables is expected to replace 3,700 megawatts (MW) of retiring natural gas plants and the Diablo Canyon Nuclear Facility, which provides 2,200 MW of power. The CPUC has ordered additional battery storage for existing and future renewable energy that will improve storage capacity by a factor of 10 by summer 2022.

### Telecommunications and Broadband Internet

Broadband access is quickly becoming a necessity for all households. Without affordable internet access, a wide range of education, employment, and communication opportunities for low-income and rural residents are greatly limited. California suffers a significant digital divide through the substantial differences in broadband access among population groups and regions. Many rural and remote communities have no access at all. As an example, only 55 percent of San Joaquin Valley residents have a home broadband connection versus 70 percent in the Bay Area.

California's lawmakers announced plans in AB 156 to allocate \$6 billion dollars to deploy broadband infrastructure, with a particular focus on areas that have historically been unserved or underserved. The State will partner with existing providers as well as local governments and agencies to build and maintain new broadband lines. Specifically, the bill directs \$3.25 billion to build "middle-mile" broadband lines, which connect the greater highway of broadband service to the "last mile," which are end users. AB 156 also sets aside \$2 billion for last-mile lines to connect consumer homes and businesses with local networks.

## Opportunities

Make the most of existing infrastructure, while planning for future needs. One of the best practices is to make use of existing infrastructure capacity prior to undertaking more costly and time-consuming infrastructure projects. Evaluate if infill development and/or infill infrastructure improvements may be more effective than an outward expansion of infrastructure. Water conservation and composting programs may also extend the capacity of water and sewer systems.

Other options may be limited. Development-related moratoriums related to housing may be limited based on SB 330 and practicably by the courts when moratoria are enacted. Typically, water or sewer districts may limit connections when there is a health and safety concern (e.g., not enough supply to satisfy demand or a treatment plant at capacity and at risk of improper discharge) and they declare an emergency and issue moratoria on new service connections.<sup>32</sup> These denials, however, may be vulnerable to challenge when it can be shown that the moratoria are done as a pretext to a no-growth policy, or when they are done arbitrarily or discriminatorily.<sup>33</sup>

Comprehensive infrastructure planning. Typically, public works departments and/or utility districts are responsible for developing a Capital Improvement Program (CIP) that is adopted by the legislative body (council or board) that addresses needs within a community. CIPs are also useful resources for planners as they indicate where improvements are being planned, funding sources, and timing. Finally, these departments/districts have extensive knowledge of existing conditions and have excellent mapping resources (GIS) and other tools that can help identify existing capacities.

A specific plan may be another option to address infrastructure planning, particularly in areas anticipating significant growth. Specific plans are required under Government Code § 65451(a)(2) to identify proposed major components of infrastructure needed to support planned land uses. Additionally, existing specific plans could provide useful examples of infrastructure planning.

## Relevant State Law

California Department of Water Resources, [\*Sustainable Groundwater Management Act \(SGMA\)\*](#).

California Department of Water Resources, [\*Urban Water Management Plans \(UWMPs\)\*](#).

California Legislative Information, [\*Senate Bill No. 8, Chapter 161, SB 330 \(Housing Crisis Act of 2019 – Now extended by SB 8\) \(September 16, 2021\)\*](#).

California Legislative Information [\*SB 1087 \(2005\) Water and Sewer Service Priority for Lower-Income Households\*](#) (Government Code § 65589.7), requires cities and counties to immediately forward their adopted housing element to water and sewer providers. This law requires water and sewer providers to establish specific procedures to grant priority service to housing with units affordable to lower-income households.

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<sup>32</sup> *Kawaoka v. City of Arroyo Grande* (9th Cir. 1994) 17 F.3d 1227-1238

<sup>33</sup> *Lockary v. Kayfetz* (9th Cir. 1990) 917 F.2d 1150

### Survey Results

A survey of city and county planners conducted for the San Joaquin Valley Regional Early Action Planning (REAP) Report asked about constraints to building new housing, including specific questions on infrastructure. “In your opinion, what are the three most critical housing issues facing your city or county?” Inadequate infrastructure was one of the top three responses (37.5 percent of respondents). The survey asked, “Which are the key physical constraints on the production of housing in your city or county?” The highest rated response, on a scale of 1 to 5, was water infrastructure (4.94), followed by sewer capacity infrastructure (4.91), and water supply (4.72). Infrastructure limitation was identified by 43.7 percent of respondents as limiting their ability to annex land. The survey also asked, “How can the San Joaquin Valley region and the State help to accelerate housing production?” Four out of the 20 responses discussed infrastructure needs to accelerate housing production.

### Stakeholder Interviews

Stakeholder interviews cited water supply as a critical issue for supporting increased housing supply. They also identified the lack of sewer and water infrastructure in greenfield areas as an impediment to new development. They also noted that the high cost of infrastructure improvements is a constraint to the production of housing, especially affordable housing. In identifying opportunities for increasing housing, infrastructure planning and funding is key — priority infill areas should be regionally identified and ranked for funding opportunities.

Stakeholders suggested that jurisdictions should find ways to incentivize infill plans and programs, also noting that priority infill areas should be regionally identified and ranked for funding opportunities. Infrastructure assistance was also cited as a best practice (e.g., the Fresno COG plan that enables developers to request funding for infrastructure improvements for high-density projects).

Based on the MPO directors' comments, water and wastewater infrastructure capacity constraints seem to be a universal problem. A variety of factors limit system capacity:

- In some cases (San Joaquin, Merced, Tulare), older systems cannot accommodate the needs of higher density infill development.
- In Stanislaus, both water sources and water system capacity are constraints.
- In Merced, water quality is also a concern.
- In Merced and Stanislaus, wastewater system capacity or service area limitations are constraints.

Some of the older systems are also increasingly difficult to maintain. Funding sources are limited for both the maintenance and expansion of existing systems.

### Resources

California Department of Housing and Community Development, [\*Analysis of Sites and Zoning \(Including Adequate Infrastructure Capacity\)\*](#).

Bloomberg Law, [\*Water and Housing Needs Collide in California's Severe Drought \(June 28, 2021\)\*](#).

California Partnership for the San Joaquin Valley, [\*San Joaquin Valley Regional Broadband Consortium PRIMER \(August 20, 2012\)\*](#).

CA FWD, [California Has A Once-In-A-Generation Opportunity To Close The Digital Divide \(June 15, 2021\).](#)

California Broadband Council, [Broadband Action Plan 2020.](#)

Bloomberg, [California Orders Grid Emergency, Power Shortfalls Loom \(July 9, 2021\).](#)

Power Technology, [Westlands Solar Park, California \(May 20, 2020\).](#)

California Public Utilities Commission, [CPUC Orders Historic Clean Energy Procurement To Ensure Electric Grid Reliability and Meet Climate Goals \(June 24, 2021\).](#)

California Natural Resources Agency, [Renewable Energy Transmission Initiative \(RETI\) 2.0 Gateway.](#)



## Disadvantaged Unincorporated Communities

Senate Bill No. 244 - Wolk (SB 244) was enacted in 2011, requiring municipalities and counties to address inequalities between unincorporated communities. The law requires assessing access to vital public services and evaluating current states of infrastructure for disadvantaged unincorporated communities. SB 244 requires, on or before the next due date for their housing elements, that cities and counties identify and analyze underserved disadvantaged unincorporated communities (DUCs) in their general plan land use elements. A DUC is defined as an inhabited and unincorporated community that includes 10 or more dwelling units in proximity or where 12 or more registered voters reside and have an annual median household income that is 80 percent or less of the statewide median housing income.

For identified communities, the general plan must include a community description; a map designating its location; an analysis of water, wastewater, stormwater drainage, and structural fire protection needs or deficiencies; and a benefit assessment districts analysis or other financing alternatives that could make extending services financially feasible. It also requires that, on or before the due date for each subsequent revision of its housing element, each city and county review, and amend, if necessary, its general plan to update this analysis. SB 244 requires that LAFCo must consider incorporating a contiguous DUC when an annexation of >10 acres is proposed. If this occurs, LAFCo cannot consider the first annexation proposal until the second annexation proposal has been filed with Executive Officer. This restriction can be waived if the majority of registered voters within DUC provides “written evidence” of opposition to annexation, or the contiguous DUC area was proposed for annexation within the previous five years.

Finally, SB 244 requires determinations from cities and affected special districts regarding DUCs when performing MSRs and SOI updates. This includes evaluating present and planned capacity of public facilities, public service adequacy, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

**Relevance to housing in the SJV:** There are hundreds of DUCs in San Joaquin Valley. Many of these communities are geographically isolated islands, surrounded by the city limits of large- and medium-sized cities. As such, identifying and reviewing DUCs early is key, especially when annexation is being pursued to meet regional housing needs.

## Relevant State Law

**Disadvantaged Communities (SB 244, 2011).** Government Code § 65302.10

**Disadvantaged Community Definition (LAFCo).** Government Code § 56033.5

**Disadvantaged Community Definition (Cities).** Government Code § 65302.10

## Survey Results

Survey results indicate that of the 33 responses received, 24 jurisdictions (72.73 percent) give priority to public works projects or service improvements designed to better serve disadvantaged areas. Stakeholder interviews reveal a need to focus on equity, noting that when housing funding is population based, sometimes small jurisdictions with the greatest need get short-changed. Stakeholders advocate for geographic set-asides for smaller jurisdictions or regions with the greatest need.

## Resources

Office of Planning and Research, [\*Technical Advisory, SENATE BILL 244: Land Use, General Plans, and Disadvantaged Communities.\*](#)

CALAFCO [\*2016 Conference-Experiences with SB 244.\*](#)

UC Davis Center for Regional Change, [\*The Struggle for Water Justice in California's San Joaquin Valley: A Focus on Disadvantaged Unincorporated Communities \(February 2018\).\*](#)

### Water Conservation and Management

Reductions in water supply from major water sources like the Colorado River and the Sacramento-San Joaquin Delta watershed have made water conservation and management issues even more of a focus for California policymakers. Furthermore, climate change is expected to exacerbate water supply shortfalls due to extended periods of drought and lower stability of Sierra Nevada and Cascade Range snowpack, which replenish the Sacramento-San Joaquin River Delta. The San Joaquin Valley region is at the nexus of water issues in California. The San Joaquin Valley is home to a rapidly growing population, critical statewide water infrastructure, highly productive agriculture, and severely impacted groundwater basins.

Since 1983, local water suppliers with greater than 3,000 service connections have been obligated by the State to address water supply and conservation planning through the preparation of an Urban Water Management Plan (UWMP). This plan must assess the reliability of water sources into the future, describe demand management measures and water shortage contingency plans, report progress toward meeting a targeted 20 percent consumption reduction by 2020, and discuss the use and planned use of recycled water.

In September 2014, the State enacted the Sustainable Groundwater Management Act (SGMA) to strengthen local management and monitoring of groundwater basins most critical to the state's water needs. SGMA empowers local agencies to adopt groundwater management plans that are tailored to the resources and needs of their communities.

**Groundwater overdraft.** During dry years, groundwater contributes around 46 percent of the statewide annual supply and serves as a critical buffer against the impacts of drought and climate change. Many rural municipal, agricultural, and disadvantaged communities rely on groundwater for all their water supply needs.

Continued drought conditions increase dependence on pumped groundwater for rural, urban, and agricultural use as water supply from other sources dwindle. Over-reliance on groundwater can lead to over-drafted aquifers which can in turn lead to a host of negative consequences. These impacts include severe water quality impairment, damaging land subsidence, household and rural community wells going dry, and desertification of local ecosystems. Maintaining balance between the rate at which a groundwater basin is pumped and the rate it is recharged by surface water is critical to guaranteeing continued use of these resources.

**Water quality.** Increased agricultural, industrial, and urban development has caused a significant increase in salts and nitrate levels found in San Joaquin Valley soil and water resources. These elevated concentrations make many key water resources unusable for agriculture and unsafe for drinking or bathing. The Central Valley Water Quality Control Board is responsible for regulating discharges of industrial and agricultural salts and nitrates as well as enforcing the implementation of best management practices to reduce nitrate flows from non-point sources like farms and feedlot operations.

**Funding for groundwater sustainability.** California DWR is responsible for awarding grants for groundwater sustainability planning efforts or implementation projects including:

- Geophysical investigations of groundwater basins to identify recharge potential;
- Early implementation of existing regional flood management plans that incorporate groundwater recharge; and

- Projects that would complement efforts of a local GSP that provide for floodplain expansion to benefit groundwater recharge or habitat.

Grant awards are funded by the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 (Proposition 68; SB 5) and the California Budget Act of 2021 (SB 170). These legislative acts have made approximately \$300 million available to support groundwater sustainability efforts in critically over-drafted basins.

## Relevant State Law

**Sustainable Groundwater Management Act (SGMA)**, [Government Code Section 10729](#), requires local agencies to form groundwater sustainability agencies (GSAs) for high- and medium-priority groundwater basins. GSAs develop and implement groundwater sustainability plans (GSPs) to mitigate overdraft within 20 years.

**Urban Water Management Planning Act** [California Water Code Sections 10610 – 10656 and Section 10608](#), requires urban water suppliers to review and assess the reliability of water sources over a 20-year planning time frame and report progress toward meeting a targeted 20% reduction in per-capita (per-person) urban water consumption.

**Adequate Infrastructure Capacity** [Government Code Section 65583.2\(b\)\(5\)](#), requires that housing element sites inventories must address existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities.

**Urban Water Use Efficiency Standards**, [Senate Bill No. 606 \(SB 606\)](#) (2018) and [Assembly Bill No. 1668 \(AB 1668\)](#) (2018), establish the authority of the State Water Resources Control Board (SWRCB) and the Department of Water Resources (DWR) to set long-term urban water use efficiency standards and requires additional analyses to be included in UWMPs.

**Water Supply Assessments**, [Senate Bill No. 610 \(SB 610\)](#) (2001) and [Senate Bill No. 221 \(SB 221\)](#) (2001), together require public agencies to determine whether adequate water supply exists for large development projects as part of the environmental review process under CEQA. Public agencies may request water supply assessments (WSAs) from a water supplier that evaluates whether the provider can meet the increased demand of the development over a 20-year period.

## Survey Results

Of the 45 city and county planners interviewed, 59 percent of respondents considered available water supply to be a moderately to extremely important constraint to housing production. In the coming years, it will be critical for the San Joaquin Valley region and local jurisdictions to consider how to balance the goals of groundwater sustainability and accelerated housing production.

## Resources

**US EPA. Conservation and Efficiency as an Alternative for Water Supply Expansion.** This document from the EPA reviews best practices for water providers and State and local agencies to reduce consumption and leakage of water supply systemwide with the goal of reducing the need to develop new water supply.

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**California DWR. Best Management Practices and Guidance Documents** are guidance documents and best management practices (BMPs) to assist local GSAs in planning for and achieving groundwater sustainability in their management basins.

**California DWR. Future Scenarios of Water Supply and Demand in Central Valley**, describes the approach, methodologies, and results of applying WEAP Central Valley Planning Area model to estimate future water demands. This large-scale overview estimates future water supply and demand as the Central Valley continues to develop and climate change impacts the availability of fresh water in the valley.

**California DWR. SGMA Assistance and Engagement, Cal DWR**, Planning assistance and public engagement facilitation to support GSAs in creating Groundwater Sustainability Plans.

**California DWR. SGMA Technical Assistance, Data and Tools, Cal DWR**. Technical assistance and a variety of tools to support GSAs in understanding their groundwater basins and creating Groundwater Sustainability Plans (GSPs).

**US EPA. Protecting Water Quality from Agricultural Runoff**. Primer on non-point source (NPS) pollution from the EPA outlines the agricultural causes of diminished water quality and provides links to resources to assist jurisdictions to manage agricultural runoff and improve water quality.

**California Water Boards. Groundwater Quality Protection Strategy for the Central Valley**. A strategy intended to provide a long-range planning document that defines the regulatory programs to be enhanced and identify ways to expand on all partnering opportunities to protect groundwater quality.

### Funding Resources

**California DWR. Sustainable Groundwater Management Grant Program**. The SGM Grant Program is managed by the Division of Regional Assistance in the Department of Water Resources (DWR). The SGM Grant Program provides funding to GSAs to promote healthy and sustainable groundwater basins through Groundwater sustainability planning efforts, public outreach and education, technical assistance, projects that promote the sustainable use of groundwater.

## Surplus Public Land

Jurisdictions can acquire land for a variety of public purposes. Over time circumstances can change, and sometimes property is no longer needed for its intended or other public purpose and, therefore, can be determined to be surplus.

In 2019, State laws governing surplus lands were revised with an emphasis on the disposition of surplus properties for affordable housing. Jurisdictions are now required to update and annually report their inventory of publicly owned land that exceeds foreseeable needs. Further, a jurisdiction must offer the property for affordable housing and other public purposes such as parks, open space, and schools, and follow required processes before putting it on the market. A city or county may sell, lease, exchange, quitclaim, convey, or otherwise dispose of public property for less than fair market value if it is used for housing and/or mixed-use projects that meet specified affordability criteria. Examples of surplus property that can be used for affordable housing purposes can include:

- An older public facility that may have been replaced with a new facility at another location (e.g., an old fire station or corporation yard).
- A remnant portion of a property that has been developed for a public purpose.
- Former Redevelopment Agency land that does not have any specific disposal of land identified in its Long-Range Property Management Plan.

**Opportunities.** The Surplus Land Law could be used to increase land available for affordable housing, but jurisdictions should keep in mind the following considerations. State law provides that a jurisdiction must give priority to sponsors of housing projects that meet the minimum level of affordability, with the exception of land that is being used or will be used for park and recreation purposes. Jurisdictions should be aware that they can be liable for penalties if the disposition of surplus land is found to be in violation of the Surplus Land Law. The law also requires every jurisdiction to have a central inventory of surplus and excess land and must report this inventory to HCD in the housing element annual progress report.

In addition to complying with legal requirements, jurisdictions can offer to sell or lease surplus public land for less than fair market value. This can be a form of local financial assistance that could be leveraged to obtain other grant funds for affordable housing projects. Additionally, a local jurisdiction may approve land use, zoning, or entitlement decisions in connection with the disposition of surplus land so long as the jurisdiction does not preclude or reduce the residential development potential. As such, a jurisdiction could grant land use and zoning entitlements that would effectively increase the number of residential units allowed on the property to ensure that future development provides a certain number of affordable units. Jurisdictions, however, should recognize that the buyer (an affordable housing builder) could also request a State density bonus to provide additional units. A density bonus would also entitle the project to additional incentives and zoning concessions (see the discussion of density bonuses in the Zoning Code Revisions section of this report).

## Relevant State Law

**Surplus Land,** [\*Government Code Sections 54220 – 54234\*](#), includes the following 2019–2020 legislative session bills:

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- Surplus land, [Assembly Bill No. 1486 \(AB 1486\)](#) (2019).
- Surplus public land: inventory, [Assembly Bill No. 1255 \(AB-1255\)](#) (2019).

County Property for Affordable Housing – Less than Fair Market Value, [Government Code Section 25539.4](#).

City Property for Affordable Housing – Less than Fair Market Value, [Government Code Section 37364](#).

### Resources

Department of Housing and Community Development, [Surplus Land Act Guidelines](#).

Department of Housing and Community Development, [Public Lands for Affordable Housing Development Website](#).

Department of Housing and Community Development. [Map of Notices Received by Senate and Assembly District](#).

### Examples

City of Oakland. [1911 Telegraph Avenue Parcel](#).



## Religious/Public Institutions

Recent studies by the Turner Center for Housing Innovation found approximately 38,800 acres of land currently used for religious purposes that could be developed for housing in California. The studies also found significant acreage was in high and highest resource areas, which could help jurisdictions meet goals associated with Affirmatively Furthering Fair Housing. Additionally, a significant amount of the acreage is also located near public transit, which could expand access to opportunity and foster reductions in greenhouse gas emissions.<sup>34</sup>

Currently, many jurisdictions designate and zone land used by religious and higher-education institutions as public/institutional, wherein housing is typically not an allowed use. As of this writing, Senate Bill No. 899 (SB 899)(2021-2022) is pending in the State legislature. The bill would effectively allow affordable housing projects by-right on land owned by either higher-education institutions or religious institutions that are designated for (or adjacent to) residential, mixed-use, and commercial land uses or located on a parcel that is zoned to accommodate the institutional use. This could make available a significant amount of land for future housing development.

**Parking reductions.** AB 1851 provides potential parking reductions for housing projects that are incorporated on religious land. However, it is important to note that it does not require housing affordability as a precursor. Nonetheless, the potential reduction in overall parking could reduce overall costs associated with housing development, making it possible to build less costly units.

If **SB 899** passes, the abundance of religious land and higher-education lands presents opportunities for jurisdictions seeking sites for housing element updates. Many jurisdictions designate lands used by religious and higher-education institutions as “public/institutional,” wherein housing is not typically considered a permitted or conditional use unless specifically related to the operations of the primary religious use (e.g., clergy residence) or higher-educational institutional (e.g., dormitory). If passed, SB 899 would change this by allowing affordable housing projects by-right within these zones if the property is used for religious or higher-education purposes at the time of application, providing additional affordable housing opportunity sites.

## Relevant State Law

**Religious institution affiliated housing development projects — parking requirements.**

[Assembly Bill No. 1851 \(AB 1851\)](#) (2020).

**Pending Legislation:** Planning and zoning: housing development: higher education institutions and religious institutions, [Senate Bill No. 899 \(SB 899\)](#) (2021-2022).

## Resources

**Turner Center for Housing Innovation.** [Mapping the Potential and Identifying the Barriers to Faith-Based Housing Development.](#)

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<sup>34</sup> Garcia, David, & Sun, Eddie. “Mapping the Potential and Identifying the Barriers to Faith-Based Housing Development.” Turner Center for Housing Innovation, UC Berkeley. May 18, 2020.

### Agricultural Land Preservation

In the San Joaquin Valley, at least 141,000 acres of agricultural land were developed between 1984 and 2010.<sup>35</sup> Many communities statewide have witnessed a significant loss of farmland due to sprawl of non-agricultural development into rural areas, particularly on the edges of more urban areas. To counter these trends, State and local governments have developed farmland preservation strategies which generally focus on protecting farmland from conversion to urban uses by prohibiting or restricting development on farmland, permanently protecting those lands, or minimizing conflicts between existing agricultural operations and new development.<sup>36</sup>

The preservation of agricultural land is critical in the San Joaquin Valley region, which relies on agriculture for its economic viability. As jurisdictions update their housing elements and other elements of the general plan, there is an opportunity to encourage development within existing urbanized areas to support the preservation of agricultural lands.

Preserving agricultural lands also has the added benefit of reducing regional greenhouse gas (GHG) emissions by sequestering carbon and preventing urban sprawl and increased VMT. These benefits should not be overlooked as they will further the region's compliance with GHG reduction legislation (discussed in the Related State Laws and Statutes section below).

A considerable number of California counties and cities have farmland retention policies, often as part of their general plans. Most call for avoiding the best land and developing land more efficiently. However, as farmland conversion data shows, it is a challenge for local jurisdictions to implement these policies effectively. On the other hand, a few local governments in California have very comprehensive and effective farmland conservation programs that are considered national models. Most notable among them are Marin, Sonoma, Napa, Ventura, and Yolo Counties.

**Balancing agricultural preservation and housing.** Jurisdictions are faced with the challenge of balancing the need for development to support a growing population with the conservation of high value agricultural lands. Government Code Section 65584(d) requires the RHNA plan to promote infill development, protect agricultural resources, and encourage efficient development patterns. The housing element update presents jurisdictions with the opportunity to integrate infill development practices into their plan, which can help mitigate urban sprawl, and potentially qualifying for funding sources listed below (see also the Infill Development section of this report).

**Environmental Justice.** While many jurisdictions may lack the capacity to concurrently update multiple general plan elements, early preparation may present them with the opportunity to approach overlapping topical concerns with an integrated and efficient approach. For example, addressing agricultural preservation in the environmental justice element allows jurisdictions to address intersecting topical considerations such as food access and economic vitality. Jurisdictions also have the opportunity to mitigate pollution burdens such as pesticide application and additional air and water pollution, which may result in negative health outcomes for communities living in close proximity to farmlands when addressing agricultural preservation from an

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<sup>35</sup> Thorne, JH, & Roth, NE, & Boynton, RM, & Woodard, N. "San Joaquin Valley Greenprint: State of the Valley Report." Fresno Council of Governments. June 2014.

<sup>36</sup> American Planning Association. "Farmland Protection Database."

environmental justice lens.<sup>37</sup> Examples of intersecting policies can be found in OPRs *“Healthy and Environmentally Just Communities”* document listed in the Available Resources section.

**GHG emission reduction.** Pursuant to Health and Safety Code Section 38566, jurisdictions are challenged with the task of reducing their greenhouse gas emissions to 40 percent below 1990 levels by the year 2030.<sup>38</sup> Land management practices such as the preservation of agricultural land provide jurisdictions with the opportunity to change the trajectory of future biological carbon sequestration, reducing regional GHG emissions. Because preservation can reduce future urban sprawl, it could lead to a decrease in local VMT, further lowering regional GHG emissions.

## Relevant State Law

**Housing Elements,** [Government Code Section 65584\(d\)](#), requires the RHNA allocation methodology to promote infill development and socioeconomic equity, protect environmental and agricultural resources, and encourage efficient development patterns.

**Williamson Act,** [Assembly Bill No. 2632 \(AB 2632\)](#) (2020), 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 which are much lower than normal because they are based upon farming and open space uses as opposed to full market value.

## Resources

[Terracount](#) is a scenario planning tool for cities, counties, districts, and other land use planners and decision-makers. TerraCount models the greenhouse gas (GHG) and natural resource implications of different development patterns and management activities. TerraCount allows planners to evaluate the application of management activities including agricultural activities such as cover cropping, restoration activities such as riparian restoration, and avoided conversion such as avoided conversion of agricultural land to development. It was developed by the California Department of Conservation and the Nature Conservancy.

**OPR.** [Healthy and Environmentally Just Communities](#) is a compilation of environmental justice goals, policies, programs, and actions that have been adopted by California cities and counties. This document includes examples of policies focused on local agriculture.

## Examples

**County of Ventura.** [Land Conservation Act Program](#) is considered notable in effectively conserving agricultural land. This program is referred to as the Land Conservation Act or LCA and it encourages property owners to continue the agricultural use of their land instead of converting it to nonagricultural uses. This site includes background information, as well as links to the most recent Land Conservation Act Guidelines.

<sup>37</sup> California Office of Environmental Health Hazard Assessment. “Pesticide Use.”

<sup>38</sup> “Health and Safety Code Section 38566,” accessed November 24, 2021, [https://leginfo.ca.gov/faces/codes\\_displayText.xhtml?lawCode=HSC&division=25.5.&title=&part=4.&chapter=&article=](https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=HSC&division=25.5.&title=&part=4.&chapter=&article=).

## Findings and Recommendations

### Annexations, Spheres of Influence, County Islands, and Municipal Service Reviews

- Carefully consider annexation, weighing the need for additional housing sites against other goals and policies, particularly sustainability goals and climate change implications.
- Cities should pursue development of vacant and underused infill land before annexation of fringe areas.
- When considering annexation requests, consult with county LAFcos early in the city application process to discuss LAFco requirements, policies, and procedures. For example:
- Will a full municipal service review (MSR) be required or will a plan for providing services to the annexation area be sufficient?
- Will a county island be created, or will the annexation bring into question a nearby county island?
- If the annexation request is for 10+ acres, will a disadvantaged unincorporated community (DUC) need to be addressed?
- Will a tax sharing agreement be required?
- Will annexation result in detachments from other service districts? Will the detachment cause viability issues for those districts?
- Consult with public works department and utility providers to ascertain serviceability for the annexation area. For example:
  - Is there capacity to serve the area?
  - Will there be a need for any off-site infrastructure improvements?
  - Will infrastructure in the annexing area need to be upsized to accommodate subsequent annexation requests?
  - Are there any planned improvements within local, regional, or state capital improvement plans?
- Ensure that annexation applications and submittal checklists cover the needed information and application fees are commensurate with the costs associated with processing these requests.
- If the annexation area is of sufficient size, consider preparation of specific, area or community plan that incorporates backbone infrastructure components.

### Infrastructure

- Provide direct assistance to small rural communities for funding or infrastructure updates related to contaminated water supplies.
- Prioritize infrastructure studies and plan development in targeted areas or for affordable housing.
- Collaborate with public works and utility departments (or water and sanitary sewer utility providers/districts) in the early stages of housing element development in the evaluation of existing infrastructure as well as capital improvement programs.
- Direct growth to areas with sufficient infrastructure capacity or those needing limited, or less costly infrastructure improvements.
- Closely monitor ongoing SGMA efforts; housing and agriculture production water supplies will continue to be an issue in the San Joaquin Valley.

- Implement State-recommended best management practices to the extent feasible for future development projects to reduce water use and increase preservation efforts.
- Identify or develop consistent funding for infrastructure improvements to incentivize housing construction in areas where desired such as TOD, infill, low-income housing.
- Capitalize on new Federal infrastructure funding (bipartisan infrastructure deal, \$550 billion) to fund needed infrastructure to spur new housing growth. This includes creating more resilient water infrastructure, clean drinking water, broadband, and power infrastructure.
- Develop requirements for underground utilities in high fire hazard and high wind areas
- Develop new storage facilities and systems to capture surface water that responds to the changes occurring in the San Joaquin Valley precipitation patterns.
- Make use of HCD's Infill Infrastructure Grant Program (IIG)
- Consider forming enhanced infrastructure financing districts (EIFD)

### Disadvantaged Unincorporated Communities

- Cities should plan for incorporating DUCs in the long term, potentially seeking LAFCo assistance and county resources to address needs within these communities to facilitate the transition and improve housing quality and opportunities.

### Water Conservation and Management

- Coordinate with the local GSA to incorporate the goals, actions, and best practices discussed in the local GSP into the jurisdiction's general plan updates and implementation measures. For example, many GSPs identify low-impact development (LID) standards as key BMPs for increasing groundwater recharge in urban areas.
- Incorporate LID into existing development standards and prioritize capital improvement projects that improve groundwater recharge.
- Adopt water conservation plans or pass a water-efficient landscaping ordinance to advance conservation goals.
- Reduce overall new water demand and still meet RHNA requirements by prioritizing infill multi-family housing development. Infill development projects have the added benefit of using sites with water and sewer services in place as opposed to sites that necessitate extensive and expensive utility system expansion.
- Develop partnerships with water resource suppliers and water planning agencies to identify opportunities to further multi-agency goals.
- Protect land with high potential for future groundwater recharge projects from development or incentivize the use of a water supplier's reclaimed water system for landscape irrigation on large and/or institutional development projects.

### Surplus Public Land

- Evaluate existing surplus land inventory to identify surplus opportunities.

## Part 2: Housing Production, Trends, Impediments, and Best Practices

- Consider selling or leasing surplus land at below market value and/or granting entitlements for land use and zoning prior to or in conjunction with declaring a property surplus to maximize the potential for a future affordable housing project.

### Religious/Public Institutions

- Evaluate existing land designated for religious purposes to identify housing opportunities.
- Monitor the status of SB 899 to determine if religious and institutional lands will become available sites to add to housing element inventories.

### Agricultural Land Preservation

- Ensure that local plans and policies recognize the importance of agricultural land as a natural resource and prioritize its protection and continued access by farmers.
- Consider the preservation of agricultural land while updating their housing element, and other general plan elements, in order to proactively preserve agricultural lands while planning for future housing development.
- Develop policies which incentivize increased development in existing urban areas before expanding helps support preservation.



# PART 3: OUTREACH SUMMARY



**Part 3: Outreach Summary**

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## Part 3 | Outreach Summary

The first phase of this Housing Report project was designed to provide an understanding of the issues, concerns, ideas, and expectations from those working on the front line of Valley housing supply and affordability issues: builders, developers, housing advocates, and city, county, and MPO staff. To do this, the authors conducted stakeholder interviews and an extensive survey of city and county planning staff, as well as hosting two information webinars to solicit input and direction. There was also periodic collaboration with HCD staff regarding the Valley RHNA process. The detailed results of these interviews and survey are described in this Outreach Summary.

The stakeholder interviews were designed to gain a better understanding of developer and housing advocate views of Valley housing issues, opportunities, and challenges. The interviews primarily explored impediments to housing production and affordability and solutions to address those impediments. Between April 26 to May 13, 2021, the report authors interviewed 20 local developers and housing advocates. While the interviewers provided some questions in advance, the stakeholders were free to make comments on any topic related to housing.

Between April 27 to May 6, 2021, the authors interviewed seven MPO directors along with their staff members and consultants who focus on housing and planning. The eighth director provided a written response to the interview questions. Even though several of the MPOs/COGs focus almost uniquely on transportation and have little focus on housing (e.g., Kings, Tulare, Merced, Madera), all provided useful regional perspectives on housing planning and production.

The authors distributed an online survey to the planning staff of the 62 cities and eight counties in the San Joaquin Valley to help understand local government perspectives related to housing needs, impediments, and best practices. A total of 43 responses were received from 5 county and 30 city staff from June 25 to July 28, 2021.

The survey included 28 questions on topics such as general plans, housing elements, and zoning codes. The survey began by gathering information from each jurisdiction on the age of current planning documents, status of compliance with State law on a number of housing issues, and the tools available to the jurisdiction to encourage or incentivize housing. In addition to gathering this data, the survey included questions regarding development types, constraints to housing production, recent successes, and best practices.

## Summary Report: San Joaquin Valley Stakeholder Interviews

### Introduction

The San Joaquin Valley Regional Early Action Planning (REAP) Committee has commissioned a study of housing trends, barriers, and best practices in the Valley. This effort is intended to assist its 68 cities and eight counties with preparing their 6th cycle housing elements and increase housing supply and affordability. The study includes outreach to housing stakeholders, city and county staff, and the public; periodic informational webinars; research on socioeconomic and housing data, case studies, and best practices; and a final report.

The purpose of the stakeholder interviews was to gain a better understanding of developers and housing advocates views of Valley housing issues, opportunities, and challenges. The interviews primarily explored impediments to housing production and affordability and solutions to address those impediments.

Between April 26 to May 13, 2021, twenty local developers and housing advocates were interviewed. The table below identifies those that were interviewed as part of this process.

#### Agencies/associations/key personnel interviewed:

| Organization  | Individual(s)                                  |
|---|--|
| Enterprise Community Partners                                       | Kristine Williams                              |
| Building Industry Association                                       | John Beckman                                   |
| Visionary Homebuilders  | Carol Ornelas                                  |
| Housing Authority County of San Joaquin                             | Peter Ragsdale                                 |
| California Coalition for Rural Housing                              | Alicia Sebastian, Veronica Beaty, Andrea Salas |
| Stanislaus Regional Housing Authority                               | Barbara Kauss, Jim Kruse                       |
| Advocate/Builder/Activist   | Ray Chavez                                     |
| Habitat for Humanity Merced   | Anita Hellam                                   |
| Fresno County Housing Authority                                     | Mike Duarte                                    |
| BIA of Fresno/Madera, President and CEO                             | Mike Prandini                                  |
| Housing Authority, Kings County                                     | Lori Hatfield                                  |
| Attorney Advocate   | Sara Hedgpeth-Harris                           |
| Self Help Enterprises   | Tom Collinshaw                                 |
| Habitat for Humanity, Tulare and Kings Counties, Executive Director | Dirk Holkeboer                                 |
| Community Vision Capital & Consulting, Co-Director of Lending       | Ruby Harris, Alondra William-Vasquez           |
| Habitat Bakersfield, CEO  | Ron White                                      |

### Interview Results

#### Housing Issues and Impediments

##### *Housing Trends and Issues*

**Low Supply.** There is an overall lack of production at any price point, but particularly in multi-family construction and affordable units. On rentals, very low inventory and high cost to start rental (e.g., pet deposit, first and last month's rent) results in the need for thousands of dollars just to secure the rental unit. It is difficult to find Section 8 qualified housing for people with vouchers. Supply needs to increase greatly.

**High Costs for Developers.** The high cost of construction materials, as well as permitting and fees, has made it difficult to build more affordable homes. Housing affordability is a top concern, and the diversity of housing types is challenging when costs are high.

**Income.** Income issue is the flip side of low production; many people can't afford rents or qualify for a mortgage. Identifying enough qualified home buyers is a challenge. The self-help requirement has been an obstacle.

**Changing Regulatory Environment.** For example, the solar power mandate, while considered a good idea, adds costs to every housing unit.

**Lack of incentives from local jurisdictions and State.** The region needs more government programs incentivizing lenders and builders.

### *Challenges Unique to the San Joaquin Valley*

**Farm Labor Housing Shortage.** Farm labor makes up a significant portion of the Valley workforce. The current housing and transportation dynamic are not compatible with the needs of farmworkers to seasonally move to different jobs sites. Farmworker housing is typically not close to amenities and services creating challenging transportation and livability issues for farmworkers.

**Cost/Income Ratio.** Building costs are just as high in the Valley as in the Bay Area, which keeps rents high in affordable Valley developments. For-profit developers can't build low-income housing with current cost to build; difficult enough for housing authorities and non-profits. In particular, several interviewees cited prevailing wage requirements that are tied to Bay Area indices – unions don't have a strong presence in the SJV and there can be a shortage of union workers.

**Land Value.** While construction material costs are equivalent to the Bay Area, land values are lower as vacant land is more plentiful. Some interviewees noted that price points are increasing rapidly for vacant land in the Valley.

**Lack of local funding capacity.** It is difficult to assemble financing packages without bonding, housing trust fund, or philanthropic/large foundation "soft" money.

**Lack of Staffing.** There is a lack of Public Agency staff in general to streamline housing, encourage production, or put together funding applications.

**Transportation Systems.** Interviewees mentioned that there is difficulty in developing housing projects that qualify for State funding due to less developed transportation systems in the Valley, as well as different needs for unit size/density in Valley communities compared to denser urban areas with public transportation. This is especially true for rural and smaller jurisdictions. Because of program requirements, Valley jurisdictions often can't compete with larger, more urban cities and counties.

**Ineffective Density Bonus.** It was noted that the Valley is not dense enough for density bonuses to work in many areas.

**Water.** Water supply is a critical issue for supporting increased housing supply.

## Part 3: Outreach Summary

### *Impediments to Housing*

**Increasing Construction Material and Land Costs.** In addition to increasing construction material costs, an inflow of buyers from the Bay Area and other locations has resulted in significant increases in home and land prices.

**Chaotic State Funding System.** The most often cited impediment was the lack of a unified application for State funding. There are currently too many agencies with differing missions and focus. The application process is too cumbersome, and agencies often change rules and guidelines from year to year. HCD and HUD were cited as being particularly difficult due to the complexity of the application process.

**Lacking Infrastructure.** In many greenfield areas, the infrastructure is not available. This increases the cost of new construction.

**Lacking Bridge to Homeownership.** Bridging the gap from “renter” to “owner” as a path to housing stability is challenged by high costs. Some residents are now more or less permanently priced out of the housing market due to the combination of new home prices and high rents.

**Complex Funding Systems.** Respondents felt that cities and counties [and the State] often don’t understand the complexity of low-income tax credit programs and that funding cycles don’t align appropriately.

**Limited Number of Non-profit developers.** While the Bay Area has a lot of non-profit housing developers, the Valley has few.

### Opportunities and Best Practices

#### *Opportunities*

**Management Assistance.** Public investment in management assistance of denser housing developments and streamlining entitlement process will reduce costs.

**Address Prevailing Wage Requirement.** Addressing the costs of prevailing wages is critical. Some stakeholders suggest removing the requirement, others suggest subsidizing them, but in any event the prevailing wage costs need to be reduced.

**Preservation.** Focus on housing “preservation” – existing housing stock as well as new affordable development.

**Tenants Rights and Housing Instability.** Find creative ways to protect tenants rights while still encouraging housing production. Preventing homelessness and housing instability is half the battle.

**Economic Development.** Make the Valley more attractive to employers, developers, and foundations/philanthropic organizations through quality of life and transportation system improvements.

**Rent Caps.** Investigate and implement reasonable rent caps.

**Update Development Regulations.** Updates to development and zoning codes are critical. Even if funding is available and policies are in place, development and zoning codes can discourage the very types of development needed – some product types should be “by-right.”

**Incentivize Density.** A lot of State funding programs are going back to density thresholds and rolling back greenfield development. Because higher-density infill housing can be more expensive to build, local jurisdictions must provide incentives for higher-density development.

**Identify, Plan, and Incentivize Priority Sites.** Find ways to incentivize infill plans and programs. An example cited was the Fresno COG plan that enables developers to request funding for infrastructure improvements for high-density projects. If a priority infill site has been identified, find ways to encourage development. There should be a focus on transit station area planning around both bus and rail locations, either with conditional funding or incentives for both market rate and affordable housing. The key is infrastructure planning and funding. Priority infill areas should be regionally identified and ranked for funding opportunities.

### *Best Practices*

**Plan for Housing.** Ensure there is sufficient land designated for housing in the General Plan.

**Streamline Permit Processing.** Create streamlined zoning and plan permit applications processes.

**Reduce Fees.** Impact fees are a constraint to development. Several interviewees felt that impact fees need to be reduced for preferred housing projects.

**Plan Regionally.** Housing production will benefit from the continuation of the integration of land use and transportation investments. Examples include BART (Bay Area), Metro (Los Angeles), VTA (Santa Clara), which have their own development departments for transit-oriented development on land they own.

**Involve Regional Agencies.** Regional agencies should take an active role in housing development incentives, particular TOD and land use around proposed stations.

**Provide Technical Assistance.** Several interviewees said assistance needs to go beyond best practices. While this is helpful, most know which practices work best in their area. The issue is lack of staffing to implement best practices. Real technical assistance, not education, is needed.

**Provide Financial Support.** Financing options such as down payment assistance for low- and moderate-income households are helpful.

### *Housing Production Successes*

**Public Funding.** Significant public funding is being used to construct and maintain affordable housing projects.

**Cohesive Planning.** The alignment of priorities and understanding among the jurisdiction's leaders, staff, and their constituents is critical.

**Resources and Capacity.** Cities and counties with an understanding of the housing programs that can provide help with applications are a resource. It sometimes isn't a problem of knowledge, but of available time. Also, the agencies themselves need to be sure they aren't part of the problem with conflicting answers or constantly evolving program and reporting requirements.

**Collaboration.** Collaborations between jurisdictions and agencies can benefit housing production.

## Part 3: Outreach Summary

**Cost Reductions.** Integrating good property management and energy efficiencies can reduce the overall cost of housing and services appropriate to the population being targeted.

**Income and Use Mix.** Mixed-income developments (one in Fresno which is very successful) and mixed-use developments seem to be thriving better in the region. Mixing development with those with higher-income earners has been successful.

### What more should cities, counties, and the State be doing to help address the housing crisis?

**Support New Tenants.** In an effort to combat NYMBYism, local jurisdictions and the State should provide support for new tenants who may have not yet paid bills before or maintained property.

**Align Priorities.** Local and State leaders need to prioritize increasing the supply of affordable housing and support inclusionary housing strategies.

**Support Funding Pursuits.** Local government needs support in pursuit of housing funds. We need to identify which agencies are pursuing funding, which are not, and why. This point was made by several interviewees.

**Add Public Funds.** There needs to be a significant increase in public funds available for constructing affordable housing. Subsidize the prevailing wage requirements to bring down the costs of projects.

**Correct Compliance Issues.** Increase penalties for not meeting affordable housing requirements.

**Communicate with Stakeholders on the Ground.** The State needs to coordinate with agencies, authorities, and non-profits that have been working on housing issues for decades, identify their needs, and then find ways to assist.

**Encourage Innovation and Flexibility.** An entrepreneurial mindset is needed to try new innovations and pivot from what isn't working. Flexibility is key.

**Focus on Equity.** When housing funding is population based, sometimes small jurisdictions with the greatest needs get short-changed. The issue is equality versus equity. If an area is historically disadvantaged, more funding and resources are needed. Geographic set-aside for smaller jurisdictions or regions is needed.

**Support Advocates.** Provide support for collaborative advocacy groups to share ideas and support the people doing the work. Give these groups a voice in Sacramento and Washington D.C.

**Support Goals on the Ground.** Policies and legislation at the Federal, State, regional, and local levels need to support housing goals.

**Plan from an Affordable Housing Perspective.** Planners with affordable housing experience are needed. It's better to work with a planner tasked with helping with affordable housing as opposed to a planner with no background. This emphasis should come from agency leadership as an important local issue.

**Prioritize Surplus Properties.** Focus on identifying and creating housing opportunities on surplus public property.



## Summary Report: San Joaquin Valley MPO Director Interviews

### Introduction

The San Joaquin Valley Regional Early Action Planning (REAP) Committee has commissioned a study of housing trends, barriers, and best practices in the Valley. This effort is intended to assist its 68 cities and eight counties with preparing their 6th cycle housing elements and increase housing supply and affordability. The study includes outreach to housing stakeholders, city and county staff, and the public; periodic informational webinars; research on socioeconomic and housing data, case studies, and best practices; and a final report.

The purpose of the MPO director interviews was to gain a broad understanding of MPO directors' views of Valley housing issues, opportunities, and challenges. The interviews primarily explored impediments to housing production and affordability and solutions to address those impediments.

Between April 27 and May 6, 2021, seven directors were interviewed along with their staff members and consultants who focus on housing and planning. The eighth director provided a written response to the interview questions. Even though several of the MPOs focus almost uniquely on transportation and have little focus on housing (e.g., Kings, Tulare, Merced, Madera), all provided useful regional perspectives on housing planning and production.

### Interview Themes

#### Housing Issues and Impediments

MPO directors were asked "What are the top three housing issues facing your region?" and "What are the top three impediments to housing production and affordability in your region?" Their responses are summarized in the two sections immediately below.

#### *Housing Trends and Issues*

**Increasing Unaffordability:** While the Fresno director noted that the area is still affordable relative to other regions in the state, the directors in Fresno, Stanislaus, San Joaquin, Merced, Kern, and Tulare Counties said that both rent and housing prices in the region are becoming increasingly unaffordable in both urban and rural areas. The Fresno director specifically mentioned the large number of cost-burdened residents, giving the example of the rent for a two-bedroom apartment requiring an income that is twice the minimum wage.

**Low Inventory:** Four directors (Stanislaus, Merced, Tulare, San Joaquin) noted limited housing inventory across all housing types. The San Joaquin director noted a particular challenge with the availability of multi-family housing.

**Poor Jobs-Housing Balance:** The Stanislaus, San Joaquin, and Merced directors stressed the lack of jobs relative to the housing supply, which is a reflection in part of the rates of commuting into the Bay Area.

**High VMT:** The region's commuting patterns are reflected in high rates of vehicle miles traveled (VMT), which makes it increasingly difficult to comply with State law.

**Lack of Housing Type Diversity:** Both the Stanislaus and San Joaquin directors noted that the inventory is dominated by single-family homes.

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**Work from Home:** Both the Stanislaus and Merced directors wondered about how the pandemic-induced acceleration of the “work from home” trend will impact the housing markets in their regions in the long term.

**Demand:** The Stanislaus director noted that housing demand remains high.

**Displacement and Isolation:** The San Joaquin COG has been tracking increasingly worrisome patterns of gentrification and displacement in the area, and the Madera director noted that lower-income communities tend to be geographically isolated in unincorporated areas away from most services.

**Homelessness:** The Merced and Fresno directors expressed concern about the growing homelessness problem in their regions.

### *Root Causes of Housing Issues and Impediments to Housing Production*

**Infrastructure Capacity:** Based on directors’ comments, constraints associated with the capacity of water and wastewater infrastructure seem to be a universal problem in the region. A variety of factors limit system capacity:

- In some cases (San Joaquin, Merced, Tulare), older systems cannot accommodate the needs of higher-density infill development.
- In Stanislaus, both water sources and water system capacity are constraints.
- In Merced, water quality is also a concern.
- In Merced and Stanislaus, wastewater system capacity or service area limitations are constraints.

Some of the older systems are also increasingly difficult to maintain. Funding sources are limited for both the maintenance and expansion of existing systems.

**Regulations:** The Kern, Tulare, and Fresno directors highlighted the impact of regulations on increasing the costs of building new housing. For example, new building standards and solar and fire safety requirements make housing generally more expensive and requiring greater subsidies to build affordable housing. In addition, the Kern director noted that State policies to preserve agricultural land can be an impediment to housing construction, and the Fresno director added that the VMT constraints of SB 743 are making it difficult to get subdivision approval.

**SB 743 and VMT:** The Fresno director fears that VMT requirements may soon make it impractical to build housing in some communities, particularly the smaller, more rural communities with longer commutes.

**Permitting Delays:** On a related but different note, the Stanislaus and Tulare directors identified delays associated with permitting housing projects as an impediment.

**Expense of Building Higher-Density Affordable Housing:** The directors in Stanislaus, Fresno, Kern, and Madera are concerned that affordable housing is more expensive to build than market rate housing. Specifically, higher-density infill housing can be more expensive and “doesn’t pencil.” Developers can only make a profit with middle and upper market rate, mostly single-family housing.

**Lack of Funding:** Moreover, with the loss of redevelopment funding, there are limited sources of funding available to subsidize affordable housing (i.e., cover the gap between affordable rents and the costs of development). Specifically, the Fresno, Tulare, Kern, Madera, and San Joaquin directors felt that much of the

region cannot be competitive for or find the required match for the remaining funding sources. Several directors gave the example of the Affordable Housing and Sustainable Communities (AHSC) program, which requires that projects demonstrate VMT and GHG benefits that are difficult outside of urban areas with extensive transit systems. The Kern director also noted that the Transformative Climate Communities (TCC) grants only account for 10 percent of what redevelopment funding used to cover.

**Developer Capacity:** The Stanislaus, San Joaquin, and Tulare directors noted that there simply are not enough builders to meet the demand. Due to the costs of construction, including the statewide prevailing wage, it is more profitable for builders to focus on markets with higher selling prices, like the Bay Area. As a result, Valley communities often rely solely on nonprofit developers that do great work but have limited capacity.

**The Right Housing in the Right Place:** The Tulare director observed that in some communities it is hard to find housing sites that are near amenities like transit, schools, and other services. Likewise, outside the city of Merced, the Merced director sees communities struggling with the lack of planned and entitled buildable lots. The Fresno director, on the other hand, noted that while higher-density housing can be built in downtown Fresno, there may not be a strong market demand for that housing product.

## Housing Production Successes

MPO directors were asked:

- “What are your region’s top three housing production successes?”
- “What were the keys to those successes? How have impediments been overcome?”
- “What are your region’s housing production best practices?”
- “Beyond reinstating redevelopment programs or establishing some other stable funding source for housing, how can the San Joaquin Valley region and the State help to accelerate housing production?”

Their responses are summarized in the two sections immediately below.

### *Keys to Success*

**Land Availability:** Directors noted that extensive available land that is designated for future housing helped to accelerate development and to keep land prices down in the Kern, Kings, and Fresno regions.

**Flexible Zoning:** The Kern director shared that flexible zoning facilitated the development of market rate housing downtown.

**Permit Streamlining:** Directors observed that some local jurisdictions (Modesto, Turlock, Fresno) have been very successful at streamlining permitting processes to expedite housing construction.

**Funding:** The Stanislaus, Tulare, San Joaquin, and Madera directors stressed that a key to the success of affordable housing projects was funding. The most common funding source was AHSC for infill projects in downtowns (Stockton, Merced), but the San Joaquin director also noted that upward pressure on rents helped market rate projects pencil out, and Modesto received a grant from the Air Resources Board based on the Regional Transportation Plan. In contrast, the Kings region has not been successful in securing AHSC grants because of its requirements and limited staff capacity.

## Part 3: Outreach Summary

**Impact Fees:** The Madera director noted the importance of having impact fees in place to expand infrastructure systems along with new development. The Kern director, on the other hand, added that reduced downtown traffic impact fees helped to facilitate construction.

**Partnerships:** Both the Stanislaus and Tulare directors emphasized the importance of collaboration and partnerships among the MPOs, local jurisdictions, housing authorities, and nonprofits.

**High-capacity Nonprofits and Agencies:** The Tulare and Kings directors stressed how important it has been to have a well-established, high-capacity nonprofit affordable housing developer that is willing to take on complicated projects using a variety of funding sources. Likewise, the San Joaquin director noted how entrepreneurial the local housing authority is at creatively bundling diverse capital stacks.

**Proximity to the Bay Area:** The San Joaquin director noted that cities near the Bay Area were more successful at diversifying their housing stock.

**Accessory Dwelling Units:** ADUs are a success story in the Tulare and Fresno regions, including the award-winning ADU designs that are free to residents in Clovis.

**Modular Construction:** The San Joaquin director noted that because of the scales possible in that area, modular construction was possible and was helping to reduce housing costs.

### *Opportunities*

**Housing Trust Fund:** The Stanislaus and San Joaquin regions are considering establishing housing trust funds to provide an additional source of affordable housing funding.

**Revolving Loan:** The Kern director suggested developing a revolving loan finance mechanism that can facilitate infill housing.

**Impact Fees:** Local jurisdictions in the Stanislaus region are considering instituting impact fees, and the San Joaquin director noted that Lathrop is piloting a fee program based on the housing-jobs ratio.

**Inclusionary Zoning:** Though inclusionary zoning is rare in the region, the San Joaquin director noted that Ripon adopted a 10 percent inclusionary housing requirement, but it is too early to assess its impact.

**Streamlining:** Likewise, some local jurisdictions in the San Joaquin region are exploring ways to streamline project approval processes.

## Planning that Advances Housing Production

MPO directors were asked “What are your region’s challenges with housing planning – in the RTP/SCS, with RHNA, and with regional housing elements or other regional housing planning?” and “How well do mandates related to planning for transportation, VMT, housing, GHG emissions/air quality, and environmental justice align and integrate with one another?” Their responses are summarized in the two sections immediately below.

### *Regional Planning*

**Projections and RHNA Out of Sync:** The directors in Merced, Madera, and Fresno noted the significant differences between the population, housing, and jobs projections from the State Department of Finance (DOF), which are used for the Regional Transportation Plan/Sustainable Communities Strategies (RTP/SCS), and the Regional Housing Needs Allocations (RHNA) from the state Department of Housing and Community Development (HCD). The RHNA are typically higher, often by significant amounts, which makes it very difficult to keep regional and local planning in sync.

**State Goals in Conflict:** Several directors (Fresno, Kern, Merced, Kings, Tulare) expressed concern about the negative outcomes of State policies in the Valley context. For example, directly through SB 375 and indirectly through SB 743, the Fresno, Merced, Tulare, and Kings directors expressed concern over GHG reduction goals being pursued at the expense of other goals, like affordable housing and equitable economic opportunity. In a rural context, where housing and job centers are often far apart and where robust transit systems are impractical, it can be very challenging to satisfy the VMT requirements of SB 743. Moreover, VMT goes up as unemployment drops, so SB 743 can end up punishing communities with greater economic opportunity.

In another example provided by the Kern director, the State-driven preservation of agricultural land is limiting affordable housing production. Ironically in the Fresno region, groundwater policies are threatening the viability of farming, so the end result may be the preservation of unproductive farmland.

### *Local Planning Challenges*

**Low Staff Capacity:** Most of the directors (Stanislaus, Merced, Tulare, Madera, Kings, San Joaquin, Fresno) identified the limited capacity of local planning agencies as a major impediment to planning to advance housing production. Specific challenges include offices with no or very limited staff, recruitment, retention, and heavy workloads, which make it challenging to complete comprehensive General Plan updates and to meet State requirements for updates to specific elements.

**Limited Budgets:** The directors also noted that many local jurisdictions do not have budgets to hire consultants to assist with the mandated planning.

**Insufficient Grant Awards:** Though SB 2, LEAP, and REAP grants help, the formula grants are not always enough to hire a consultant, and the smaller jurisdictions otherwise have trouble competing for supplementary grants.

**Inappropriate Density Requirements:** The Fresno and Stanislaus directors stressed that the State density requirements (20-30 units/acre) are not realistic in much of the Valley.

**Planning is Not a Key Impediment to Housing Production:** The Fresno, Madera, and Kern directors stressed that housing planning is not a barrier to housing production, so more planning will not solve the problems. For

### Part 3: Outreach Summary

example, it is not often a problem identifying adequate housing sites, but it will be a challenge getting the RHNA targets built. They suggested that planning funding be redirected toward construction.

#### *Local Planning Opportunities*

**Technical Assistance:** The Stanislaus and San Joaquin directors think HCD and REAP technical assistance should be helpful.

**Joint Planning:** The Kings region prepared a joint housing element for the last two cycles, and Stanislaus is hoping to prepare a regional housing report to support local jurisdictions.

**Pre-Project Environmental Analysis:** The Kern director suggested using planning funds to complete the environment clearance for infill housing locations that identify needed infrastructure and other mitigation measures to facilitate housing production.

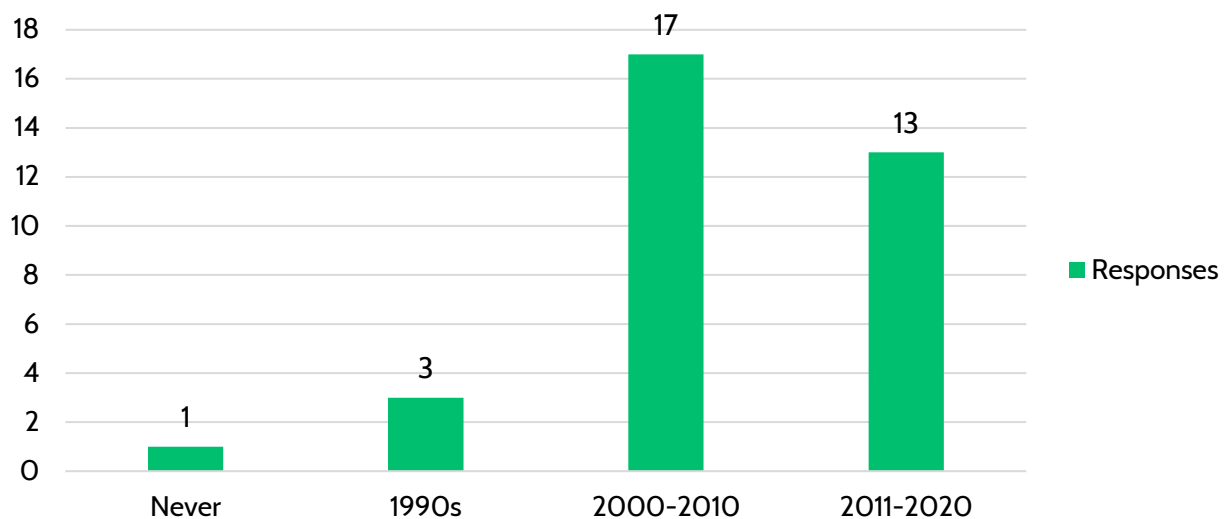
## Planning Staff Survey

### Survey Results

Questions One: Who is the point of contact for this survey?  
(we have only included the names of participating jurisdictions below).

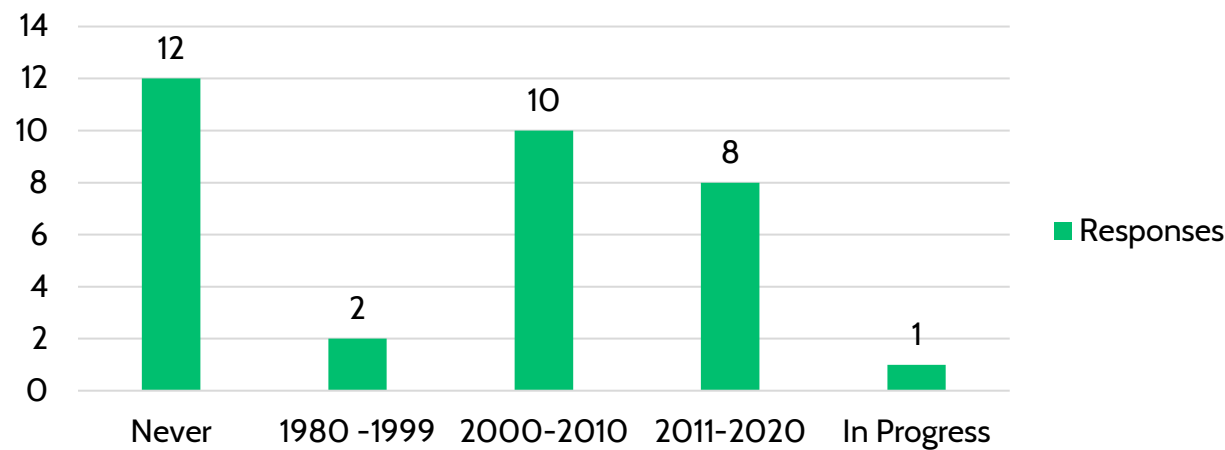
| Participating Jurisdictions |             |
|-----------------------------|-------------|
| Atwater                     | McFarland   |
| Avenal                      | Merced      |
| Bakersfield                 | Modesto     |
| Dinuba                      | Newman      |
| Escalon                     | Oakdale     |
| Farmersville                | Porterville |
| Firebaugh                   | Reedley     |
| Fresno                      | Ridgecrest  |
| Fresno County               | Riverbank   |
| Hanford                     | Sacramento  |
| Kerman                      | Sanger      |
| Kingsburg                   | Stockton    |
| Lindsay                     | Taft        |
| Livingston                  | Tulare      |
| Los Banos                   | Waterford   |
| Madera                      | Woodlake    |

Question Two: What year was your General Plan last comprehensively updated?

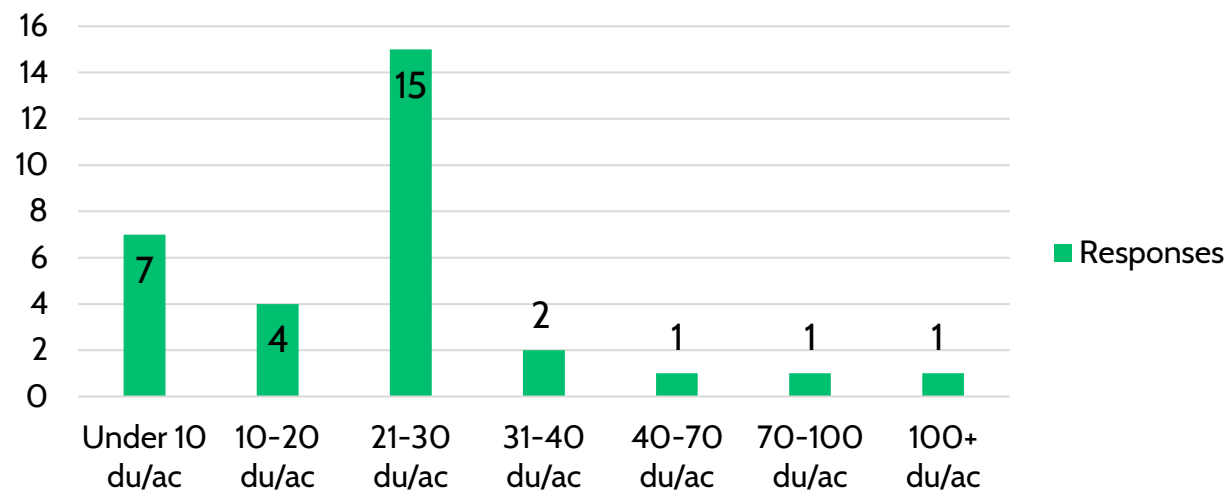




Question Three: What year was your Zoning Code last comprehensively updated?



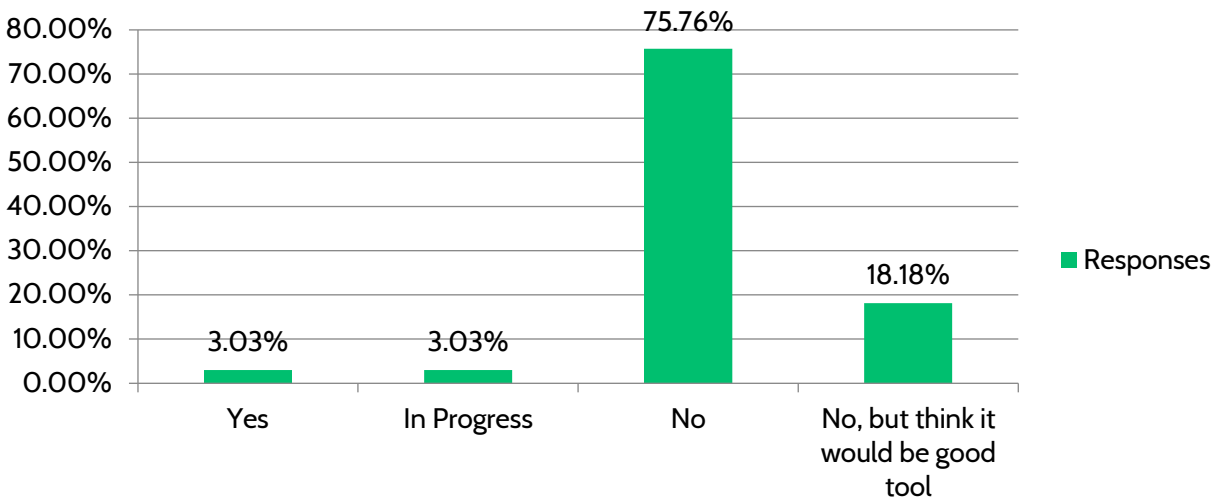
Question Four: What is the maximum density (du/ac) allowed under a standard residential designation?



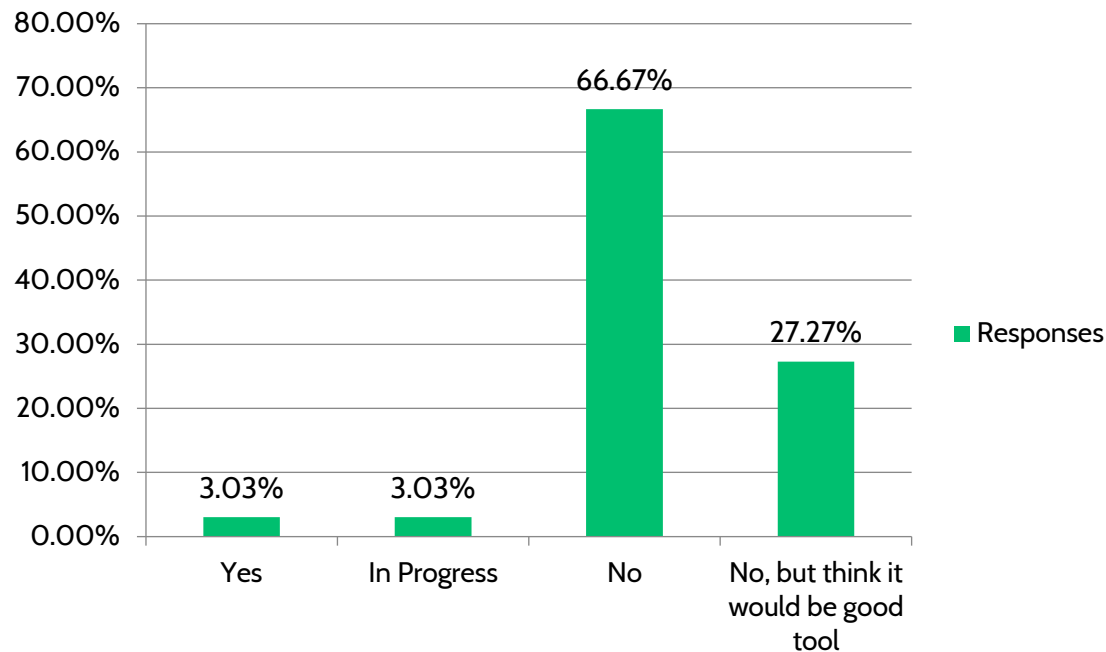
Question Five: Has your Zoning been updated in compliance with the following:

|  | YES    |                            |
|--|--------|----------------------------|
|  | Number | Percent of Total Responses |
| Density Bonus, AB 1763 (2019) and AB 2345 (2020) | 9      | 26.47%                     |
| Accessory Dwelling Units (multiple bills)        | 11     | 32.35%                     |
| Objective Design Standards                       | 6      | 18.18%                     |
| Streamlined Review, SB 35 (2017)                 | 3      | 9.09%                      |
| Housing Crisis Act, SB 330 (2019)                | 1      | 3.13%                      |
| Low Barrier Navigation Centers                   | 4      | 12.12%                     |
| Single Room Occupancy                            | 16     | 48.48%                     |
| Community Care Facilities                        | 17     | 51.52%                     |

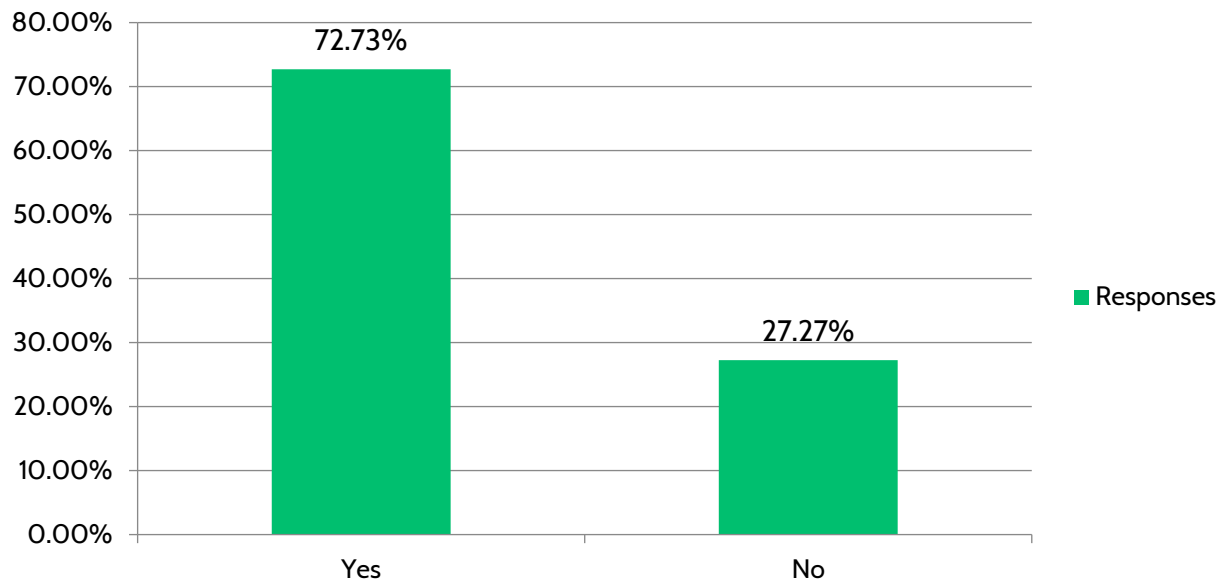
Question Six: Do you have an inclusion housing ordinance?



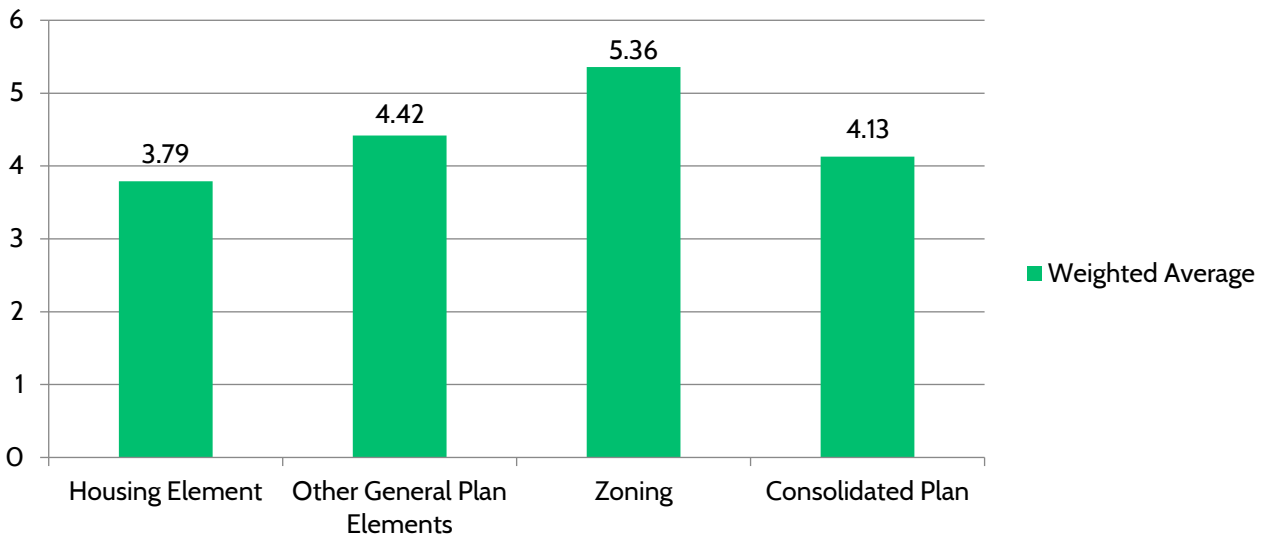
Question Seven: Do you have a housing trust fund?



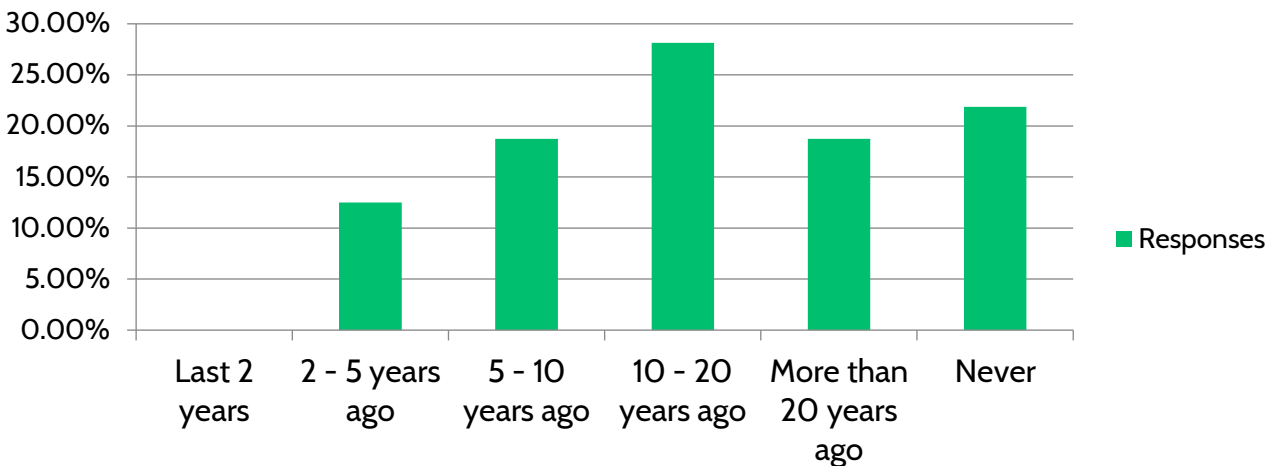
Question Eight: Does your jurisdiction give priority to public works projects or service improvements designed to better serve disadvantaged areas?



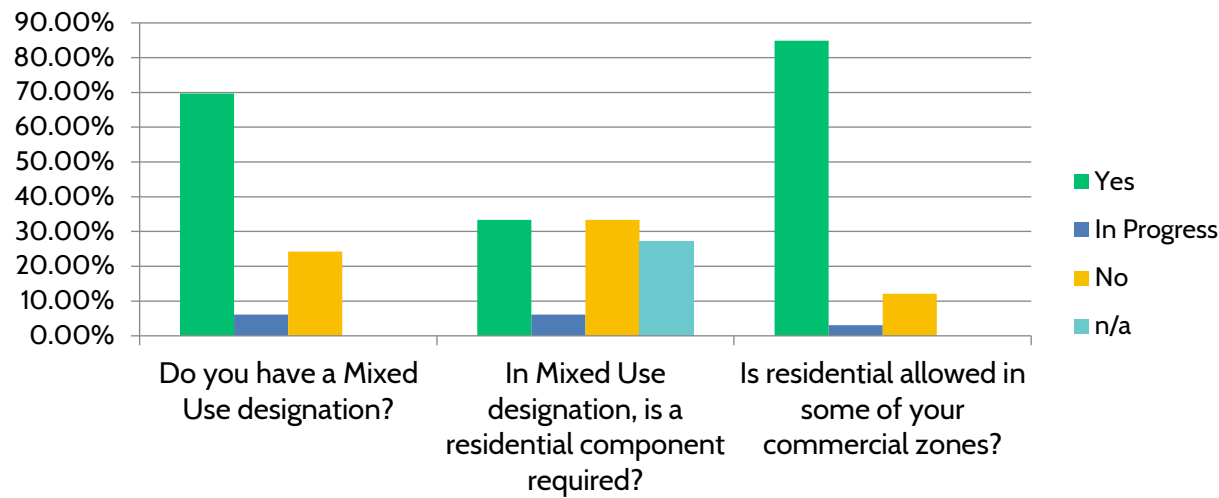
Question Nine: In your opinion, what planning tools are most effective in facilitating housing production in your jurisdiction today?  
(Scale from 1: Not Effective to 7: Extremely Effective)



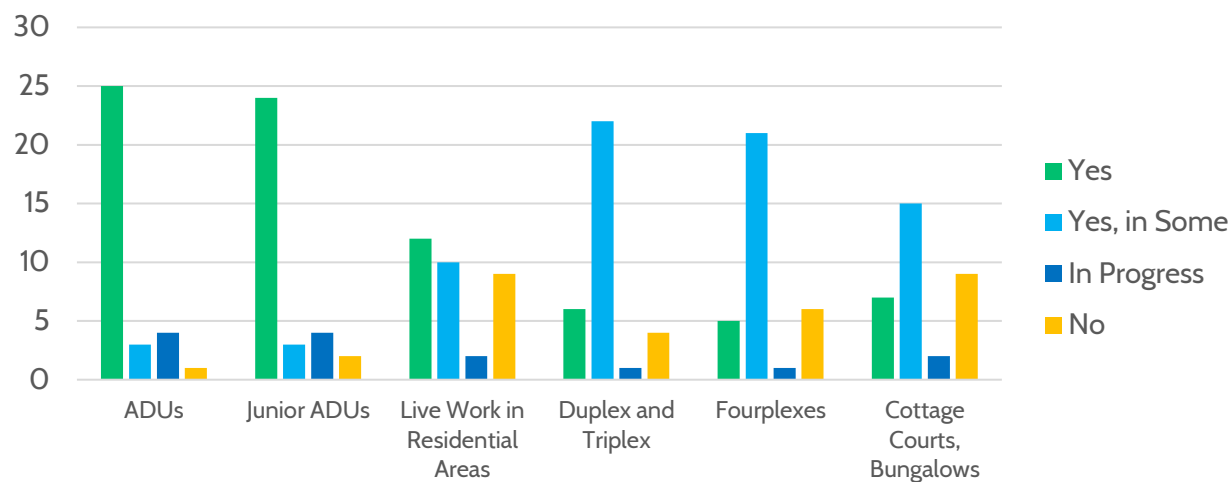
Question Ten: When was the last time a condominium project was approved in your jurisdiction?)



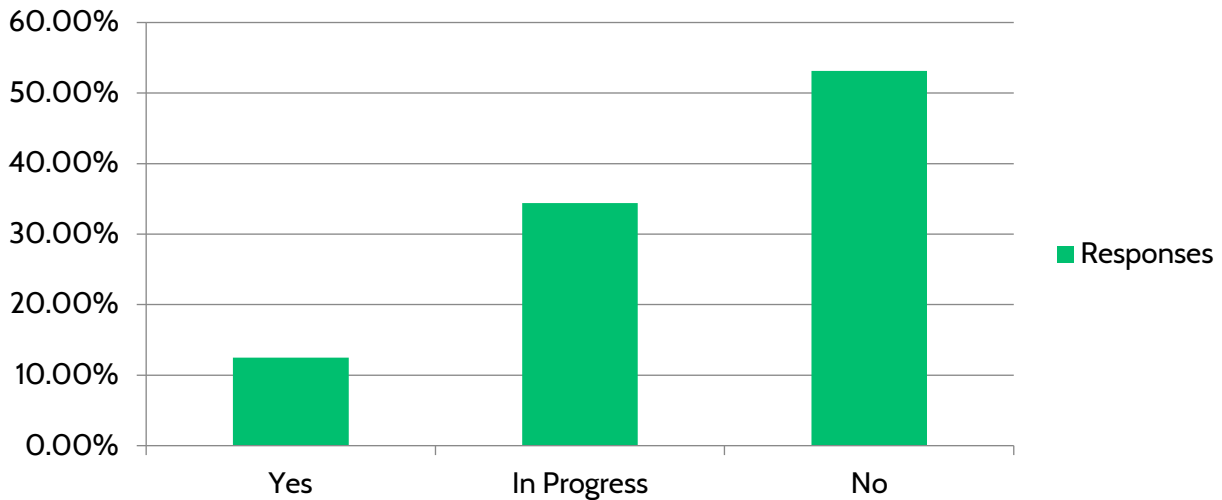
Question Eleven: Mixed Use Projects with Housing



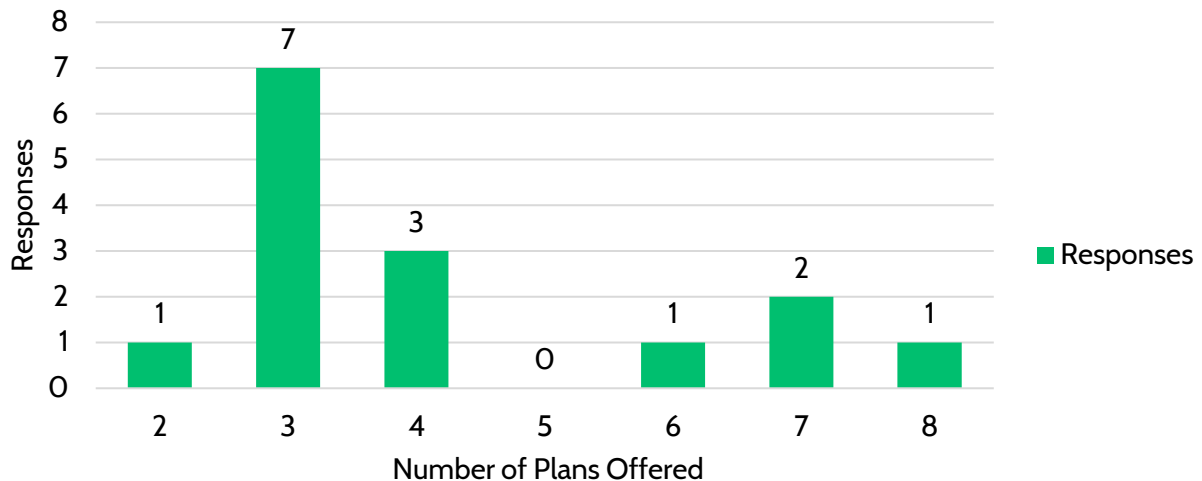
Question Twelve: Are the following allowed by right in your residential zoning?



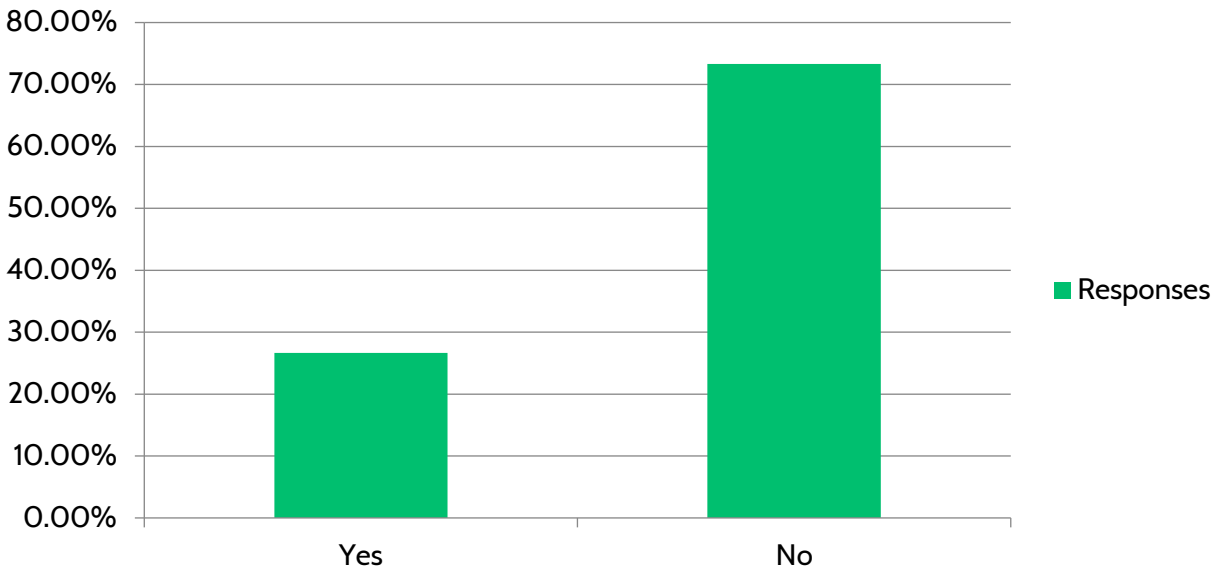
Question Thirteen: Does your jurisdiction offer pre-approved ADU plans for residents to use for their projects?



Question Fourteen: If you offer or plan to offer pre-approved plans, how many plans are offered?



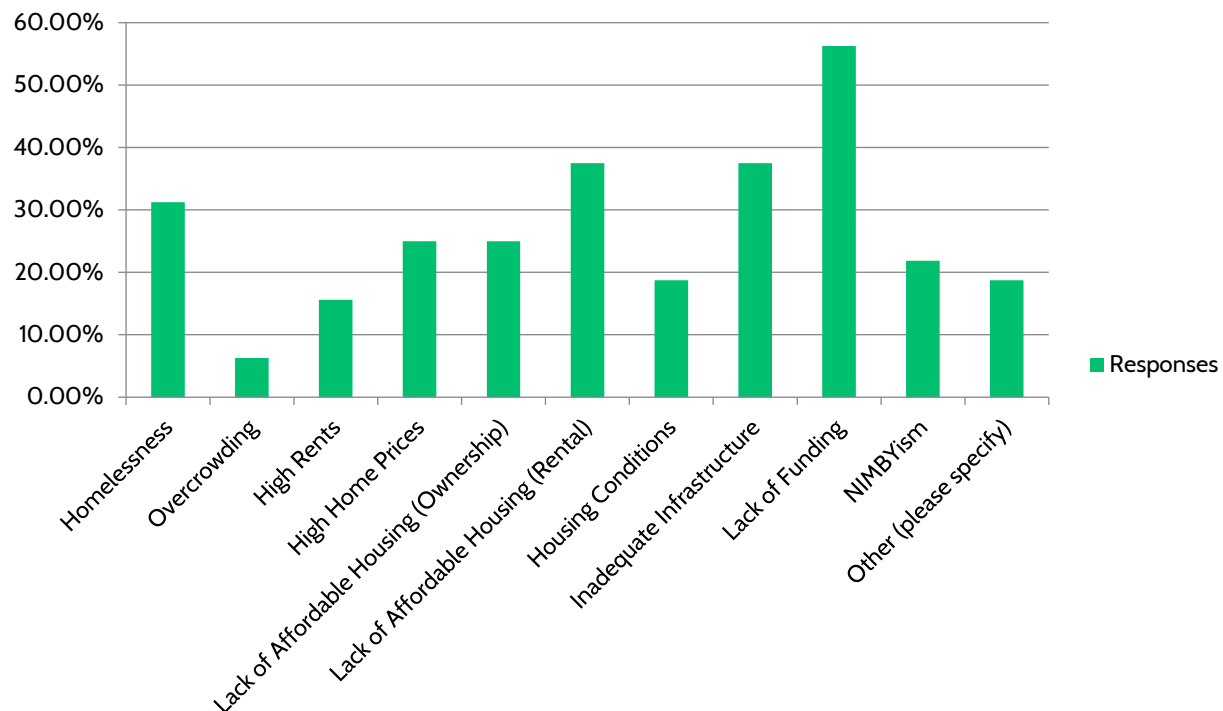
### Question Fifteen: Have these [ADU] plans been used to produce new housing?



### Question Sixteen: How do property owner's/developers find out about the plans?

| Responses   |
|---|
| Online and from others.   |
| City website, social media, outreach (residents, realtor, developer, newspaper, city-wide advertising.  |
| The city will be engaging in outreach via social media, community meetings, presentations, and in-person inquiries.   |
| Website, brochure   |
| Website will be updated and use of advertisements (i.e., social media, website, etc.).  |
| When project goes live, extensive outreach through multiple mediums will occur.   |
| City website  |
| Outreach through newsletters, website, information shared at public hearings  |
| We will coordinate outreach when the plans are completed. The plans will be used by the cities of Modesto, Ceres, Riverbank, Turlock, Waterford, and Oakdale. |
| There will be publications, direct marketing and outreach.  |
| In progress at this time  |
| City will be preparing an outreach program.   |
| City E-news, Newspaper publication, Surf list mailing   |
| The city plans to advertise the program, most likely online.  |
| Online, social media, planning counter, email lists.  |

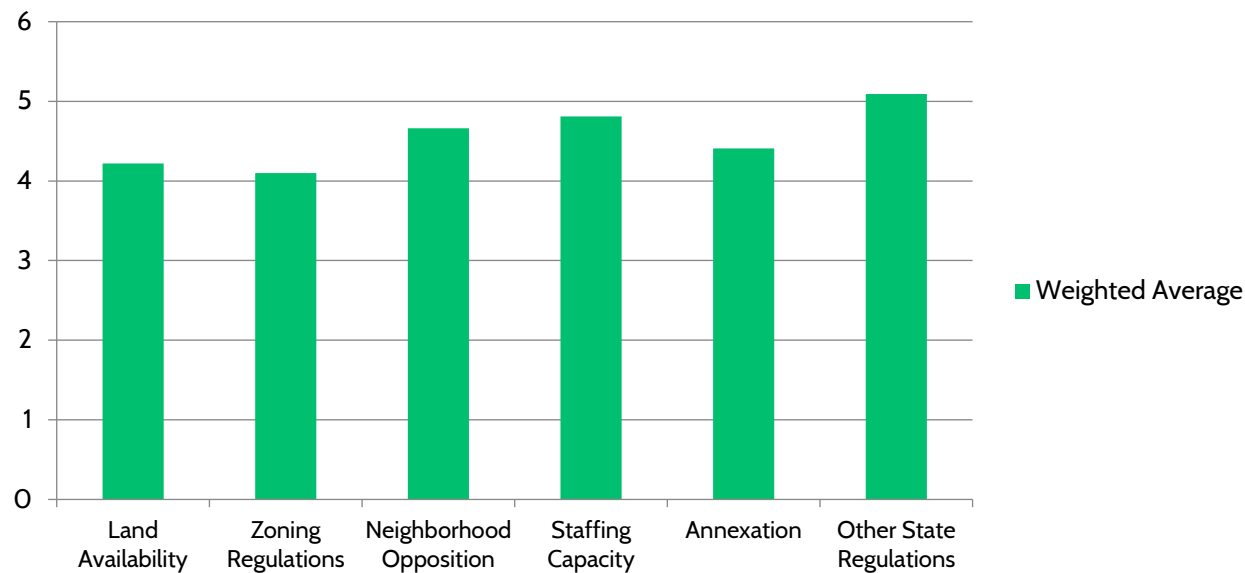
Question Seventeen: In your opinion, what are the three most critical housing issues facing your city or county? (Pick 3)



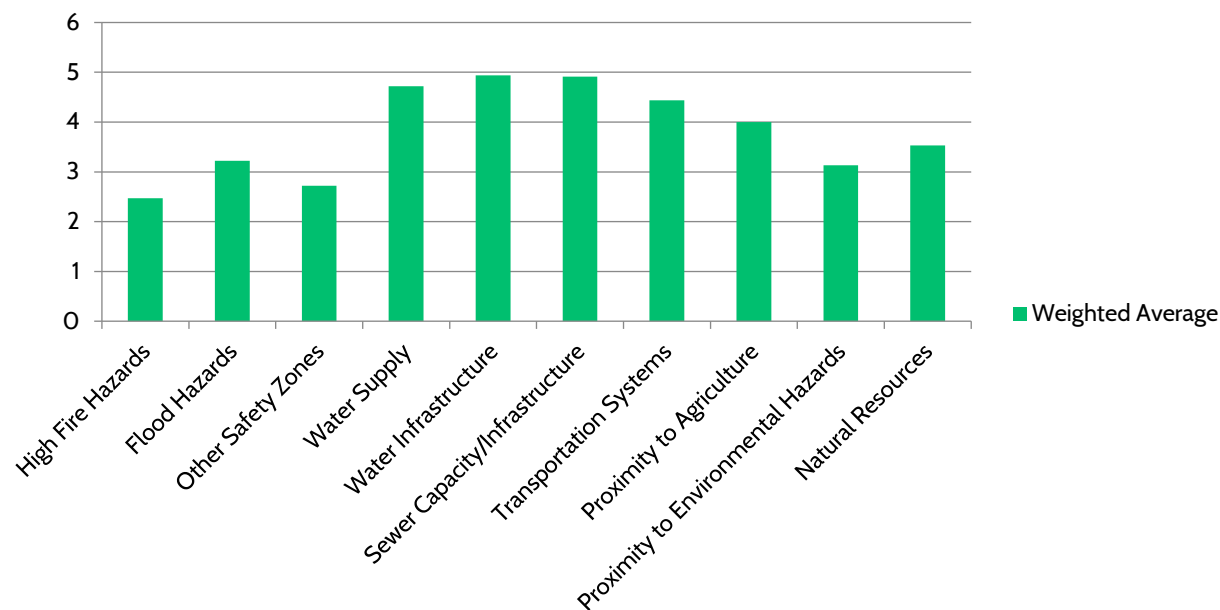
| Other Responses  |
|--|
| Cost to extend infrastructure to the Lake Pointe Master Development Plan.              |
| Ineffective State law, overriding local zoning control.                                |
| Lack of architects, engineers, contractors, and developers willing to build in my city |
| Undeveloped land   |
| Land availability  |
| Lack of residential land within city limits  |



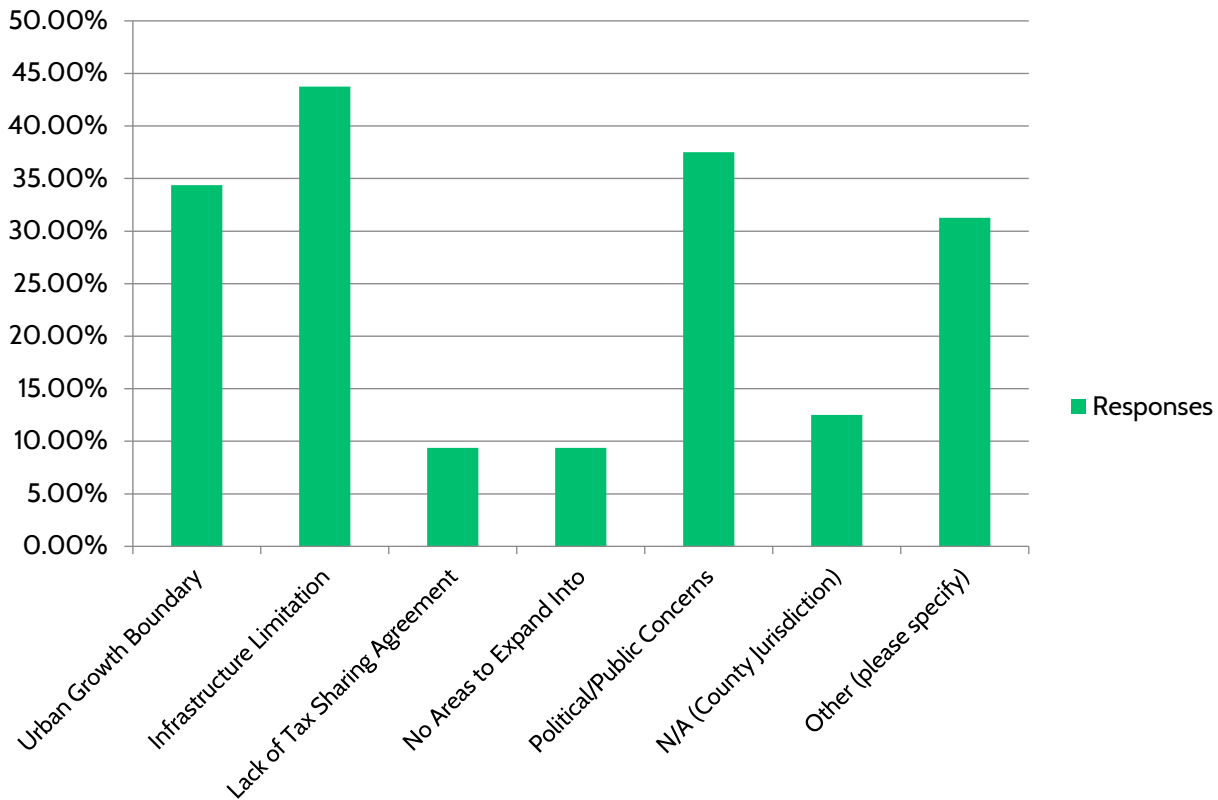
Question Eighteen: Which of the following are likely to play a notable role in constraining housing production?  
(On a scale of 1: Not At All Important to 7: Extremely Important)



Question Nineteen: Which are the key physical constraints on the production of housing in your city or county?

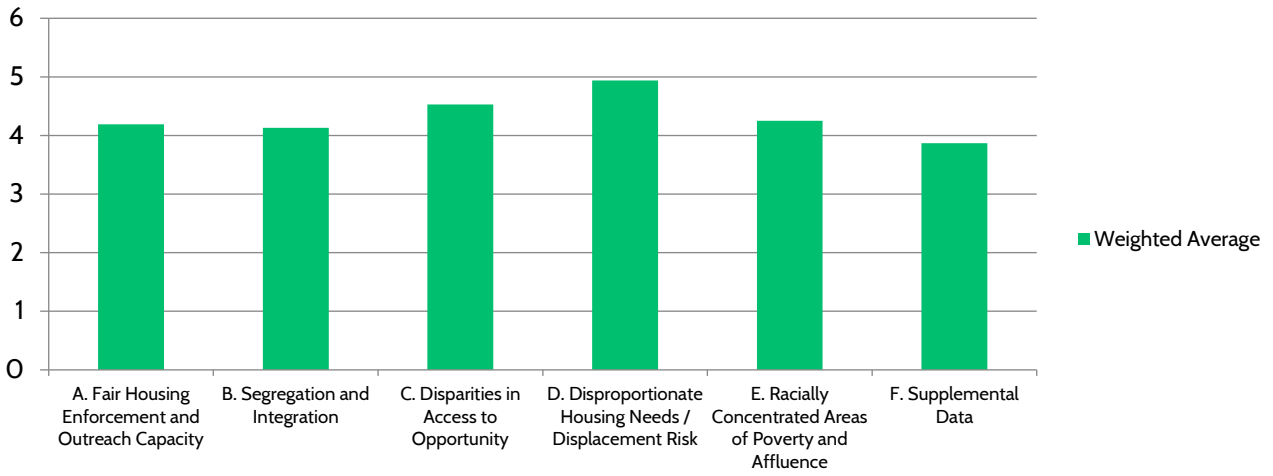


**Question Twenty: Do any of the following limit your ability to annex land?  
(Check all that apply)**

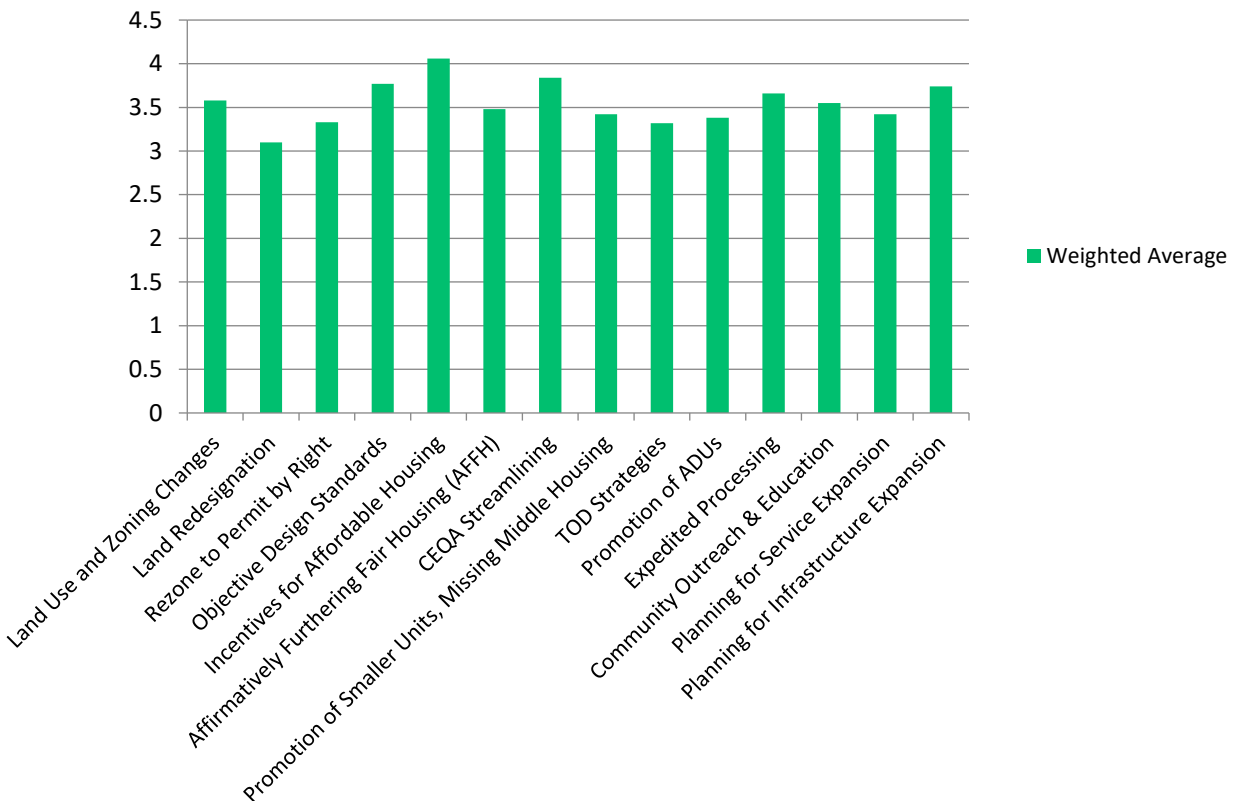


| Other Responses  |
|--|
| Loss of prime farmland   |
| Lack of development proposals in areas outside of the city limits and within the city's General Plan boundary.   |
| Conversion & loss of prime farmland  |
| Lack of TSA with annexation/development referral provisions  |
| Prime ag land  |
| MOU requires entitlement for annexation.   |
| Measure E does impact the ability to expand existing Community Plan boundaries. But infill development seems like a smarter strategy.                      |
| Unincorporated doesn't want to be annexed, they lack adequate infrastructure, and property/sales tax revenue would barely fund one more City Hall employee |
| Prime Ag Land/Williamson Act   |
| None   |

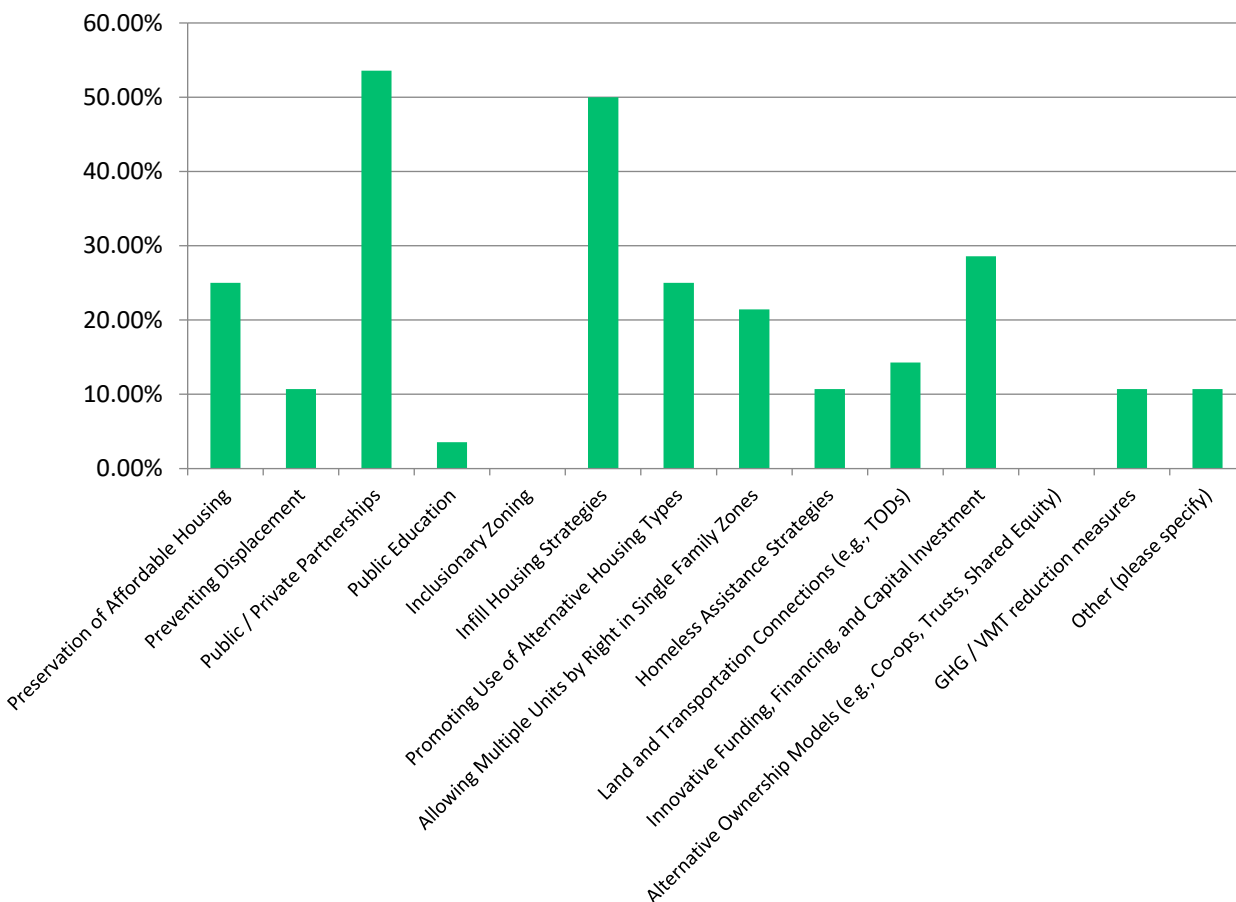
Question Twenty-one: For the impediments to fair housing used by HCD, how notable are these impediments in your city or county?



Question Twenty-two: Are you interested in Technical Assistance on any of the following? (On a scale from 1: Very Unlikely to 5: Very Likely)



Question Twenty-three: What are your jurisdiction's best tools for addressing housing supply and costs? (Pick all that apply)



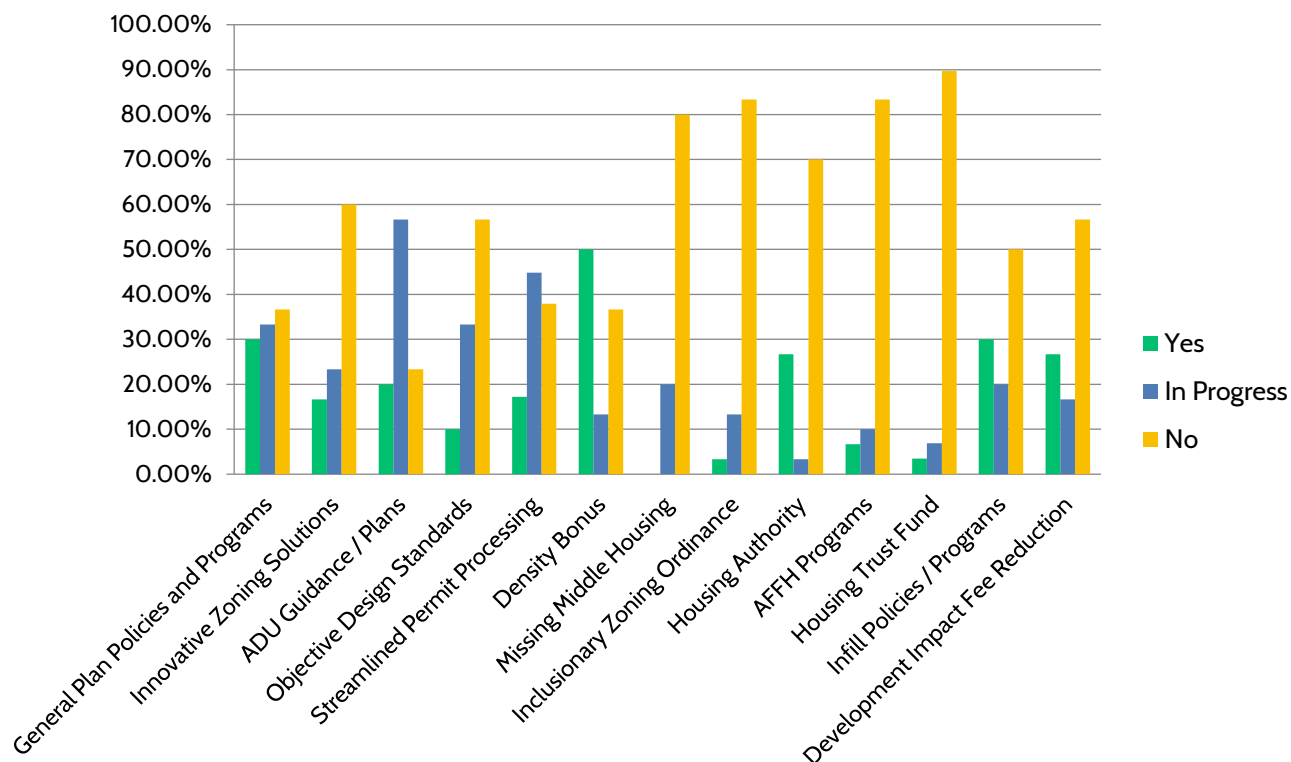
| Other Responses  |
|--|
| Most reviews are ministerial   |
| None of the above. Taft is by far one of the most affordable cities to live in California. |
| Simple zoning code   |

### Part 3: Outreach Summary

Question Twenty-four: What is an example of a successful housing project in your jurisdiction (or another jurisdiction) that you think is an example of housing to meet future needs? List names and jurisdictions.

| Responses |  |  |   |
|-----------|--|--|---|
| 1         | Mission Court; Sacramento Street; and West Trail Apartments                  | Silvercrest-Salvation Army Tulare Senior Housing | Tule Vista  |
| 2         | Fresno County allows ADUs in residential zones in compliance with State laws | Tiny houses in the City of Clovis                | ADUs and Junior ADUs in the City of Fresno  |
| 3         | Edgewater Subdivision - Infill single-family residential 75 lot subdivision. | Duplex infill development                        | Carriage Square Estates - Stanislaus County Housing Authority 13-unit affordable subdivision. Infill development. |
| 4         | City of Reedley, Presidential Estates (SF homes)                             | City of Reedley, Kings River Commons             | City of Reedley, Paseo 55   |
| 5         | Riverstone   | Tesoro Viejo                                     | Parksdale Village   |
| 6         | Riverbank Family Apartments, Riverbank                                       | Riverbank Central Apartment, Riverbank           | blank   |
| 7         | Sanger Crossing Phase 1 & 2  | Memorial Village                                 | Sanger Newmark Village - AHSC application in progress   |
| 8         | N/A  | blank  | blank   |
| 9         | Oakleaf Meadows  | Avena Bella                                      | Pathways  |
| 10        | The Villages - apartments  | Tierrasanta villas - apartments                  | Castle Assets housing projects  |
| 11        | Tract 7214 McFarland Partners  | Tract 6414                                       | De Colores  |
| 12        | Oak Leaf Meadows- Oakdale  | Heritage Oaks- Oakdale                           | blank   |
| 13        | Sierra Village   | Emperor Estates                                  | blank   |
| 14        | Park Creek Village apartments  | Gateway Apartments                               | Farmersville Senior Housing   |
| 15        | Self Help, Guardian Village, Reedley   | Self Help, Aspen and Reed, Reedley               | blank   |
| 16        | Rio Villas senior housing project  | Firebaugh Family Housing redevelopment project   | blank   |
| 17        | Grand View Village, Stockton   | Anchor Village, Stockton                         | Gleason Park Apartments, Stockton   |
| 18        | Tierra Vista Apartments  | Silvercrest-Salvation Army Tulare Senior Housing | Tule Vista  |

### Question Twenty-five: Have you completed recent projects or regulatory changes that you feel promote housing production?



## Question Twenty-six: Who are the affordable housing developers active in your jurisdiction / region?

| Responses |   |                                 |                                |   |
|-----------|---|---------------------------------|--------------------------------|---|
| 1         | Chelsea Development Corp                        | Self-Help Enterprises           |                                |   |
| 2         | Chelsea Development Corp                        | Self-Help Enterprises           |                                |   |
| 3         | Housing Authority of the County of San Joaquin  | Mutual Housing                  | STAND                          | Visionary Homebuilders                    |
| 4         | Pacific West Companies                          |                                 |                                |   |
| 5         | Pacific West Communities                        | Tulare County Housing Authority | Self-Help Enterprises          |   |
| 6         | Self-Help Enterprises                           | Housing Authority               | Habitat for Humanity           |   |
| 7         | Stanislaus County Housing Authority             | Self-Help Enterprises           | EAH Housing                    | Visionary Home Builders                   |
| 8         | Housing Authority of the County of Kern         | Chelsea                         | Cesar Chavez Foundation        |   |
| 9         | Central Valley Coalition for Affordable Housing | Upholdings                      | Meta Housing Corporation       |   |
| 10        | Self-Help Enterprises                           | Fresno Housing Authority        | Corporation for Better Housing |   |
| 11        | Self-Help                                       | Habitat for Humanity            |                                |   |
| 12        | Pacific West Communities, Inc.                  |                                 |                                |   |
| 13        | Self-Help Enterprises                           | AMG Land                        | Pacific Companies              |   |
| 14        | N/A   |                                 |                                |   |
| 15        | EAH   | Stanco                          | Visionary Home Builders        | Housing Authority                         |
| 16        | Visionary Home Builders                         | CastleAssets                    |                                |   |
| 17        | Self-Help Enterprises                           |                                 |                                |   |
| 18        | Visionary Home Builders                         |                                 |                                |   |
| 19        | Self-Help Enterprises                           |                                 |                                |   |
| 20        | Self-Help Enterprises                           | Pacific Communities             |                                |   |
| 21        | Corporation for Better Housing                  | Self-Help                       | Fresno Housing Authority       | Ed Kashian, new workforce housing project |
| 22        | Fresno Housing Authority                        | Cen Cal Builders                |                                |   |
| 23        | Visionary Home Builders                         | STAND                           |                                |   |
| 24        | Self-Help Enterprises                           | Habitat for Humanity            | Kings-Tulare Housing Alliance  |   |

## Question Twenty-seven: Beyond reinstating redevelopment programs or some other stable funding source, how can the San Joaquin Valley region and the State help to accelerate housing production?

| Responses |  |
|-----------|--|
| 1         | Need incentives (not from the City's General Fund) to incentivize developers to build affordable housing.  |
| 2         | Enable local jurisdictions to develop social housing programs similar to the British council housing schemes and Singapore's social housing programs.  |
| 3         | Detailed infrastructure condition and capacity baseline data. We need to know what level of capacity our infill areas can handle.  |
| 4         | Creative and flexible land use policies that are focused on creating vibrant, mixed-use neighborhoods  |
| 5         | Provide grants to allow updating the outdated community and regional plans. Provide grants/low interest loans to allow community services districts to upgrade their water and sewer infrastructure.   |
| 6         | Provide more opportunities for grant funding, technical assistance, etc. to developers.  |
| 7         | Diversify housing supply   |
| 8         | Reduce barriers to building housing  |
| 9         | Streamline CEQA for all housing projects, not just affordable housing, because RHNA has to be met for all levels of affordability;<br>Identify priorities between housing production, water conservation, VMT/GHG reduction, and other environmental concerns  |
| 10        | Stop giving us unfunded mandates that take our resources and attention away from Housing   |
| 11        | ?  |
| 12        | There are a limited number of contractors to build housing for all 400+ cities and 50+ counties to "succeed" in achieving the manufactured RHNA numbers. I'm in a small city in the corner of a rural county. I do not have housing developers knocking on my door, ever. Not market rate, not affordable, none. It's been at least 3 years since the central valley DR Horton rep contacted me about available land in Taft. Our current market rate SFR builder produces about 12 units a year. Been working on the same tract since 2015, resulting in 60+ units. If we don't have the contractor or developer resources, no amount of legislation, rule bending, or rule easing will make someone build in every corner of this state. The state needs to focus on getting more contractors properly trained up and licensed (including more individual trades... electric, plumbing, HVAC, roofing, solar, etc.), AND not whine about the paperwork part of processing approvals, fees, and permitting. |
| 13        | Infrastructure funding, innovative financing, expanding low density residential densities.   |
| 14        | Housing should be ministerial under CEQA. Remove the barriers and opportunity for NIMBYism/opposition to housing in general.   |
| 15        | Help with tax sharing agreement with Merced County   |
| 16        | I think providing more funding/grants to cities and programs will make it more possible for these entities to afford to accelerate housing production.   |
| 17        | Our concern in Lindsay is water supply and infrastructure. "Accelerated" housing production is a concern without better water supply guarantees.   |
| 18        | Eliminate the new VMT stuff, streamline CEQA, rectify inconsistencies between housing law and groundwater sustainability law, create legal protections for cities who are getting sued by entities for CEQA and housing issues.  |
| 19        | Seriously, California already has by far the highest population of any State. We cannot keep growing endlessly, with the limited resources we have (water, air, roads, schools, etc.). As some cities have had to take the burden of accepting residents from overbuilt areas, similarly, some States are probably going to have to take the burden of people moving from California. That is already happening!   |
| 20        | Funding for infrastructure, new construction, and addressing brownfields in urban areas for redevelopment.   |
| 21        | Need incentives (not from the City's General Fund) to incentivize developers to build affordable housing.  |
| 22        | Enable local jurisdictions to develop social housing programs similar to the British council housing schemes and Singapore's social housing programs.  |
| 23        | Detailed infrastructure condition and capacity baseline data. We need to know what level of capacity our infill areas can handle.  |
| 24        | creative and flexible land use policies that are focused on creating vibrant, mixed-use neighborhoods  |



Question Twenty-eight: Per the above question, if you have recent projects or regulatory changes that would be informative to other jurisdictions in the region, please upload here.

| Documents Received |   |
|--------------------|---|
| 1                  | ADUs Packet dated 2021-02.pdf                 |
| 2                  | Attachment B - Proposed Ordinance Redline.pdf |

# **PART 4:**

# **REGIONAL DATA SETS**



**Part 4: Regional Data Sets**

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## Part 4 | Regional Data Sets

Part One of this report, Existing Conditions, is based on an Excel workbook that includes data tables and figures for the eight counties in the region and for the region as a whole. That data workbook is available at [\[http://www.sjvcogs.org/reap/data\]](http://www.sjvcogs.org/reap/data).

Data in the workbook are organized by data worksheets that focus on four topics: population, households, economic conditions, and housing. Each of the topical data worksheets has two sections: tables on the left and charts on the right. The tables and charts are formatted to facilitate their straightforward integration into analysis or reports that may be produced with these data. The following tables summarize the data tables and charts included in each data worksheet.

### Population Metrics Worksheet

| Tables   | Charts  |
|--|---|
| Total Population   | Total Population by County  |
| Total Population by County Over Time                         |   |
| Percent Change in Total Population by County Over Time       | Percent Change in Total Population Over Time by County (1980 to 2020)     |
| Regional Population and Annual Growth Rate                   | Regional Population and Annual Growth Rate (1980 to 2020)                 |
| Population by Age Group (Detailed)                           |   |
| Population by Age Groups (Both Sex Combined)                 | Population by Age and County (2019)                                       |
| Population by Race   |   |
| Population by Race by Hispanic Origin                        |   |
| Regional Population by Race by Hispanic Origin Over Time     | Regional Population by Race by Hispanic Origin Over Time (2000 to 2020)   |
| Population by Race by Hispanic Origin Over Time (Simplified) |   |
| Race by Hispanic Status (18 Years and Under)                 |   |
| Race by Hispanic Status (18 Years and Over)                  |   |
| Percent of Population by Hispanic Origin by Age              | San Joaquin Valley Region Percent of Population by Hispanic Origin by Age |
| Population Density   | Population Density by County  |

### Household Metrics Worksheet

| Tables  | Charts   |
|---|--|
| Total Households Over Time (Region)   | Total Households and Percent Change Over Time (1980 to 2019*) (Region)     |
| Total Households Over Time (State)  |  |
| Decennial Increase in Households Over Time (1980-2019*) (Region and State)      | Decennial Increase in Households Over Time (1980-2019*) (Region and State) |
| Household by Size by Family or Nonfamily Households (County, Region, and State) | Household Size by County Compared to the Region and State (2019)           |
| Family and Nonfamily Households by Size (County, Region, and State)             |  |
| Average Household Size (County, Region, and State)                              | Average Household Size by Tenure (2019)                                    |
| Average Household Size Over Time (Region and State)                             |  |
| Older Adult Households by Income (County, Region, and State)                    | Older Adult Households by Income (2019) (Region and State)                 |
| Older Adult Households by Tenure (County, Region, and State)                    | Older Adult Households by Tenure (County)                                  |

## Part 4: Regional Data Sets

### Economic Conditions Metrics Worksheet

| Tables  | Charts   |
|---|--|
| Median Household Income                                     | Median Household Income by County  |
| Housing Costs as a Percentage of Income                     | Median Monthly Housing Costs as a Percentage of Income Over Time (2009-2019) |
| Median Household Income by Race                             | Median Household Income by Race or Ethnicity (2019)                          |
| Number of Percentage of Households in Poverty               |  |
| Percent of Households in Poverty Over Time                  | Percent of Households in Poverty, Over Time (2009-2019)                      |
| Percentage of Households in Poverty by County               | Percentage of Households in Poverty by County                                |
| Number and Percentage of Households in Poverty by Race      |  |
| Number and Percentage of Households in Poverty by Ethnicity |  |
| Percentage of Households in Poverty by Race                 | Percentage of Households in Poverty by Race                                  |
| Employment by Industry over time                            | Employment by Industry Over Time (2009-2019)                                 |
| Percentage of Employment by Industry over time              |  |
| Employment by Industry Over Time                            | Regional Employment by Industry (2019)                                       |
| Employment by Industry by County                            | Employment by Occupation by County (2019)                                    |
| Gini Index  |  |
| Gini Index Over Time  | Gini Index, Over Time (2009-2019)  |
| Means of Transportation to Work                             | Means of Transportation to Work (2019)                                       |
| Travel Time to Work   |  |
| Travel Time to Work (Simplified)                            | Travel Time to Work by Region and State                                      |
| Travel Time to Work Over Time                               | Travel Time to Work Over Time (2009-2019)                                    |
| Travel Time to Work 90 or More Minutes                      | Travel Time to Work 90 or More Minutes Over Time (2009-2019)                 |
| Cost of Living (Household Budget for a Family of Three)     | Cost of Living (Household Budget for a Family of Three) by County            |
| Cost of Living: Income Deficit                              |  |
| Total Number of Jobs by Industry (2020 Quarter 1)           |  |
| Jobs-Housing Balance (2020 Quarter 1)                       | Jobs-Housing Balance by County (2020 Quarter 1)                              |
| Jobs-Housing Balance Over Time                              |  |
| Jobs-Housing Balance Over Time - Simplified                 | Regional Jobs-Housing Balance Over Time                                      |

### Housing Metrics Worksheet

| Tables  | Charts  |
|---|---|
| Housing Units (County, Region, and State)                             |   |
| Regional Housing Units and Annual Growth Rate (Region)                | Regional Housing Units and Annual Growth Rate (1980 to 2020)    |
| Housing Units by Type (County, Region, and State)                     | Housing Units by Type by County (2019)                          |
| Housing Units By Type Over Time (Region)                              | Housing Units by Type Over Time (2009-2019)                     |
| Housing Units by Number of Bedrooms Over Time (Region)                | Housing Units by Number of Bedrooms (2019) (Region)             |
| Housing Units by Year Built (County, Region, and State)               | Total Housing Units by Year Built (Region)                      |
| Percent of Total Housing Units by Year Built (County, Region, State)  | Percent of Total Housing Units by Year Built (Region and State) |
| Overcrowding: Units by Occupants per Room (County, Region, and State) | Percent Units by Occupants per Room (2019) (Region)             |
| Overcrowding: Large Households by Tenure (County, Region, and State)  |   |
| Overcrowding: Large Households by Tenure (Region)                     | Large Households by Tenure (2019)                               |
| Housing Units by Tenure (County, Region, and State)                   | Housing Tenure by County  |
| Housing Units by Tenure Over Time (Region)                            | Household Tenure Over Time (1980 to 2019) (Region)              |

|  |   |
|--|---|
| Housing Tenure by Number of Bedrooms (County, Region, and State)                             |   |
| Housing Tenure by Number of Bedrooms (Region)  | Housing Tenure by Number of Bedrooms (2019) (Region)  |
| Housing Tenure by Race (County, Region, and State)   | Housing Tenure by Race (2019)   |
| Housing Tenure by Race (Region)  |   |
| HUD CoC - Homelessness by Type   |   |
| HUD CoC - Homelessness by Type Over Time   | Homelessness by Type, Over Time (2005-2020)   |
| HUD CoC - Homelessness by Race   | Homelessness by Race or Ethnicity (2020)  |
| HUD CoC - Homeless by Ethnicity  | Homelessness by Ethnicity (2020)  |
| Building Permits (Number of Structures Authorized) (County, Region, and State)               |   |
| 5th Cycle Production by Affordability - HCD (All years combined) (County, Region, and State) | 5th Cycle Production by Affordability - HCD (All years combined)  |
| 5th Cycle Production by Affordability - HCD (All years combined) (Region)                    |   |
| Median Housing Value (County, Region, and State)   |   |
| Median Housing Value Over Time (Region)  | Median Housing Value, Over Time (1980-2019)   |
| Median Selected Monthly Owner Costs by County (County, Region, and State)                    |   |
| Regional Median Selected Monthly Owner Costs Over Time (Region)                              | Median Selected Monthly Owner Costs, Over Time (2009-2019)  |
| Median Selected Monthly Owner Costs as % of Household Income (County, Region, and State)     | Median Selected Monthly Owner Costs as a Percentage of Household Income by County, Region, and State (2019) |
| Owners: Cost-burdened Households (County, Region, and State)                                 | Percentage of Cost-burdened Owner Households by County, Region, and State (2019)                            |
| Owners: Cost-burdened Households Over Time (Region)  | Cost-Burdened Owner Households and Percentage Over Time (1980-2019)   |
| Median Gross Rent (County, Region, and State)  |   |
| Median Gross Rent Over Time (Region)   | Median Gross Rent, Over Time (1980-2019)  |
| Median Gross Rent as % of Household Income (County, Region, and State)                       | Median Gross Rent as a Percentage of Household Income by County, Region, and State (2019)                   |
| Renters: Cost-burdened Households (County, Region, and State)                                | Percentage of Cost-burdened Renter Households by County, Region, and State (2019)                           |
| Renters: Cost-burdened Households Over Time (Region)   | Cost-Burdened Renter Households and Percentage Over Time by County, Region, and State (1980-2019)           |
| Affordable Home Shortfall (County and Region)  | Affordable Home Shortfall   |
| Affordable Home Shortfall  | Affordable Home Shortfall   |
| Who Can Afford Rent  | Who Can Afford Rent   |
| Market Rent (ZORI)   | Zillow: Market Rate Rent Trends for SJV Metropolitan Statistical Areas (2014 to 2021)                       |
| Median Sale Price (MSP)  | Zillow: Median Sales Price for SJV Metropolitan Statistical Areas (2008 to 2021)                            |
| Home Value (ZHVI)  | Zillow: Home Values for All SJV Counties (1996 to 2021)   |



## Part 4: Regional Data Sets

For reference, the comprehensive data sets from each of the data sources are also included, as summarized in the table below.

| Worksheet Name               | Description  | Notes  |
|------------------------------|--|--|
| Ref. ACS-5-YR-Pt1            | American Community Survey (ACS) 5-Year Estimates at the county and regional levels for years 2005-2009, 2010-2014, and 2015-2019 | Most robust set of raw data tables used for analyses. Not inflation adjusted.  |
| Ref. ACS-5-YR-Pt2            | American Community Survey (ACS) 5-Year Estimates for years 2005-2009.  | Because of changes in how the Census organized employment data, Industry by Occupation data for 2005-2009 is located in this separate worksheet. |
| Ref. ACS-State               | American Community Survey (ACS) 5-Year Estimates at the state level for years 2005-2009, 2010-2014, and 2015-2019                |  |
| Ref. DC-2020                 | Decennial Census (DC) 2020   | Data available for a limited set of metrics.   |
| Ref. DC-2010                 | Decennial Census (DC) 2010   | Data available for a limited set of metrics.   |
| Ref. DC-2000                 | Decennial Census (DC) 2000   |  |
| Ref. DC-1990                 | Decennial Census (DC) 1990   |  |
| Ref. DC-1980                 | Decennial Census (DC) 1980   |  |
| Ref. Building Permits        | U.S. Census Bureau's Building Permits Survey for 2019, at the county, regional, and state levels                                 |  |
| Ref. 5th Cycle Full Filtered | Housing and Community Development (HCD) 2015-2019 Annual Housing Progress Data for all San Joaquin Valley Counties               |  |
| Ref. Workforce               | Quarterly Workforce Indicators from the U.S. Census Bureau and Social Explorer for Quarter 1 in the years 2000, 2010, and 2020   |  |

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