

California Central Coast Housing Best Practices Toolkit



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1. INTRODUCTION

In September 2019, the adopted FY 2019-20 California Budget (AB 74) and associated housing trailer bill (AB 101) established the Local Government Planning Support Grants Program and directed the California Central Coast to create a multiagency working group to oversee implementation of a portion of this program. The Central Coast Housing Working Group (CCHWG) was subsequently established with the help of the Association of Monterey Bay Area Governments (AMBAG), Council of San Benito County Governments (SBtCOG), San Luis Obispo Council of Governments (SLOCOG), and the Santa Barbara County Association of Governments (SBCAG). The CCHWG will oversee the implementation of this program to provide the Central Coast region with one-time funding, including grants for planning activities, to enable jurisdictions to meet the sixth Cycle of the Regional Housing Needs Allocation (RHNA). The program is managed by the California Department of Housing and Community Development (HCD). Approximately \$8,000,000 will be made available to the Central Coast region under this program. The Central Coast is delineated by the boundaries of AMBAG, SBtCOG, SLOCOG and SBCAG and includes the jurisdictions within.

In partial fulfillment of the requirements to receive this funding, the California Central Coast must identify current housing planning best practices that promote sufficient supply of housing affordable to all income levels, and a strategy for increasing adoption of these practices at the regional level, where viable. This toolkit provides a set of housing planning best practices as a resource for jurisdictions in the California Central Coast.

2. THE CALIFORNIA HOUSING CRISIS

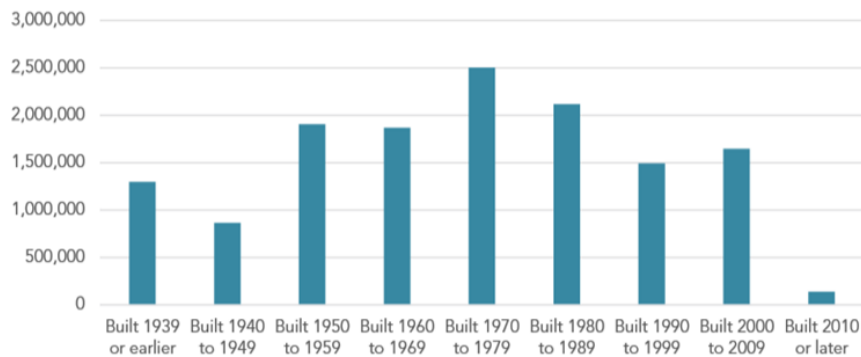
California is facing significant housing challenges, including lack of supply and affordability, high rates of homelessness, low homeownership rates, and housing located further from job centers, transit, and areas of opportunity.

California's housing shortage has caused severe housing issues for renters and homeowners in both supply and affordability. California needs more than 1.8 million additional homes by 2025 to maintain pace with projected household growth. Since the 1950s, California's homeownership rate has fallen below the national rate, with a significant gap persisting since the 1970s. Housing growth that does occur often takes the form of urban sprawl, expanding into undeveloped areas.

From 1954-1989, California averaged more than 200,000 new homes annually, with multifamily housing accounting for more of the housing production. Over the past 10 years,

California has averaged less than 80,000 new homes annually. The production of homes increased somewhat during the housing boom of the mid 2000s, and then dropped, coinciding with the economic downturn referred to as the Great Recession. Figure 1 gives an overview of the housing built in the United States since the 1930s. Unlike home sales prices, rents did not experience a significant downward trend during the Great Recession. Instead, demand for rental housing has stayed strong and rents have trended upward, even when adjusting for inflation. Between 2006 and 2014, the number of housing units that were owner occupied fell by almost 250,000 in California, while the number of renter-occupied units increased by about 850,000. Overall homeownership rates are at their lowest since the 1940s.

Figure 1: Majority of California Housing More Than 35 Years Old



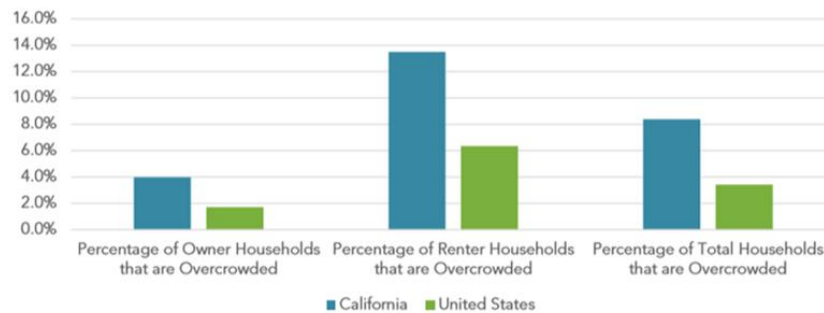
Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates, DP04. Graphic by HCD.

In the last 10 years, California has built an average of 80,000 homes a year, far below the 180,000 homes needed each year to keep up with projected population growth from 2015-2025. This lack of supply greatly impacts housing affordability. Average housing costs in California have outpaced the nation and more acute problems exist in coastal areas.

Housing costs and supply issues particularly affect vulnerable populations that tend to have the lowest incomes and experience additional barriers to housing access. There is a shortfall of more than one million rental homes affordable to extremely- and very low-income households and California's homeownership rate has declined to the lowest rate since the 1940s. Of California's almost 6 million renter households, more than 3 million households pay more than 30 percent of their income toward rent, and nearly 30 percent — more than 1.7 million households — pay more than 50 percent of their income toward rent. In California's rural areas, high transportation costs often negate the relatively more affordable housing prices. The combined burden of housing and transportation costs can leave residents in rural communities with a cost-of-living comparable to their urban and suburban counterparts.

Over the last 10 years, there has been a skewed jobs-housing balance where urban and coastal communities host large concentrations of jobs and services, and most new housing is built inland. This imbalance has resulted in an increase of overcrowding (more than one tenant per room) in owner's households and especially in renter's households. Figure 2 illustrates California's overcrowding rate compared to the nation. Overcrowding in California is more than twice as high as the national average of 8.4%. Additional housing supply is needed throughout the state, but most new development is occurring further from job centers.

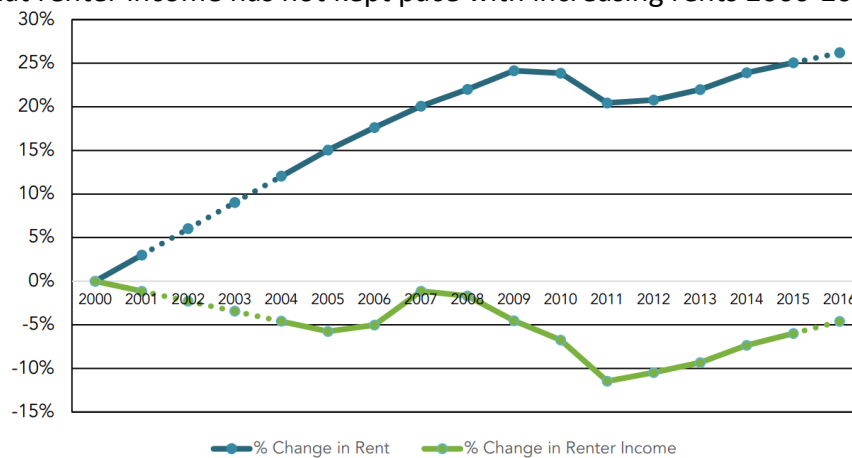
Figure 2: California's Overcrowding Rate is More Than Double U.S. Average



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

On the Central Coast a large portion of the population is employed by the hospitality and agricultural industry. These industries are two of the top contributors that fuel the regional economy, yet renters in both industries are among the most vulnerable (see Figure 3). Average renter income over the decade has not kept up with rent inflation in California.

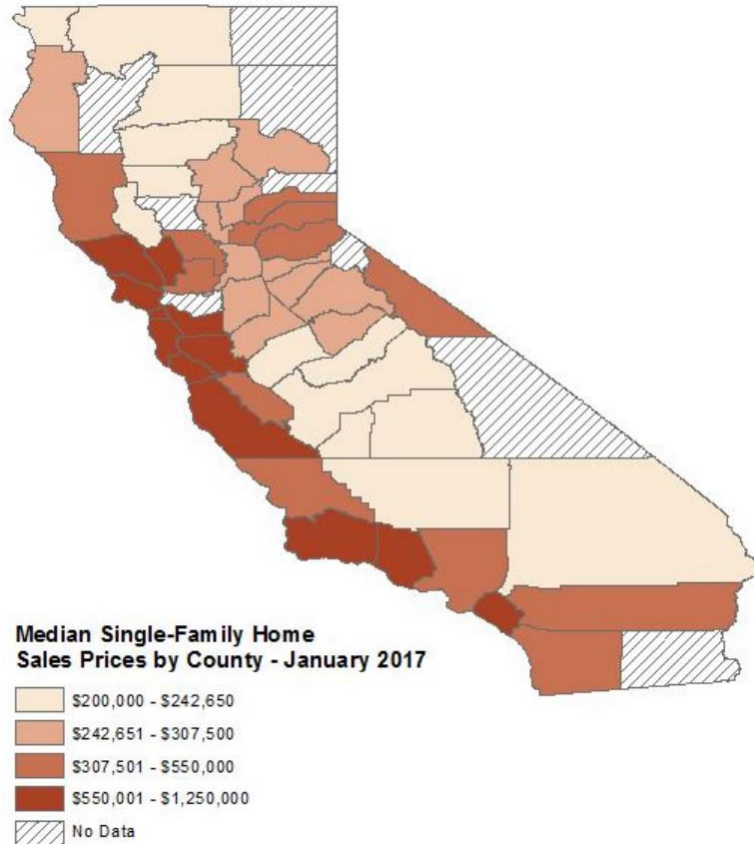
Figure 3: Change in inflation adjusted median rent and renter income since 2000 shows that renter income has not kept pace with increasing rents 2000-2015.



Renters are stuck in the endless loop of living very low-income (VLI) and extremely low-income (ELI) due to the lack of housing that we face in California and the additional struggles faced by the Central Coast's unique rural/urban demographic. Figure 4 shows the

median home prices for a single-family home in 2017. The highest prices were found in the coastal areas, the Central Coast amongst the highest-cost market in the state. While the need for additional housing is high, housing developers in the Central Coast face a variety of challenges building new housing.

Figure 4: Median Home Sale Prices by County, January 2017



Source: California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes January 2017.

Many coastal areas in the Central Coast are face water shortages, limited land availability, significant litigation against new development projects and major environmental constraints. These factors can limit new housing development which has contributed to high housing costs and limited affordability along the coast. Environmental constraints are often reduced inland of the Central Coast, as are water and land availability limitations. This has generally increased developer interest in inland areas. However, inland housing development may still face significant environmental litigation and may be constrained by agricultural greenlines which preserve agricultural lands from sprawl. These factors can make inland housing more available and relatively more affordable than housing in coastal areas.

3. HOUSING PLANNING STRATEGIES

Housing affordability is a challenge that jurisdictions across the country are facing now and into the future. Since each county is unique, there is no one-size-fits-all solution to housing affordability that every jurisdiction can implement. The best strategy for encouraging housing development for each jurisdiction depends on the nature of the problem it faces, market demands unique to its area, and local preferences. Every community may address the housing crisis in different ways depending on local geographic constraints, living preferences, land prices, access to transit, and policy preferences. The tools identified here most must be developed and employed at the local level. Local governments should take advantage of the numerous tools available to them by utilizing a combination of housing planning, policy changes, inter-jurisdictional partnerships, community engagement, local funding solutions, planning and zoning strategies and grants to increase the stock of housing affordable to various income levels.

Accessory Dwelling Units

Summary and Benefits

Accessory Dwelling Units (ADUs), also known as second units, granny flats, or in-law units, are dwellings that exist on a lot with another house. ADUs can be built as detached units in the backyard, or as a garage conversion (attached or detached). An existing room *within* a house may also be converted into a separate unit ADUs are a sustainable way to add flexible, affordable and diverse housing option with minimal impacts on existing development patterns and infrastructure.

In recognition of the importance of this housing strategy, in 2016, California adopted new laws intended to make it easier for property owners to create ADUs, mandating that all local agencies adopt an ADU ordinance that is consistent with the new requirements by January 1, 2017. The State law requires local jurisdictions permit ADUs without discretionary review, and provides guidance as to parking requirements and fees. In the instance of a local jurisdiction that has not adopted a local ordinance, the state legislation will prevail.

Remove Parking Requirements for ADUs

Off-street parking requirements severely limit the promise of ADUs as a significant housing type. For most lots that a homeowner would want to build an ADU, adding a new parking space may be infeasible in terms of either space or cost. The parking impacts of ADUs are relatively minimal because ADU residents have fewer vehicles on average and are typically dispersed throughout neighborhoods. State law currently allows jurisdictions to require one parking space

per unit, but prohibits minimum parking requirements in certain situations. In the SACOG region, 19 out of the 28 jurisdictions comply with State law by allowing for the construction of ADUs without additional parking in these situations. Jurisdictions can go further by not requiring parking at all for ADUs, which 4 out of the 28 jurisdictions in the SACOG region have done.

What to change:

- Remove parking requirements for ADUs, regardless of zone.
- Allow for alternative transportation requirements in lieu of parking requirements.

Remove Owner-Occupancy Requirements

Owner-occupancy requirements may stipulate that an owner of the property must live on the property if an ADU is to be built or rented out. These requirements could limit the construction of new ADUs. Owner-occupancy requirements mean that the owners of single family rental homes cannot build ADUs. In addition, if a homeowner builds and rents out an ADU, it does not allow them to continue to rent the ADU should they wish to move and not sell.

What to change:

- Remove owner-occupancy requirements for ADUs, limiting short term rental use if necessary to assure housing stays available for the local housing market.

Provide a Path for Permitting Unpermitted ADUs

Unpermitted accessory dwelling units represent a small percent of the current housing stock. Legitimizing these units would boost building code compliance and raise property tax revenue. Cities can add stipulated processes requiring, at least one low- or moderate-income affordable housing unit for each legalized unit.

What to change:

- Allow Unpermitted Dwelling Units (UDUs) eligibility for legalization through a streamlined application process formed through an Unpermitted Dwelling Unit Ordinance.
- Create a process to permit current legal and illegal ADUs.

Allow ADUs in all Residential Zones

Allow ADUs in all Residential Zones ADUs may be most desirable in high opportunity single family neighborhoods where there is good access to employment centers, amenities and schools, but they provide a benefit outside of single family neighborhoods as well. As such, they

could be expanded to not just be limited to single family zoning districts or subsets of single family districts.

What to change:

- Allow ADUs in all residential zones, including zones that allow multifamily housing.

Be Transparent About How Much ADU Builders Should Expect in Fees

Up-front costs, which are typically over \$100,000 in fees, are often cited as a top barrier for building an ADU. Additionally, ADUs are typically undertaken by homeowners who are not particularly familiar with the development review process. As such, it is critical that jurisdictions are transparent about the approval process and the fees a homeowner should expect to pay.

What to change:

- Make publicly available which fees will apply to ADUs and how much they will cost.
- Consider a fee reduction pilot for ADUs that charges fees based only on net new living area over 600 square feet.

Allow Minimum Sized ADUs on Most Common Residential Lot

Requirements related to maximum square footage, minimum lot size, and setbacks can all limit the size and widespread applicability of ADUs. While there is a market for smaller ADUs, especially among younger singles and older adults, ADUs at least 800 square feet are likely marketable to a wider range of renters, which could impact the ability or desire of homeowners to build them. Allowing up to an 800 square foot ADU provides a good compromise between financial viability and the natural affordability of a smaller than typical unit.

What to change:

- Increase maximum allowed ADU square footage to at least 800 square feet, regardless of primary unit square footage or whether the ADU is detached or attached.
- Remove minimum lot size requirements for ADUs so that ADUs can be built in small lot neighborhoods, which can have strong demand for rental housing.
- Relax setback requirements to ensure that even small, skinny, and irregular lots can build ADUs. Adopt ADU-specific setbacks across all zones that standardize a reasonable setback (like 5ft) for ADUs.

Build a Campaign

Given the unique nature of homeowner developers and the cost barriers, building a regional culture of ADU construction may benefit from a more intentional effort on the part of the public sector to advertise, educate, and encourage.

What to change:

- Actively promote benefits of ADUs to homeowners through city websites and outreach.

Model Ordinance/ Resources

- City of Los Angeles, [Unapproved Dwelling Unit Ordinance](#)
- 21 Elements and Home For All [Second Unit Resources Center](#)
- [Second Unit Idea Book](#)
- [Draft Second Unit Workbook](#)
- [Second Unit Calculator](#)
- California Department of Housing and Community Development, [Accessory Dwelling Unit Guidance](#)
- City of Albany, [Secondary Residential Units Summary Sheet](#)
- City of Berkeley, [Accessory Dwelling Units Ordinance](#)
- City of Novato, [Junior ADU standards](#)
- City of Walnut Creek [Accessory Dwelling Unit Guide](#)
- City of Santa Cruz, [ADU Policy](#) waives various permit fees in exchange for a property owner's agreement to restrict a new accessory dwelling unit to a very-low or low income household. More fees are waived in exchange for an agreement to rent to a very-low income household as opposed to a low-income household.
- Goldfarb & Lipman, [Law Alert: Accessory Dwelling Unit 'Cleanup' Legislation \(Page 3\)](#)
- Goldfarb & Lipman, [Summary of 2017 Housing Legislation, Accessory Dwelling Unit Legislation \(Page 31\)](#)
- [State law as chaptered](#)

Acquisition Rehabilitation or Conversion

Summary and Benefits

Acquisition rehabilitation refers to acquiring existing housing, rehabilitating (if needed), and deed-restricting to long-term affordable housing. Acquiring typically older, under-valued apartments that already house low- and moderate-income households is a strategy aimed at preventing the displacement of existing residents, and maintaining housing affordability, while investing in and stabilizing neighborhoods.

An acquisition/rehabilitation/conversion strategy is a flexible tool that can be adapted to meet the housing needs in jurisdictions of all sizes and types of housing stock. Preservation of the existing housing stock typically costs about one-half to two-thirds as much as new construction. Cities can provide local funding for non-profit housing organizations to use with Low Income Housing Tax Credits, in some cases, to fund acquisition and rehabilitation, converting them to long-term affordable housing. This serves to increase the supply of permanently affordable housing, and helps revitalize neighborhoods with concentrations of aging rental housing.

Model Ordinances/ Resources

- City of San Jose, [Memorandum for the conversion of vacant buildings](#)
- Housing Authority of the City of Alameda, [Residential Rehabilitation Programs](#)

By-Right Strategies

Summary and Benefits

Discretionary review of proposed development projects tends to increase the public and private cost of the entitlement process for all types of new housing and increase the duration of project approval and may discourage housing developments of all types. By-right strategies refer to the practice of removing a large portion of discretionary review from the development approval process, and instead implementing an objective set of criteria that, if fulfilled, guarantee approval of their permit. This approach can reduce development costs for new homes by implementing a transparent, consistent, predictable path to adoption for projects that also conform to local development standards.

Maximize By-Right Approvals and Minimize Discretionary Review Opportunities

One of the significant determinants of how quickly housing can get through a development review process is whether or not the proposed project undergoes what is commonly referred to as discretionary review. Discretionary review means that in order to obtain entitlements, a project applicant must attain project approval from a discretionary body. The discretionary party is often a planner or planning commission that has the discretion to interpret the

requirements of local plans and ordinances to either approve, deny, or apply conditions to a project's approval. Jurisdictions can significantly reduce costs, delay, and uncertainty for building new homes by implementing non-discretionary or "by-right" ministerial approvals for projects that comply with zoning/general plan designations.

By-right projects require only ministerial review to ensure they are consistent with a template set of criteria based on existing general plan and zoning rules that often take the form of objective standards for building quality, health, and safety.

One strategy that is commonly used to move from discretionary to ministerial approval has been to adopt a specific plan for a particular neighborhood or corridor. If the specific plan includes a certified EIR, consistent residential, mixed-use, and employment center/office projects can be by-right and may be exempt from CEQA review (Government Code § 65457). Many specific plans include objective, non-discretionary design review standards that provide enough detail to ensure good design but are not so prescriptive that everything looks the same. One way to accomplish this is by implementing form-based code features for the specific plan.

What to change:

- Allow by-right approvals by establishing by-right approval criteria for housing projects. Minimize discretionary review processes required for housing projects.
- Allow missing middle housing by-right across most residentially zoned land.
- Set a standard review timeline for by-right projects (less than 90 days). If the reviewing party does not provide determination in that timeframe the project is automatically deemed to meet the general plan and zoning standards.
- Explore the potential for specific plans with form-based or otherwise objective design standards that allow for CEQA tiering and non-discretionary project approval.

Model Ordinances/ Resources

- City of Berkeley [Infill Environmental Checklist](#) used of SB226 to streamline CEQA review of Mixed-Use Project, Berkeley: 90 market-rate and 8 affordable apartments and 7,800 square feet of commercial floorspace on 0.5 acre use of SB226.
- Menlo Park [Infill Environmental Checklist](#) using SB226 to streamline CEQA review of 220 market rate housing units, 405,000 square feet of office floorspace, and 22,000 square feet of retail floorspace in multiple buildings across 6.4 acres.
- City of San Francisco [executive summary and resolution](#) implementing SB 743:
- City of Oakland's Planning Commission has also directed staff to revise the City's CEQA Thresholds of Significance Guidance in accordance with SB 743. The [Staff Report](#) provides additional information.

- Fehr and Peers provide a [roadmap](#) for taking land use projects, transportation projects or general plan through SB743.

Commercial Development Impact Fee

Summary and Benefits

To help fund new housing stock, many cities have turned to the use of commercial development impact fees which are levied on new commercial construction. While new commercial development creates jobs, a portion of those jobs are low-paying and employees cannot afford market-rate housing. With commercial impact fees, also known as job-housing linkage fees, developers are required to contribute to a housing fund which is then used to promote the construction of additional housing in the jurisdiction. The goal of this approach is to create an appropriate jobs-housing balance in communities with significantly more jobs than housing. This has the added benefit of reducing the amount that residents need to commute to reach regional job centers, reducing traffic throughout the area.

The approach to implementing this type of impact fee is typically determined through a jobs-housing nexus analysis that shows the connection between the construction of new commercial buildings, employment, and the need for affordable housing.

Model Ordinances/ Resources

- City of Menlo Park, [Commercial Development Fee \(Zoning Code Chapter 16.96.030\)](#)
- City of Oakland, [Jobs/Housing Impact Fee](#) and [Economic Feasibility Study for Oakland Impact Fee Program](#)
- City of San Jose, [Housing Needs and Strategy Session Follow-up Administrative Report](#)
- 21 Elements, [Grand Nexus Study](#)

Community Land Trust

Summary and Benefits

High land costs are an obstacle to developing and securing affordable housing for lower-income families. Community land trusts allow for the purchase a house without the land which reduces housing costs and brings additional housing into a more affordable range. Community Land Trusts (CLT) are typically nonprofit landholding organizations that preserve long-term housing affordability by owning the land that housing is built. Housing trust funds are extremely flexible and can be used to support innovative ways to address many types of critical housing needs. For instance, a local affordable housing trust fund can allow local jurisdictions to serve

households that may not qualify for federal or state benefit programs or offer more flexible subsidies to fill financial gaps.

Buying into community land trusts can help keep rapidly growing cities more affordable. In some cases, the trust collects a percentage of the appreciation when an owner sells, providing the funds to subsidize the next buyer. Low-income families, through buying into community land trusts, can build wealth through homeownership that would be otherwise not an option in areas where there is scarce low-income housing.

What to change:

- Hold public meetings to understand the public's involvement in creating a non-profit based land trust.
- Create a local funding component that can invest annual interest into a community land trust.
- Promote the formation of start-up CLTs:
 - Facilitate public information/outreach activities
 - Create municipally supported CLTs
 - Provide start-up financing
 - Commit multi-year operational funds
 - Commit project funding and/or municipal property for permanently affordable ownership housing in the CLT model.
- Subsidize affordable housing development by either donating land and buildings from the municipality's own inventory to a community land trust or selling the properties at a discount.
- Regulatory concessions: Municipalities sometimes support development of CLT homes by reducing or waiving application and impact fees, relaxing zoning requirements for parking or lot coverage, and offering other regulatory concessions.

Model Ordinances/ Resources

- [Oakland Community Land Trust](#)

Condominium Conversion Limits

Summary and Benefits

Condominium conversion is the process of converting apartments, which are rented by the occupants, into owner-occupied condominium units. This process is often implemented by

building owners who are selling buildings, allowing them to take advantage of high cost real estate market to make significant profits. However, this process often removes affordable rental units from the market, replacing them with high cost owner-occupied units that are often unaffordable.

In order to protect rental housing, jurisdictions may institute additional limitations to condominium conversion. This may include review by a local government body before approval, fees, long notice requirements for tenants, and giving tenants the opportunity to buy or move.

Model Ordinances/ Resources

- City of Larkspur, as a [precondition to acceptance of a use permit](#) links conversions to the annual vacancy rate, applies inclusionary to all converted units, requires 40% of the total units in the project be maintained as rental units in perpetuity with restrictions on rent increases and requires relocation assistance.
- City of Mountain View, [Conversion Limitation Act](#) establishes an absolute minimum number of apartment units which it seeks to maintain; exceptions if > 50% of all current tenant households are purchasing a unit, then conversion beyond the baseline unit count will be considered; relocation benefits are applicable to all rental units.
- City Walnut Creek, conversion code section 10-1.705 entitled the [Effect of Conversion on the City's Low-and Moderate – Income Housing Supply](#) limits annual conversions to five percent of total rental stock (buildings of two units or more); subjects conversions to inclusionary requirements; provides some tenant protections for low and moderate-income families, and prioritizes local residents and workers for the purchase of converted units. This section also outlines the conditions under which conversion can occur beyond the annual limit.

COVID-19 Housing Resiliency

Summary and Benefits

In the wake of state and country shelter in place orders, private sector layoffs, and the associated economic impact, California's housing market may face challenges. Layoffs in local city and county building departments have delayed permitting and review of many construction projects across the state. However, cities and counties are taking local initiative to ensure that local housing supply shortages are not amplified post-COVID.

California jurisdictions are diversifying their approaches to aid and stabilize the housing supply through initiatives aimed at supporting homeowners and renters and ensuring housing production continues. Jurisdictions are developing unique ways to continue issuing building permits by shifting to virtual inspections online. New information on market impacts and approaches to support housing stock and financial assistance are continuously evolving. Many have instituted moratoriums on evictions due to COVID-19 related nonpayment of rent.

Model Ordinances/ Resources

- At the start of the COVID-19 pandemic, some cities and counties across California enacted ordinances that temporarily suspended residential and commercial evictions for non-payment and late payments of rent. Jurisdictions that chose to establish eviction relief platforms have supplied information to community members on county and city websites. It is unclear how long these new eviction protections will be in place. The City of Mountain View's [Eviction Relief](#) page can be used as an example for applicable forms, qualified applicants and FAQs.
- City of Anaheim approved a pilot program to assist Anaheim seniors by establishing a fund of \$645,000 to assist housing cost, rental assistance, financial counseling, moving costs, and other financial assistance to reduce the incidence of seniors being displaced from housing during COVID-19. The [Senior Safety Net Program](#) prioritizes senior at very low and low income levels and is funded by federal and state assistance pulled from the city's housing assistance account.
- In the City of Mountain View, [Mountain View Rent Relief Program](#) provides up to \$3,000 per month of rental assistance for up to two months for qualifying Mountain View tenants impacted by COVID-19. The City Council approved \$1,600,000 in rental relief to support the community, using funding from the City's affordable housing fund and the Community Development Block Grant (CDBG).
- Partnerships with local community foundations across the state have helped establish financial relief funds for tenants, landlords, houseless communities, homeowners and business owners. City councils have approved city funds and state grant funding to establish relief programs to assist residents in keeping their homes, paying for rent, health and safety housing repairs, food assistance, and other housing related financial assistance. Examples of jurisdictions forming community partnerships are listed below.
 - [The City of Mountain View partnering with the Los Altos Community Foundation](#)
 - [10 bay area counties partnering with Silicon Valley Community Foundation](#)
 - [The City of Berkeley partnering with the East Bay Community Law Center to administer COVID-19 Housing Retention Grants](#)
 - [The City of Palo Alto and Menlo Park partner with the Palo Alto Community Foundation](#)
 - [San Mateo County partnering with the San Mateo County Economic Development Association and the Silicon Valley Community Foundation to support the San Mateo County Strong Fund](#)
 - [The City of Santa Ana partnering with The Salvation Army and Catholic Charities of Orange County to form the Safely Home Program](#)

- City of Los Angeles, [COVID-19 Safety Guidance for Construction Sites](#) establishes the mandatory procedures that construction sites must maintain to ensure safe working conditions are met.
- County of Alameda, Sheriff's office placed a temporary halt on pursuing evictions enforcement for the extent of the COVID shelter in place order. Tenants fearing evictions due to financial insecurity and layoffs can ease stresses knowing regulatory action at the county level is halted.
- County of Fresno, after the establishment of a temporary moratorium on evictions and foreclosures, deferred payments for residential and commercial renters and homeowners for up to six month.
- In the City of Mountain View, the [Small Business Resiliency & Small Landlord Loan Programs](#) provided opportunities for financial relief to small businesses and landlords to slow the decline of the local economy and to help prevent foreclosures on residential properties. The Small Landlord Loan Program is funded through the City of Mountain View.

Establishing an Enhanced Infrastructure Financing District

Summary and Benefits

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

EIFDs, enacted via SB 628 in 2014, are a relatively new tool that can fund housing. EIFD's may finance the purchase, construction, expansion, improvement of a property. EIFD's are financed through tax increment generated from the growth in property taxes collected from the designated parcels. Because school districts are not permitted to participate in an EIFD, the primary participants in EIFDs will be cities, counties and special districts. This tool can provide funding for a wide range of uses similar to redevelopment authorities, as long as the participating affected taxing entities agree to provide their tax increment revenue to the EIFD.

While EIFDs do not require voter approval to form, they do require 55% voter approval prior to EIFD's issuance of bonds.

What to change:

- Jurisdictions can partner with other cities, the county or special districts to establish an EIFD.

- Governing Boards at the EIFD can adopt a streamlined proposal process that works with low-income projects/ developers to streamline the approval for funding on projects that meet predetermined requirements.
- Reward use of these tools with matching funds. A portion of funding for affordable housing may be in the form of matching funds for jurisdictions that utilize existing tools that facilitate housing investment, such as Community Revitalization and Investment Authorities and Enhanced Infrastructure Financing Districts.

Model Ordinances/ Resources

- [California Community Economic Development Association's Guide to EIFDs](#)

Farmworker Housing

Summary and Benefits

Despite the recent trend to mechanize all aspects of agriculture, employers still rely on workers for specific operational tasks. However, many employers, across the U.S. are facing labor shortages. H-2A employers are required to provide housing for their farmworkers and many of these employers have contracted with motels or housing projects to meet this requirement. However, housing is often not adequately equipped with basic services, or violates zoning or building codes. Employers that did not hire H-2A workers often have little to no knowledge regarding their employee's family housing situation. Often farmworkers are forced to live in overcrowded housing units to afford the region's high rent. The influx of H-2A workers in the region has worsened the shortage of affordable and workforce housing in many agricultural cities like Salinas, Watsonville, and Santa Maria.

Although the development of affordable farmworker housing faces multiple local constraints like site availability, site affordability, and cost of construction, it is necessary to stabilize the agriculture workforce in the region. Thousands of affordable farmworker housing units will be needed for a stable agriculture workforce in the Central Coast region.

What to Change:

- Family housing priority: Prioritize the construction of permanent, year-round housing for farmworker families.
- Services: Incentivize housing that incorporates wrap-around services to strengthen families, transfer new skills, and build leadership.

- Emergency Housing: Investigate and pilot the use of innovative emergency housing types for seasonal, migrant farmworkers such as mobile homes.
- Map Sites: Map appropriate sites for farmworker housing in collaboration with local jurisdictions in the region and streamline the approval processes whenever possible.
- Zoning: Encourage local jurisdictions to evaluate current General Plan and zoning based upon housing funding criteria and, when appropriate, re-zone properties to create additional sites for affordable, farmworker housing.
- Agriculture Zoning: Relax restrictions on the residential use of agriculturally-zoned land in unincorporated county areas that restrict on-farm residential development.
- On-farm housing: Encourage and streamline on-farm employee housing if adequate infrastructure is feasible, including subdivision processes.
- Ag Land: Incentivize growers with marginal agricultural land contiguous to and surrounded by urban uses to dedicate, discount, or lease land for farmworker housing, including no-cost release from Williamson Act contracts.

Resources

- [Farmworker Housing Study and Action Plan for Salinas Valley and Pajaro Valley](#)

Form-Based Code

Summary and Benefits

Form based codes are an alternative to conventional zoning codes used to regulate development. Form-based codes are a design-focused approach in which approved land uses are designated based on building form and use rather than the separation of uses. Often form based codes function as a by-right development approach and if the form based criteria are met by a project applicant, the application is approved with minimal discretionary review. By placing primary emphasis on the form and the use, form-based codes create increased development predictability, more predictable project costs, and allow better integration of a community vision. Form-based codes can also function as a strategy for a streamlined permitting process based on the adherence to the codes.

Model Ordinances/ Resources

- City of Benicia, [Downtown Mixed Use Master Plan](#)
- City of Richmond, [Richmond Livable Corridors Form Based Code](#)

- Form-Based Codes Institute, [Form-Based Codes Defined](#)
 - [Form-Based Codes: A Step-by-Step Guide for Communities](#)
- Planner’s Web, [What is a Form-Based Code?](#)

General Fund Allocation Including Former RDA Boomerang Funds

Summary and Benefits

With the dissolution of the Redevelopment Agencies (RDA) in 2012, the State of California removed local jurisdictions’ most significant source of local funding for affordable housing. Across the state, redevelopment agencies provided billions in direct funding for affordable and other housing using a 20% tax increment set-aside. These local funds often served as “first in” money that could be leveraged to acquire other sources of funding. A portion of those former tax increment funds come back to local jurisdictions as both a one-time lump sum from their former Low and Moderate Income Housing Fund (LMIHF) and an ongoing bump to their property tax. Counties receive such funds from each former redevelopment agency within the county. These have been referred to as boomerang funds. At a minimum, boomerang funds returned to jurisdictions following the dissolution of their redevelopment agencies can be committed to subsidize affordable housing development and/or jurisdictions can issue bonds against those funds to increase the funds available for affordable housing.

Model Ordinances/ Resources

- Redwood City, [Calculation of Parks impact Fee](#)
- San Bruno, [Master Fee Schedule, July 2015](#)
- San Mateo County, [Housing Element Policy 37 pg. 186, Minimize Permit Processing Fees](#)
- Sunnyvale, [Park Dedication Fees Exemption](#)
- S. Department of Housing and Urban Development, Office of Policy and Research, [Impact Fees and Housing Affordability](#)

Graduated Density Bonus

Summary and Benefits

Infill development is often difficult due to the presence of small, oddly-shaped parcels in older parts of cities and towns. Generally, to build sites that fit with the character of the neighborhood at densities that are economically feasible, developers assemble larger sites from

smaller parcels. Parcel assembly can be problematic, labor intensive, and assembling parcels is generally not incentivized in ordinances.

Graduated density zoning provides jurisdictions with a tool to assemble larger sites from smaller parcels. Jurisdictions are able to keep lower-density zoning for sites less than a given size but allow higher density development on sites that exceed a certain trigger size. Owners are motivated to sell if the values of their assembled parcels at higher densities greatly exceed the current value of their parcel alone. All owners have to sell in order to achieve economic gains from their parcels as the density bonus is only triggered when the site reaches a certain minimum size. As a result there is an incentive to not be the last one to sell, as the last owner could be left with an oddly shaped parcel that would be difficult if not impossible to assemble into a larger site.

Jurisdictions can choose to institute an abrupt or sliding scale of graduated density zoning, or even downzone in certain instances. An abrupt scale of graduated density means if an assembled site achieves a minimum size then higher densities are triggered. A sliding scale means a site's density is increased with each subsequent increase in size up to a maximum density. For either option, the aim is to create a situation where the base density is much lower than develops want while offering a substantial density bonus for larger sites. The abrupt option creates a stronger incentive for the last owner to sell as the density bonus is not realized without the last parcel. By gradually increasing density, the sliding option creates stronger incentives for the initial owners to sell and puts less pressure on the owner of the last parcel.

In the City of Santa Barbara, a Graduated Density Bonus was put into place through their Average Unit-size Density (AUD) Incentive Multi-unit Housing Program. In 2013, the Council approved this program to facilitate the creation of multi-unit housing in key core city areas until 2021. The program supports the construction of smaller, more affordable residential units near transit and within easy walking and biking distance to commercial services and activity centers. Increased densities and development standard incentives are allowed in most multi-family and commercial zones of the City to promote additional housing.

Model Ordinances/ Resources

- City of Santa Barbara's [AUD Incentive Multi-Unit Housing Program](#)
- Shoup, Donald. ["Graduated Density." *Journal of Planning Education and Research*. \(2008\)](#)
- City of San Bruno's [2009 General Plan pg. 2-8 "Multi-Use Residential Focus"](#)
- City of Simi Valley, [Kadota Fig Specific Plan Area](#)

Home Sharing Programs

Summary and Benefits

Home Sharing is a living arrangement that matches those who have space in their home with those who need an affordable place to live, turning existing housing stock into a new affordable housing opportunity. As a result, home sharing is one of the few affordable housing options available within existing housing stock. In addition to providing a critical source of housing, home sharing helps alleviate the pressures often associated with housing expenses, and in turn, both parties are able to reap benefits. Homeowners can save money, reduce financial worry, share utility costs, and enjoy increased independence and an added sense of security.

While Home sharing may not create RHNA-recognized units, it may help maintain a higher vacancy rate in local housing markets which can lead to a lower RHNA and improved housing affordability. Home sharing is a vital option to be considered in any municipality's strategy to meet the growing need for housing, especially in communities that have a number of residents who are considered "house rich, cash poor."

Enforcing Home-Sharing Programs

Home sharing helps retain core workers in the community who are integral to the functioning of a healthy city and county so long as they are regulated. Home sharing can be a source for additional income to home owners when utilized as short-term, vacation rentals. In order to prevent the wholesale conversion of homes into rental properties, legislation can establish a regulatory framework to restrict short-term rentals to one's primary residence. Home-Sharing Ordinances requires hosts who wish to engage in short-term rentals to register with the City and post their registration number on all advertisements. Hosts must adhere to all requirements and must use the online portal to register. This process of registering a unit or property for short-term rental or booking any short-term rental stays ensures that important housing stock is not converted to high end vacation housing.

Model Ordinances/ Resources

- City of Los Angeles, [Home Sharing Program](#) and [Home Sharing Ordinance](#)
- San Mateo County, [HIP Housing](#)
- City of Fremont, [Home Sharing Program](#)

Housing Accountability Act

Summary and Benefits

The California Housing Accountability Act (HAA) was recently strengthened by increasing the documentation necessary and the standard of proof required for a local agency to legally defend its denial of low-to-moderate-income housing development projects, and requiring courts to impose a fine of \$10,000 or more per unit on local agencies that fail to legally defend their rejection of an affordable housing development.

Recent State legislation introduced substantial changes to HAA requirements. Most notably:

Under new provisions that become effective January 1, 2018, a developer will, in most instances, be able to compel a city/county to approve a housing development proposal that meets state and local standards;

A housing development proposal may usually not be denied or reduced in density if it conforms to all objective local standards;

HAA Streamlining provisions apply in general to all housing development proposals;

Applicants must be informed of any inconsistencies with objective local standards within 30-60 days after the application is complete;

Less deference will be given by the courts to local government findings of inconsistency with local standards;

A prevailing litigant is entitled to court costs, and in some instances, penalties

The HAA provisions must be implemented simultaneously with streamlining provisions in SB 35 and “no net loss” provisions in SB 166, each of which require a detailed applicability analysis. Best practice may be to develop a more comprehensive checklist or flowchart that assesses all of these requirements together.

Model Ordinances/ Resources

- 21 Elements, [HAA Short Summary](#)
- Goldfarb & Lipman, [Summary of 2017 Housing Legislation, pp. 2-5.](#)
- League of California Cities, [Recent Developments in State Housing Law](#)
- MTC Planning Innovations, [Forum #6, How Objective is “Objective”? Effective Development Standards in the SB35 and Housing Accountability Act Era](#)

Housing Development Impact Fee

Summary and Benefits

To help fund housing affordability, many cities have turned to the use of development impact fees levied on new, market-rate housing development. Housing impact fees are based on an assessment of the extent to which the development of new market-rate housing generates additional demand for affordable housing.

As is the case with commercial linkage fees, adoption of a housing impact fee requires the preparation of a nexus study. Typically, this study will assess the extent to which new market-rate development attracts higher income households who will spend more on retail and services. That increased spending creates new jobs, attracting workers to live in the city, some of whom will be lower income and require affordable housing.

A financial feasibility study is also recommended to ensure that any housing impact fee does not render development infeasible.

Model Ordinances/ Resources

- City of Berkeley, [Housing Impact Fee Nexus Study](#)
- City of Fremont, [Establishment of Affordable Housing Fees \(Zoning Code 18.155.090\)](#)
- City of San Carlos, [Housing Impact Fee](#)
- 21 Elements, [Grand Nexus Study](#)
 - [Impact Fee Support Materials](#)

Housing Overlay Zone

Summary and Benefits

Housing overlay zones provide a flexible tool that overlays conventional zoning designations and can allow additional uses, densities, or housing types. These areas can be designed to offer developers a more favorable development framework or allow for permitting additional types of alternative housing. On sites where land is not zoned for residential use but a city would like to see affordable housing built, a housing overlay district may eliminate the time consuming process of amending a general plan to construct such housing.

Model Ordinances/ Resources

- City of Menlo Park: [Affordable Housing Overlay Zone](#)
- City of Capitola: [Affordable Housing Overlay District](#)
- City of Buellton, Factsheet: [Housing Overlay Zone](#)

- Public Advocates, Factsheet: [Housing Overlay Zones](#)
- 21 Elements, Factsheet: [Affordable Housing Overlay Zones](#)

Housing Trust Funds

Summary and Benefits

Housing trust funds are distinct funds that receive ongoing public financial support for the preservation and production of affordable housing and increase opportunities for families and individuals to access decent affordable homes. Housing trust funds provide local officials with a vehicle to coordinate a complex array of state and federal programs to fashion a housing strategy that is tailored to their community's unique needs. While housing trust funds can also be a repository for private donations, they are not public/private partnerships, nor are they endowed funds operating from interest and other earnings. Housing trust funds are extremely flexible and can be used to support innovative ways to address many types of housing needs.

Housing Trust Funds are an affordable housing production program that complements existing Federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families. HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. The primary revenue source for the majority of county housing trust funds was a document recording fee, but many also received funding from sales taxes, developer impact fees, real estate transfer taxes, restaurant taxes, property taxes and their county's general fund.

What to change:

- Adopt a Housing Impact Fee, with funds dedicated to an affordable housing trust fund to be used to preserve and expand the supply of affordable housing.

Resources

- [Silicon Valley Housing Trust](#)

Identify Potential Other Funding Sources to Pay for Growth

Summary and Benefits

The state and many localities rely on taxing new development to fund services and infrastructure. Looking forward, it will be important to identify alternative ways to pay for growth which will allow local governments to reduce fees on new housing.

What to change:

- Explore Enhanced Infrastructure Finance Districts (EIFDs) to implement tax increment financing to facilitate housing projects.
- Community Revitalization and Investment Authorities (CRIAs) are public agencies, separate from the city and county that have the purpose of receiving tax increments from any taxing entity within the area, who so chooses to allocate some or its entire share of tax increment funds to the CRIA.
- Infrastructure and Revitalization Districts (IRFDs) are a legislative body of the city or county with the primary role of mobilizing tools and resources to fund public infrastructure, affordable housing, economic development, job creation, and environmental protection and remediation.
- Improve partnerships with affordable housing developers to coordinate on funding applications. Hold regular coordination meetings to prioritize facilitate and streamline additional affordable housing development.

Inclusionary Housing Ordinance

Summary and Benefits

An inclusionary housing policy enables jurisdictions to require or encourage developers to set aside a certain percentage of housing units in new or rehabilitated projects for low and moderate-income residents. Inclusionary housing policies ensure that every community provides a range of housing choices and creates new affordable homes without needing government subsidies. These policies can provide developers with options to build the affordable units on-site, offsite or to pay in-lieu fees into a local housing trust fund.

The ability of jurisdictions to mandate inclusionary housing was severely restricted in 2009 with the California Appellate Court ruling *Palmer v. City of Los Angeles*, which determined that inclusionary requirements on rental units conflicted with the 1995 Costa Hawkins Act, which regulates rent control. Ownership units are not constrained.

Model Ordinances/ Resources

- California Rural Housing Association, [Inclusionary Housing Database](#)
- Grounded Solutions Network, [Inclusionary Housing Calculator](#)
- Institute for Local Government (ILG), [California Inclusionary Housing Reader](#)

- Nonprofit Housing Association of Northern California (NPH), [Inclusionary Housing Advocacy Toolkit](#)
- Poverty & Race Research Action Council, [Inclusionary Zoning: A selected annotated bibliography, February 2014](#)

Infrastructure Improvement Strategies

Summary and Benefits

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. 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.

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

What to change:

- Determine infrastructure needs that support targeted sectors or industries and that align with local capital improvement plans and other incentives to support priority improvements.
- Map specific infrastructure needs in Opportunity Zones and incorporate these needs into community benefit agreements.

- Provide incentives for development on vacant sites, such as property tax holidays or partial public funding for infrastructure upgrades.
- Incentivize infill by providing incentives for development on vacant sites, such as property tax holidays or partial public funding for infrastructure upgrades.
- Provide a portion of funding for affordable housing in the form of flexible funding for capital projects that serve a community benefit, proportional to a jurisdiction's approved low-income housing permits. This program would fund amenities that encourage future housing development opportunities, including community centers, libraries, parks, affordable housing, and related infrastructure, such as traffic improvements and bike paths.
- Reevaluate the capital allocations currently in place at the local level. Disperse capital budgets to programs for critical housing projects that improve infrastructure or into low-income utility assistance programs.
- Conforming or amending Community Development Block Grant (CDBG) annual action plans to address infrastructure improvement needs in Opportunity Zones to attract and promote economic growth.
- Governments could preferentially build or finance infrastructure in smart-growth zones.
- Establish a fee that creates a robust ongoing funding source for affordable housing and infrastructure-related investments that adds no new costs, or cost pressures to the state's General Fund.
- Tax increment financing (TIF) – Designating TIF districts allows local jurisdictions to leverage tax dollars generated by new development and redirect them away from traditional uses to support community amenities, including infrastructure, housing or small business development.
- Establish a fee that creates a robust ongoing funding source for affordable housing and infrastructure-related investments that adds no new costs, or cost pressures to the state's General Fund.
- Spread infrastructure fees across a wider base rather than financing infrastructure through one-off charges on development, which are borne by new homebuyers. Impose smaller, reoccurring charges to the full pool of homeowners through recurring property tax payments. Alternatively, fees could be distributed among a broad base of users—for example, utility billing assessments, vehicle license fees, parking permits, road tolls, or sales taxes and reallocated for infrastructure improvements.

- Include Enhanced Infrastructure Financing District’s funds to assist with the infrastructure investment gap by allocating tax increment to provide a stable source of financing for the City’s Capital Improvement Plan (CIP), to strategic infrastructure projects, and to other eligible EIFD uses.

In-Lieu Fees for Inclusionary Zoning

Summary and Benefits

Many jurisdictions offer developers a suite of alternatives to fulfill their affordable housing requirements. One common alternative is to pay a fee in-lieu of on-site affordable housing units. In-lieu fees are typically paid into a housing trust fund and used, often in conjunction with other local funding sources, to finance affordable housing developments off site.

There are several common approaches to determine how to set a fee level. A key factor that shapes the decision about which approach to use is whether a jurisdiction wants to encourage on-site housing performance or collect the revenue to leverage other sources of funding to build affordable units off site. The city then sets a single fee that applies to all projects citywide for a year or some other defined period of time.

Model Ordinances/ Resources

- San Jose, [Inclusionary Housing Requirement](#)
 - San Jose, [In Lieu Fee Calculation FY 2019-2020](#)
- San Francisco, [Comparison Chart of inclusionary Zoning Policies \(DRAFT\)](#)
- San Mateo County, [The Grand Nexus Study](#)
 - [Impact Fees and the Grand Nexus Study PowerPoint Presentation](#)
- [Grounded Solutions Network: Inclusionary Housing Calculator](#)

One-to-One Replacement

Summary and Benefits

One-for-one replacement, or “no net loss,” is a policy establishing a jurisdiction’s intent, through preservation or replacement, to maintain at minimum its current level of homes

affordable to low-income families. Affordable housing units can potentially be lost through demolition, rising rent, and the conversion of residential units to other uses.

Local jurisdictions may enact one-for-one replacement policies in the development process. Jurisdictions can implement one-for-one replacement policies by prohibiting or limiting the demolition or conversion of affordable housing. Jurisdictions may also require the one-for-one replacement of demolished or converted units. To be most effective, a one-for-one replacement policy typically establishes a goal of no net loss of affordable units not only in total, but also by income level.

State density bonus law conditions certain density bonuses and development incentives on the replacement of pre-existing affordable units. §§ 65915 & 65915.5. While there are legal limitations jurisdictions must comply with, this offers a model for local policies.

State statute furthermore requires local jurisdictions, when reducing the residential density for a parcel of land, to identify sufficient additional, adequate and available sites with an equal or greater residential density so there is no net loss of residential unit capacity.

Model Ordinances/ Resources

- East Palo Alto, [Westside Area Plan Goal W-1, Policy 1.2](#)
- San Francisco, [Condominium Conversion Ordinance includes a not net loss policy](#)
- San Luis Obispo, [Downtown Housing Conservation Regulations](#)

Preservation of Mobile Homes

Summary and Benefits

Mobile home parks are a hybrid of rental housing and ownership housing. In most parks residents own their homes and rent the spaces where the homes are located. Mobile home parks represent one of the few remaining sources of unsubsidized affordable housing in California, and they also provide opportunities for homeownership to individuals and families who might not be able to afford other housing purchase options.

As the economy continues to grow and development intensifies, mobile home parks are particularly at risk of closure. Displacement of mobile home park residents due to rent increases, eviction, or closure of the park can have very serious consequences for the park residents and the community. Jurisdictions should assess their existing mobile home parks to identify whether they are at risk of closure.

What to change:

- Implement mobile home park rent control/rent stabilization protections.
- Institute a stand-alone zoning category for mobile home parks.
- Pass ordinances regulating the conversion of mobile home parks to cooperative/resident ownership and/or an ordinance regulating mobile home park closures to prevent the expedient sale of mobile home properties.
- If a city has identified a mobile home park that is at risk of closure it may opt to pursue programs for assisting in the preservation of that park. Cities may consider helping to facilitate a resident purchase of the park (if the residents are amenable), helping to facilitate a non-profit purchase of the park, and/or using city funds (e.g., CDBG) to help preserve the park.

Model Ordinances/ Resources

- City of Fremont, [Mobile Home Space Rent Stabilization Ordinance](#)
- City of Hayward, [Mobile Home Space Rent Stabilization Ordinance](#)
- City of Mountain View, [Mobile Home Ordinance](#) – requires conversion impact report, possibility of relocation costs, identification of relocation site, purchase of mobile home at the in-space fair market
- City of Novato, [Mobile Home Rent Control Ordinance](#) – includes conditions for rent adjustments (both increases and decreases) as percent of CPI
- City of San Jose
 - [Mobile Home Rent Ordinance](#)
- [Golden State Manufactured-Home Owners League \(GSMOL\)](#)

Public Land for Affordable Housing

Summary and Benefits

Local governments can facilitate the development of affordable housing by making surplus public land available for eligible projects. Parcels may be surplus or underutilized public

properties, as well as vacant, abandoned, and tax-delinquent private properties acquired through purchase or tax foreclosure. Land banking programs can strategically acquire and preserve multiple properties for affordable housing development.

What to change:

- Evaluate and prioritize surplus, underutilized, and vacant public owned properties.
- Jurisdictions can sell or donate public lands with affordable housing requirements for less than market value, essentially subsidizing a development project. Partnerships with affordable housing developers can expedite this process.
- Sell land at market price to affordable housing developers before increases in value are realized in the price of the land.

Reduce Fees or Waivers

Summary and Benefits

Housing and commercial development is typically subject to two types of fees: permit processing fees and zoning and development impact fees. Jurisdictions often charge impact fees on developments in order to pay for the new demand the development will generate on public services and amenities by bringing in new residents and workers to the city. This can include fees to fund parks, emergency services, schools, or affordable housing. In order to incentivize the production of affordable housing and to increase the feasibility of including affordable units in a development, cities may waive the impact fees and permit fees on developments in exchange for providing affordable housing units.

At the same time, these fees are charged for a reason, as many jurisdictions may struggle to provide the necessary public services and infrastructure required to serve new development while waiving fees. For this reason, cities can review how their fees are structured to limit the extent to which fees discourage housing development. One example could be shifting from a flat, per-unit fee structure to a structure that is more responsive to the impact of the development on public services.

Assess Fees Based on Metrics that Encourage Affordable Project Design

Charging fees by the number of units potentially incentivizes developers to build fewer, larger units, which tend to be more expensive to buy and rent. Structuring fees using metrics like square footage or an estimation of project costs can help to encourage denser projects with smaller unit sizes. These projects tend to make more efficient use of infrastructure and have smaller per person impacts.

What to change:

- Move from per unit to per square foot metrics for assessing fees.

Vary Fees by Type and Location

Fee structures can be used to help influence the type and location of housing that a jurisdiction would like to encourage, like smaller, more affordable housing types in infill and established communities. This can better reflect public policy goals and the relative impacts of infrastructure maintenance over time.

What to change:

- Structure fees by location to be lower for projects in infill and established communities.
- Structure fees by housing type to be lower for more affordable housing products like smaller units and missing middle housing.
- Consider a pilot program that reduces fees for certain types of housing, or in a certain area, or a certain time frame.

Adopt Objective and Transparent Fee Schedules and Processes

While fee amounts are obviously important, being transparent about which fees apply when is also critical. If a housing builder is going to consider building a project, they need to be confident that they can accurately estimate fees.

What to change:

- Provide current fee schedules that publicly document any and all fees that will be levied on new housing.
- Provide official fee estimates up front before an application is submitted.
- Codify and transparently provide all exactions in written form at application with clear mechanisms for determining rules, fees, and community benefits. Avoid requesting such exactions on a project-by-project basis as a condition of approval.

Model Ordinances/ Resources

- Redwood City, [Calculation of Parks impact Fee](#)
- San Bruno, [Master Fee Schedule, July 2015](#)
- San Mateo County, [Housing Element Policy 37 pg. 186, Minimize Permit Processing Fees](#)

- Sunnyvale, [Park Dedication Fees Exemption](#)
- S. Department of Housing and Urban Development, Office of Policy and Research, [Impact Fees and Housing Affordability](#)

Reduce Housing Operating Costs

Summary and Benefits

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. 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.

What to change:

- Reduce utility, water, and waste expenses. While some affordable housing developers are on the cutting edge of green building management, more could be done. Approaches range from low-cost solutions such as better monitoring of energy and water consumption to capital improvements such as rooftop solar power generation, water-efficient plumbing fixtures, and gray water systems.
- Reduce procurement costs. Due to high purchasing volume, large market-rate housing operators typically obtain discounts on services such as insurance, landscaping, and painting. Affordable housing operators typically lack similar purchasing volume. New collaborative purchasing organizations, such as *HPN Select*, a national procurement solution for the Housing Partnership Network, enable affordable housing operators to pool their purchasing volume to negotiate discounted prices. Pooled procurement could reduce costs by up to 20 percent in certain procurement categories, reducing development costs and making housing construction more financially feasible.

Reduce Parking Requirements

Summary and Benefits

Parking spaces are expensive to build, costing from \$15,000 - \$75,000 per space depending on the type of construction (surface, underground, or garage) and location within the region, and are expenses that inflate housing costs. In addition, excess parking increases auto ownership and neighborhood travel impacts. Reducing minimum parking requirements is a way to reduce development costs and increase housing supply by making more projects financially feasible. These policies also encourage the use of public transit, put lower cost units into the supply of housing, and reflect numerous recent studies showing lower auto ownership among households living near transit.

[AB 744](#), enacted in January 2016, allows developers who are seeking a density bonus to also request that jurisdictions reduce the minimum parking requirements if they are building affordable housing near qualifying transit.

What to change:

- Remove or reduce parking minimums for attached housing in infill and established communities.
- In conjunction with reducing/removing parking minimums, unbundle parking by requiring developers to separate the price of parking from the price of multifamily rental housing.

Model Ordinances/ Resources

- MTC, [Smart Parking](#); MTC, [Parking Code Guidance: Case Studies and Model Provisions](#); MTC, [Reforming Parking Policies to Support Smart Growth](#)
- City of Berkeley, [GoBerkeley Transportation Program](#) - Berkeley recently partnered with AC Transit and several regional agencies to provide free transit passes and expand access to car-sharing in their downtown.
- City of Oakland, [Parking Code updates](#) -includes changed parking requirements, parking maximums, and eliminations of parking minimums depending on neighborhood characteristics:
- City of Redwood City, [Article 30 Parking and Loading](#)
- City of Sacramento, [Zoning Code Parking Regulations](#) -In select neighborhood types, parking minimums are either eliminated or reduced by half.
- City of San Diego, [Affordable Housing and Parking Study](#) -a study considering lower rates of auto ownership and affordable housing.
- City of San Francisco, [SF Park program](#) -uses demand pricing and innovative payment schemes to encourage parking in underutilized areas.

Rent Stabilization

Summary and Benefits

Rent Stabilization Ordinances seek to protect tenants from excessive rent increases, while allowing landlords a return on their investments. These policies index the annual allowable rent increase private landlords may charge tenants and include specific processes for landlords or tenants to petition for higher or lower increases. These policies can work to establish and maintain affordable housing.

Rent Stabilization Ordinances only limit rent increases while the unit is occupied. State law allows landlords to raise rents to the market rate once the unit becomes vacant. Also, Rent Stabilization Ordinances generally do not apply to newly constructed units, single-family homes, condominiums, small owner-occupied buildings, or units regulated by a governmental agency. Rent stabilization policies are most effective when paired with [just/good cause eviction ordinances](#) to ensure that landlords cannot use “no fault evictions” to force tenants to vacate the unit so the landlord can increase the rent.

Some communities without a Rent Stabilization Ordinance have a Rent Mediation Board or Arbitration Ordinance. Both differ from a Rent Stabilization Ordinance in a couple of ways. While a Mediation Board may offer impartial third party assistance to help settle a dispute, the mediator(s) does not typically make a binding decision. Similarly, an Arbitration Ordinance also involves assistance from an impartial third party, but the landlord and tenant agree to be bound by the decision of the arbitrator. Other actions a Rent Mediation Board may take include establishing allowable rent increases.

Ultimately, whether a jurisdiction has implemented a Rent Stabilization Program or not, tenants are protected by [basic legal rights](#) pertaining to repairs, habitability, and protection against retaliatory eviction, for example.

Model Ordinances/ Resources

Rent Stabilization Programs

- City of Berkeley: [Rent Stabilization and Eviction for Good Cause Ordinance](#)
- City of East Palo Alto: [Rent Stabilization and Just Cause for Eviction Ordinance](#)
- City of Fremont: [Rent Control and Just Cause Eviction Review of Programs](#)
- The City of Hayward’s [rent stabilization program](#) attempts to achieve multiple goals stabilizing rents for tenants in aging buildings and encouraging investment in aging rental stock.

Rent Mediation Programs

- City of San Leandro: [Rent Review Ordinance](#)
- The City of San Jose has adopted additional provisions to their Apartment Rent Ordinance and regulations:
 - [Interim Ordinance](#)
 - [Interim Regulations](#)

Other Resources

- California Department of Consumer Affairs: [A Guide to Residential Tenants' and Landlords' Rights](#)
- Urban Habitat: [Strengthening Communities through Rent Control and Just-Cause Evictions: Case Studies from Berkeley, Santa Monica and Richmond](#)

Single Room Occupancy Preservation Ordinance

Summary and Benefits

Single Room Occupancy Hotels (SROs) are a unique form of housing that does not exist in all communities. Composed of a single room for residents, they are distinguished from studio or efficiency units in that they typically do not include a private bathroom or kitchen in the room. Residential hotels do not typically require a security deposit, credit references, proof of income, or long-term lease agreement. For these reasons, residential hotels have provided housing for vulnerable populations with unstable finances or little access to credit and, in many cases, have been the housing of last resort.

Model Ordinances/ Resources

- City of Napa's [operating and zoning requirements](#).
- City of San Francisco [requires 1:1 replacement of SRO units](#).
- City of San Jose's zoning requirements provide for two types of SROs—SRO Living unit facility and SRO residential hotel:
 - [City of San Jose Municipal Code on SRO Facilities](#)

Streamlined Permitting Process

Summary and Benefits

California's land-use approval process is largely discretionary, with power resting with local government jurisdictions. Uncertain timelines and lengthy permit review can make it a challenge to quickly and inexpensively develop housing in California communities. Speeding up approvals and permit processing, including instituting programs that streamline or consolidate the review process, can speed up the production of housing in a community and offer incentives for desired projects such as in-fill development, affordable housing and/or sustainable development projects.

Affordable Housing Agreements

Jurisdictions can reduce workload for projects with an affordable housing component by expediting the permitting approval process. This can reduce holding times before development begins and provide greater certainty to the development process. By separating the permitting process for affordable housing developments, you reduce the inflow of applications for understaffed departments, in time reducing the permitting time for all developments.

What to change:

- Local governments conduct a comprehensive review of current rules and regulations to identify those which inhibit affordable housing development.
- Create and implement a permit priority program that accelerates the discretionary and ministerial permit review times for new development projects that add to the City's overall affordable housing and sustainable building stock.
- Counties can offer expedited review and permitting process for developments that include affordable housing, or reduce or waive fees for developers building affordable units, executed by the city manager or delegated party, without review by the housing commission, planning commission or city council.
- Processing of multiple permit applications concurrently in order to avoid delaying progress on projects that meet General Plan guidelines.
- Reducing or eliminating development-related fees by waiving fees for developments with 100% affordable housing units.

Resolve Permitting Bottlenecks

Long waits for permits may be tied to limited capacity in public agencies, which downsized during the most recent recession and have not expanded to keep pace with recent growth in the real estate industry.

What to change:

- Performance should be assessed to identify and resolve the root cause of delays, such as understaffing in city building departments.
- Jurisdictions could add staff on a permanent or per-project basis, funded by developers active in the jurisdiction.
- One central agency should be designated to hold decision-making authority for permits and to coordinate with other agencies. The heightened transparency and accountability that would result would reduce the likelihood of delay.

Adopt a “One-Stop” Program

Reduce administrative procedures, such as the number of rounds of review, by implementing one-stop center offering digital submittals where multiple jurisdictions or departments can simultaneously process various permitting elements and coordinate comments and reviews. This process can also aid the applicant in understanding their application’s approval timeline and updated issues.

What to change:

- Create priority criteria to ensure that housing projects help to meet the city’s identified priority Housing Element or General Plan Goals are prioritized.
- Develop an integrated permit tracking system.
- Digitizing permitting processes would reduce errors and delays caused by data entry, document transfers, and paper file searches.
- Purchase innovative electronic review processing systems utilized to track and process permits, used by applicants and staff.

Shorten Review Timelines and Provide Transparency

Shortening the review timeline can help to reduce the cost of housing. Daylighting the review process can also help to encourage more housing developers to come to the table, including smaller developers of missing middle housing products that may not have the same familiarity with the process as larger developers.

What to change:

- Post typical review times for different housing projects online and benchmark those times against other cities in the region.

- Identify what it would take to expedite review timeline and implement solutions. This could include concurrent review, new development tracking software, and other process streamlining tools and techniques.

Coordinate with Outside Agencies to Align Standards

In many jurisdictions, service agencies and utilities (like fire and water) institute development standards and requirements. While these requirements and standards are intended to ensure effective provision of services, they can sometimes create barriers to producing infill housing.

What to change:

- Coordinate closely with outside agencies, districts, and service providers to ensure development standards are consistent and result in housing outcomes that benefit all parties.

Preparing Specific Plans

Specific Plans are comprehensive planning documents that guide the development of a defined geographic area to include a mix of uses such as residential, commercial, industrial, schools, parks and open space. Specific plans can contain detailed regulations, conditions, programs, and design criteria unique to a designated area, and serve to implement the General Plan. Including CEQA Guidelines allows for streamlining environmental review for residential projects that are consistent with an adopted specific plan and EIR (see CEQA Guidelines Section 15182).

What to change:

- Local governments conduct a comprehensive review of current rules and regulations to identify those which inhibit affordable housing development.
- Local jurisdictions within a region can come together to create specific plans that are coordinated to the greatest extent feasible, greatly reducing jurisdictional fragmentation and streamlining the permitting approval process.
- Jurisdictions can update general plans in coordination with each other to create a transparent, streamlined process for developers working over multiple cities and counties.
- Simplify and standardize building codes in a region by adopting uniform building codes with other jurisdictions to encourage faster approvals.

Preapproved Plans

Several West Coast cities have initiated programs that reduce the time and cost of the permit process for the developer for certain types of housing, while promoting well-designed housing.

These cities offer contractors the opportunity to purchase or use house plans that have been preapproved by the city for conformance with building codes and/or other standards.

What to change:

- Local jurisdictions develop a library of housing plans that have been preapproved for streamlined permit approval.
- Applicants submit a "basic" plan that, once approved, the jurisdiction will keep on file. Any future requests to develop a house using the same plan will be considered preapproved. Subsequent uses of this plan often involve a minimal review time and reduced, or in some cases, no fees.
- Jurisdictions could grandfather projects under the zoning requirements that applied at the date of application, thereby reducing developers' uncertainty.

Preliminary Meetings

Jurisdictions staff can help ensure early assistance advice is incorporated during design phase(s), eliminating extra work and timely flaws in plans. These meetings are designed to assist the owner and/or design team identify items that need to be addressed or modified before construction plans are submitted to the City or County for permit review. This will assist in earlier permit approval.

What to change:

- Allow developers to schedule preliminary meetings for affordable housing projects with Life Safety, Fire and Structural as necessary, and pre submittal review and acceptance by staff prior to intake for permit.

Form Based Code

Form Based Codes place a primary emphasis on the physical form such as building types, dimensions, parking locations and façade features and less emphasis on uses. The focus on building and street design in form-based codes allows graphics and photos – instead of lengthy, repetitive text – to explain the details of zoning requirements. In turn, these codes are much more democratic instruments, because they are easier to understand by a variety of interested parties.

What to change:

- Local jurisdictions within a region can come together to coordinate a form based code protocol focusing the design element of projects, streamlining approval during both public and administrative review.

- Using Visualization solutions could allow neighbors and community members to visualize proposed developments through a 3D visualization device and then allows for public comments of the proposed development. This could streamline the public comment periods for particular developments.

Advertise State CEQA Streamlining Opportunities

The State now recognizes the potential for CEQA streamlining as a means of reducing a key regulatory barrier to producing housing. There are a variety of avenues for housing projects to receive CEQA relief, including SB 375 (PRC 21155.1), SB 226 (PRC 21094.5), SB 35, Infill Housing (PRC 21159.24 and 21159.25), Specific Plan (GC 65457), Tiering (Guideline 15183), Class 32 (Guideline 15332), and Class 3 (Guideline 15303) exemptions. These opportunities and others are outlined in a 2018 CEQA Review of Housing Projects Technical Advisory released by the Governor’s Office of Planning and Research.

What to change:

- Make potential housing developers aware of the suite of CEQA streamlining opportunities by providing information on websites and proactively seeking them out for potential projects.
- Explore opportunities for full CEQA exemptions through new State laws like SB 35, which is particularly well-suited to exempt missing middle projects less than 10 units.

Model Ordinances/ Resources

- City of Berkeley [Infill Environmental Checklist](#) used of SB226 to streamline CEQA review of Mixed-Use Project, Berkeley: 90 market-rate and 8 affordable apartments and 7,800 square feet of commercial floor space on 0.5 acre use of SB226.
- Menlo Park [Infill Environmental Checklist](#) using SB226 to streamline CEQA review of 220 market rate housing units, 405,000 square feet of office floor space, and 22,000 square feet of retail floor space in multiple buildings across 6.4 acres.
- City of San Francisco [executive summary and resolution](#) implementing SB 743:
- City of Oakland’s Planning Commission has also directed staff to revise the City’s CEQA Thresholds of Significance Guidance in accordance with SB 743. The [Staff Report](#) provides additional information.
- Fehr and Peers provide a [roadmap](#) for taking land use projects, transportation projects or general plan through SB743.

Supportive Housing for Homeless

Summary and Benefits

Transitional housing (TH) is designed to provide homeless individuals and families with the interim stability and support to successfully move to and maintain permanent housing. Transitional housing may be used to cover the costs of up to 24 months of housing with accompanying supportive services. Providing transitional housing for people experiencing homelessness serves as a bridge, providing privacy while also offering stability needed for residents to access the necessary support and medical services needed to begin their path out of homelessness.

Permanent Supportive Housing (PSH) is a nationally recognized, proven and cost-effective solution to the needs of vulnerable people with disabilities who are homeless, institutionalized, or at greatest risk of these conditions. The PSH approach integrates permanent, affordable rental housing with the best practice community-based supportive services needed to help people who are homeless and/or have serious and long-term disabilities - such as mental illnesses, developmental disabilities, physical disabilities, substance use disorders, and chronic health conditions - access and maintain stable housing in the community.

What to change:

- Jurisdictions can develop and implement transitional housing programs to offer physical housing structures, supervision, support (for addictions and mental health, etc.), life skills, and in some cases, education and training.
- Jurisdictions can adopt ordinances to promote creative and cost-effective strategies to expand and streamline housing solutions for persons experiencing homelessness.

Model Ordinances/ Resources

- City of Los Angeles, [Interim Motel Conversion Ordinance](#)
- Alameda County, [Housing Homeless Programs](#)
- City of Los Angeles, [Housing the Homeless Initiatives](#)

Surplus Public Lands Act

Summary and Benefits

In 2014, the State Legislature reaffirmed its declaration that there is a shortage of sites available for housing for residents of low and moderate income and that surplus government land, prior to disposition, should be made available for that purpose. § 54220 (a).

The Surplus Land Act requires that the local agency, including cities, counties and special districts such as transportation authorities and school districts, prioritizes the development of affordable housing when disposing of publicly-held land. The agency is required to notify specific entities of the opportunity to purchase or lease the property and enter into good faith negotiations with priority buyers. In the case that the agency and priority buyer cannot reach an agreement on the price and terms, the agency may dispose of the land to a non-preferred buyer; however, the agency must enforce an inclusionary housing requirement if 10 or more residential units are developed on the site.

Model Ordinances/ Resources

- NPH of Northern California, [Surplus Land – AB2135 Fact Sheet](#)
- Public Advocates, [Surplus Public Land Act Checklist](#)

Tiny Homes and Tiny Home Villages

Summary and Benefits

The need for affordable housing is the greatest driver behind the growing interest in tiny homes and small home living. Tiny homes can be used to supply affordable housing for a diverse demographic of people from first time homeowners, low income families, houseless communities and college students. Tiny homes are attractive solutions to supplying housing for many reasons, including affordability to manufacture low cost to maintain and no or minimal mortgage. Tiny homes and small dwelling units are also valued as solutions for communities to meet environmental sustainability goals because of their reduced energy use, small land impacts and usage of renewable materials and technologies. Additionally tiny homes are beneficial to facilitate an alternative and dynamic housing supply on the meet the needs of the jurisdictions. Tiny homes can also serve as an ADU in a back yard for a caregiver or fulltime tenant, can serve as permanent and temporary housing for houseless communities and can serve as solutions for infill housing projects to reduce the risk of tenant displacement, offering temporary housing solutions for tenants in need of relocation.

The diversity of solutions that tiny homes can offer California's housing stock ranges from single units on foundations in backyards, single units on wheels at RV and mobile home parks, and more recently as tiny home villages and communities. The compactness and affordability of tiny dwelling units makes them the perfect solution to develop housing utilizing city owned parcels that need infill or are unconventionally shaped.

Tiny villages are also solutions for outdated mobile home parks in need of revamping to meet health and safety standards. Mobile home parks are sought after real estate investments that often displace low income families and seniors when ownership changes, reducing the supply of low income housing in metropolitan and rural areas. Developing tiny villages in the footprints of outdated mobile home parks can decrease infrastructure related problems, increase low income housing supply and offer the option of homeownership to diverse demographics.

However small home dwelling units often face hurdles due to limitations on land use policies, affordability, infrastructure limitations and building codes. Issues with land use policies must be addressed by removing barriers related to zoning. Affordability issues must be addressed by reducing project approval timelines and through changes to permitting and inspection schedules. Infrastructure concerns can be addressed by setting alternative infrastructure standards for tiny homes and reducing permitting fees. Issues with building codes must be addressed by establishing design and compliance standards and a consensus on how tiny homes are designated and classified. Addressing these policy and regulatory limitations are the key to the success of tiny home development as an alternative housing source.

Infrastructure Barriers

What to change:

- Create or partner with Community Land Trusts (CLTs) who can offer land leases to tiny home owners and preserve affordability in communities through land easements.
- Fund local initiatives, non-profits, community organizations, whose mission is to create housing supply, buy land for low income housing, or otherwise have the goal of contributing to housing production for groups experiencing housing insecurities.
- Update building codes to allow for tiny homes to exist “off the grid” so long as design, safety, and architectural review are met.

Tiny Homes on Wheels

Most tiny house owners today register and classify their homes as recreational vehicles (RVs). This is because they occupy a legal grey area. Due to their size, connectivity, and mobility they do not fit the traditional mold of what constitutes a home. This is as a benefit for creating timely housing options, as RVs and Tiny Homes on Wheels (THOWs) aren't subject to local building codes, reducing cost and project timelines, but causing potential set back in terms of versatility in the future. Since an RV cannot be claimed as a permanent or long-term residence there is typically a 30-day limit on legal dwelling. In terms of policy, mobility poses the biggest challenge for THOWs. For a THOW to become a fixed unit in a tiny house village or as a backyard dwelling unit, the THOW must meet the more stringent standards of local building codes. Renovating or developing THOWs to the standards of local building codes can reduce long-term dwelling issues but increases project timelines considerably. This makes living full-time in a tiny house on wheels possible only through changes and exemptions made to local land use policies and zoning regulations.

What to change:

- Create new streamlined regulations to better define the RV and THOW use standards.
- Create safety standards that meet building code requirements to allow THOWs more versatility in where they can be lived in.
- Adopt Form Based Codes (FBCs) to facilitate housing diversity such as codes that allow living and working in the same structure, sustainability codes that focus on affordable and environmentally sensitive design, smart codes could address dwelling units such as cottages, and codes to curb urban sprawl.
- Create or partner with Community Land Trusts (CLTs) who can offer land leases to tiny home owners and preserve affordability in communities through land easements.

Zoning Barriers

Local zoning laws are often barriers to using tiny home to produce affordable housing. Contributing factors that create barriers are defining the type of tiny home, size of tiny home, building code limitations, and lack of land zoned for legal dwelling. THOWs are registered as recreational vehicles which in many counties limits the time you can occupy the space. Mobile homes are an avenue for THOWs to occupy a more permanent space, but often have size minimums that tiny homes don't meet. Tiny homes on foundations often have longer and more costly project timeframes because they fall under compliance of local building codes. Tiny home communities could serve as large affordable housing hubs but rarely is their land zoned for that type of use.

Removing zoning barriers and changing or creating new zoning areas would accelerate the production of affordable housing across California. Efforts to remove zoning barriers include explicitly defining and planning for tiny homes in building codes by changing minimum dwelling size requirements, addressing challenges posed by type of dwelling unit (THOW, THOF, mobile home, tiny home community), and considering licensing where dwelling definitions are not easily change. Other examples of zoning changes that could resolve tiny housing obstacles are addressing square footage and setback restrictions, consider occupancy rather than square footage on property size limits and allowing tiny homes for specific uses, such as affordable housing or for certain occupants, like caregivers and older relatives.

What to change:

- Create new streamlined zoning and ordinance updates to allow low-cost tiny home development.
- Update existing zoning codes to allow for tiny home infill by increasing density standards, decrease lot size requirements, decrease residential square footage, and allow more flexible approaches to facilitate tiny home development.
- Form based code approaches to facilitate tiny home development
- Create new classifications for zoning (pocket neighborhoods, cluster housing) that allows for tiny home communities in city boundaries

- Reclassify tiny homes by defining them differently than recreational vehicles will
- Create overlay or floating districts that allow for the creation of distinct regulation in an area that must be adhered too in addition to the regulations of an underlying zone. This allows tailored land use designations that are stringent and fit the particular need of the neighborhood or jurisdiction. This approach can be beneficial in areas zoned for large lot single family homes and facilitates for small rental opportunities rather than small homeownership opportunities.
- Initiate city bonds on ballots that would fund land acquisitions for future affordable housing production, i.e. Tiny home communities.

Model Ordinances/ Resources

- City of Portland, established [System Development Charges \(SDCs\)](#) to new developments, additions, and changes of use to offset the impact projects will have on the City's infrastructure and cover a portion of costs related to infrastructure necessary for development.
- Rockledge, Florida created a new zoning classification to specifically create a new tiny house community, called a pocket-neighborhood. Similar to that of a mobile home park, the community is able to maintain its permanence by allowing only 25% of the developments in the community to be THOW. [Current guidelines and requirements for tiny house pocket neighborhoods in the City of Rockledge.](#)
- City of Fresno has established clear requirements for both tiny homes on wheels and for tiny homes on permanent structures. [Ordinance for Second Dwelling Units, Backyard Cottages, and Accessory Living Quarters](#) and [Density Standards](#)
- County of Sonoma, altered legislation to facilitate development of long-term affordable housing and emergency housing in the form of tiny houses. In order to develop or own a legal tiny home in Sonoma County the tiny home must meet code requirement of the 2018 IRC Appendix Q, building regulations in the current [California Building Codes](#) and [Chapter 7 of the Sonoma County Municipal Code.](#)
- Additionally the County of Sonoma has developed requirements for the use of tiny homes in the form of ordinances for [accessory dwelling units](#), [cottage housing developments](#) , [agricultural housing](#), [temporary farmworker housing](#), and [special occupancy parks/ tiny villages.](#)
- City of San Luis Obispo, updated [zoning regulations](#) which included provisions for THOW including an application checklist.
- County of San Luis Obispo, created an [Affordable Housing Fund](#) to help facilitate the production and maintenance of affordable housing.

- [Park Delta Bay](#) in Isleton, CA is a tiny home community established like a mobile home park and RV park with porches you can back your tiny home right into. Long-term tenants are welcome, so long as the tiny home is registered as a recreational vehicle and registered through DMV.
- The City of Seattle, in an effort to produce affordable housing, remove regulatory barriers to backyard dwelling units, and facilitate housing communities for the homeless through [changes to Land Use Code](#)
- Sitka, Alaska, adopted [Ordinance 20-02s \(A\)](#), approving tiny homes on foundations that apply to THOWs also.
- City of San Jose, adopts an Accessory Dwelling Unit Ordinance permitting movable tiny homes as habitable ADUs

Vacant Property Restrictions

Summary and Benefits

Vacant property is an unrealized opportunity for the development of affordable housing and also reduces the quality and property value of the surrounding area. In addition, vacant property is problematic because the cost of maintaining abandoned property is born by the local municipality. Local jurisdictions can adopt new ordinance that reduce the amount of vacant land in urban and rural areas that sit idle.

What to change:

- Jurisdictions can adopt ordinances requiring owners to register their vacant property (including vacation rentals) and pay a fee. Fees can increase with the amount of time a property remains unused or undeveloped to incentivize the property's redevelopment.
- Jurisdictions can donate tax-delinquent or abandoned property to a nonprofit or CLT for redevelopment as affordable housing.
- Incentivize owners to bring vacant sites to market by implementing a higher marginal tax rate on idle urban land than on improved urban land, or assess vacant sites as if they contained buildings and improvements comparable to surrounding plots.

Model Ordinances/ Resources

- City of Oakland, [Vacant Property Tax Ordinance](#)
- City of San Francisco, [Proposed Vacancy Tax](#)

Zoning

Summary and Benefits

Land use authority, exercised through zoning, is an important role of local government. It shapes the communities we live in by laying out a future development pattern and the regulatory framework for future growth. Most of the housing in the California Central Coast region is single family housing on large lots. This is a product of zoning and is fairly common across the rest of the State. If adding more diverse housing in more locations is a policy goal, then standard zoning practices should be reconsidered.

Expand TOD-appropriate Zoning Near Transit

Transit Oriented Development (TOD) has been shown to increase transit ridership and transportation choices, reduce vehicle miles traveled, increase household disposable income, reduce air pollution, increase economic development and access to jobs/services, and reduce local infrastructure costs. If there is a fixed route transit station or high-frequency bus stop, it is critical that TOD-appropriate zoning is in place that allows for attached housing and/or mixed use development. Taxpayers have invested millions of dollars into the region's transit system. TOD is a mechanism for leveraging those investments to achieve environmental, economic, and quality of life outcomes. Denser housing around transit also increases transit ridership and the fare-box recovery of the region's resource constrained transit agencies.

What to change:

- Minimize single family zoning within transit-rich station areas and corridors.
- Zone transit-rich areas to allow multifamily housing and mixed use development.
 - Transit-rich could be defined as areas within ½ mile of high-frequency transit, starting with light rail and Amtrak stations and then bus stops with 15-minute frequencies. See the 2016 MTP/SCS map of transit priority areas (pg. 28).
 - Minimum development standards could include a height limit of at least 40 feet, 75 percent lot coverage, no parking minimums, and at least 30 units per acre or no unit-based density limit.

Allow Housing in Commercial Zones

There is a significant amount of underutilized land along suburban corridors, commercial districts, and aging malls in the SACOG region. Jurisdictions can leave the existing commercial zoning in place, but also allow for residential projects within these zones. This allows for market flexibility should a commercial proposal come forward, but adds the potential for housing as well. Allowing for mixed use and residential projects provides an opportunity for new life to be

brought into these corridors. It also creates a proximate market for experiential retail, which focuses on more hands-on, authentic experiences rather than the traditional consumer goods purchase retail that is quickly losing market share to online retailers. Increasing the number of people that can walk and bike to these experiential establishments will help to revitalize these areas and promote the types of commercial uses that are still thriving.

What to change:

- Allow for attached residential housing in commercial zoning districts by-right (by-right discussed further in Development Review Processes section).

Explore Housing Overlay Zones

Housing Overlay Zones are zones layered on top of base zoning districts that provide specific density or streamlining incentives for projects that include certain housing products. For example, a Housing Overlay Zone could include by-right review processes, fee waivers, enhanced density bonuses, reduced parking requirements, and/or relaxed height limits/setback minimums for housing projects that deed-restrict 20 percent of their units as affordable. One option to consider is Housing Sustainability Districts, which were made possible by AB 73 from the 2017 Housing Package. Housing Sustainability Districts are housing overlays that create ministerial approval processes for higher density housing that includes 20% affordable housing and pays prevailing wage.

What to change:

- If rezoning is infeasible, explore a Housing Overlay Zone that allows for missing middle and/or affordable housing projects.

4. FUNDING HOUSING PLANNING AND POLICY UPDATES

Developing affordable housing requires a large financial investment which is one of the greatest challenges in growing the housing stock. High land costs, infrastructure limitations, and lack of developable land make it additionally difficult to develop high density affordable housing. State funded grant programs that allocate funding towards regional transit and infrastructure rehabilitation may contribute to funding affordable housing development. Grant programs are in place that can provide funding to accommodate low-income housing development, sustainable housing development and programs that facilitate housing planning to encourage housing development. Below is a condensed list of funding programs that may be used to facilitate the growth of affordable housing.

Local Government Planning Support Grant Program (LGPSGP) provides \$250 million to local jurisdictions and regions to assist in housing planning or other activities related to meeting the sixth cycle regional housing need assessment. The LGPSGP program is managed by HCD and funds projects focused on technical assistance in improving housing permitting processes, tracking systems, and planning tools. Projects related to planning may include establishing regional or countywide housing trust funds for affordable housing, infrastructure planning for public facilities and utilities to support new housing and new residents, performing feasibility studies to determine the most efficient locations to site housing, covering the cost of temporary staffing or consulting needs associated with updating local planning and zoning documents, expediting application processing, and other actions to accelerate additional housing production. Depending on the size of the jurisdiction, applicants are eligible for awards up to \$1.5 million in funds through the local portion of this program. Funding may only be used for planning purposes and cannot be used for purposes such as construction or subsidizing building permits.

Affordable Housing Sustainable Communities (AHSC) Program makes \$550 million available to eligible applicants to assist with reducing greenhouse gas (GHG) emissions through projects that implement land-use, housing, transportation, and agricultural land preservation practices which support infill and compact development, and that support related and coordinated public policy objectives. The AHSC program is managed by HCD and funds projects focused on reducing air pollution, improving public health, improving conditions in disadvantaged communities, improving connectivity and accessibility to jobs, increasing options for mobility, increasing transit ridership, developing affordable housing for lower income households and protecting agricultural lands. Depending on the type of applicant, individual localities are eligible for awards up to \$30 million and developers are eligible for awards up to \$60 million in funds through the local portion of this program.

Transformative Climate Communities (TCC) provides \$60 million to local jurisdictions and regions to assist with the implementation and planning of neighborhood-level projects that reduce greenhouse gas emissions, strengthen the local economy, and improve public health and the environment — particularly in disadvantaged communities. The program is managed by the Strategic Growth Council and can fund community-led development and infrastructure projects with the goals of reducing greenhouse gas (GHG) emissions along with an array of local economic, environmental and public health co-benefits in targeted disadvantaged communities.

Projects awarded funding must further social equity by empowering community members to engage meaningfully with local governments to improve environmental sustainability, community-based economic opportunities, housing stability, and other community-defined goals at the local level. Reaching social equity goals isn't achievable without linking them to sustainable development goals. Therefore maximizing benefits for local residents with the TCC program will be evaluated by a jurisdiction's ability to provide/develop improvements to the community's income, employment, housing costs, overcrowding, and housing stability.

The program requires communities to prepare for climate resiliency through physical, social and economic means. Reducing vulnerability to climate change is innately tied to financial security, access to affordable housing, and access to critical services such as healthcare and nutrition. The grant program's resiliency criteria can be met by developing affordable housing and weatherization and energy efficiency upgrades to low-income housing among other approaches. \$56 million of the funds are designated for implementation activities, and \$600,000 is designated to fund planning activities. Implementation funds are awarded to only two applicants per cycle who are eligible for awards up to \$28 million each. Planning funds are awarded to only three applicants per cycle and are eligible for awards up to \$200,000 each.

The Infill Incentive Grant (IIG) Program is managed by HCD and provides large and small jurisdictions approximately \$194 million in funding for infrastructure improvements necessary for specific residential or mixed-use infill development projects or areas. Eligible improvements include development or reconstruction of parks or open space, utilities, transportation infrastructure and streetscapes to facilitate new infill housing. These funds are awarded to projects that will develop new housing units, and provide infrastructure that supports higher-density affordable and mixed-income housing in locations designated as infill. Applicants in counties with a population over 250,000 are eligible for awards up to \$30 million, while jurisdictions in smaller counties are eligible for awards up to \$7.5 million.

Community Development Block Program (CDBG) provides \$60 million in grant funding for non-entitlement jurisdictions to improve the lives of their low- and moderate-income residents through the creation and expansion of community and economic development opportunities in

support of livable communities. Program funds are provided by the U.S. Department of Housing and Urban Development (HUD) and fund projects related to economic development, housing planning and public infrastructure improvements. Providing financial support for housing assistance, housing services, housing-related facilities, and housing-related infrastructure allows entities to focus on projects related to single family home buyer assistance and housing rehabilitation, multifamily housing acquisition and rehabilitation, housing rehabilitation, and infrastructure in support of housing. Funding provided for infrastructure significantly reduces fees associated with rent and yearly utility costs. Funding availability varies. Additional CDBG fund have been made available through various COVID-19 economic recovery and stimulus package bills.

Multi-family Housing Program (MHP) provides \$279 million in funds for financing affordable multifamily rentals and transitional new construction, acquisition, rehabilitation, and conversion of housing developments. Program funds are managed by HCD and can fund projects related to creating rental housing developments including, new construction, preservation, rehabilitation, or acquisition and rehabilitation of permanent or transitional rental housing, and the conversion of nonresidential structures to rental housing for lower income households. Depending on the location of the jurisdiction, 45% of the funds are awarded to Southern California jurisdictions including San Bernardino, Kern and San Luis Obispo counties. 20% are awarded to all Northern California Jurisdictions. And 20% of the funds are awarded to rural jurisdictions. The maximum total grant award is up to \$20 million per jurisdiction.

APPENDIX 1: SUMMARY OF 2019 HOUSING LAWS

1. Introduction

In 2019, more than 200 housing bills were introduced by state legislatures. Of the more than 200 housing bills introduced, Governor Gavin Newsom signed into law a housing package that included approximately 20 bill on streamlining application processes, fee transparency, tenant protections, ADUs, surplus lands and financings. Additionally, the 2019-2020 state budget adopted nearly \$2.5 billion for housing and related infrastructure. All new housing legislation will go into effect on January 1st, 2020, making it important for all jurisdictions to prepare for changes and respond to new requirements immediately.

2. 2019 Housing Laws Overview

SB 330 modifies the Permit Streamlining Act (PSA) and Housing Accountability Act (HAA) to include a new Preliminary Application and expedited timeline. Several rules to sunset January 1, 2025. Applies to housing developments with at least two-thirds of square footage designated for residential use.

AB1483 requires jurisdictions to publicly share fee and standards information on websites by January 1, 2020, and HCD to develop and update a 10-year housing data strategy.

AB 1485 amends SB 35 to include projects with 20 percent of units up to 120 percent AMI in cities not meeting above-moderate RHNA goals. It also clarifies the two-thirds mixed-use calculation, approval expiration dates, subsequent permit issuing and standards of review and consistency with other laws.

AB 1763 provides enhanced density bonus for 100% affordable developments including 80 percent density bonus and no density limit if within ½ mile major transit stop under State Density Bonus Law.

AB 1482 restricts rents from being increased more than 5 percent plus inflation annually for the next 10 years and requires landlords to demonstrate “just cause” prior to evicting tenants of at least one year. Property owners evicting tenants for renovations or condo constructions must provide relocation fee equal to one month’s rent.

SB 329 prohibits discrimination against tenants paying for housing with public assistance, such as Section 8 vouchers.

AB 1255 requires jurisdictions to report surplus lands in urbanized areas to the state and to develop a digitized inventory beginning April 1, 2021. Updates will be provided to HCD each year after by April 1st.

AB 1486 expands Surplus Land Act, requires local jurisdictions to include surplus land in housing elements and annual progress reports (APRs) and requires HCD to create a database.

SB 6 requires the state to create a public inventory of local surplus land sites suitable for residential development, along with state surplus land sites. Effective on or after January 1, 2021. **AB 101** requires jurisdictions to approve navigation centers by-right in mixed use and nonresidential zones that allow multifamily uses. Additionally, if a locality has been designated prohousing by HCD – compliant with housing element requirements and enacted policies that advance the planning, approval and construction of housing – extra points will be given on IIG, AHSC and TTC grant program applications. Awards will be based on categories including favorable zoning, faster processing, reducing costs and financial subsidies.

AB 116 removes the requirement for Enhanced Infrastructure Financing Districts (EIFDs) to receive voter approval prior to issuing bonds.

AB 1487 allows ABAG and MTC to place measures on the ballot to generate revenue for affordable housing and tenant protections, as well as oversee coordination, allocation of funds and technical assistance to local jurisdictions¹⁰. The new Bay Area Housing Finance Authority (BAHFA) – governed and staffed by MTC – will be tasked with raising and distributing funds to localities.

AB 1743 expands properties exempt from community facility district taxes to include those qualifying for the property tax welfare exemption and limits the ability to deny housing projects due to qualifying.

SB 196 enacts a new welfare exemption from property tax for property owned by a Community Land Trust (CLT) and makes other property tax assessment changes subject to contracts with CLTs.

SB 13, AB 68 and **AB 881** reduce barriers to ADU approval and construction.

AB 587 provides a narrow, opt-in exemption for affordable housing developers to sell deed-restricted land to eligible low-income homeowners.

AB 671 requires local jurisdictions to encourage affordable ADU rentals in their housing plans and requires the state to develop a list of grants and financial incentives.

AB 670 limits the ability of single-family HOAs to ban ADUs.

APPENDIX 2: SUMMARY OF 2018 HOUSING LAWS

1. Introduction

In 2018, the California Legislature has continued to focus on housing laws that address the state's housing shortage. Governor Jerry Brown signed into law sixteen pieces of housing legislation that focus on increasing density bonuses, streamlining the permitting process and increased regional housing planning. All new housing legislation goes into effect January 1st, 2019.

2. 2018 Housing Laws Overview

AB 2923 grants the Bay Area Rapid Transit (BART) board of supervisors the authority to rezone any BART-owned land within a half-mile of a BART station to set the lowest permissible limit for height, density and floor area ratio and the highest permissible parking minimums and maximums.

AB 2753 seeks to expedite the processing of density bonus applications pursuant to the State Density Bonus Law. This amendment now requires local governments to provide determinations to developers regarding density bonus, reductions in parking requirements and whether the applicant has provided sufficient information regarding any requested incentives, concessions, waivers or reductions in required parking.

AB 2372 authorizes cities or counties to grant a developer of an eligible housing development under the State Density Bonus Law a floor area ratio bonus in lieu of a bonus on the basis of dwelling units per acre.

SB 1227 extends the State Density Bonus Law to apply to student housing and allows student housing projects where at least 20 percent of the units are affordable for lower income students to receive a 35 percent density bonus.

AB 2797 requires the State Density Bonus Law to be harmonized with the California Coastal Act so that both statutes can be given effect within the coastal zone to increase affordable housing in the coastal zone while protecting coastal resources and access.

AB 3194 strengthens the Housing Accountability Act (HAA). Provides that a proposed project is not inconsistent with applicable zoning standards and criteria, and shall not require a rezoning, if the proposed project is consistent with objective general plan standards and criteria but the local agency's adopted zoning for the project site is inconsistent with the general plan; and Allows a local agency to require a proposed project

to comply with objective standards and criteria of the zoning consistent with the general plan, but requires

SB 765 amends SB 35 and no longer requires that the California Environmental Quality Act (CEQA) be used in an agency's determination of whether and application for a development is subject to the streamlined ministerial approval process.

AB 2263 authorizes parking reductions for a development project in which a designated historical resource is being converted or adapted.

AB 2162 requires supportive housing to be considered a use "by right" in zones where multifamily and mixed uses are permitted, including nonresidential zones permitting multifamily uses, if the proposed housing development meets specified criteria.

AB 829 prohibits local governments from requiring a developer of obtain a letter of acknowledgment or similar document prior to applying for state assistance for a housing development.

SB 828 and **AB 1771** adjusts the Regional Housing Needs Assessment (RHNA) process to use more data to more accurately and fairly reflect job growth and housing needs, with an emphasis on fair housing goals.

AB 686 requires a public agency to administer its programs and activities relating to housing and community development in a manner to affirmatively further fair housing and not take any action that is inconsistent with this obligation.

SB 1333 allows charter cities (those governed by a city charter document rather than by general law) subject to a number of planning laws that previously only applied to general law cities. These include laws related to general plan amendment processing, accessory dwelling unit permitting and the preparation of housing elements.

AB 1919 recognizes that under current prohibitions against "price gouging," landlords cannot raise rents by more than 10 percent within 30 days of a declared disaster, but the prohibition does not apply to rental properties that were not on the market at the time of the emergency.

AB 2913 extends the duration of a building permit from six months (180 days) to 12 months, as long as construction has started and has not been abandoned. The law also provides that a permit is subject to the building standards in effect on the date of original issuance, and if the permit does expire, the developer may obtain approval from the local building official for one or more six-month extensions.

APPENDIX 3: SUMMARY OF 2017 HOUSING LAWS

1. Introduction

In 2017, more than 130 housing bills were introduced by state legislatures. Of more than 130 bills introduced, Governor Jerry Brown signed into law a housing package that included approximately 15 bills focusing on funding, streamlining, and preserving local authority. All new housing legislation goes into effect on January 1st, 2018, making it important for all jurisdictions to prepare for changes and respond to new requirements immediately.

2. 2017 Housing Laws Overview

SB 2 imposes a fee on recording of real estate documents excluding sales for the purposes of funding affordable housing. Provides that first year proceeds will be split evenly between local planning grants and HCD's programs that address homelessness. Thereafter, 70 percent of the proceeds will be allocated to local governments in either an over-the-counter or competitive process. Fifteen percent will be allocated to HCD, ten percent to assist the development of farmworker housing and five percent to administer a program to incentivize the permitting of affordable housing. Fifteen percent will be allocated to CalHFA to assist mixed-income multifamily developments.

SB 3 allocates \$3 billion in bond proceeds among programs that assist affordable multifamily developments, housing for farmworkers, transit-oriented development, infrastructure for infill development, and homeownership. Also funds matching grants for Local Housing Trust Funds and homeownership programs. Provides \$1 billion in bond proceeds to CalVet for home and farm purchase assistance for veterans.

AB 1505 authorizes the legislative body of a city or county to require a certain amount of low-income housing on-site or off-site as a condition of the development of residential rental units.

AB 1521 requires the seller of a subsidized housing development to accept a bona-fide offer to purchase from a qualified purchaser, if specified requirements are met. Gives HCD additional tracking and enforcement responsibilities to ensure compliance.

AB 571 modifies the state's farmworker housing tax credit to increase use. Authorizes HCD to advance funds to operators of migrant housing centers at the beginning of each season to allow them to get up and running. Extends the period of time that migrant housing centers may be occupied up to 275 days.

SB 35 streamlines multifamily housing project approvals, at the request of a developer, in a city that fails to issue building permits for its share of the regional housing need by income category.

AB 73 streamlines the housing approval process by allowing jurisdictions to create a housing sustainability district to complete upfront zoning and environmental review in order to receive incentive payments for development projects that are consistent with the ordinance.

SB 540 streamlines the housing approval process by allowing jurisdictions to establish Workforce Housing Opportunity Zones (WHOZs), which focus on workforce and affordable housing in areas close to jobs and transit and conform to California's greenhouse gas reduction laws.

AB 678 and **SB 167** strengthens the Housing Accountability Act by increasing the documentation necessary and the standard of proof required for a local agency to legally defend its denial of low-to-moderate-income housing development projects, and requiring courts to impose a fine of \$10,000 or more per unit on local agencies that fail to legally defend their rejection of an affordable housing development project.

AB 1515 states that a housing development conforms with local land use requirements if there is substantial evidence that would allow a reasonable person to reach that conclusion.

AB 72 provides HCD new broad authority to find a jurisdiction's housing element out of substantial compliance if it determines that the jurisdiction fails to act in compliance with its housing element and allows HCD to refer violations of law to the attorney general.

AB 1397 requires cities to zone more appropriately for their share regional housing needs and in certain circumstances require by-right¹ development on identified sites. Requires stronger justification when non-vacant sites are used to meet housing needs, particularly for lower income housing.

SB 166 requires a city or county to identify additional low-income housing sites in their housing element when market- rate housing is developed on a site currently identified for low-income housing.

AB 879 makes various updates to housing element and annual report requirements to provide data on local implementation including number of project applications and approvals, processing times, and approval processes. Charter cities would no longer be exempt from housing reporting. Requires HCD to deliver a report to the Legislature on how local fees impact the cost of housing development.