California's Housing Future: Challenges and Opportunities

Final Statewide Housing Assessment 2025

Appendices

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California Department of Housing and Community Development

Building for California's Future: Challenges and Opportunities

Appendices

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

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Appendix A: California's Diverse Needs

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

Vulnerable Populations

Housing costs and supply issues particularly affect certain vulnerable population groups that tend to have the lowest incomes and sometimes experience access barriers to housing. These groups require targeted policy and programmatic responses. Such groups include, but are not limited to, persons experiencing homelessness, seniors, persons with disabilities, farmworkers, and tribal populations. Other groups, not discussed in this report, include college students, formerly incarcerated individuals, or women who are survivors of domestic violence. It is important to note that California's vulnerable needs populations do not fit neatly into these categories, but rather may fit into more than one. For example, persons with disabilities can also experience chronic homelessness, or certain tribal populations may also have specific housing requirements for older members. As a result, housing solutions should be flexible and provide a mix of housing opportunities to address a variety of needs.

Persons Experiencing Homelessness

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

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

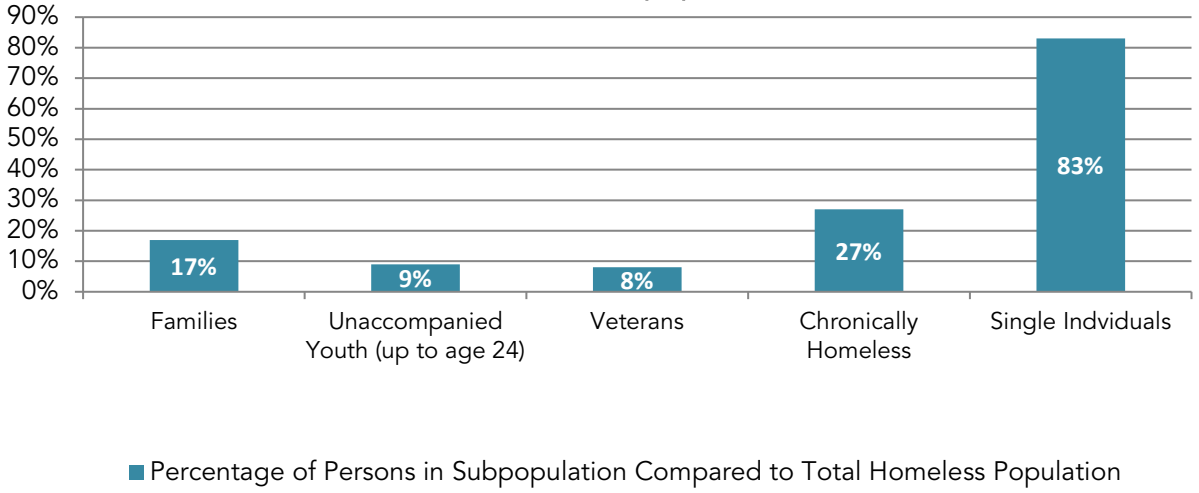
Figure A.1
One-Third of California's Homeless Population Is in Los Angeles County

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

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

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

Figure A.2
Percentage of Homeless Subpopulations in California*



Note: Subpopulations are not mutually exclusive and not all persons experiencing homelessness are included in a subpopulation.
Source: HUD 2016 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations.
https://www.hudexchange.info/resource/reportmanagement/published/CoC_PopSub_State_CA_2016.pdf

Demographics of Persons Experiencing Homelessness

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

HMIS and PIT data demonstrates clear racial disparities in the experience of homelessness. For example, nationally, African-Americans make up only 12 percent of all Americans, but comprised 39 percent of Americans experiencing homelessness in the 2016 PIT. In California, African-Americans make up 6.5 percent of the state's population, but represent 27 percent of persons experiencing homelessness.

Other households with increased risk of homelessness include single, female-headed households with young children and single-person households.[iii] Single-headed households living in poverty are especially vulnerable to economic triggers into homelessness due to job loss, illness, or other catastrophic events or income changes.

According to the 2015 AHAR, Part 2, adults with disabilities were almost three times more likely to be homeless than adults without disabilities. Adults with disabilities made up more than 40 percent of those experiencing sheltered homelessness nationally in 2015.

Youth homelessness is particularly difficult to determine. According to the 2016 PIT count there are an estimated 11,222 youth experiencing homelessness in California. However, this estimate may not include youth who may be "couch surfing" or sleeping indoors in precarious or substandard situations. McKinney-Vento liaisons (created by the McKinney-Vento Act) also conducts an estimate of homeless youth. Liaisons in school districts are tasked with identifying

children and youth experiencing homelessness and ensuring they receive equal access to education.[iv] Students are counted as homeless if they lack a fixed, regular, and adequate nighttime residence at any point during the school year. During the 2014-2015 school year 235,914 youth qualified as experiencing homelessness, 86.7 percent of whom were living doubled-up (e.g., living with another family).[v]

Research projects a significant increase in people experiencing homelessness who are aging. As the "baby-boomer" generation ages, the number of homeless people nationally who are seniors is projected to increase 33 percent between 2010 and 2020 and to more than double by 2050.[vi] Research further demonstrates people experiencing homelessness age much more quickly than housed populations. A recent study showed 52-year-old individual experiencing homelessness has chronic physical conditions similar to a housed individual who is 76.[vii]

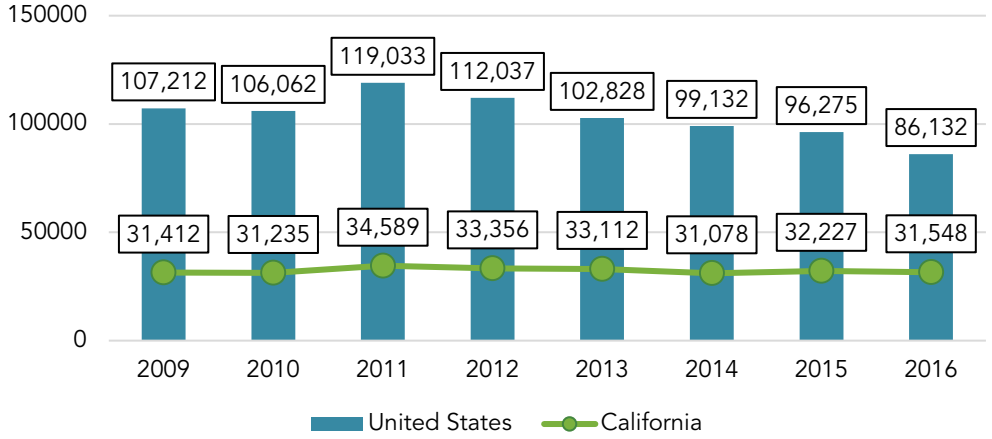
According to the 2016 AHAR, Part 1, 66 percent of California's homeless population is unsheltered, compared to 32 percent nationally. This is important because the health of unsheltered persons experiencing homelessness deteriorates more quickly than the sheltered population.

Chronically Homeless Population

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

> ***What Is "Chronic Homelessness"?***
>
> A person is experiencing chronic homelessness if he or she has a disabling health condition and has been continuously homeless for a year or more ***or*** has had at least four episodes of homelessness in the past three years adding up to 12 months.
>
> Federal Departments of Housing and Urban Development and Veterans Affairs

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



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

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

Who Becomes Homeless?

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

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

Impacts on Individuals and Communities

Homelessness has significant costs for the individuals who experience it:

- Homelessness both causes and results from serious health issues, including mental health and addictive disorders.
- The mortality rate of individuals experiencing homelessness is four to nine times higher than for the general population. [xi]
- Mothers experiencing homelessness are four to seven times more likely to suffer from depression than their female peers. [xii]
- For people with physical and mental-health challenges, experiencing homelessness can create barriers to work and creative contributions, and the loss of future productivity to society is impossible to measure.
- Children experiencing homelessness are more likely than their peers to suffer from acute and chronic illness.
- Young children experiencing homelessness demonstrate delays in fine- and gross-motor skills and social skills.
- For older children, unstable living situations impact education. Within a single year, 97 percent of children who are homeless move as many as three times, 40 percent attend two different schools, and one-third repeat a grade.[xiii]
- Chronically homeless individuals die 30 years younger than average life expectancy.[xiv]
- Homelessness also increases societal costs as homeless individuals cycle between homelessness, incarceration, nursing homes, and hospitals at public expense.
- A recent study in Santa Clara County looked at the public cost of homelessness across the healthcare, social welfare, and correctional systems and found that five percent of the homeless population who are also frequent users of public and medical services use about 47 percent of all public costs, with an average individual cost of $100,000 per year.[xv]
- According to a report in the New England Journal of Medicine, persons experiencing homelessness spend an average of four days longer per hospital visit than comparable non-homeless persons. The extra cost of these visits is approximately $2,414 per hospitalization.[xvi]
- A study in Los Angeles showed typical public cost for residents in supportive housing is only $605 a month, while the typical public cost for similar homeless persons is $2,897 per person, per month.[xvii]

Barriers to Accessing Housing and "Housing First" Models

Persons experiencing homelessness often face additional barriers to accessing housing beyond ability to pay for housing. In order to qualify for rental housing, many landlords and housing programs screen applicants based on rental history, credit, and other factors. HUD identifies the following as common barriers to housing.

- Discrimination
- Need for supportive services
- No or poor rental history (i.e., prior evictions, rent/utility arrears)
- Insufficient savings for first/last deposits
- Poor credit history
- Sporadic employment history
- No high school diploma/GED
- Criminal background
- Recent history of substance abuse
- Serious health problems/conditions
- No or sporadic income

Without specific interventions, persons experiencing homelessness often cannot qualify for housing. In recent years, homelessness assistance has shifted to a "Housing First" model. This approach is guided by the belief that people need basic necessities like food and a place to live before attending to anything less critical, such as getting a job, budgeting properly, or attending to substance use issues. It prioritizes immediate low-barrier entry to housing rather than requiring enrollment in other services as a prerequisite to housing access. Providers offer services as needed and requested on a voluntary basis but do not make housing contingent on participation in services. Studies show that consumers in a housing first model access housing more quickly and maintain housing stability at higher rates.[xviii]

Federal, State and Local Efforts to Solve Homelessness

Reducing homelessness requires a coordinated effort across federal, local, and state policies, programs, and investments as well as between various sectors (housing, health, and social services). At the federal level, two major actions initiated significant homelessness policy and investments shifts — the adoption of the Homeless Emergency Assistance and Rapid Transition to Housing Act and the release of *Opening Doors: Federal Strategic Plan to Prevent and End Homelesness.*

Federal Efforts:

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

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

In 2010, the United States Interagency Council on Homelessness released *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* (amended in 2015) to "transform homeless services into crisis response systems that prevent homelessness and rapidly return people who experience homelessness to stable housing."

The plan identified four goals:

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

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

- Using program- and system-level data and evidenced-informed practices to guide investments and improve results.
- Connecting people experiencing homelessness or at risk of homelessness quickly to permanent housing. Coordinated entry systems are an important local tool to streamline access to services (whether prevention, rapid re-housing, shelter, affordable housing, or permanent supportive housing) and to provide the most cost-effective intervention that prevents or ends the households' homelessness.
- Employing Housing First not only for permanent supportive housing but as an overall approach in responding to homelessness. Housing First strategies employ proactive outreach and engagement of people experiencing homelessness, ensuring few-barriers exist, thereby streamlining access to housing, and voluntary participation in services that help keep people stable in their homes.
- Leveraging and integrating a broad range of other resources (beyond targeted homelessness programs), such as housing, employment, healthcare, education, and income supports such as social security.

Local Efforts:

HUD awards funds to local homelessness programs through local/regional bodies called Continuums of Care. Continuums of Care form when communities wish to bring local/regional resources together to address homelessness and apply for federal funding. Continuum of Care (CoC) funding allows communities to work toward achieving the HEARTH goals. In 2015, California's 43 CoCs, covering most of California's geography, received $336.5 million for permanent housing (rapid re-housing and permanent supportive housing), transitional housing, supportive services, homelessness prevention, and data collection/analysis through homeless management information systems (HMIS) activities.[xix] In addition to community-wide planning and applying for federal CoC funding, CoCs are also responsible for:

- Improving coordination of mainstream resources with other programs targeted to people experiencing homelessness.
- Establishing and operating a centralized or coordinated "entry system," which connects people experiencing homelessness to the best mix of resources available to them.
- Establishing and following written standards for providing CoC services and assistance.
- Collecting relevant data and operating a homeless management information system (HMIS) and evaluating and reporting to HUD outcomes of CoC and the federal Emergency Solutions Grant Program.
- Conducting the bi-annual Point in Time (PIT) homeless count.
- Reporting housing inventory and other information reflected in the Housing Inventory Count and CoC Dashboard Reports published by HUD.[xx]

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

State Efforts:

In February 2016, the Legislative Analyst's Office (LAO) issued an "Overview of State Homelessness Programs." Funding in state programs comes from state and federal sources and may be ongoing or in the form of one-time allocations. Several state housing, social services, and health entities administer these programs, including the California Department of Housing and Community Development (HCD), the California Housing Finance Agency, Tax Credit Allocation Committee, Office of Emergency Services, California Department of Veterans Affairs, California Department of Social Services, and California Department of Health Care

Services. The following table highlights significant or current state programs and funding. (For a detailed description of these programs, refer to Exhibit C1.)

Table A.1
State Programs for Addressing Homelessness

BUILD HOUSING AND SHELTER	HELP PAY FOR HOUSING	PROVIDE OTHER TYPES OF RELATED ASSISTANCE
Low-Income Housing Tax Credit	Emergency Solutions Grants	Whole Person Care Pilots
Veterans Housing and Homelessness Prevention Program	CalWORKs Housing Support Program	Mental Health Services Act-Funded Mental Health Services
Multifamily Housing Program	CalWORKs Homeless Assistance	Medi-Cal
Mental Health Services Act State Housing Program	Community Services Block Grants	Supplemental Security Income/State Supplementary Payment
Emergency Housing and Assistance Program (Capital)	Community-Based Transitional Housing Program	CalWORKs
No Place Like Home -— Permanent supportive housing for persons who are in need of mental-health services		

2013 Policy Academy to Reduce Chronic Homelessness:

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

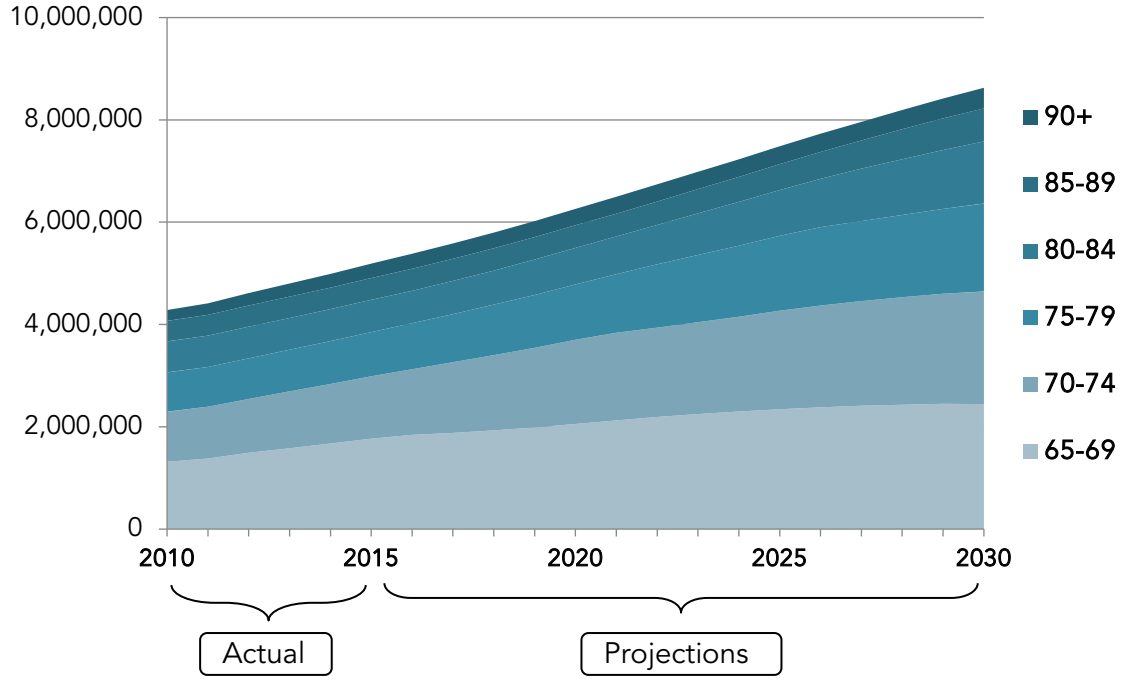
Homeless Coordinating and Financing Council:

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

Seniors

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

Figure A.4
California's Population Is Aging Quickly

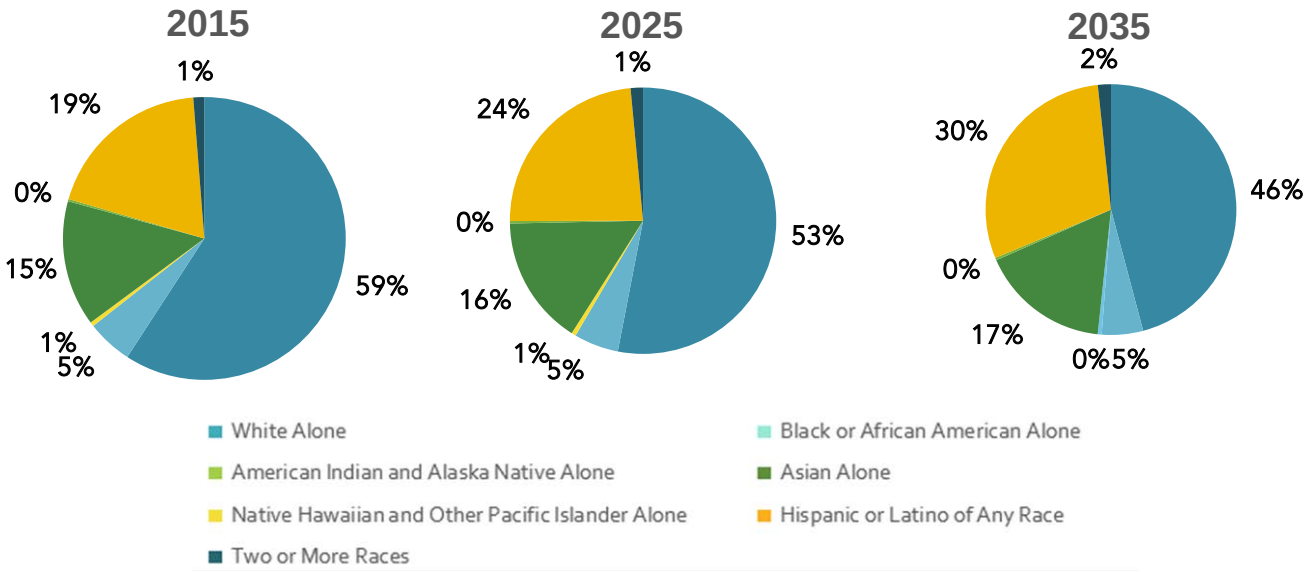


Source: State of California, Department of Finance, Report P-1 (Age): State and County Population Projections by Major Age Groups, 2010-2060. Sacramento, California, December 2014. Graphic by HCD.

Seniors by Ethnicity

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

Figure A.5
The Senior Population Is Becoming More Diverse



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

Eldest Seniors

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

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

	YOUNG SENIORS (60-69)	MATURE SENIORS (70-79)	ELDEST SENIORS (80+)
California (% Change)	26%	104%	111%

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

Housing Needs and Other Policy Considerations for Seniors

Senior housing options operate on a continuum, depending on the desires and needs of the individual. These housing options include traditional homeownership and rental housing, senior-only, independent-living homeownership and rental housing, congregate care, assisted living, skilled nursing, and living with a relative either in the home or in an accessory dwelling unit. Of those living independently, most senior households own their home (73 percent) versus rent their home (27 percent).[xxvi]

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

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

State Housing Solutions for Seniors

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

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

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

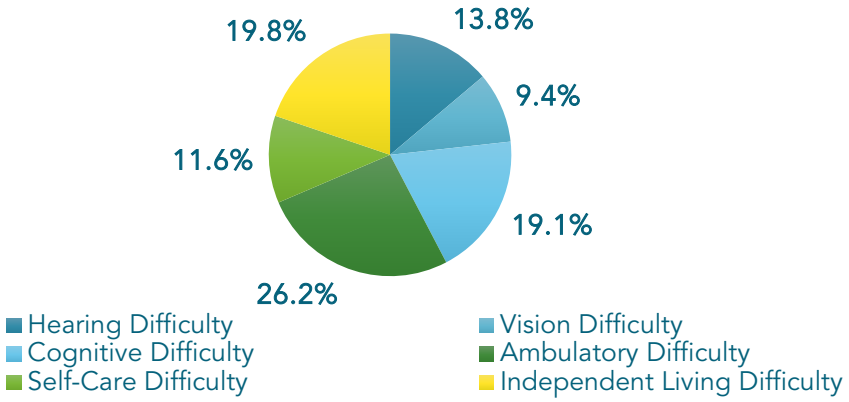
In addition, programs like the California Housing Finance Agency's Mortgage Reinstatement Assistance Program and the Reverse Mortgage Assistance Pilot Program aim to help seniors who are at-risk of losing their homes.

Persons with Disabilities, Including Persons with Developmental Disabilities

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

According the U.S. Census, California has 3.9 million persons with disabilities.[xxix] Figure A.6 shows the breakdown of reported disabilities by type. Those with ambulatory difficulty (i.e., those who need wheelchairs, canes, or other movement assistance) represent the largest percentage of people who reported that they have a disability. Housing for this group may require reasonable accommodation for their disabilities[4] or homes built with universal design standards.[5] In addition, 20 percent reported having an independent-living difficulty that requires flexible housing solutions (e.g., housing with supportive services, group homes, etc.).

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



Source: Disability Characteristics 2011-2015 American Community Survey 5-year estimates Table S1810. Graphic by HCD.

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

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

[4] Accommodations made to the structure, rental policies, or others so that a person with a disability can enjoy the use of housing.

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

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

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

AGE GROUP	NUMBER OF PERSONS WITH DISABILITIES	PERCENT WITH SELF-CARE LIMITATIONS	PERCENT WITH INDEPENDENT LIVING DIFFICULTY	PERCENT WITH TWO OR MORE TYPES OF DISABILITIES
UNDER 18	288,146	20.9%	NA	29.7%
18-64 YEARS	1,957,088	19.6%	37.3%	46.0%
OVER 64 YEARS	1,702,156	28.1%	49.2%	59.0%

Source: Disability Characteristics 2011-2015 American Community Survey 5-year estimates Table S1810 and C18108.

Housing Needs and Other Policy Considerations for Persons with Disabilities

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

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

It is important to note, when developing housing solutions, not all people with disabilities have the same housing needs, and people with multiple disabilities may have multiple needs that will need to be accommodated. For example, some individuals with mobility disabilities (particularly those who use wheelchairs, power chairs, or other assistive devices) may need accessible affordable housing. Other people with mobility disabilities may not need any

additional supports. Some individuals with disabilities may need attendant care or live-in aids, thus requiring two-bedroom accessible units. Individuals with mental health needs may need supportive housing, which includes access to programs and supportive services that help them remain independent.

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

Discrimination:

The Federal Fair Housing Amendments Act and California Fair Employment and Housing Act prohibit discrimination in the sale or rental of housing based upon a person's mental or physical disability.[xxxii, xxxiii]

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

Reasonable Accommodation:

People with disabilities face unique disadvantages when seeking affordable, accessible community-based housing, not only due to cost, but because most housing does not include necessary accessibility features. In some cases, a person's disability may require certain accommodations in order to utilize housing fully. A reasonable accommodation is "a change, exception, or adjustment to a rule, policy, practice, or service that may be necessary for a person with a disability to have an equal opportunity to use or enjoy the premises."
A reasonable modification is "a physical change in a housing unit or common area that is necessary for a person with a disability to use or enjoy the premises."[xxxv] Tenants who rent can request accommodation or modification from the property owner, and tenants who own their homes can request accommodations from the local government. To meet federal and state Fair Housing requirements and requirements of Housing Element Law [xxxvi] many local governments have adopted reasonable accommodation procedures or ordinances. These ordinances allow individuals to ask for modifications in the application of land use, zoning and building regulations, policies, practices, and procedures.

Community Integration:

One of the challenges persons with disabilities face is finding access to housing choices throughout the community. Historically, many people with disabilities had very few housing choices except for institutionalized settings that inhibited them from living independently. The Supreme Court through *Olmstead v. L.C.*, 527 U.S. 581 (1999), held that states are required to eliminate unnecessary segregation of persons with disabilities and to ensure that persons with disabilities receive services in the most-integrated setting appropriate to their needs. Ensuring community integration is a complex issue requiring balance between providing supportive

housing opportunities, efficient delivery of services, and avoiding the creation of institutionalized settings. While California has established an Olmstead Advisory Group, most of the efforts have been to transition individuals from institutional settings[xxxvii] to community-integrated housing. It is important to note that a significant number of individuals with disabilities who live in institutional settings — such as nursing homes, mental-health institutions, and similar facilities — could live and potentially thrive in a non-institutionalized setting, but simply lack the housing options and supports to live fully within the community.

Persons with Developmental Disabilities

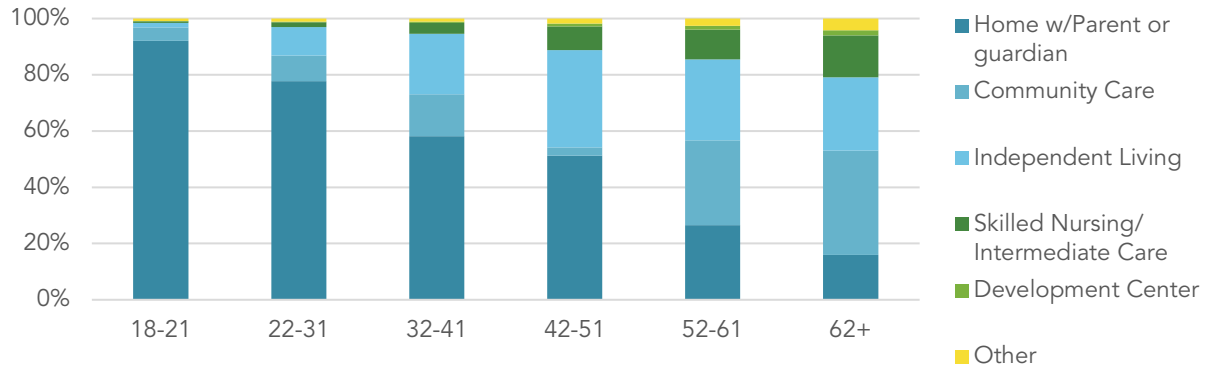
Persons with developmental disabilities represent a subcategory that requires specialized housing solutions in addition to the ones mentioned above. The term "developmental disability" refers to a severe and chronic disability that is attributable to a mental or physical impairment that begins before a person reaches adulthood. These disabilities include intellectual disability, cerebral palsy, epilepsy, autism, and disabling conditions closely related to intellectual disability or requiring similar treatment.[xxxviii] The number of persons with developmental disabilities is difficult to quantify in California. The California State Council on Developmental Disabilities uses Gollay and Associate's national prevalence of persons with developmental disabilities estimate of 1.58 percent to calculate that 624,500 Californians meet the federal definition of having a developmental disability. Client data from nonprofit regional centers and development centers contracted with the California Department of Developmental Services shows 314,000 people received assistance in 2016.

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

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

In addition, as younger individuals with developmental disabilities have greater access to educational and employment opportunities, a greater proportion will seek affordable, independent rental housing away from the family. As aging family caregivers lose the ability to provide in-home supports, there will be a growing desire and need for independent living situations with appropriate supports. However, affordable housing is very difficult to find, creating a barrier to access. As a result, many who can live independently often find themselves in more restrictive environments than what they would choose or need.

Figure A.7
As Persons with Developmental Disabilities Age, Housing Needs Change



Source: State of California Developmental Services, Statewide Report from the Client Master File, December 2016. Graphic by HCD.

State Housing Solutions for Persons with Disabilities

State agencies that address the needs of Californians with disabilities include the California Department of Housing and Community Development (HCD), California Health and Human Services Agency, California Department of Public Health Office of Health Equity, California Department of Developmental Services, and California Housing Finance Agency. Within these departments and agencies, California administers a number of programs to address the housing needs of Californians with disabilities. These programs include special-needs funding as part of the Tax Credit Allocation Committee program, HCD's Multifamily Housing Program–Supportive Housing, Mental Health Services Act Housing Program, and the federal Housing Choice Voucher Program. Housing Element Law requires each jurisdiction to assess the housing needs of persons with disabilities, including developmental disabilities, and to analyze potential governmental constraints to the development, improvement, and maintenance of housing for persons with disabilities. California's Lanterman Developmental Disabilities Services Act requires California to provide services and support to people with developmental disabilities.[xxxix] In addition, HCD has developed a model universal-design ordinance applicable to new construction and alterations that local governments may voluntarily adopt. Given the increasing intersection of housing and the need for in-home supportive services or other medical supports, coordination with housing, health, and social services agencies throughout the state will be critical to address varied needs of persons with disabilities and ensure access to housing options that are integrated throughout communities.

Farmworkers

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

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

Table A.4
Farmworker Numbers Are Difficult to Calculate

AGENCY	WHO IS COUNTED	COUNT
2011-2015 American Community Survey 5-Year Estimates	Agriculture, forestry, fishing and hunting, and mining	412,950
Employment Development Department (EDD) 2015	Agriculture, forestry, fishing and hunting	391,700
USDA Census of Agriculture (2012)	Hired farm labor – workers and payroll	465,422
Giannini Foundation of Agriculture, University of California, 2012	Workers with one agricultural job	802,622

Shifting Characteristics for Farmworkers

Characteristics of the farmworker population have changed during the past two decades. For example, there has been a decrease in the number of single farmworkers. In 1990, 41 percent of farmworkers lived and worked alone, without family members. In 2012, 75 percent of farmworkers worked alongside or lived with family members.[xli]

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

employers and face more challenges in obtaining decent housing. In addition, access to market-rate and subsidized housing is limited for farmworkers without proper documentation or those who cannot pass a credit check.

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

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

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

Housing Needs and Other Policy Considerations for Farmworkers

Farmworkers live in a range of housing types. According to the National Agricultural Workers Survey[6] in 2012, farmworkers lived in single-family homes, apartments, trailers or mobile homes, and other types of housing, including dormitories, barracks, boarding houses, duplexes, triplexes, motels or hotels.[xlviii] Some housing requirements can pose a particular challenge to farmworkers. For example, farmworkers may have difficulty establishing good credit or demonstrating long-term residency , both of which are often standard requirements in the private rental-housing market.

On average, farmworker incomes are less than half of the area median household income. As a result, farmworkers also bear a heavy "housing cost burden" based upon median rents. (People are considered "housing cost burdened" if they pay more than 30 percent of their income toward housing costs).

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

COUNTY	TOTAL FARMWORKERS *	COUNTY MEDIAN HOUSEHOLD INCOME**	FARMWORKER AVERAGE ANNUAL INCOME***	HOUSING COST BURDEN
Kern	101,884	$48,552	$19,804	54%
Fresno	94,039	$45,563	$21,057	50%
Monterey	75,045	$59,168	$27,090	54%
Tulare	65,141	$43,803	$20,678	48%
State	~800,000*	$61,094	$24,672	47%

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

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

[6] An interview-based survey of people performing seasonal agricultural jobs administered by the U.S. Department of Labor

Housing Strategies for Farmworkers at the State and Federal Level

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

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

Table A.6
Seasonal and Permanent Units/Beds

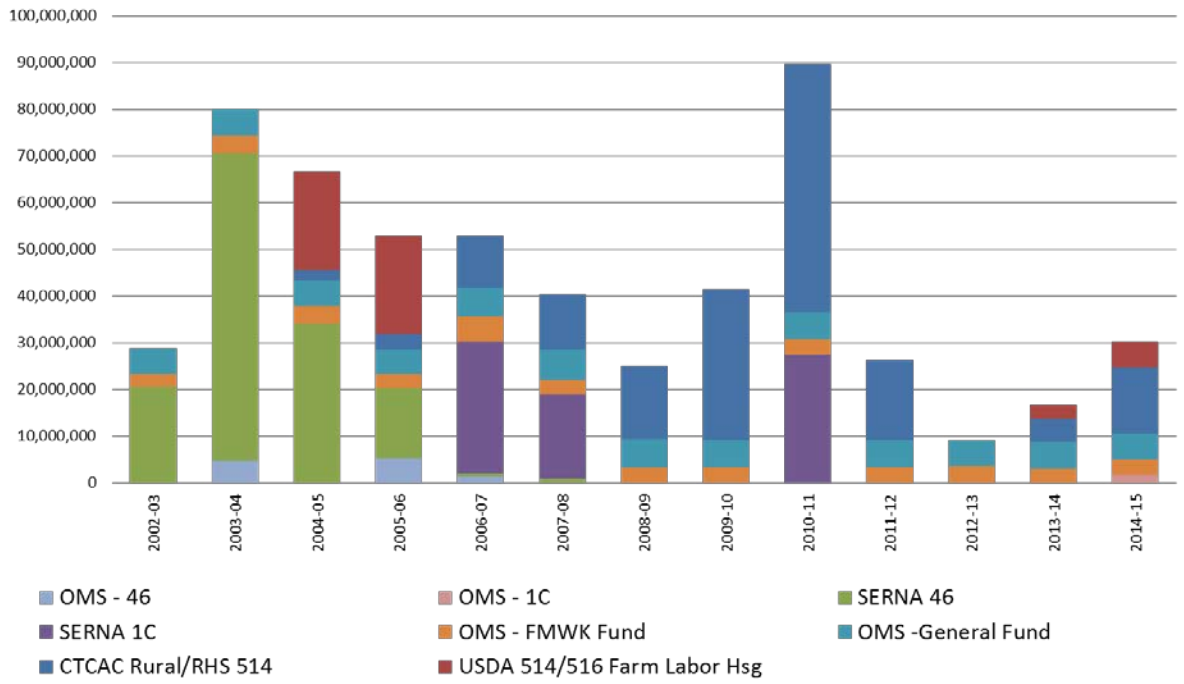
PROGRAM	SEASONAL UNITS	PERMANENT UNITS
Office of Migrant Services	1,892	-
Joe Serna, Jr. Farmworker Grant	-	6,700
USDA Section 514/516	-	4,170
USDA Rural Development Farmworker Centers	72	48
Total Units	1,964	10,918

PROGRAM	SEASONAL BEDS	PERMANENT BEDS
Farmworker Housing Facilities	3,678	13,173

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

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

Figure A.8
Farmworker Housing Funding 2002-2015



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

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

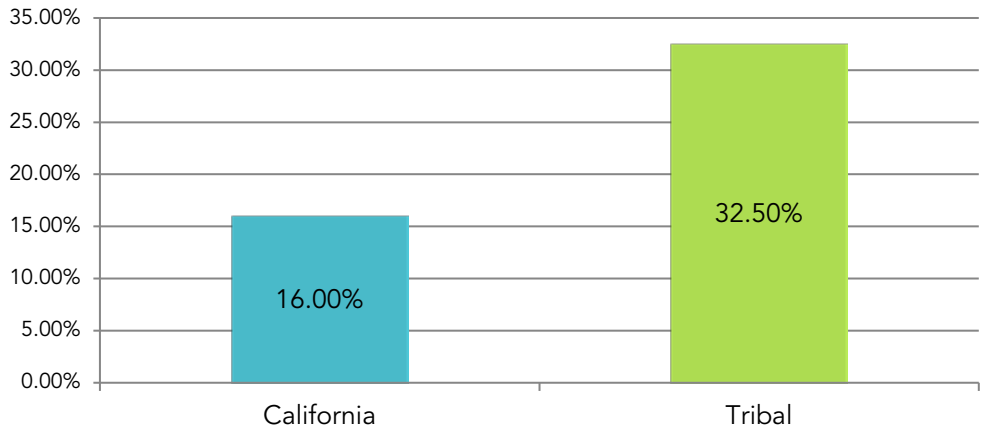
The California Department of Housing and Community Development adopts and enforces statewide regulations for privately owned and operated employee housing facilities that provide housing for five or more employees. Though an important source of housing for farmworkers, only 3.6 percent of farm employers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

Tribal Populations

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

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

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



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

Other Policy Considerations for Tribal Populations

Due to low incomes and relatively high housing costs, many tribal members have a serious housing affordability problem. Most tribal members (93 percent) reside in single-family homes

(59 percent) or mobile homes (34 percent).[lv] Data from the American Community Survey 2009-2013 indicates that, of the occupied units on tribal land, 8.4 percent lacked complete plumbing and 6.5 percent lacked complete kitchens. In comparison, only 0.5 percent of all occupied units in California lacked complete plumbing and 1.2 percent lacked complete kitchens.

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

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

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

Housing Solutions for Tribal Populations

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

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

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

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

California's Diverse Places

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

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

Impact of Place Type

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

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

	LOS ANGELES CITY (PLACE TYPE: URBAN)	LANCASTER (PLACE TYPE: SUBURBAN)	TAFT (PLACE TYPE: RURAL)
Population*	3,900,794	159,774	9,130
Median Sales Price***	$616,900	$238,100	$120,200
Median Rent* (2010-2014 ACS)	$1,209	$1,066	$813
Median Rent** (Zillow Rent Index February 2017)	$2,757	$1,653	$917
Housing(H) and Transportation (T) Cost Burden****	54% H – 35% T – 19%	53% H – 29% T – 24%	58% H – 29% T – 30%
Overcrowding*	13.4%	4.1%	9.7%
Maximum Zoning Densities*****	218 units/acre	30 units/acre	24 units/acre
Median Year Structure Built*	1961	1985	1965
Transportation Access*	There are more than 200 metro bus lines and 6 metro rail lines	Antelope Valley Transit Authority operates bus lines	Taft Area Transit

Source: *2011-2015 American Community Survey 5-year estimates, **Zillow Median Rent Index (ZRI Summary: Multifamily, SFR, Condo/Co-op (Current Month)) by City. February 2017, ***Zillow.com - Zillow Home Value Index (ZHVI) February 2017, ****Center for Neighborhood Technology Housing and Transportation Affordability Index, *****City Housing Elements.

Impact of Geography

California's diverse geography means that housing challenges differ across the state depending upon factors such as land value, job opportunities, infrastructure availability (such as sidewalks, safe drinking water, and adequate waste processing), and desirability of location. For example, communities along the coast experience high housing costs while inland communities experience environmental and social economic disparities. Table A.8 demonstrates the differences between two similarly sized cities with economies that revolve around agribusiness and manufacturing. Watsonville is located in Monterey County on the

coast of California and the City of Madera is located in Madera County in the Central Valley. Geographical location is reflected in the differences in income and housing costs.

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

	WATSONVILLE	MADERA
Population*	52,543	63,053
Median Sales Price***	$508,400	$214,300
Median Rent* (2011-2015 ACS)	$1,250	$890,
Median Rent** (Zillow Rent Index February 2017)	$2,552	$1,183
Median Income*	$46,018	$40,457
Median Land Cost****	$479,160 per acre	$125,500 per acre
Median Year Structure Built*	1974	1983
Major industries*	Agribusiness, Manufacturing	Agribusiness, Manufacturing

Source: *2011-2015 American Community Survey 5-year estimates, **Zillow Median Rent Index (All Homes; Multifamily, Single Family Rental, Condo) by City. August 2016, ***Zillow.com median sales price index, ****City 2015-2023 Housing Elements.

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

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

Urban communities have the greatest economic opportunity compared to surrounding areas, yet they are most likely to experience the risks of economic displacement. For example, San Jose and Fresno are both urban and may share similar goals in terms of affordable housing, sustainability, and economic growth, but due to their differing geographies and economies, the strategies needed to fulfill these goals will vary. In addition, the ability to develop housing on infill sites can be challenging depending on the number of sites that have environmental constraints from previous uses (i.e., brownfield sites). For example, the City of Commerce in the Los Angeles region was previously dominated by factories and manufacturing centers.

Conversion of these infill sites will require costly and time-consuming remediation. Table A.9 demonstrates areas where housing challenges may differ within urban place types.

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

	SAN JOSE	FRESNO
Population*	1,000,860	510,451
Median Sales Price***	$857,800	$207,900
Median Rent* (2011-2015 ACS)	$1,585	$893
Median Rent** (Zillow Rent Index February 2017)	$3,282	$1,243
Median Income*	$84,647	$41,531
Housing(H) and Transportation (T) Cost Burden****	45% H – 30% T – 15%	60% H – 33% T – 27%
Overcrowding*	9.6%	10.3%
Median Year Structure Built*	1974	1978
Transportation Access*	Santa Clara Valley Transportation Authority, Caltrain, Altamont Commuter Express, Amtrak	Fresno Area Express Bus, which has about 20 routes, Amtrak
Major Industries*	Technology, Education	Agribusiness, Health Care

Source: *2011-2015 American Community Survey 5-year estimates, **Zillow Median Rent Index (All Homes; Multifamily, Single Family Rental, Condo) by City. August 2016, ***Zillow.com median sales price index, ****Center for Neighborhood Technology Housing and Transportation Affordability Index.

Suburban communities tend to be lower-density, residentially zoned areas, but their origins, and by extension, the housing needs and characteristics of their population, can vary greatly.[lvii] Examples of suburbs include large-scale development bedroom communities, speculative residential developments on prime farmland serving a distant urban core, or amenities-laden retirement communities. Some develop at the edge of urban areas, some around a specific industry, while others are bedroom communities with an extended commuting shed[7] to more distant urban centers. They typically experience higher-cost, new infrastructure investment and

[7] The area from which employees travel to their places of employment.

have lower-frequency transit than urban areas due to lack of ridership. While housing costs may be lower than in urban areas, high transportation costs often offset these savings.

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

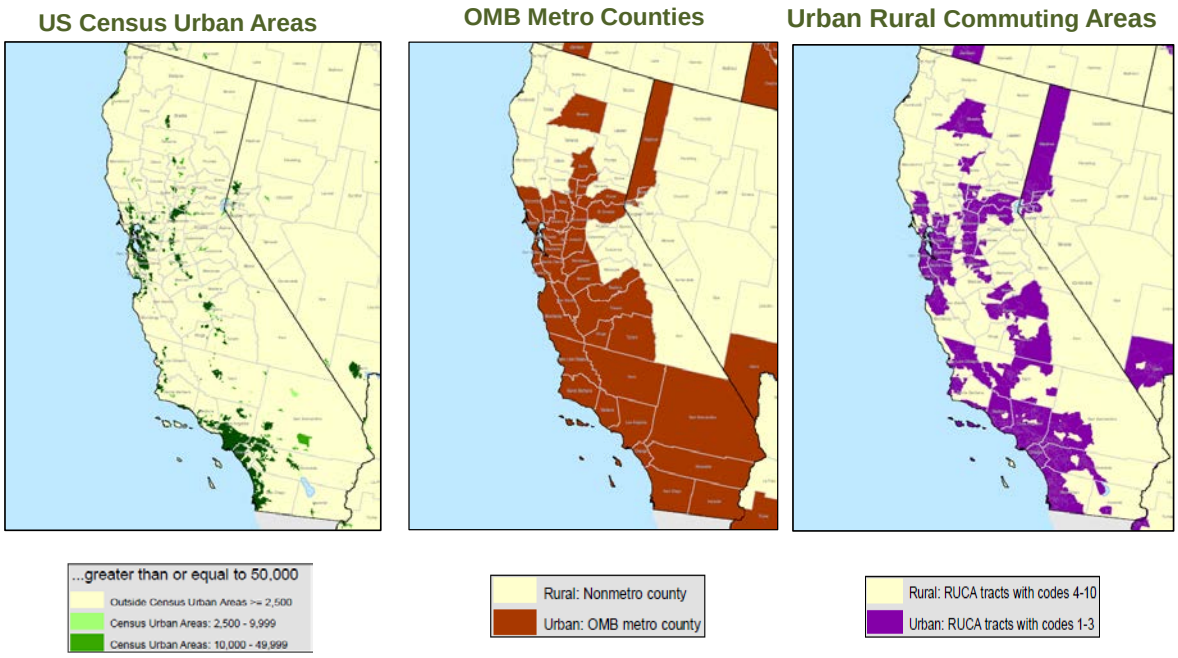
Table A.10
Suburban Cities Face Distinct Challenges Depending on Type

	FREMONT (URBAN-SUBURBAN)	FAIRFIELD (JOB CENTER)	OAKLEY (BEDROOM COMMUNITY)
Population*	225,221	109,468	38,243
Maximum Zoning Densities***	70 units/acre	32 units/acre	24 units/acre
Median Sales Price****	$930,000	$404,700	$413,700
Median Rent* (2011-2015 ACS)	$1,743	$1,312	$1,412
Median Rent** (Zillow Rent Index February 2017)	$3,142	$2,093	$2,211
Median Income*	$105,355	$67,364	$82,885
Average Commute*	31 Min	29 Min	40 Min
Percent Working in City of Residence*	29.0%	41.7%	11.1%
Transportation Access*	Alameda-Contra Costa Bus Transit, Bay Area Rapid Transit	Fairfield and Suisun Transit, Amtrak Capitol Corridor	Tri-Delta Transit
Major Industries*	Manufacturing, Technology	Military, Government, Manufacturing	Education, Service

Source: *2011-2015 American Community Survey 5-year estimates, **Zillow Median Rent Index (All Homes; Multifamily, Single Family Rental, Condo) by City. August 2016, ***Data from 5th Cycle Housing Elements Beginning 2014, ****Zillow.com median sales price index.

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

Figure A.10
When Is Rural … Rural?



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

Within the rural place type, communities range from agricultural and other resource-based *production communities* to natural resource tourism and recreation-based destination economies (*destination communities*) to fringe development (*edge communities*) that absorb growth from high-cost, primarily coastal, economic, and commute sheds.[lviii]

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

than other rural areas. *Edge communities* in areas of projected rapid growth face infrastructure and service capacity issues as well as housing pressures akin to higher density areas, but with fewer resources.

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

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

	GLENN COUNTY (PRODUCTION)	MARIPOSA COUNTY (DESTINATION)	IMPERIAL COUNTY (RURAL EDGE)
Population*	28,029	17,789	178,206
Census Classification*****	40.9% Rural 59.1% Urban Cluster	100% Rural	17.4% Rural 20.3% Urban Cluster
OMB Designation*	Non-Metropolitan	Non-Metropolitan	El Centro MSA
Median Sales Price***	$176,000	$244,200	$173,800
Median Rent* (2011-2015 ACS)	$725	$812	$766
Median Rent** (Zillow Rent Index February 2017)	$1,294	$1,466	$1,115
Median Income*	$39,349	$47,681	$41,079
Housing (H) and Transportation (T) Cost Burden****	69% H – 26% T – 43%	71% H – 34% T – 37%	66% H – 33% T– 33%
Median Year Structure Built*	1973	1982	1985
Primary Industry*	Agriculture	Recreation	Government

Source: *2011-2015 American Community Survey 5-year estimates, **Zillow Median Rent Index (All Homes; Multifamily, Single Family Rental, Condo) by County. August 2016, ***Zillow.com median sales price index, ****Center for Neighborhood Technology Housing and Transportation Affordability Index. *****2010 Census SF2 100% Data

Access to Opportunity and Disadvantaged Communities

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

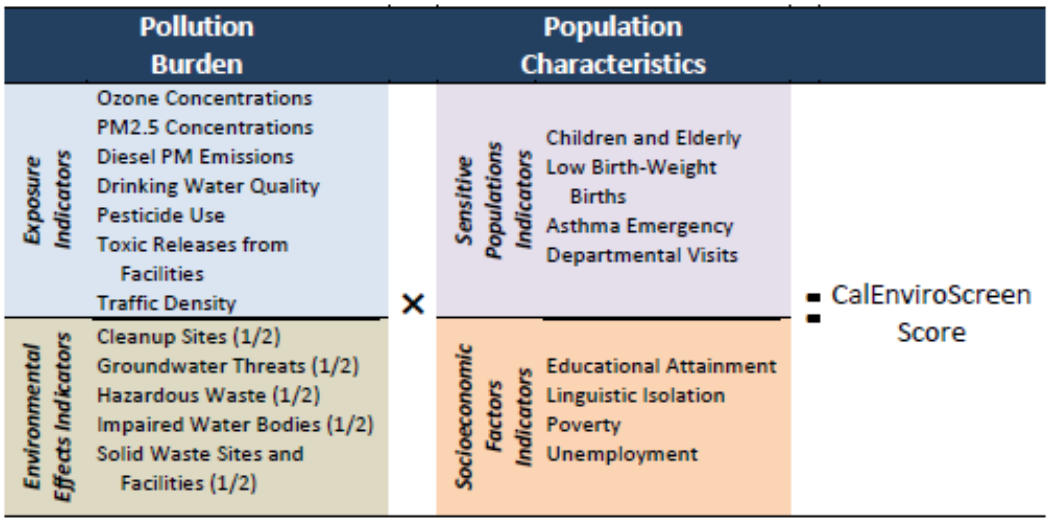
CalEnviroScreen Disadvantaged Communities

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

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

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

Figure A.11
CalEnviroScreen 2.0 Indicator and Component Scoring

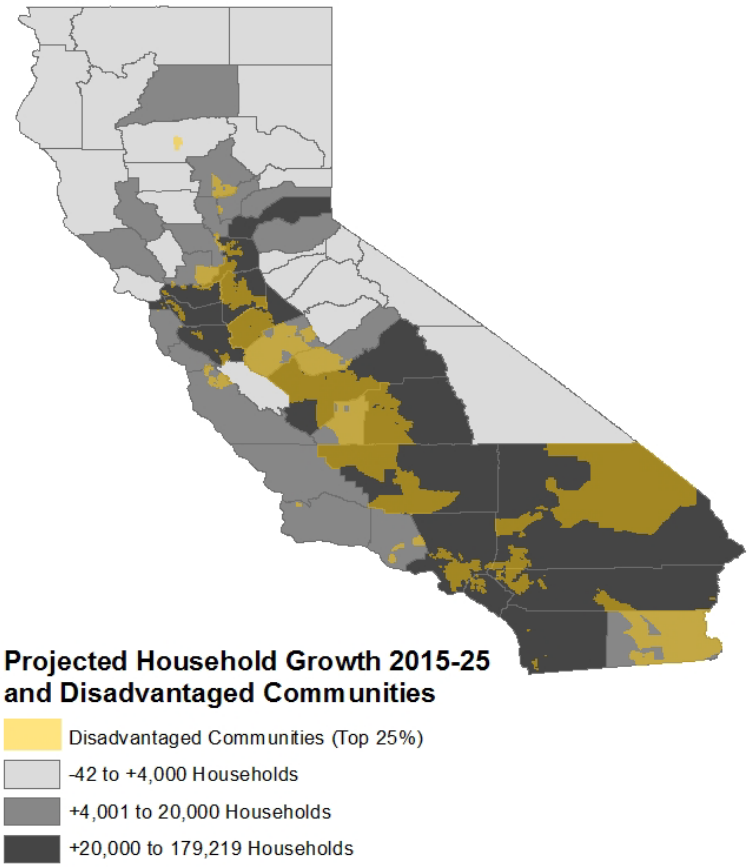


Source: California Environmental Protection Agency, Designation of Disadvantaged Communities Pursuant to Senate Bill 535 (De León), October 2014

Future Growth Impact on Disadvantaged Communities

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

Figure A.12
Disadvantaged Communities and Future Housing Growth

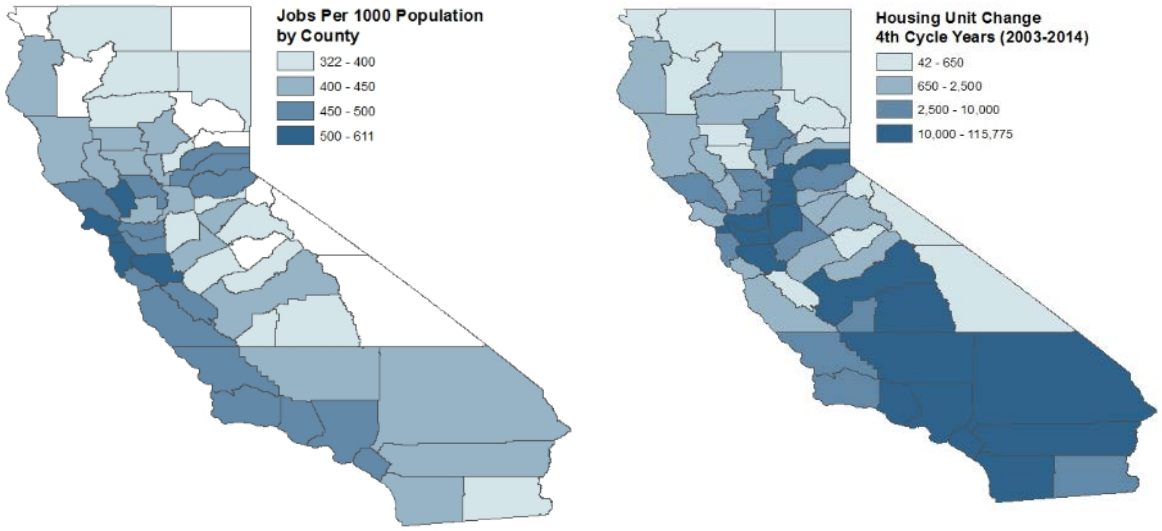


Sources: State of California, Department of Finance State and County Population Projections by Race/Ethnicity, Sex and Age 2010-2060; State of California, Office of Environmental Health Hazard Assessment, CalEnviroScreen 2.0; Graphic by HCD.

California's urban and coastal communities, where jobs and services are concentrated, are also where housing costs are the highest. To improve individual and societal outcomes, as well as community resiliency,[8] the state must both increase the availability of, and access to, housing in areas of opportunity throughout the state — areas near jobs, services, high-performing schools, and transit — and improve the state's disadvantaged communities through community development interventions and infrastructure improvements. Development must also be weighed against the potential impacts of climate change on California's diverse geographic areas.

[8] Resiliency is the ability for a community to anticipate risk, limit impact, and utilize available resources to respond to, withstand, and recover from environmental, economic or other adverse situations.

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



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

Disadvantaged Unincorporated Communities

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

Affirmatively Furthering Fair Housing and Access to Opportunity

"Fair housing" is protection from discrimination when renting, buying, or securing financing for any housing. Affirmatively Furthering Fair Housing (AFFH) requires federal programs and federal grantees to further the purposes of the Fair Housing Act of 1968 by assessing and taking actions to eliminate housing discrimination; promoting housing that is structurally usable by all people (particularly those with disabilities); and providing opportunities for inclusive patterns of housing regardless of race, color, religion, sex, familial status, disability, and national origin.[lxii]

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

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

Need for Affirmatively Furthering Fair Housing in California

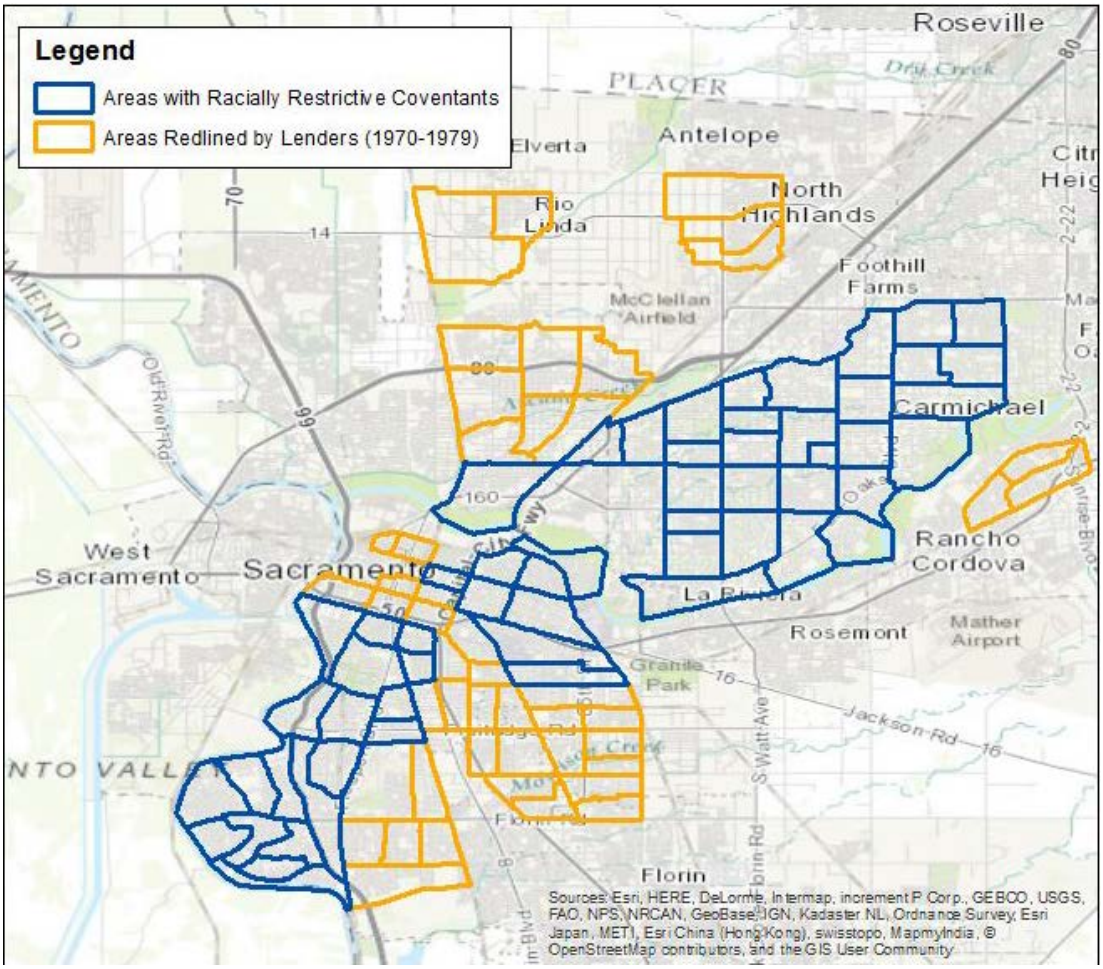
In many cases the disparities experienced by neighborhoods are a result of historical social inequities. The maps below give an example of how historical policies, that have long since been repealed, contributed to current socio-economic conditions in Sacramento.

Increasing opportunities and improving conditions in disadvantaged communities is especially critical for long-term childhood outcomes. Studies show that a child's adulthood earning potential is reduced every year a child grows up in neighborhoods of poverty in comparison to children who reside in higher-income neighborhoods.[lxiv] Many children growing up in neighborhoods of poverty face lifelong consequences. In fact, studies show that where a child is raised affects the future economic potential of that child and children with greater exposure to poverty during childhood have less economic mobility and are up to 45 percent more likely to have difficulty escaping poverty as adults.[lxv]

Restrictive Covenants and Redlining:

The blue outlines in the map below show the areas in Sacramento that were subject to racially restrictive land covenants that often excluded non-White households. The covenants were active from 1920-1948. However, the National Housing Act of 1934, which established the Federal Housing Administration (FHA), brought into a new era of racially segregated zoning. Certain neighborhoods were deemed too risky for lending, often these were minority communities. This practice came to be known as redlining, and was active from 1934-1968. The yellow outlines on the map below show where these areas were in Sacramento.

Figure A.14
Exclusionary Land-Policies in the Sacramento Region, 1920-1968

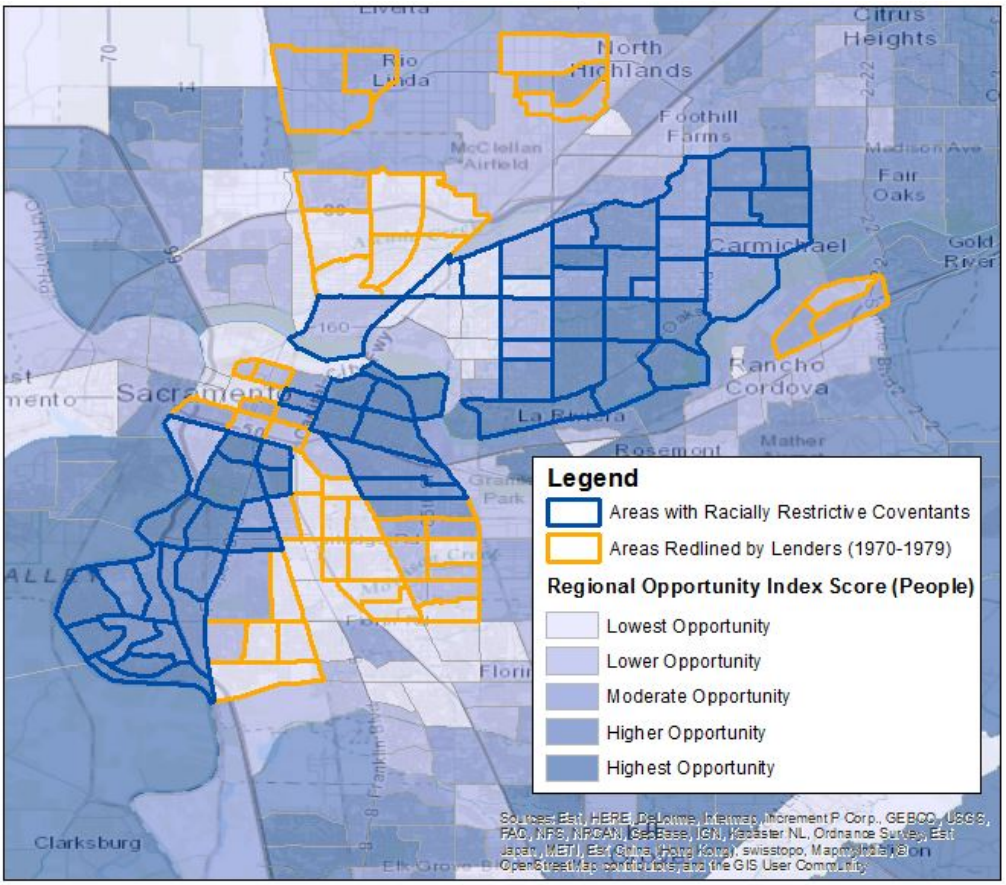


Sources: Hernandez, Jesus. International Journal of Urban and Regional Research, "Redlining Revisted: Mortgage Lending Patterns in Sacramento 1930-2014," July 2009

Consequences for Opportunity Today:

Overlaying the UC Davis Regional Opportunity Index (see details below) with neighborhoods that experienced underinvestment through redlining (yellow outlines) shows that these areas continue to experience lower opportunity today in comparison to neighborhoods that had a legacy of exclusion to non-white households (blue outlines).

Figure A.15
Historically Exclusionary Policies Coincide with Current Disparities in Opportunity



Sources: Hernandez, Jesus. International Journal of Urban and Regional Research, "Redlining Revisited: Mortgage Lending Patterns in Sacramento 1930-2014," July 2009, overlaid with UC Davis Center for Regional Change, Regional Opportunity Index Online Tool-People Index, http://interact.regionalchange.ucdavis.edu/roi/index.html. Map by HCD.

The number of people living in distressed neighborhoods has grown by more than 5 million since 2000.[lxvi] Since 2000, the growth in the poor population for California's 10 largest metro areas was an average of 28 percent, but the growth of poor residents in the high-poverty census tracts was an average of 53 percent.[lxvii] The burden of being both poor and living in an area of concentrated poverty is also disproportionately shouldered by racial minorities; for example, approximately two-thirds of African-American and Hispanic households experiencing poverty live in high-poverty neighborhoods (those with 20 percent or greater rates of poverty), compared to one-quarter of non-Hispanic White households experiencing poverty.[lxviii]

Affirmatively Furthering Fair Housing Process

One of the early steps in the state's Affirmatively Furthering Fair Housing process will be to identify data and mapping tools that can help determine current areas of opportunity and evaluate housing programs and land-use policies through an Affirmatively Furthering Fair Housing lens.

The CalEnviroScreen mapping tool described above (an online tool developed by the Office of Environmental and Health Hazard Assessment to identify socio-economically and environmentally disadvantaged communities) and the Regional Opportunity Index (developed by UC Davis), will serve as useful models as HCD moves forward with the AFFH process; however, no specific tool has yet been chosen.

Regional Opportunity Index:

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

For example, Table A.12 describes some of the 33 indicators that make up the overall Regional Opportunity Index.

Table A.12
UC Davis Regional Opportunity Index—Sample of Indicators

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

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

Infrastructure

Availability of infrastructure (such as sidewalks, safe drinking water, and adequate waste processing) and infrastructure costs are a significant barrier to addressing housing challenges throughout California.

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

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

In addition to local challenges, infrastructure problems affect entire regions. In the coastal regions of California, access to water is a barrier to new development. For example, access to water is a primary constraint to development on the Monterey Peninsula. The California American Water Company supplies water to most of the Monterey Peninsula through wells in Carmel Valley, dams on the Carmel River, and a well drawing from the Seaside Aquifer. The Monterey Peninsula Water Management District has established water allocations for jurisdictions within its district and communities have distributed most of the available allocations. As a result, new development must either provide another water source such as a well or enter a waitlist for future allocations.[lxxii]

Lanare, California

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

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

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

Resiliency

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

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

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

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

Conclusions

- Land-use planning influences location, type, price, and supply of housing; this contributes to achieving availability, affordability, and sustainability goals.
- The state has a number of tools to promote land-use planning and facilitate housing development. However, improvements in the use of existing tools and the development of new tools are needed to attain better outcomes in achieving housing and sustainability goals.
- California is not producing enough housing in the right places and at the right affordability levels to accommodate the population. The state requires planning for housing, but actual production falls short of housing needs in part due to the lack of certainty of where and what is economically and politically feasible to build. There are still many market, policy, and implementation factors that hinder the development of denser, affordable housing, near jobs and services.
- The entitlement (approval) process for developing housing is uncertain, complicated and lengthy, which affects housing delivery and production costs and goals.
- Lack of enforcement of state housing laws limit the effectiveness of existing planning tools intended to guide and facilitate housing development.
- Increasing housing opportunities located near jobs, transportation, high-performing schools, hospitals, and other services is critical to improving economic outcomes and the future potential success of our children. Also critical, is the need to create opportunity in California's disadvantaged communities through community development interventions and infrastructure improvements.

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

Land use refers generally to where and what is built in a community and is influenced by a complex system of regulatory control, market forces, and the policy decisions at multiple levels of government.

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

State's Housing Lens on Land-Use Planning

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

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

Implementation of state land-use policy relies upon the private sector, as well as cooperation and coordination of local and regional governments, as most land-use decisions are made at the local level. State and local governments lay the groundwork for increasing the supply of affordable homes in location-efficient places through specific tools, incentives, requirements, and regulations. The state then relies on the private market to develop the housing and create affordable and sustainable development, guided by this groundwork. However, housing development often contends with significant barriers, disincentives, and constraints both on in the public sector and private market that limit actual production, resulting in failure to meet housing production goals.

Evolution of Land-Use and Housing Policy

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

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

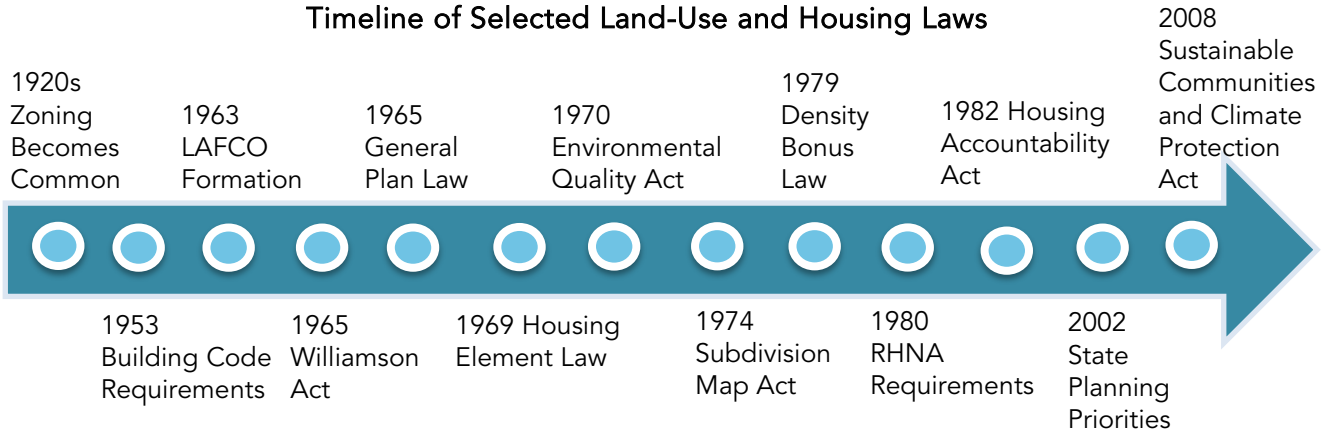
The unintended consequences of sprawling development patterns led to increased focus on reducing VMT and GHG through the encouragement of more infill housing. Housing element law and prior Statewide Housing Plans, completed in 1982 and 2000, have long recognized the importance of developing high-density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

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

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

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

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



Production Goals Continue to Fall Short of Planning Objectives

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

As seen in Figure 3.2, during the Regional Housing Needs Allocations Fourth Cycle Projection Period (2003-2014) the majority of housing built was single-family (62 percent versus and 38 percent multifamily). During that period, no region had enough housing built to meet its RHNA projection. For example, of the two most populous regions in the state, the Southern California Association of Governments region produced 46 percent and the Association of Bay Area Governments produced 53 percent of the regional RHNA. Generally, 47 percent of the overall housing required to meet projected need in the state was constructed during this time-period.

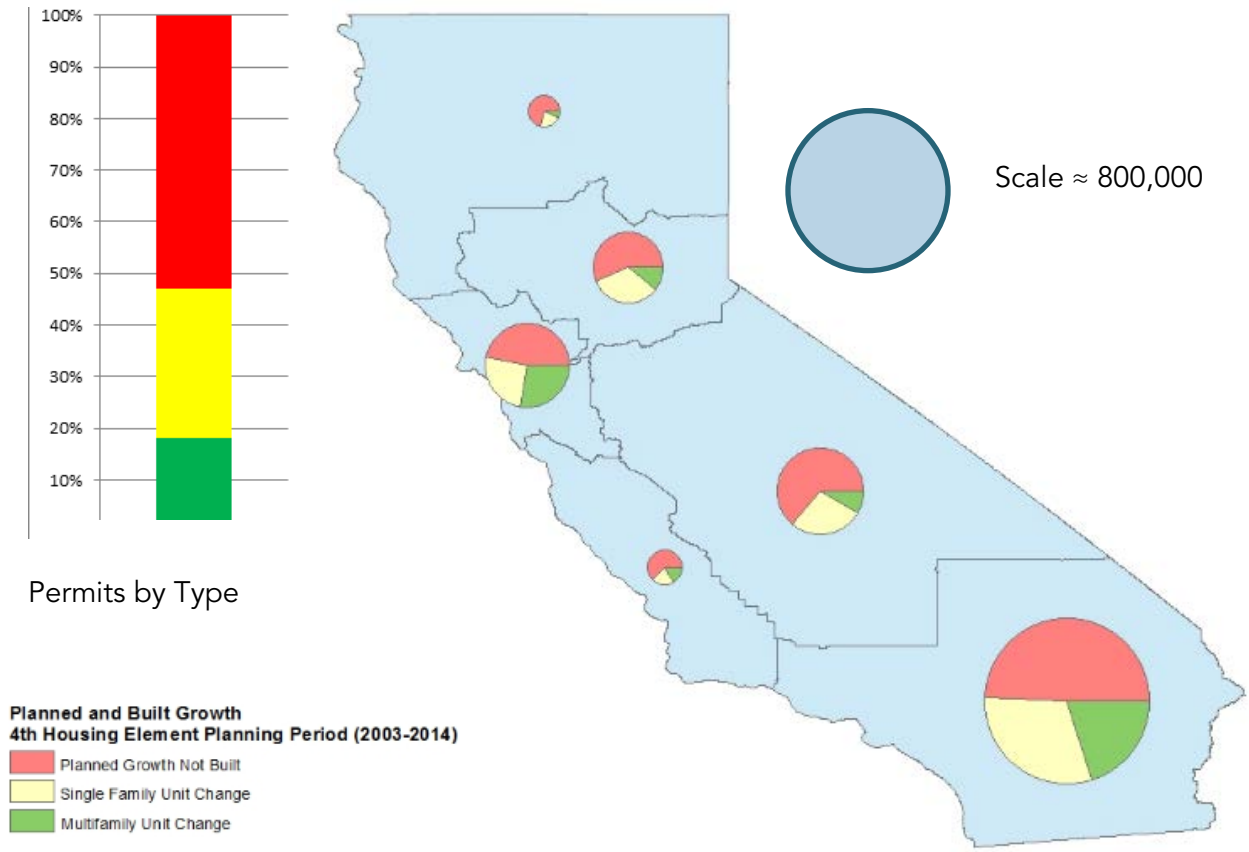
The low percentage of housing construction compared to the need is especially true for housing affordable to lower-income households. Figure B.3 shows, for the fourth cycle projection period, the projected housing need for lower-income households compared to the net change in deed-restricted affordable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

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

- Market conditions.
- Financing and investment return pressure that concentrates development at higher-income and price levels.
- Lack of subsidies for housing affordable to low- and moderate-income households.
- Legal and political processes that can stop or dramatically slow housing projects.

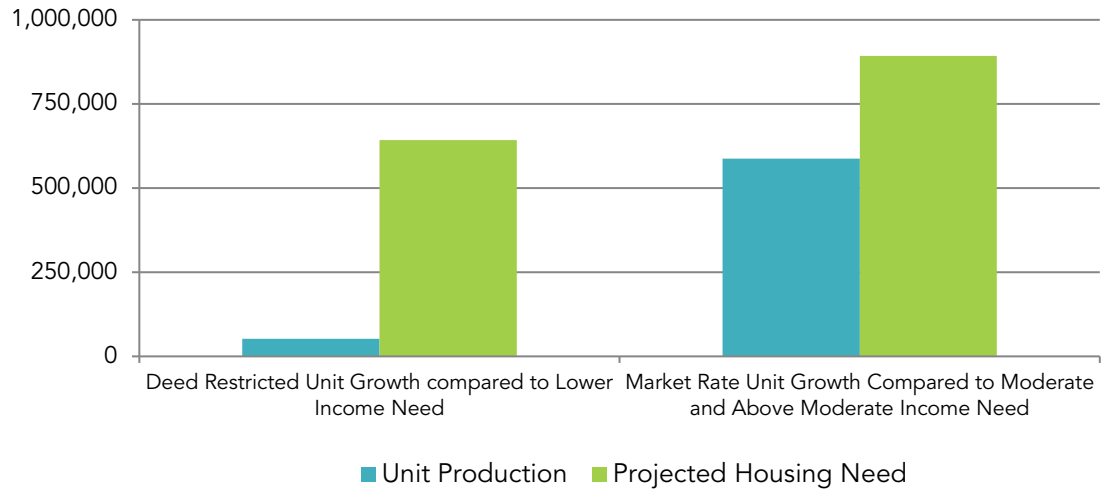
In addition, barriers and constraints, such as lengthy development review at the local level and local opposition, impact the type, quantity, and location of housing built. However, local planning and development processes also play a significant role in the production of housing supply, and can be important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

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



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

Figure B.3
Home Production Is Lowest for Lower-income Households[9]



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

Process for the Development of Housing

The application of local land-use regulations has significant effects on the location and type of housing that is developed. The following section describes the development phases and outlines barriers or obstacles that impact achieving housing supply, affordability, and sustainability goals.

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

[9] Note: In this figure deed-redistricted units created with low-income housing tax credits are used as a proxy for the number of low-income units produced during this time period. Local inclusionary units and non-deed restricted homes affordable to lower-income at initial sales or rental are not included in this total due to lack of statewide data. Comparisons with San Diego Association of Governments and Association of Bay Area Governments regional data show total affordable units produced during this time include up to twice the affordable units produced depending on local inclusionary policies.

Figure B.4
Residential Development Process Flowchart

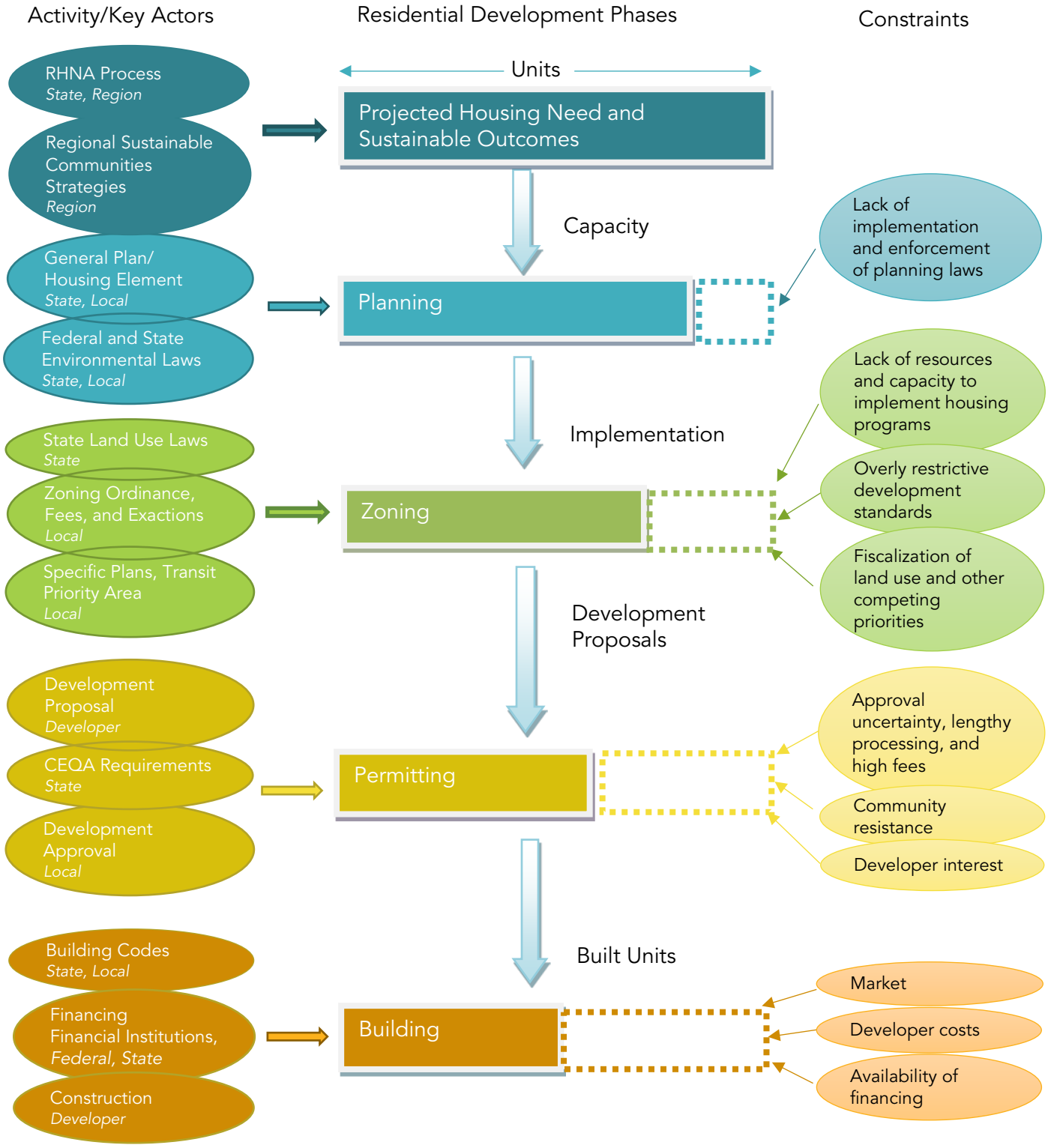


Table B.1 illustrates some of the state laws intended to facilitate and encourage housing development. Laws that guide development include those that influence the location of development and increase local capacity for new housing. Laws that remove barriers prescribe how certain uses are allowed throughout the state and remove some limitations on development. Those that incentivize housing offer concessions for the provision of affordable housing development. For a description of these laws, refer to Exhibit B1.

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

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

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

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

Table B.2
Barriers and Constraints to Housing Development

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

Residential Development, Phase One: Planning

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

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

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

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

Planning Phase—Barriers to Development

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

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

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

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

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

Enforcement of State Law is Limited

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

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

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

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

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

Housing element compliance (housing elements submitted to HCD that meet the statutory requirements) steadily increased from 47 percent in the second cycle planning cycle to 90 percent in the fourth cycle. Current trends in the fifth cycle are on track to meet or exceed this percentage.

Table B.3
Housing Element Compliance Rates Have Risen

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

Source: HCD Housing Element Tracking Database

Residential Development, Phase Two: Zoning

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

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

Zoning Phase—Barriers to Development

Local Governments Must Balance Competing Priorities

Land-use policies can support a host of public policy objectives, such as promoting greater proportions of infill and transit-oriented residential development, improving a community's balance of jobs, housing, retail, and services, and creating higher density, more-compact, walkable and bikeable development patterns. Local governments must balance these policy objectives with the need to address other policy and public health objectives. For example,

building in transportation corridors may also necessitate mitigation of adverse health impacts, such as increased risk of asthma and cancer due to living close to roadways.[lxxxvi] To address infrastructure constraints or control the amount and pace of growth, some local governments also have established growth-control measures. These growth measures can limit housing development; however, local governments are still required by state law to plan for enough housing development to meet their RHNA.[lxxxvii]

Local Revenue-Generating Mechanisms Favor Non-Residential Development

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

Local Tools to Encourage Affordable Development Are Evolving

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

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

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

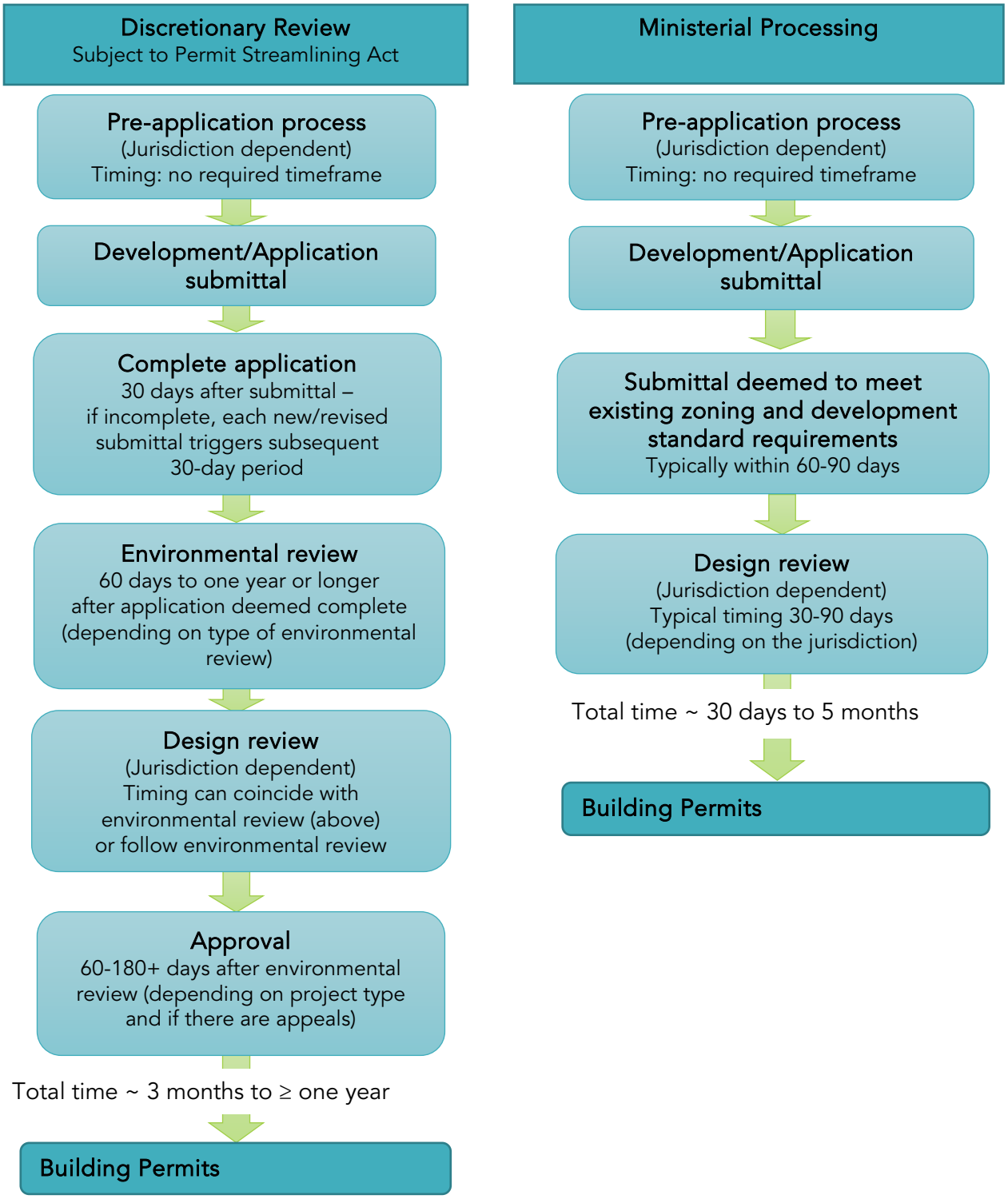
Residential Development, Phase Three: Permitting

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

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

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

Figure B.5
Multifamily Development Permitting Discretionary vs. Ministerial[10]



[10] This figure expresses the permitting process for approval of a development application and does not show the environmental review at the planning and zoning stages, which ministerial projects implement.

Permitting Phase—Barriers to Development:

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

Multiple Levels of Discretionary Review Impact Certainty and Cost of Development

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

High Impact Fees and Restrictive Development Standards Impact Cost of Housing

Fees and exactions affect the cost and feasibility of housing development. For example, high impact fees can contribute 15 percent to the cost of a new home[xciii]. Prior to the passage of Proposition 13, local governments had the ability to increase property taxes to pay for the costs associated with new development. However, local governments must now use other sources of revenue, such as impact fees, to pay for services and costs associated with new development. A recent survey shows California has the highest average impact fees across all states utilizing impact fees and these fees have been rising steadily since 1991[xciv].

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

Community Opposition Can Delay or Stop a Development

Despite important public engagement that takes place early on in the planning phase for how communities will build and grow (for example, during updates to General Plans, zoning ordinances, and design review guidelines), individual developments are still subject to additional public scrutiny through the above-mentioned discretionary processes, as well as others, such as ballot measures, referendums, and public forums. These processes can lead to additional costs due to delay, major modifications beyond General Plan and zoning requirements, or possibly stop a development from being built in spite of the fact that it meets the requirements in existing plans.[xcvii] At the last stages of the permitting approval process, residential developments are often subjected to lower densities and reduced unit counts than what was originally proposed and can be subjected to additional costly conditions.

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

Community-based constraints or opposition takes many forms:

- Referendums: Citizens can use local referendums to overturn local decisions on housing. For example, in 2013, residents in Palo Alto, California, placed a measure on the local ballot that overturned a unanimous city council decision to rezone a 2.5-acre parcel to allow for a 60-unit, low-income, senior multifamily development.
- Ballot Measures: Measures that require voter approval for land-use decisions also limit a community's ability to grow or plan for growth. For example, the City of Encinitas requires voter approval for any major changes to planning policy, including the Land Use Element of the General Plan, Land Use Policy Maps of the General Plan, Zoning Code, Zoning Map, any specific plan, and development agreements. It also requires voter approval for any exception to the citywide height limit of 30 feet or two stories. As a result, the City must have voter approval to adopt its required Housing Element and subsequent zoning amendments to meet the state's requirement that local governments plan to meet the housing needs of the community.
- Opposition at Public Hearings: The most prevalent form of opposition is expressed through public testimony during a city council or board of supervisor meeting where bias and objections, factual or otherwise, can result in significant modifications, delays, or denials to residential development.
- Project-Level CEQA Lawsuits: Another common form of opposition is using the provisions of the California Environmental Quality Act (CEQA) to challenge a development's environmental review documents. CEQA lawsuits are not limited to

> environmental groups but may be brought by any interested party or stakeholder. Costly and expensive, CEQA lawsuits can delay a development for years and/or make the development financially infeasible. A recent study found that residential development accounted for approximately 20 percent of all CEQA lawsuits. Of these lawsuits, multifamily residential developments were most targeted and more than two-thirds of them were in infill areas.[c] Another study focused in the Southern California Association of Governments region showed the greatest percentage (33 percent) of CEQA lawsuits targeted residential development and 98 percent of the CEQA lawsuits on residential development were in infill areas[ci]. The vast majority (71 percent) of these lawsuits targeted multifamily residential development. Despite the environmental benefits of infill housing, some practices of CEQA implementation—for example, Level of Service (LOS) standards for traffic analysis—have worked against accommodating infill development.[cii]

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

Residential Development, Phase Four: Building

Once a developer has secured all the local government approvals (entitlements), it must ensure its development financing is in place. It must also adhere to building code requirements that are developed by HCD's State Housing Law Program and adopted by the California Building Standards Commission. Local governments may adopt local amendments to these codes, provided they make express findings that the amendments are reasonable and necessary based upon climatic, geological or topographical conditions. However, as new codes are developed, understanding how the cumulative cost of these policies with consideration for policy objectives (e.g., health and safety, construction quality, energy efficiency, green building, etc.) will remain important to ensure costs do not overly constrain the development of housing.

Building Phase-Barriers to Development

Market Constraints Affect the Pipeline of Development

High land and construction costs, the level of market certainty, and availability of financing can play major roles in determining whether a developer can, or will, build in a community. High land costs influence the amount of financing needed to construct the development, affecting the feasibility of the development and rent setting or sales pricing. In addition, there are only a few financing programs available to assist with land acquisition and many have limits on the amount of funding that can be acquired (see Exhibits C1-3 for more detail on funding for housing programs). In addition, the high costs of constructing housing in California limits the rate of return investors can receive from financing the development. This has resulted in limiting new construction of multifamily housing stock to luxury apartments with a guaranteed high rate of return or deed restricted housing affordable to lower-income households that receive subsidies in order to meet financing obligations.

Financing and Overall Development Cost Affect the Feasibility of Development

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

Conclusions

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

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

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

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

Development Phase	Name	Code Section	Description
Planning	Regional Housing Needs Allocation	Gov't Code § 65584	The RHNA, established by legislation in 1980, is a process whereby HCD, in consultation with the Department of Finance, projects housing demand by income group to accommodate population growth for all regions of the state. These regions, through their Council of Governments (COG), then determine each city and county's fair share of the housing need. Each jurisdiction's updated housing element must demonstrate enough residential capacity, through adequate zoning, to accommodate this projected growth. The RHNA process has the following objectives: 1. Increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties in an equitable manner. 2. Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns. 3. Promote intraregional relationship between jobs and housing
Planning	The Cortese-Knox-Hertzberg Local Government Reorganization Act	Gov't Code § 56000, et seq	Local Agency Formation Commissions (LAFCo) approve annexation requests by local governments. Factors that the LAFCO considers in reviewing annexation proposals include, but are not limited to, the following (Section 56841): 1. Population, land area and use, per capita assessed valuation, topography, natural boundaries, drainage basins, proximity to populated areas, and the likelihood of significant growth, during the next 10 years. 2. Need for organized community services, present cost and adequacy of government services, effect of the on the cost and adequacy of services and controls in the area and vicinity. 3. Conformity of the proposal and its effects with LAFCO policies on providing planned, orderly, efficient patterns of urban development and with state policies and priorities. 4. Effect of the proposal on maintaining the physical and economic integrity of lands in an agricultural preserve in open-space use. 5. Consistency with appropriate city or county general and specific plans.

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

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

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

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

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

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

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

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

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

Development Phase	Name	Code Section	Description
Zoning, Permitting	Density Bonus Law	Gov't Code § 65915	State Density Bonus allows for a developer to get a density bonus of up to 35 percent, up to three incentives or concessions, and allows developments reduced parking standard for provision of housing affordable to lower-income households.
Permitting	Permit Streamlining Act	Gov't Code § 65920, 65950	Sets deadlines for action on land-use permits and grants automatic approval ("deemed approved") if action is not taken in a timely manner.
Permitting	Housing Accountability Act	Gov't Code § 65589.5	Limits local governments' ability to reject or make affordable housing developments infeasible through conditions affordable housing developments, including emergency shelters and farmworker housing. Specifically, the local government can only deny a project affordable to moderate-, low- and very low- income households when the jurisdiction's housing element is in compliance with state law and the jurisdiction has met, or exceeded, the RHNA for the income group of the proposed project, makes specific health and safety findings, or finds the project located on certain agriculturally zoned land.
Permitting	No-Net-Loss	Gov't Code § 65863.	No-net-low law ensures sites are available throughout the housing element planning period to accommodate the local government's RHNA. It also prohibits a local government from reducing the allowable density on a site identified in the housing element's sites inventory unless certain findings are made or an alternative parcel's density is increased.
Permitting	Multifamily Permit Streamlining	Gov't Code § 65589.4	Under specific conditions, multifamily infill housing projects with housing affordable to at least 50 percent moderate-income units, 20 percent low-income units, or 10 percent very low-income units must be allowed as a permitted use and is not subject to a conditional use permitting process.

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

Development Phase	Name	Code Section	Description
Permitting	Prohibiting discrimination against affordable housing	Gov't Code §65008	A jurisdiction action is null and void if it denies to any individual or group of individuals the enjoyment of residence, landownership, tenancy, or any other land use in this state because the development or shelter is intended for occupancy by persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code, or persons and families of middle income or the development consists of a multifamily residential project that is consistent with both the jurisdiction's zoning ordinance and general plan as they existed on the date the application was deemed complete.
Permitting	CEQA Streamlining	California Public Resources Code § 21000	Certain types of development such as some affordable housing, infill projects, or transit-oriented development are exempt from the provisions of CEQA. Streamlining in the form of exemptions, or being able to use existing environmental documentation (tiering) when evaluating a project, are available for Transportation Priority Projects (TPPs) that are consistent with the Regional SCS.
Permitting	Attorney's fees	Gov section 65914	Attorney fees are awarded to the prevailing public entity or non-profit developer in cases where frivolous lawsuits are filed against low and moderate-income housing to stop development.
Building	Affordable Housing Beneficiary Districts	Health and Safety Code § 34191.30	Allows a jurisdiction to redirect its distribution of property tax revenue payable to the city or county from the Redevelopment Property Tax Trust Fund to an affordable housing beneficiary district. The jurisdiction is then authorized to issue bonds against the property tax revenue to provide financial assistance for the development of affordable housing in the form of loans, grants, and other incentives.

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

Development Phase	Name	Code Section	Description
Building	State Housing Law	California Health and Safety Code §17910.	The California Health and Safety Code provisions known as the State Housing Law, often referred to as building code, were enacted to encourage uniformity in building standards and to protect the health, safety and general welfare of the public and occupants of residential buildings statewide. HCD's State Housing Law Program (SHL) develops and proposes the adoption of residential building standards to the California Building Standards Commission for approval and adoption into the California Code of Regulations These building standards apply to new construction of hotels, motels, lodging houses, apartments, dwellings and accessory buildings. Local governments may adopt local amendments to these codes provided they make express findings that they are reasonable and necessary based upon climatic, geological or topographical conditions. Prior to construction of a development, the local government must ensure that building plans conform to all codes and regulations. After completion of the project, the local officials inspect the property to ensure compliance with standards and conditions for development placed on the project.
Building	California Green Building Standards (CalGreen)		CalGreen requires new buildings and renovations in California to meet certain sustainability and ecological standards. Jurisdictions which aspire to be more green and sustainable may voluntary adopt more stringent provisions from CALGreen, known as "Tier 1" or "Tier 2" from the CALGreen Appendix A4 Residential Voluntary Measures. These enhanced green building measures contain prerequisites and electives for jurisdictions to determine their own level of local green building code.
Building	Surplus Sites	Gov't Code § 11011, GC § 54200	Current state law allows the disposal of surplus state government real property through the Department of General Services. Disposal of surplus sites at less than fair market value is allowed to promote the development of housing affordable to persons and families of low- and moderate-income. For locally controlled surplus property, local agencies, including school districts, must prioritize the use of surplus property to increase the supply of housing.

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

Development Phase	Name	Code Section	Description
Building	Costa-Hawkins Rental Housing Act	Civic Code § 1954.5	Established parameters for implementing local rent control laws which include: (1) housing constructed after 1995 must be exempt from local rent controls, (2) new housing that was already exempt from a local rent control law in place before February 1, 1995, must remain exempt, (3) single family homes and other units like condominiums that are separate from the title to any other dwelling units must be exempt from local rent controls, and (4) rental property owners must have the ability to establish their own rental rates when dwelling units change tenancy. It also include some tenant protections to protect tenants from arbitrary terminations of leases.
Building	Ellis Act	Gov't Code §7060	The "Ellis Act" is a state law which says that landlords have the unconditional right to evict tenants if the landlord removes all of the units in the building from the rental market. The evicted tenants have certain rights including first right of return for a period of 10 years, re-rental must the same as previous rents for 5-years, and relocation payments must be provided to the tenant.
Building	Tenant Protections	Civic Code § 1940 – 1954.05	Provides certain rights to tenants who rent residential property. These rights include: (1) limits on the amount of the security deposit and right refund; (2) limits on the landlord's right to enter the rental unit; (3) The right to sue the landlord for violations of the law or rental agreement; (4) The right to repair serious defects in the rental unit; (5) The right to withhold rent under certain circumstances and warranty of habitability; (6) Protection against retaliatory eviction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Exhibit B3: Designing Affordability: Innovative Strategies for Meeting the Affordability Gap between Low Income Subsidy and the Market in High Cost Areas

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The full "Designing Affordability: Innovative Strategies for Meeting the Affordability Gap between Low Income Subsidy and the Market in High Cost Areas" was published December 2015. It is available to download at http://www.hcd.ca.gov/policy-research/plans-reports/index.shtml.

Executive Summary

This report of housing development case studies in high cost California communities contains encouraging news. Private sector and non-profit developers in collaboration with city and county planning and building departments are constructing, without deep state or federal government subsidy, housing for low and moderate-income families. This housing is recent, built in the last decade, and primarily located in regions of California where housing and land prices have escalated, employment has increased, and the demand for housing is extremely high. Low and moderate-income families increasingly displaced from, or voluntarily leaving, amenity-rich high cost coastal areas for less expensive housing markets have inherited long commutes to and from job centers and assumed their related impacts. These projects offer an alternative approach, predicated upon the convergence of entrepreneurial design, responsive government and shifting housing preference. They vary greatly, responding to local needs in high cost areas, to fill the affordability gap between subsidized and market rate housing.

Designing Affordability features ten case studies that underscore the localized, context-grounded nature of housing choices low and moderate-income households are making to obtain housing close to work that is not a burden on household budgets. The housing developments featured here are tracking perceived trends in housing preference more recently attributed to young professionals - an acceptance of smaller housing, closer to amenities, with a reduced dependency on the automobile. The trade-offs in housing consumption that these preferences represent, and the ways in which some entrepreneurial developers and local governments are responding, provides useful lessons. The lessons are not by way of a blueprint for project-specific replication, but to identify opportunities for housing households not typically served by public investment yet priced out of the competitive housing market.

Featured case studies showcase rental and ownership projects located near work and public transit, student housing near educational facilities, and shared open space residential development within walking distance of jobs, recreation, shopping and services. They highlight key planning and development strategies:

Key Attributes of Identified Projects

- Changes in land-use regulations that enable increased density, lot coverage, and smaller units.
- Flexible space configuration to respond to changing market demand and client preferences.
- Pragmatic attention to detail, aesthetically designed for environmental sustainability and long-term functionality.
- Cross subsidy from units sold at market rate.

Areas of Innovation in 10 Selected Projects

1. Small by Design (90%)

Smaller size units reduce the cost of entry to housing. These units have been accepted and are selling in the market which supports the building professions' sense that in high land value contexts smaller, denser, minimalist housing, shared amenities and open space with neighbors, is gaining acceptance. Young urban professionals are the demographic that is most receptive to these units.

2. Flexibility in Unit Design and Mix (70%)

Projects feature unit designs that can be easily modified by connecting adjacent units, dividing rooms to yield more bedrooms, deploying rooms and spaces so that they can be converted for multi-purpose uses (bed room, study, office space, storage or workshop), or put to a different use (nursery, guest room, accessory dwelling unit). This flexibility promises to provide a hedge against obsolescence.

3. Green by Design (80%)

Projects designed to exceed California (CalGreen) building standards and/or adopt adaptive reuse strategies yield energy and cost savings that might allow units to retain greater affordability into the future. Repurposed units also restrain costs when the project is reconfigured on a smaller-by-design and/or mixed-use footprint.

4. Parking Reduction or Elimination (80%)

Projects strategically located near sites of employment, education, recreation, and services encourage residents to use alternative modes of travel including bikes, electric scooters, and public transport. Low or no parking requirements are extremely important in the success of almost all the featured projects.

5. Density Bonus (90%), Height Increases (80%), Setbacks Concessions (90%)

All projects have benefitted from one or more regulatory concessions on the maximum allowable built up area, setback requirements, density bonuses, and, allowable height. These have at times enabled a doubling or more of the total square footage built.

6. Cross Subsidy from Units Sold at Market Rate (70%)

Profits from sale of units at market rate, as well as from commercial and retail/service space sold or leased at market rate have cross-subsidized the price of units for low and moderate-income households. In one case, direct transfer of in lieu fees captured from a commercial development to land held in trust for affordable housing provided interim financing for predevelopment costs, allowing a public non-profit developer to obtain a conventional loan to construct shared-equity townhomes for local workers.

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

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

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

What Is "Affordable Housing"?

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

Income Category Definitions

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

Moderate-Income: 81-120% Area Median Income

Low-Income: 51-80% Area Median Income

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

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

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

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

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

Table C.1
What Does a Low-Income Household Look Like?
Examples of Household Employment by Region and Income Level

SAN FRANCISCO	RIVERSIDE	SALINAS	MADERA
Moderate-Income Family	Moderate-Income Family	Moderate-Income Family	Moderate-Income Family
Definition: $93,850-$123,600	Definition:$53,600-$78,000	Definition: $58,000-$82,450	Definition: $46,300-$69,500
Example: One parent is a nurse, the other is a police officer; they have two children	Example: One parent is an administrative assistant, the other is a cashier; they have two children	Example: One parent is an administrative assistant, the other is a cashier; they have two children	Example: One parent is an administrative assistant, the other is a cashier; they have two children
Their combined income is: $115,792	Their combined income is: $69,860	Their combined income is: $71,311	Their combined income is: $66,578
Low-Income Family	Low-Income Family	Low-Income Family	Low-Income Family
Definition: $58,600-$93,850	Definition:$33,500-$53,600	Definition: $36,250-$58,000	Definition: $28,950-$46,300
Example: One parent is an elementary school teacher, the other is a retail salesperson; they have two children	Example: One parent of two children is a nurse and is the only source of financial support in the family	Example: One parent of two children is a nurse and is the only source of financial support in the family	Example: One parent of two children is a nurse and is the only source of financial support in the family
Total income is: $90,582	Total income is: $46,453	Total income is: $47,418	Total income is: $47,418

Note: Table C.1 is based upon Income Limits for 2016 and is likely to change annually

SAN FRANCISCO	RIVERSIDE	SALINAS	MADERA
Very Low-Income Family	Very Low-Income Family	Very Low-Income Family	Very Low-Income Family
Definition: $28,150-$46,900	Definition:$16,100-$28,800	Definition: $17,400-$29,000	Definition: $17,400-$29,000
Example: One parent with one child works as a janitor is the only source of financial support in the family	Example: One parent with one child works as a janitor is the only source of financial support in the family	Example: One parent with one child works as a janitor is the only source of financial support in the family	Example: One parent with one child works as a janitor is the only source of financial support in the family
Total income is: $31,589	Total income is: $27,983	Total income is: $28,564	Total income is: $28,564
Extremely Low-Income Family	Extremely Low-Income Family	Extremely Low-Income Family	Extremely Low-Income Family
Definition: <$24,650	Definition:<$14,100	Definition: <$15,250	Definition: <$15,250
Example:	Example:	Example:	Example:
One person with a disability living alone on SSI payments	One person with a disability living alone on SSI payments	One person with a disability living alone on SSI payments	One person with a disability living alone on SSI payments
Total income is: $10,673	Total income is: $10,673	Total income is: $10,673	Total income is: $10,673

Affordable Housing and Community Development Programs Form a Complex Framework

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

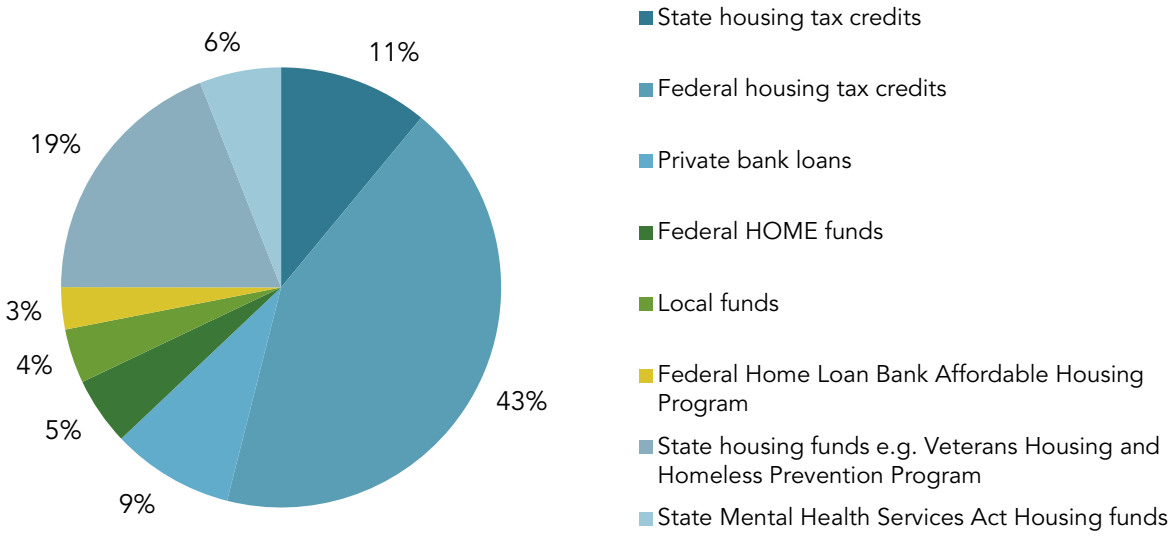
Due to the high costs of development, funding constraints, and competitive program criteria that encourage developers to leverage other funds, rarely does any single housing program provide sufficient resources to fund a complete development. Therefore, developers must apply for, and receive, funding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

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

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

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

Figure C.1
Sample Funding Mixes for Affordable Multifamily Developments



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

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

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

Merging data is complicated because funding can come from different sources across several years throughout the development planning process. The name, site address, and even development details can change based on when the funding is accessed and for what phase of a development. For example, a development may have a phase of family units funded through 10 sources (including housing-funding programs that are administered by different housing agencies), and a phase of senior units funded through eight sources with a shared common space and parking garage. Perhaps 20 after completion of the development, the operator then applies for additional funding to rehabilitate the property. In order to understand the total funding, one would need to examine data from all the potential funding sources and link the multiple data sources to the one development. However, the various housing agencies that

administer the housing-funding programs do not currently have an established system for linking data together.

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

Affordable Housing Funding

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

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

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

In addition, Enhanced Infrastructure Financing Districts (EIFDs), enacted via SB 628 in 2014, are a relatively new tool that can fund housing, as well as transit priority projects, sustainable

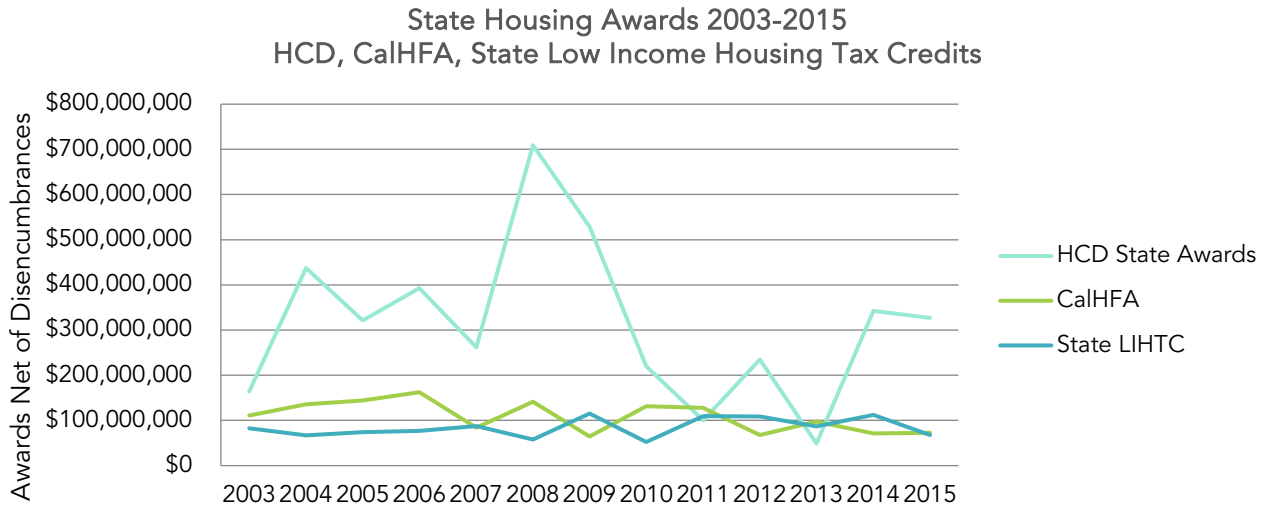
communities strategies, military base reuse, brownfield restoration and more using tax increment increases. They may not redirect property tax revenue from K-14 schools, but can provide funding for a wide range of uses similar to RDA, as long as the participating affected taxing entities agree to provide their tax increment revenue to the EIFD. This tool is still in its early stages so there are no completed EIFDs, but several efforts are in progress throughout the state, including in the City of La Verne and in San Diego County.

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

In November 2016, jurisdictions across the state approved almost $3 billion in local bonds, and two jurisdictions passed sales tax increases for affordable housing. In March, the city of Los Angeles additionally passed Measure H, a sales tax increase to address homelessness expected to generate $355 million per year.

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

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



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

New State Housing and Homelessness Prevention Funding

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

- The creation of the Veterans Housing and Homelessness Prevention (VHHP) Program, funded by voter approved Proposition 41, authorizing $600 million in existing bond authority to provide multifamily housing for homeless veterans. The first round of awards was made in 2015, with $63 million in funding for 17 developments, with 1,221 affordable units and 566 assisted by VHHP.
- The creation of the Affordable Housing and Sustainable Communities (AHSC) Program, which will receive 20 percent of the Greenhouse Gas Reduction Fund (cap-and-trade auction revenues) through the life of the Cap-and-Trade program, currently set to run through 2020. This program supports transportation, housing, and other sustainable communities' strategies that reduce greenhouse gas emissions through reduction in vehicle miles traveled. Strategies include compact, infill development near transit, bike lanes, and complete streets retrofits. The first round of awards for this program was made in 2015, with almost $122 million in total funding and almost $94 million for affordable housing and housing related infrastructure, leading to more than 2,000 affordable homes.
- A one-time $100 million state General Fund allocation to the Multifamily Housing Program (MHP) and its supportive housing component MHP-SH in the 2014-2015 budget. These programs support rental home production and rehabilitation primarily serving very-low income households. These funds have now been fully awarded, leading to the development or rehabilitation of more than 1,500 affordable homes. The demand for each round of these funding programs far exceeded the supply of funds.
- Even more recently, the No Place Like Home program was created in 2016, which addresses homelessness for individuals with mental health needs through the provision of permanent supportive housing. The 2016-2017 budget included $267 million for first year funding, and then will finance a $2 billion bond secured by a portion of future Proposition 63 mental health revenues.
- The 2016-2017 budget also included General Fund allocations for the following housing assistance and homelessness prevention programs:
    a. Emergency Solutions Grants: $45 million to expand the reach of the Federal Emergency Solutions Grant Program; however, $10 million is to be made available for the Homeless Youth and Exploitation Program to assist homeless youth in exiting street life and provides specialized services to youth involved in sexually exploitive activities.

b. CalWORKS Housing Support Program: $12 million ongoing augmentation, for a total of $47 million, to provide assistance to eligible families who are homeless or at-risk of homelessness.
c. CalWORKS Homeless Assistance: $2.4 million in 2016-2017 and $2.7 million annually thereafter, along with a change to allow assistance to be available once every 12 months, rather than once-in-a-lifetime, effective January 1, 2017.
d. Supplemental Security Income Outreach: $45 million to increase participation among homeless persons with disabilities who may be eligible for a disability benefits programs.
e. Bringing Families Home: $10 million one-time funding to establish a county matching grant program to reduce homelessness among families who are part of the child welfare system.
f. Community-Based Transitional Housing Program: $25 million to provide grants to communities that support housing that provides treatment and reentry assistance to formerly incarcerated individuals.

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

Figure C.3
Chronology of State Direct Assistance for Affordable Housing

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

Current State Housing and Community Development Programs

Table C.2 below shows the major state-funded housing and community development programs available in 2016, for more detail see Exhibit C1. Currently, there are also several federally funded programs administered by state or local agencies: Federal Low Income Housing Tax Credits, Emergency Solutions Grants, Community Development Block Grants (CDBG), Home Investment Partnership Program (HOME), and Housing Opportunities for Persons with AIDS. These federal programs are described later in this appendix.

Table C.2
Major State-Funded Housing and Community Development Programs 2016 (Current)

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

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

State Housing and Community Development Program Outcomes 2003-2015

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

Federal Housing Investment in California

Exhibit C3 includes a chart describing the major affordable housing programs funded at the federal level in more detail. Federal funding for affordable housing can reach California in a variety of ways. For example, federal funding can travel through direct allocations to California entities, such as housing authorities, HCD, or the Treasurer's Office, which in turn distribute funds to local program applicants. Federal programs alternatively distribute funds to recipients directly through nationwide competitions. Broadly, these programs work to increase the supply of affordable housing by providing tax credits, grants, or loans that lead to production or rehabilitation. Programs can also lower the cost of rental housing by providing rental assistance that reduces the rent paid by the income-eligible household, which allows the property owner to collect rents that are closer to market-rate levels.

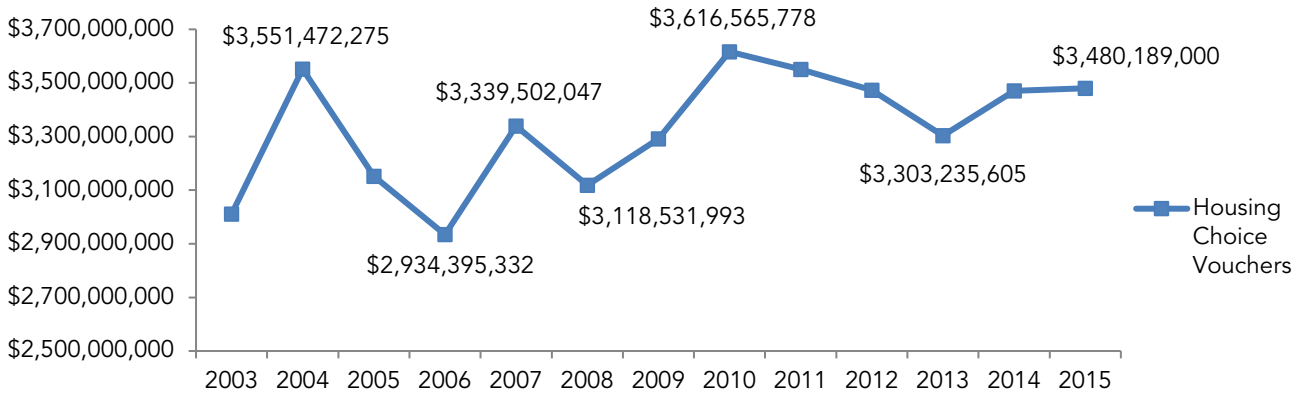
Federal affordable housing funds make up a significant portion of the housing resources in California, but many of these sources have been declining in recent years, even as the number of severely cost-burdened, low-income renter households has risen (from 1.2 million in 2007 to 1.7 million in 2014[ciii]).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

Federal Housing Choice Vouchers

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

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

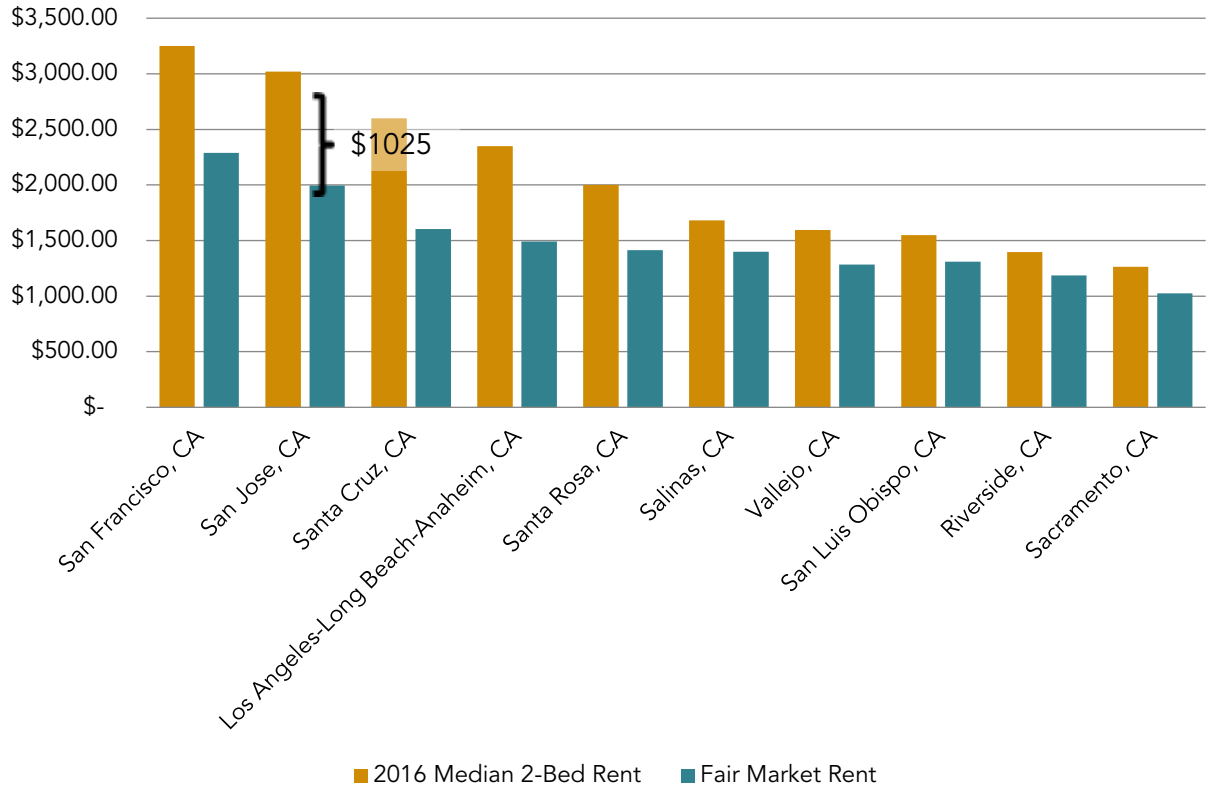
Figure C.4
Housing Choice Voucher Funding Has Fallen Since 2010
Allocations of Housing Choice Voucher Funding to California 2003-2015
(adjusted for inflation in 2015 dollars)



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

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

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



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

Section 8 Project-Based Rental Assistance

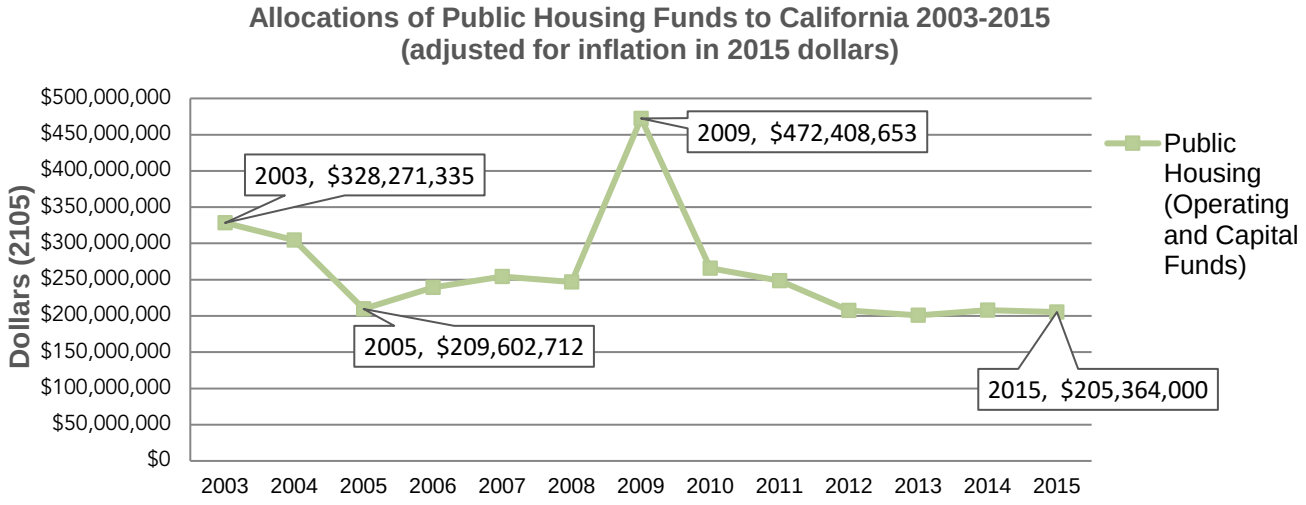
In addition to Housing Choice Vouchers, HUD provides project-based rental assistance contracts with owners of multifamily rental housing through the Section 8 Project-Based Rental Assistance program. The income eligibility requirements limit occupancy to very low-income families (50 percent AMI and below).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

Public Housing

Public housing developments are overseen and administered by local housing authorities. There are 219 public housing developments in California, with more than 37,000 units.[cvii]

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

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



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

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

Rental Assistance Demonstration (RAD)

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

Choice Neighborhoods

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

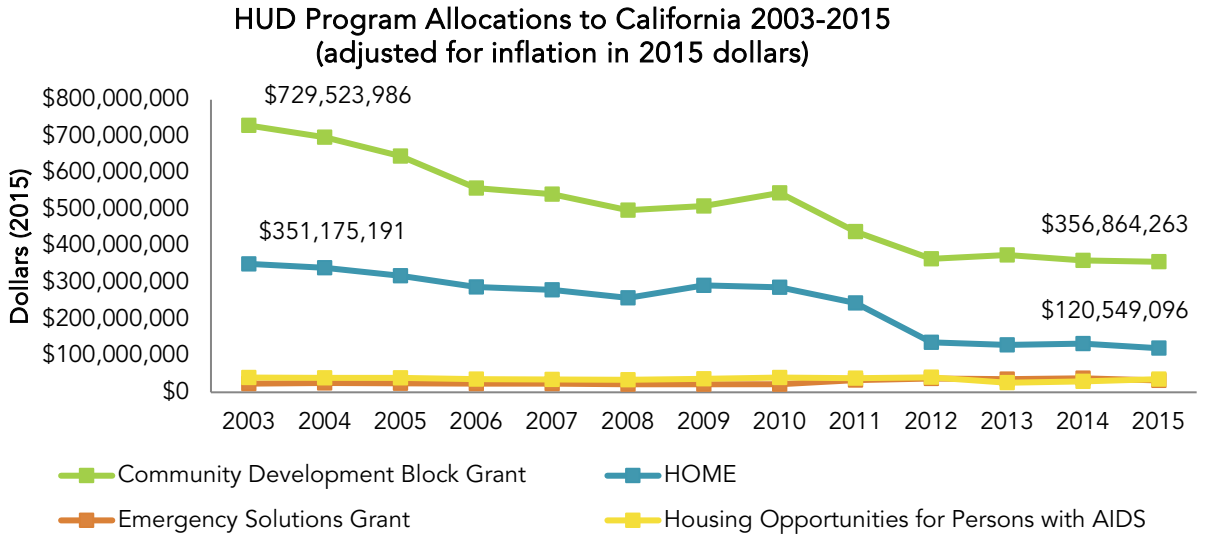
HOPE VI

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

Major HUD Affordable Housing and Community Development Grant Programs

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

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



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

Federal Housing Tax Credits

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

Two main federal-tax credits that support affordable housing:

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

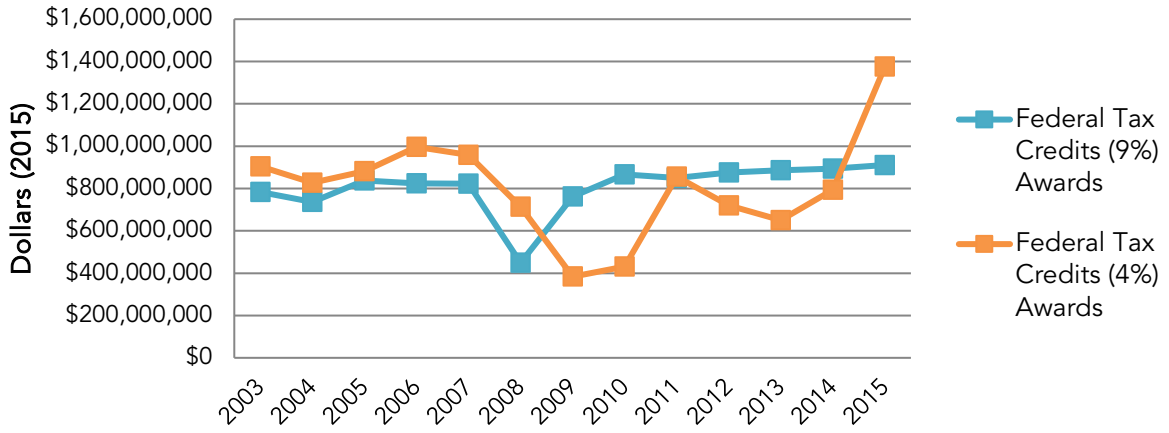
When the state encourages use of 4-percent tax credits through programs that offer matching funds:

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

Tax credits rely on a public-private partnership, where tax liability is reduced for private entities that invest in affordable housing, for this reason the amount of investment fluctuates based on private market factors. Federal LIHTC awards to California declined during the recession, however experienced a notable increase in 2015, which could possibly be the result of efforts to increase 4-percent tax-credit utilization rates.

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

Federal Tax Credit Awards 2003-2015 (adjusted for inflation)



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

An Emerging Opportunity: The National Housing Trust Fund

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

Mortgage Interest Deduction

Though not specifically an affordable housing resource, it is worth noting that the largest single federal investment in housing is the Mortgage Interest Deduction, which reduced an estimated $68.5 billion in federal tax revenues nationally for Fiscal Year 2012, with California representing $11.5-$16.1 billion of that figure.[cix] According to the Congressional Budget Office, the top

20 percent of income earners receive 75 percent of the benefit from this deduction and the top one percent of income earners receives 15 percent of the benefit. California also has a state Mortgage Interest Deduction, which represented an estimated loss to the State General Fund of $4.4 billion in Fiscal Year 2012-2013 and $4.8 billion in fiscal year 2015-2016.[cx]

Complex Set of Tradeoffs and Choices in Considering Housing Investments

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

Table C.3
Description of Tradeoffs to Consider in Affordable Housing Program Design

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

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

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

Conclusions

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

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

Program	Funding Source(s)	State Administering Entity	Estimated amount available 2016-2017	Activity Components	Target Population	Policy Objectives
Affordable Housing and Sustainable Communities	Greenhouse Gas Reduction Fund; 20% of GGRF auction proceeds through end of cap-and-trade program	Strategic Growth Council (SGC), implemented by California Department of Housing and Community Development (HCD)	$320 million (half of funds designated for affordable housing)	Funds housing, transportation, and land preservation projects that reduce greenhouse gas emissions.	Required minimum threshold of affordable units and 10% of points available for deeper income targeting.	Reduces greenhouse gases by promoting sustainable communities and infill development. Provides benefits to disadvantaged communities. Reduces rental shortage.
MyHome Down Payment Assistance	CalHFA-Administered Subordinate Financing for Single Family (Pursuant to Health & Safety Code 51351 et seq.)	California Housing Finance Agency (CalHFA)	$176 million	Down payment assistance loans.	Potential low- and moderate-income homeowners.	Increases access to homeownership.
State Low Income Housing Tax Credits	State tax credits/investor equity	California Tax Credit Allocation Committee	~$100 million	Supports rental home production and rehabilitation.	Primarily serves very low- and low-income households.	Reduces rental shortage.

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

Program	Funding Source(s)	State Administering Entity	Estimated amount available 2016-2017	Activity Components	Target Population	Policy Objectives
Mental Health Services Act (MHSA)	Proposition 63, Millionaires tax	CalHFA and Counties	$80 million	State: Supports permanent supportive housing multifamily production and rehabilitation, as well as operating subsidies. Local: Flexible funds, including rental assistance.	Persons experiencing homelessness or at risk of homelessness currently being served by state and county mental healthcare system.	Reduces and prevents homelessness. Reduces rental shortage.
Veterans Housing and Homeless Prevention Program	Proposition 41, General Revenue Bond redirected prior bond funds. $600 million available total	HCD with CalHFA & California Department of Veterans Affairs (CalVet)	$75 million	Supports rental home production and rehabilitation, permanent supportive housing and transitional housing for veterans and their families.	Primarily serves extremely low- and very low-income households, targeted to homeless veterans.	Reduces and prevents veteran homelessness. Reduces rental shortage.
California Work Opportunity and Responsibility to Kids (CalWORKS) Housing Support Program	General Fund	Department of Social Services	$47 million	Homelessness prevention and rapid re-housing financial assistance and services.	Families currently receiving CalWORKs benefits.	Reduces and prevents homelessness.

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

Program	Funding Source(s)	State Administering Entity	Estimated amount available 2016-2017	Activity Components	Target Population	Policy Objectives
CalWorks Homeless Assistance Program	General Fund	Department of Social Services	$32 million	Provides a once-per-year payment to meet the reasonable costs of obtaining permanent housing, and/or temporary shelter while seeking permanent housing.	Families currently receiving CalWORKs benefits.	Reduces and prevents homelessness.
SSI/SSP Outreach to Homeless Individuals with Disabilities	General Fund	Department of Social Services	$45 million	Funds outreach to increase participation among homeless persons with disabilities who may be eligible for a disability benefits program.	Homeless individuals with disabilities.	Reduces and prevents homelessness.
State Emergency Solutions Grant Program	General Fund	HCD	$35 million	Funds activities eligible under the Federal Emergency Solutions Grant Program, including rapid rehousing, outreach, and services.	Persons experiencing homelessness or at-risk of homelessness.	Reduces and prevents homelessness.

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

Program	Funding Source(s)	State Administering Entity	Estimated amount available 2016-2017	Activity Components	Target Population	Policy Objectives
Housing Related Parks Program	Remaining Proposition 1C Funds	HCD	$25 million	Provides financial incentives to cities and counties with documented newly constructed affordable homes.	Rewards local jurisdictions that plan and approve housing serving very low- and low-income households.	Incentivizes local housing planning.
Community-Based Transitional Housing Program	General Fund	Department of Finance	$25 million	Provides grants of up to $2 million to cities and counties that approve conditional use permits or other entitlements for facilities that provide transitional housing and support services.	Offenders released from state prisons and county jails. Cities and counties may also apply for funds to serve other populations that they believe will benefit from the Program's services.	Treatment and reentry programming to individuals who will benefit from those services.
Mobilehome Park Rehabilitation and Resident Ownership Program	Revolving fund	HCD	$15 million	Supports ownership conversion of mobilehome parks to residents, nonprofit housing sponsors or local public agencies; as well as park rehabilitations.	Eligible parks must have at least 30% low-income residents.	Creates low-income ownership opportunities.

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

Program	Funding Source(s)	State Administering Entity	Estimated amount available 2016-2017	Activity Components	Target Population	Policy Objectives
Bringing Families Home Program	General Fund	Department of Social Services	$10 million	A matching grant program for counties to reduce homelessness.	Families experiencing homelessness who are part of the child welfare system.	Reduces and prevents homelessness.
Homeless Youth and Exploitation Program	General Fund	Office of Emergency Services	$12 million	Assists homeless youth in exiting street life and provides specialized services to youth involved in sexually exploitive activities.	Homeless youth and youth involved in sexually exploitive activities.	Reduces and prevents homelessness.
Integrated Services for Mentally-Ill Parolees	General Fund	California Department of Corrections and Rehabilitation	$2 million	Provides varied levels of care, supportive/transitional housing, and an array of mental health rehabilitative services to assist with the development of independent living in the least restrictive environment possible.	Mentally ill parolees.	Reintegration of the parolees into the community, increase public safety, and reduce state costs of recidivism.

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

Program	Funding Source(s)	State Administering Entity	Estimated amount available 2016-2017	Activity Components	Target Population	Policy Objectives
No Place Like Home	A $2 billion bond secured by a portion of future Proposition 63 revenues	HCD	$267 million (Notice of Funding Availability pending program development and bond validation)	Competitive and over-the-counter program to finance the construction, rehabilitation, or preservation of permanent supportive housing.	Individuals with mental health supportive needs who are homeless, chronically homeless, or at-risk of chronic homelessness.	Reduces and prevents homelessness.

Exhibit C2: State Housing and Development Program Outcomes 2003-2015[11]

Program	State Administering Entity	Activity and Target Population	Geographic Distribution Requirements		Subscription Rate	Units Produced or Other Outcomes	Public or Private Leverage
Multifamily Housing Program (MHP)	California Department of Housing and Community Development (HCD)	Supports rental home production and rehabilitation. Leverages underutilized Federal 4% tax credits. Primarily serves very low income households.	2002-14 So.CA.:45% No.CA.:30% Rural: 10%	2015 45% 30% 20%	2.24:1; ~$2.3B requested/~$1B awarded	17,270 units	$3.5 Billion
Multifamily Housing Program-Supportive Housing (MHP-SH)	HCD	Supports rental home production and rehabilitation with access to services. Primarily serves extremely low income households; targeted to homeless populations.	Statewide		1.73:1; ~$740M requested/~$430 M awarded	5,780 units	$1.1 Billion
CalHome Self Help Housing	HCD	Supports development of self-help homeownership housing. Primarily serves low income households.	Statewide		1.3:1; ~$23M requested/~$18 M awarded	1,615 units	Not reported

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

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

Program	State Administering Entity	Activity and Target Population	Geographic Distribution Requirements	Subscription Rate	Units Produced or Other Outcomes	Public or Private Leverage
Transit Oriented Development Program (TOD)	HCD	Supports development and rehabilitation of multifamily housing within one-quarter mile of a transit station. In addition, provides grants for infrastructure necessary for the development of higher density uses within one-quarter mile of a transit station.	Statewide Areas Near Transit	4.69:1; ~$1.31B requested/~$279 M awarded	5,778 units	$1.92 Billion
Infill Infrastructure Grant Program (IIG)	HCD	Assist in the new construction and rehabilitation of infrastructure that supports higher-density affordable and mixed-income housing in locations designated as infill.	Statewide Infill Areas	2.55:1;~$1.87B requested/~$734 M awarded	18,402 units supported with infra-structure	$5.89 Billion

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

Program	State Administering Entity	Activity and Target Population	Geographic Distribution Requirements	Subscription Rate	Units Produced or Other Outcomes	Public or Private Leverage
Joe Serna Jr. Farmworker Housing Grant-Multifamily (JSJFWHG – MF)	HCD	Supports rental home production and rehabilitation for farm and agricultural workers. Primarily serves low-income households.	Agriculture Areas	2.01:1; ~$401M requested/~$199 M awarded ($166M Multifamily; $33M Homeownership)	7,517 units	$838 Million
Joe Serna Jr. Farmworker Housing Grant-Homeownership (JSJFWHG – HO)	HCD	Supports homeownership production and rehabilitation for farm and agricultural workers. Primarily serves low-income households.			2,766 units	$255 Million
Multifamily First Mortgages	California Housing Finance Agency (CalHFA)	Acquisition, rehabilitation, and permanent fully amortizing loans for affordable multifamily developments. Loans are funded generally with mortgage revenue bonds. A percentage of units in each project are restricted to tenants with low and/or very low- incomes.	Statewide	Over-the-Counter	15,215 units	$550 Million

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

Program	State Administering Entity	Activity and Target Population	Geographic Distribution Requirements	Subscription Rate	Units Produced or Other Outcomes	Public or Private Leverage
Multifamily Subordinate Mortgages	CalHFA	Subsidy loans provided to affordable multifamily housing developments based on need. Loans are funded with CalHFA controlled subsidy funds or Agency cash. A percentage of units in each project are restricted to tenants with low and/or very low-incomes.	Statewide	Over-the-Counter	4,676 units	$450 Million
Mental Health Services Act Housing Program (MHSA)	CalHFA	Permanent financing and capitalized operating subsidies for the development of permanent supportive housing. Serves persons with serious mental illness and their families who are homeless or at-risk of homelessness.	Statewide	Over-the-Counter	2,509 MHSA units, 9,986 affordable units leveraged	$2.1 Billion
Bay Area Housing Plan	CalHFA	Permanent financing to projects that provide community based housing for those with developmental disabilities to replace institutional care in a development center.	Statewide	Over-the-Counter	188 units	$0

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

Program	State Administering Entity	Activity and Target Population	Geographic Distribution Requirements	Subscription Rate	Units Produced or Other Outcomes	Public or Private Leverage
CalHFA Single Family First Mortgage Programs	CalHFA	Low interest first mortgage loans. Serves low to moderate-income homebuyers.	Statewide	Over-the-Counter	38,167 homes purchased	$8.6 Billion
CalHFA Housing Assistance Program (CHAP)	CalHFA	Low interest first mortgage loans. Serves low to moderate income homebuyers in underserved or high-cost counties.	Statewide for low income; High-Cost or Underserved counties for moderate income.	Over-the-Counter	17,294 home loans assisted	$112.7 Million
High Cost Area Home Purchase Program (HiCAP)	CalHFA	Low interest down payment assistance. Serves low to moderate-income, first-time homebuyers in high cost counties.	High Cost Counties in California	Over-the-Counter	9,407 home loans assisted	$154.4 Million
California Homebuyer's Downpayment Assistance Program (CHDAP)	CalHFA	Low interest down payment assistance. Serves low to moderate-income, first-time homebuyers.	Statewide	Over-the-Counter	51,061 home loans assisted	$361.3 Million
Extra Credit Teachers Home Purchase Program (ECTP)	CalHFA	Forgivable interest, down payment assistance with a CalHFA first mortgage. Serves teachers and school employees in low-performing schools.	Statewide - teachers & employees of low performing schools	Over-the-Counter	2,053 home loans assisted	$24.1 Million

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

Program	State Administering Entity	Activity and Target Population	Geographic Distribution Requirements	Subscription Rate	Units Produced or Other Outcomes	Public or Private Leverage
Zero Interest Program (ZIP & ZIP Extra)	CalHFA	Zero interest down payment assistance. Serves low to moderate-income homebuyers.	Statewide	Over-the-Counter	3,353 home loans assisted	$40.2 Million
MyHome Assistance Program	CalHFA	Low interest down payment assistance, paired with CalHFA first mortgage. Serves low- to moderate-income, first-time homebuyers.	Statewide	Over-the-Counter	18 home loans assisted (Launched in Oct 2015)	$205.8 Thousand

Exhibit C3: Major Federally Funded Housing Programs (Current)

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

Exhibit C3: Major Federally Funded Housing Programs (Current)

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

Exhibit C3: Major Federally Funded Housing Programs (Current)

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

Exhibit C3: Major Federally Funded Housing Programs (Current)

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

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