



SANDAG

Pro-Housing Best Practices for the San Diego Region

September 2021

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Introduction

Dear SANDAG Member Jurisdictions,

We are pleased to share the enclosed best practices recommendations and literature review with you. We hope this document will accelerate our discussion on housing-related issues by establishing a shared baseline of knowledge about what’s happening in our communities and by building on the policy development that stakeholders have already done.

Our team reviewed dozens of recent housing-focused articles and reports from across the San Diego Region and throughout the state of California and distilled the ideas into these recommendations for Pro-Housing Best Practices. We condensed each document into a single-page format that emphasizes three components: a general overview, key findings, and policy recommendations. We hope that you will draw upon this reservoir of good ideas throughout the regional housing planning process. We have also included an index of other organizations and online resources that you may find useful as we work together to identify a set of strategies for addressing the San Diego region’s housing crisis.

We encourage you to review the summaries that are included here and use the associated links to access the full reports. Again, it has been our pleasure to provide resources to help inform the future of the SANDAG region and expand housing opportunities for all residents.

Sincerely,

Tara Lake, Director, Southern California Land Use/Urban Planning, WSP

Jennifer LeSar, President and CEO, LeSar Development Consultants

Executive Summary

The consultant team has undertaken a 3-phase literature review research project on behalf of SANDAG. The goals of this endeavor include to:

- Establish a baseline of information about regional housing trends
- Develop an understanding of pro-housing best practices
- Provide supportive information to guide REAP eligible activities in the San Diego region

The topics addressed by the 43 sources selected in the literature review fall under 17 identified core recommendations. The 17 core recommendations address five key areas of action. Below is an outline of those key areas of action:

I. Regional collaboration and leadership

This set of recommendations relates to SANDAG’s role in fostering collaboration across the region and acting as a leader by providing technical assistance, information, and other support to its member agencies.

II. Addressing barriers in the development process

Addressing the barriers to housing production has been shown to be a key strategy for accelerating housing production. Localities can make meaningful policy changes through their zoning, development fees, review process, and other actions related to development.

III. Advancing equity in housing policy

Increasing production alone will not address the region’s many housing needs, particularly for populations who have and continue to experience the negative outcomes of decades of exclusionary policies, as well as households with lower incomes. Therefore, a set of recommendations comes from best practices around advancing equity in housing policy.

IV. Improving mechanisms to finance affordable housing

Financial subsidy for affordable housing is constrained by various factors. But tools exist to help increase the amount and access to subsidies.

V. Maximizing large-scale land development opportunities

The San Diego region has the opportunity to maximize a number of large-scale housing development opportunities, especially on public land. The recommendations in this

section are based on practices of localities that have strong strategies to maximize publicly owned land.

Section 1 of this document details the recommendations within each area of action. Each recommendation then has a series of action items which our research showed can be promising best practices for the San Diego region.

Section 2 of this document is an in-depth literature review of 43 documents that informed the best practice recommendations. This literature review—drawing from a variety of sources including government agencies, housing research organizations, advocacy organizations, and others—includes a summary of each document reviewed as well as its key findings and recommendations.



Section 1: Pro-housing Best Practice Recommendations



I. Regional collaboration and leadership

This set of recommendations relates to SANDAG’s role in fostering collaboration across the region and acting as a leader by providing technical assistance, information, and other support to its member agencies. Best practices show that the region can help accelerate its housing production through:

Recommendation 1: Improve Access to Housing Information and Technical Assistance

- Implement technical assistance, temporary staffing, and other actions to support the localities in the preparation of housing elements, affirmatively furthering fair housing plans, housing toolkits, land use strategies, permit streamlining, and other housing-related programs.
- Establish consulting benches that can provide technical assistance, identify infill opportunity areas or sites, provide CEQA streamlining support, convene regional stakeholder groups, facilitate partnerships between private and public entities, and provide expert financial advisory services.
- Expand training and education on affordable housing to stakeholders; engage cross sector teams in developing common understanding of the housing crisis and potential solutions.
- Create a regional database of affordable housing to track affordable housing inventory, vacant land, expiring covenants, financing programs and other related housing data.
- SANDAG can partner with jurisdictions to identify housing stakeholders and, through a new or existing working group, establish regional housing goals in alignment with transportation initiatives, develop strategies to improve regional competitiveness for state and federal funds, evaluate innovative solutions to the housing crisis, and provide leadership and accountability to meet regional goals.

Recommendation 2: Create a Comprehensive Stakeholder Engagement Strategy

- Employ a regional approach to housing that engages multiple local agencies and diverse community stakeholders and garners early and broad political support.
- Support local governments in promoting neighborhood-driven efforts to build and sustain strong communities in conjunction with programs to improve physical conditions and foster homeownership.
- Engage multiple public, private, and non-profit stakeholders at various scales.
- Convene a working group of local jurisdictions and developers to address improving the siting of housing and access to jobs, transportation, and social services.
- Enhance inter-agency coordination on stakeholder engagement efforts.
- Talk about racial equity and include it in plans and the planning process.
- Use innovative community engagement methods to target underrepresented voices.

Recommendation 3: Encourage Data Driven Policy and Decision-Making

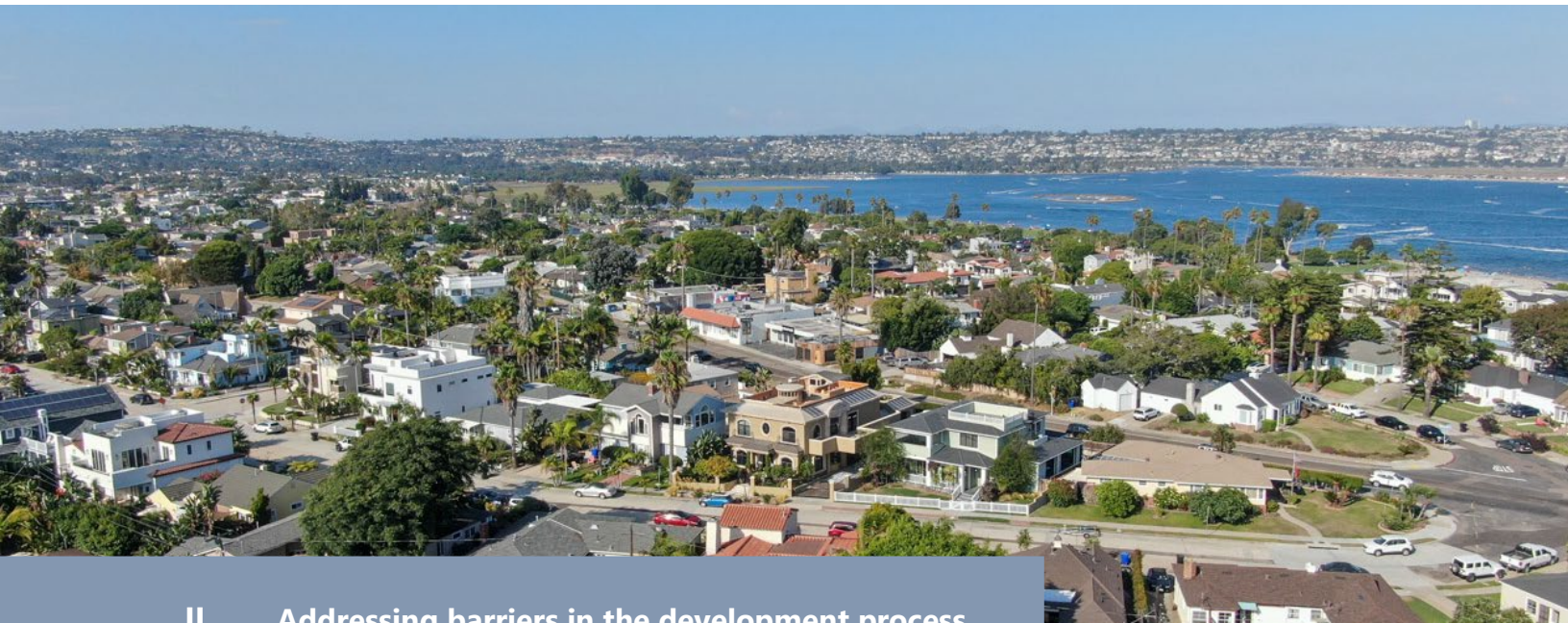
- Create an open data system to track housing-related information including, but not limited to, affordable housing developments, market-rate housing developments, displacement and gentrification data, evictions, Ellis Act removals, homeless counts, rental rates, home sales, public land development opportunities, public funding deadlines, key market data and financial indicators.
- Use data collected through the open data system to support data-driven decision making and add value to the work of practitioners and policy makers.
- Incorporate relevant and consistent data sets for ongoing education and technical assistance to local governments.
- Develop a website or toolkit to assist developers in seeking important funding resources that includes departmental leads, notice of workshops, and other relevant information. For example, create a greenhouse gas (GHG) emissions reductions tool for developers applying for Affordable Housing Sustainable Communities (AHSC) funding.
- Track and analyze the outcomes of redevelopment intervention efforts to understand whether efforts are working and fine-tune future redevelopment approaches.

Recommendation 4: Align Housing and Climate Goals by Promoting Sustainable Patterns of Development

- Offer more aggressive subsidies for affordable housing in transit-oriented development (TOD) areas and other places with access to high quality transit to increase the supply of affordable housing. Incentives can be used for new development as well as extending existing affordability restrictions. Development incentives could build on the success of the

AHSC program. Funds for local subsidies can be raised through local housing trust funds, ballot measures, land value capture policies, and other methods.

- Provide technical assistance to localities for implementing sustainability policies, such as promoting housing that reduces vehicle miles traveled (VMT).
- Support rezoning efforts to promote higher density housing near high-quality transit routes, especially affordable units.



II. Addressing barriers in the development process

Addressing the barriers to housing production has been shown to be a key strategy to accelerating housing production. Localities can make meaningful policy changes through their zoning, development fees, review process, and other actions related to development:

Recommendation 5: Incentivize New Housing Production

- Set targets for new affordable housing development based on the Regional Housing Needs Assessment (RHNA).
- Create a communication campaign aimed at supporting and reducing resistance to affordable housing development.
- Adopt or expand inclusionary zoning policies to increase production of affordable housing by market rate developers.
- Increase funding for affordable housing and target subsidies to maximize the amount of affordable housing being built.

- Support innovation that reduces housing production costs, such as pre-fabricated and/or modular construction.
- Reduce development costs and barriers through permit streamlining and proactive steps to mitigate development risk.
- Facilitate the acquisition of land for affordable housing. Create a land acquisition fund for affordable housing.
- Make public land available for affordable housing by acquiring new land or releasing excess public land for housing.
- Use Geographic Information Systems (GIS)-based technology to identify and prioritize publicly owned opportunity sites for housing development.
- Provide density bonus incentives for affordable housing development as a complement to the Density Bonus Law.

Recommendation 6: Reduce Construction Costs by Identifying Policies and Fees that Hinder Development

- Increase fee transparency and charge fees based on metrics that encourage affordable project design, such as fees per square foot metrics, and structure fees by type and location. Identify potential funding sources to pay for growth that will allow local governments to reduce fees on new housing.
- Create certainty in the development process by streamlining permitting and approval processes, including requiring cities to adopt ministerial approval processes.
- Defer permit fee collection until certificate of occupancy. Increase fees incrementally and adjust rates according to local housing markets.
- Shorten permitting and approval timelines. Review codes for inefficiencies to mitigate rising construction costs.
- Increase support for labor training programs, such as apprenticeships and programs at community colleges, to assist in building and skilling up the construction workforce.
- Support innovative construction methods and materials, such as offsite manufacturing of housing parts, modular housing, and 3D printed housing, to lower construction costs.
- Create pre-approved housing prototypes for modular and/or accessory dwelling units (ADUs).
- Streamline entitlements and environmental review to reduce risk and shorten timelines for development.
- Identify an unrestricted capital fund for flexible pre-development funding before permanent financing is secured.

- Require jurisdictions to increase transparency by clearly posting nexus studies and comprehensive development fee schedules, making annual fee reports easily available to the public, and offering fee estimates and guidance on how to calculate development fees.
- Split collection times, create fee deferral programs, increase fees incrementally, and adjust rates according to local housing markets.

Recommendation 7: Revise Land Use Policies to Meet Sustainability, Affordability, and Equity Needs

- Support baseline zoning and land use requirements at the state level to reduce uncertainty for development.
- Allow local discretion to comply with statewide requirements but have accountability measures in place, such as having a compliant housing element that advances affirmatively furthering fair housing (AFFH) goals.
- Create certainty in the development process by streamlining permitting and approval processes, including requiring cities to adopt ministerial approval processes or tying land use reforms to existing development streamlining mechanisms at the state level.
- Increase zoning capacity around job centers and commercial corridors, particularly within SANDAG mobility hub areas.
- Create affordable homeownership opportunities.

Recommendation 8: Strategically Zone to Encourage Housing Development

- Create zoning for residential development on commercial property.
- Create a ministerial approval mechanism to give developers a level of certainty of how much housing can be built on all commercial properties.
- Adopt a broad definition of commercial property to capture all parcels suitable for housing, rather than limiting this initiative to specific zoning. Allow housing in a broad range of zones, including commercial, office, retail, and other areas that can support the provision of high-quality housing.
- Redevelop commercial corridors with mixed use and affordable housing.
- Redevelop existing commercial projects and revitalize rental housing into mixed-use communities to transform underutilized single-use commercial areas into walkable, economically viable neighborhoods.
- Expand “missing middle” zoning, promote transit-oriented development zoning, allow housing in commercial zones, reduce parking requirements, and explore housing overlay zones to increase the housing supply and provide affordable housing and density that supports retail and transit, increases economic development, and improves access to jobs and services.

- Reduce minimum lot sizes.
- Support ADU production.
- Allow for a variety of building types on all residential lands.
- Promote strategic/targeted rezones, particularly within SANDAG mobility hub areas.
- Promote an increased number of mixed-use zones, particularly within SANDAG mobility hub areas.
- Focus on increasing zoning capacity in amenity-rich cities and neighborhoods. Cities truly interested in increasing housing production should begin by expanding zoned capacity in their high demand neighborhoods.
- Reform restrictive zoning practices that constrain the amount and diversity of housing stock produced.
- Land use reform should be implemented to encourage all communities to take a fair share of new market rate and affordable housing.

Recommendation 9: Streamline Permitting and Development Processes

- Streamline the development review process to provide certainty for project applicants and prevent unnecessary costs by maximizing by moving from a discretionary review process to ministerial approval, shortening the review timelines, and advertising State CEQA streamlining opportunities.
- Streamline the development review process through business process re-organization, improvements to project management of applications, and enhancements to community outreach, including online permit processing and accessible methods for residents to stay informed.
- Develop pre-approved plans for various housing typologies such as modular housing and accessory dwelling units.

Recommendation 10: Streamline Processes to Accessory Dwelling Unit Production

- Provide guidance on recently implemented state laws, zoning and development standards, and other information to keep up with state requirements.
- Incentivize ADU construction to provide more affordable housing in infill communities by removing requirements for parking and owner-occupancy, allowing ADUs in all residential zones, updating size requirements, having a clear approval process that includes expected fees, and building a campaign to build a regional culture of ADU construction.
- Create a program to assist low- to moderate-income homeowners to qualify for ADU construction loans.

- Create public interest campaigns to educate homeowners about the advantages of investing in ADUs to address the knowledge gap.
- Make ADU zoning and permitting processes more user-friendly.
- Create or improve ADU information on public websites.
- Allow single-family parcels to be split so a new ADU can be sold as a separate home.
- Create tenant referral programs for ADUs for populations such as students, seniors, persons at risk of homelessness, and others.

Recommendation 11: Promote Equitable Transit Oriented Communities

- Concentrate future development in high opportunity and healthy mobility hub areas to ensure connections to major work, school, and retail locations, as well as the complementary land uses that offer a healthy mix of uses to accommodate the region's expected growth while promoting equity and availability of affordable housing for everyone.
- Support local jurisdictions with grants and technical assistance that include housing grant programs to help local governments update their plans and ordinances to accommodate increased housing density within high opportunity and healthy mobility hub areas.
- Collaborate with nonprofit affordable housing developers and other pro-housing organizations to determine how to best incentivize affordable housing in the region.
- Create land use incentives to encourage increased affordable housing in high opportunity and healthy areas near transit, such as by-right density bonus incentives, Transit-Oriented Development (TOD) zones, reduced parking requirements, density minimums near transit, transit passes for residential development, and shared mobility enhancements for transit-oriented housing developments.



III. Advancing equity in housing policy

Increasing production alone will not address the region’s many housing needs, particularly for populations who have experienced the negative outcomes of decades of exclusionary policies as well as households with lower incomes. The following recommendations will still serve to support positive change and a more equitable future for all residents:

Recommendation 12: Incentivize Preservation of Covenant Restricted Affordable Housing and Naturally Occurring Affordable Housing (NOAH)

- Establish preservation policies such as adopting a preservation ordinance that acts to strengthen and expand preservation tools granted by the State Preservation Notice Law.
- Create incentives for property owners if they record affordability restrictions for their units.
- Strengthen existing Single Resident Occupancy (SRO) Ordinances to maintain affordability.
- Create a fund for acquisition and rehabilitation of naturally occurring affordable housing to preserve affordability in areas experiencing gentrification.
- Consider tenant, community, or public opportunity to purchase and maintain affordable units.
- Consider supporting legislation that assists with the preservation of naturally occurring affordable housing (NOAH)

Recommendation 13: Take Action Against Displacement

- Protect against displacement and poor/substandard housing conditions.
- Enhance renters’ housing stability through rent stabilization and eviction-protection programs and policies, particularly for low-income communities.

- Enhance homeowners' housing stability through home-owner protection programs and policies.
- Ensure the ongoing viability of unsubsidized affordable rental properties.
- Jointly develop a strategic plan for neighborhood stabilization, including a prioritization scheme for anti-displacement policies in the jurisdiction to incorporate into applications for state and federal funding.
- Help build capacity in local communities by fostering ongoing education about displacement issues and support for community organizing.
- Expand community land trusts and co-op housing.

Recommendation 14: Take Actions to Affirmatively Further Fair Housing

- Increase housing in locations with high access to jobs and quality education.
- Expand the availability of affordable housing in resource-rich areas.
- Implement outreach and policy strategies to combat segregation.
- Educate staff, elected and appointed officials, and the public on fair housing laws.
- Combat housing discrimination.
- Provide language assistance and translation on websites and other communication platforms.
- Develop a policy and plan to address displacement.
- Identify metrics or quantify objectives and milestones for determining what fair housing results will be achieved.
- Promote meaningful and frequent community participation in planning and decision-making processes. Factor in geographic barriers to participation, including format, accessibility needs, meeting locations, dates, and meeting times to ensure residents from across the jurisdiction can participate.
- Inventory and identify adequate sites appropriately zoned and available to accommodate the number of units identified in the RHNA.



IV. Improving mechanisms to finance affordable housing

Financial subsidy for affordable housing is constrained by various factors, but tools exist to help increase the amount and access to subsidies:

Recommendation 15: Improve Access to Capital for Affordable Housing

- Increase local funding to leverage state and federal resources for the construction of affordable homes by introducing housing bonds, a vacancy tax, fee waivers, long-term fee deferrals for affordable projects, etc.
- Reduce fragmentation of affordable housing funds; adopt a regional approach to financing housing; create a one-stop-shop that allows developers access multiple funding sources through a coordinated process. Invest in the infrastructure and staff capacity necessary to sustain coordination.
- Establish a regional housing finance agency; create a multi-jurisdictional affordable housing trust fund informed by the San Diego Housing Commission's Affordable Housing Trust Fund or the San Diego County Innovative Housing Trust Fund; create Enhanced Infrastructure Finance Districts (EIFDs) informed by those currently formed throughout the state, such as the City of San Diego Otay Mesa EIFD; identify and prioritize value capture opportunities, create a regional land trust, prioritize public land development opportunities.
- Distribute funds equitably to all jurisdictions within the region through local-based minimums, non-competitive programs in conjunction with population- or RHNA-based award amounts and provide technical assistance to under resourced communities.
- Increase competitiveness for state housing funds by obtaining Pro-Housing Designation from the California Department of Housing and Community Development (HCD).
- Create a regional database of capital opportunities for financing affordable housing development

Recommendation 16: Promote Greater Tenant Based Subsidies

- Expand the availability of tenant-based subsidies and remove the barriers to their use.
- Promote mobility for Housing Choice Voucher (HCV) holders. Create flexible tenant-based rental assistance for target populations by tapping into social service funding for homeless such as health department, foster care, justice systems and private healthcare providers.



V. Maximizing large-scale land development opportunities

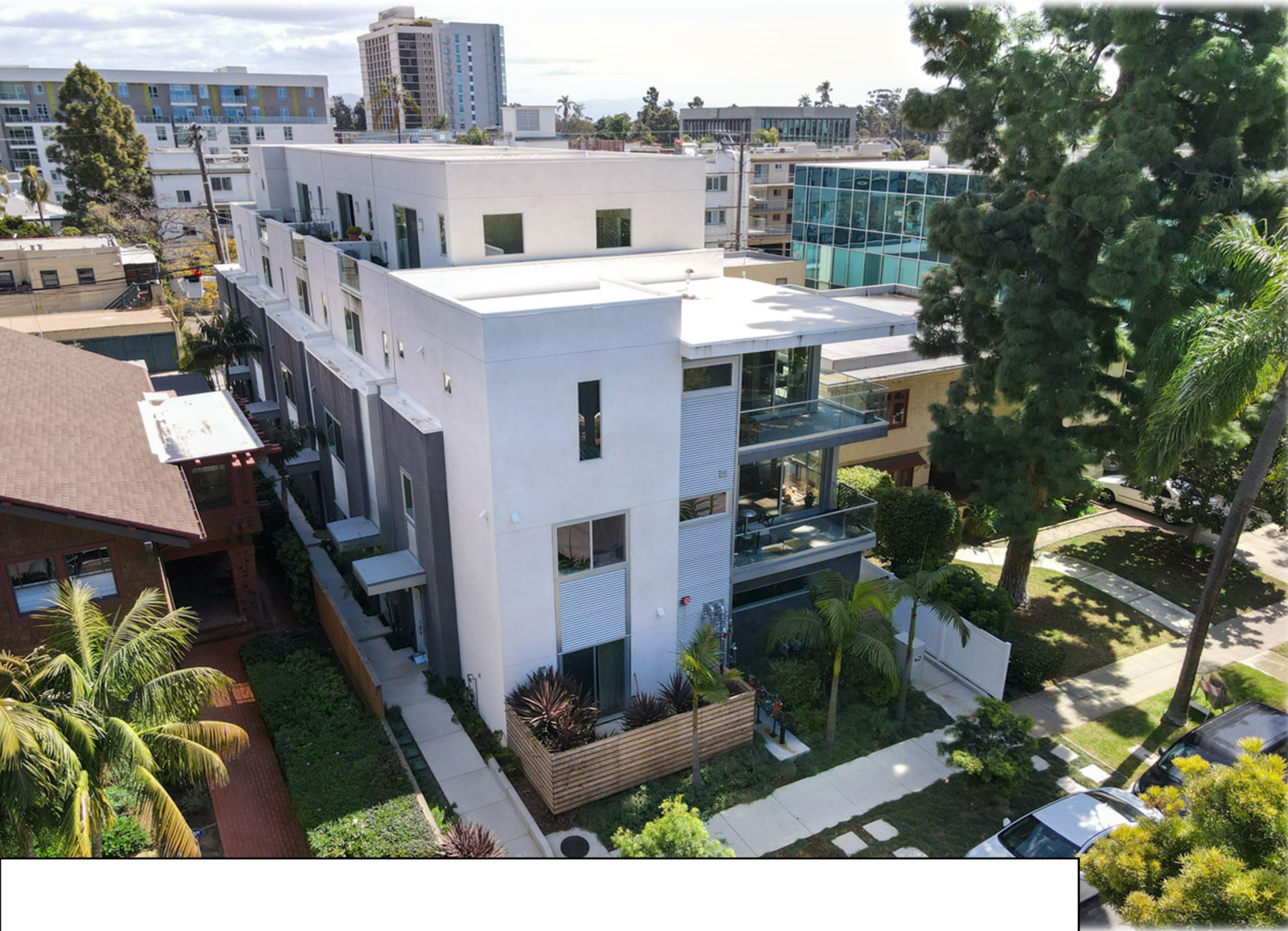
The San Diego region has the opportunity to maximize a number of large scale housing development opportunities, especially on public land. The following recommendation is based on practices of localities that have strong strategies to maximize publicly owned land:

Recommendation 17: Inventory Surplus Land and Identify Opportunities for Scalable Housing Development

- Create an inventory of healthy and transit-accessible public land opportunities for development, particularly within SANDAG mobility hub areas, including City, County, State, and land owned by joint powers agencies and other public purpose entities.
- Create an interjurisdictional partnership to assemble healthy and transit-accessible public land for housing development, particularly within SANDAG mobility hub areas.
- Identify scalable land development opportunities (i.e., 1,000-unit development opportunities that may be single sites or scattered sites) to drive economies of scale.
- Create a public land development infrastructure fund to clear and entitle public land for development.

- Create an acquisition strategy to assemble public land in healthy and transit-accessible locations for development; focus on housing development opportunities that link to investment in public transportation and achieve sustainability goals (i.e. reduced private car use).

Government agencies, in partnership with the private sector, are actively pursuing large-scale development on publicly owned land throughout the region. Large-scale development opportunities possible in the coming years include the U.S. Navy's plan for 10,000 homes on its Old Town San Diego NAVWAR site, the City of San Diego's plans to redevelop its Sports Arena site in the Midway District, the ongoing construction at San Diego State University's Mission Valley project, which will include 4,600 homes, offices, retail space, open space, and more. The best practice recommendations in this section will help the region maximize the benefits of these development opportunities.



Section 2: Literature Review

Summary of the Literature Review Process

The literature review was conducted by WSP and LeSar Development Consultants on behalf of SANDAG: San Diego Association of Governments. The goals of this endeavor are to:

- Establish a baseline of information about regional housing trends
- Develop an understanding of housing program best practices
- Provide supportive information to guide REAP eligible activities in the San Diego region

This review was interested in identifying policy recommendations that have already been researched and vetted by stakeholders and have broad cross-sector support.

Methodology

Research to prepare this literature review was conducted in three sequential phases.

In the first phase, we identified a set of search criteria to find documents online and build an internal library. In the second phase, we used a set of criteria to prioritize which documents should be included in the final report. Lastly, we prepared a one-page summary for each of the documents to be included in the final report.

In the first phase, we used the following search criteria to find documents and build our library:

1. San Diego regional housing and REAP eligible activity focused documents
2. Published online in 2018 or later
3. Prepared by one of the following types of organizations:
 - Local Government
 - Regional Agency
 - Housing Advocacy (both affordable and market-rate)
 - Housing Research and Finance
 - Social Equity and Anti-Displacement
 - Smart Growth and Sustainability

In the second phase, we prioritized documents for inclusion in the final report that meet one or more of the following criteria:

1. Major foundational documents (e.g., San Diego Area Plans, State of the Region)
2. Prepared by SANDAG and the communities it represents
3. Includes specific, relevant policy and/or housing best practice recommendations
4. Includes unique, relevant existing conditions information
5. Includes REAP eligible activities.

In the third phase, we prepared a one-page summary for each of the documents to be included in the final report. These summaries were used to draft an outline of pro-housing strategies for the San Diego Region.

Literature Review Results

We reviewed 72 documents; of those, we selected 43 to include in the final report. The table below shows the breakdown of those documents by organization type.

Category	Number of Docs Reviewed	Number of Docs Included
Local Government	8	8
Regional Agency	12	10
Housing Advocacy	3	1
Housing Research and Finance	18	18
Social Equity	2	2
Smart Growth and Sustainability	2	2

For each of the documents in the final report, an overall summary, key findings, and policy recommendations are provided. This information is sourced directly from the documents and thus reflects the authors’ findings and recommendations.

Best Practice Recommendations

Not all the documents included in this review contain best practice recommendations. Among those that did specific policy recommendations, certain commonalities emerged from our review. The table below includes the top housing best practice recommendations. While some best practices may be mentioned more than others, all best practices should still be considered equally important, as some practices may make a stronger impact than others depending on jurisdiction context.

Recommendation	Number of Mentions	Cross-Sector Support?
Improve Access to Housing Information and Technical Assistance	5	Yes
Create a Comprehensive Stakeholder Engagement Strategy	6	Yes
Encourage Data Driven Policy and Decision Making	3	Yes
Align Housing and Climate Goals by Promoting Sustainable Patterns of Development	7	Yes
Incentivize New Housing Production	21	Yes
Reduce Construction Cost by Identifying Policies and Fees that Hinder Development	12	Yes
Revise Land Use Policies to Meet Sustainability, Affordability, and Equity Needs	20	Yes
Strategic Zone to Encourage Housing Development	20	Yes
Streamline Permitting and Development Processes	13	Yes
Streamline Processes to Accessory Dwelling Unit Production	6	Yes
Promote Transit Oriented Development	13	Yes
Incentivize Preservation of Covenant Restricted Affordable Housing and Naturally Occurring Affordable Housing (NOAH)	10	Yes
Take Action Against Displacement	11	Yes
Take Actions to Affirmatively Further Fair Housing	4	No ¹
Improve Access to Capital for Affordable Housing	10	Yes
Promote Greater Tenant Based Subsidies	2	Yes
Inventory Surplus Land and Identify Opportunities for Scalable Housing Development	6	Yes

¹HCD's AFFH guidance was published in mid-2021--all of the literature supporting this action is from HCD itself. It is likely that a wide range of research will be published about the importance of pursuing AFFH policies.

State and Regional Agencies

California Department of Housing and Community Development. (2020). Regional Early Action Planning Grant Program (REAP): Eligible Activities Best Practices

Link: <https://www.hcd.ca.gov/grants-funding/active-funding/docs/best-practices-5-12-2020.pdf>

Summary:

This document notes examples of programs and policies HCD has seen that can be supported with REAP funds. For SANDAG, it will be helpful to review the examples under the eligible activities, Suballocations to Jurisdictions and Technical Assistance, Temporary Staffing or Consultant Needs, and Other Actions categories.

Key Findings:

- Programs and policies supported by REAP funds can be used to address significant disparities in housing needs and access to opportunity, integrate and balance living patterns, transform areas of poverty into areas of opportunity, and foster and maintain compliance with civil rights and fair housing regulations.

Source Recommendations:

- Affirmatively furthering housing can be incorporated by improving the jobs-housing ratio in each jurisdiction, implementing outreach strategies to combat segregation, educating staff and the public on fair housing laws, providing language assistance, and incorporating and developing policy and plans to address displacement, infill development, climate change, and homelessness.
- Suballocations to jurisdictions should ensure equitable distribution of funding, which can be achieved through local-based minimums, non-competitive programs in conjunction with population- or RHNA-based award amounts, as well as outreach and technical assistance to under sourced communities.
- Technical assistance, temporary staffing, and other actions can be implemented to support the preparation of housing elements and other housing-related programs. Eligible activities include developing planning academies to educate and engage on planning processes, creating regional housing toolkits, and developing public engagement and educational strategies.
- The implementation of housing-related programs can also be achieved by establishing consulting benches that can provide technical assistance, identifying infill opportunity areas or sites, developing multi-jurisdictional housing elements, providing CEQA

streamlining support, convening regional stakeholder groups, and facilitating partnerships between private and public entities, etc.

California Department of Housing and Community Development. (2020). Accessory Dwelling Unit Handbook

Link: https://www.hcd.ca.gov/policy-research/docs/adu_december_2020_handbook.pdf

Summary:

An overview of the latest technical assistance from the state on ADUs, including guidance on recently implemented state laws, zoning and development standards, and other information to keep up with state requirements and expand the housing types being constructed to increase California's housing supply.

Key Findings:

- ADUs can help address common development barriers, such as affordability and environmental quality, because they can be built at a fraction of the price of creating additional conventional housing and they often generate rent that can recoup the cost of construction within a few years.
- Changes in ADU laws effective January 1, 2021 further promote their construction by reducing development barriers through streamlining the approval process.
- AB 3182 requires ministerial approval for ADUs within a residential or mixed-use zone and allows the renting or leasing of a separate interest ADU in a common interest development.
- AB 68, AB 881, and SB 13 further address barriers to the development of ADUs by prohibiting minimum lot size and maximum ADU size standards, eliminating owner-occupancy requirements, updating parking requirements, reducing application review times, establishing impact fee exemptions, allowing ADUs to satisfy RHNA housing needs, allowing JADUs to be constructed within the walls of single-family residences, and allowing owners to correct violations.
- AB 587, AB 670, and AB 671 impact state ADU law by narrowing the exemption to the prohibition of ADUs being sold. These bills restrict the prohibition of building ADUs on lots zoned for single-family residential uses and require cities to include plans that incentivize the creation of ADUs in their housing elements.
- HCD has enforcement authority over ADU ordinances and may submit written findings to local agencies as to whether they comply with state ADU law and may adopt guidelines to implement uniform standards that supplement or clarify ADU law.

Source Recommendations:

- Consider ADUs as a valuable form of housing and an essential component of California's housing supply. Remove barriers, streamline the approval process, and expand potential capacity for ADUs.
- Count ADUs and JADUs towards the RHNA and Annual Progress Report (APR) under Government Code section 65400.
- Permit ADU construction within existing or proposed space of a single-family or accessory structure by expanding it beyond the physical dimensions of the structure (up to 150 square feet).
- Require solar panels if the unit is a newly constructed, non-manufactured, detached ADU.
- Consider manufactured homes with independent facilities and permanent provisions for living as an ADU.
- Create objective and ministerial standards that are sufficiently objective to be reviewed ministerially and do not burden the creation of ADUs.
- Calculate ADUs in the housing element using a three-part approach that includes development trends, anticipated affordability, and resources and incentives.
- Adopt an ADU ordinance that will allow the city to impose zoning, development, design, and other standards in compliance with state ADU law. The agency must submit a copy of the adopted ordinance to HCD within 60 days after adoption.

California Department of Housing and Community Development. (2021). AFFH Guidance Memo

Link: https://www.hcd.ca.gov/community-development/affh/docs/affh_document_final_4-27-2021.pdf

Summary:

HCD's detailed guidance memo outlining how localities can plan to affirmatively further fair housing. Provides a comprehensive update to the AB 686 summary of housing element law requirements that HCD released on April 23, 2020. Provides technical assistance for the preparation of housing elements and helps local jurisdictions to comply with the duty to affirmatively further fair housing. Aids in the development of the required assessment and analysis to replace segregated living patterns and transform racially and ethnically concentrated areas into areas of opportunity.

Key Findings:

- Residential segregation and exclusion are the results of numerous housing policies that have had negative impacts on land use policy and patterns of investment and disinvestment, resulting in limited access to fair housing choices.
- Exclusionary policies have restricted affordable housing options for lower-income residents, resulting in a discriminatory effect on protected characteristics.
- AB 686 established an independent state mandate that expands the duty to affirmatively further fair housing for all public agencies in California, including agencies at the state and local levels.
- AB 686 creates new housing element requirements, including assessment of fair housing practices, analysis of the relationship between available sites and areas of high and low resources, and concrete actions to affirmatively further fair housing.

Source Recommendations:

- Promote meaningful and frequent community participation for the overall housing element. Consider geographic barriers to participation, meeting locations, and dates and meeting times to ensure residents from across the jurisdiction can participate.
- Explore a wide variety of available data, including local, state, and federal data, to identify spatial patterns and trends and evaluate the impacts of programs and activities.
- Inventory and identify adequate sites appropriately zoned and available to accommodate the number of units identified in the RHNA to replace segregated living patterns and transform areas of poverty into areas for opportunity.
- Identify and prioritize contributing factors to fair housing issues based on the required analysis and give the highest priority to factors that limit access or deny fair housing options.
- Promote fair housing opportunities throughout the community and for all its members by identifying priorities and goals based on factors that negatively impact fair housing.
- Identify metrics or quantify objectives and milestones for determining what fair housing results will be achieved.
- Assess and inventory programs and activities and explore opportunities to affirmatively further fair housing.
- Develop an affirmatively furthering fair housing plan with clear timelines and identify goals while proactively seeking input from the public. Implement and monitor the progress of the plan by assigning a lead to carry out the actions and achieve the goals.
- Incorporate the HUD Assessment of Fair Housing into housing elements as appropriate to include relevant data points, such as information from the Analysis of Impediments to Fair Housing Choice (AI) and HUD's R/ECAP maps.

California Department of Housing and Community Development. (2020). Final 2020 Analysis of Impediments to Fair Housing Choice.

Link: [Final 2020 Analysis of Impediments to Fair Housing Choice \(ca.gov\)](#)

Summary:

This report includes recommendations and action steps to address the 10 impediments to fair housing choice in the San Diego region identified through the 2020 AI process.

Key Findings:

- The San Diego region is performing slightly worse than statewide trends for some indicators such as housing costs and the proportion of households experiencing housing cost burden or housing problems.
- San Diego County has under produced new housing at very low-, low-, and moderate-income levels when compared to housing need, though it has exceeded the RHNA target for above moderate-income housing.
- Stakeholder consultations indicated that the cost of housing construction in coastal areas is a significant barrier to housing development, which may be a contributing factor to the under production of new housing in this region.
- Households experiencing high cost burden have less housing security and are more vulnerable to displacement, evictions, and homelessness.
- Though rising housing costs and housing problems are the most common symptoms of the mismatch in the region between housing supply, housing needs, and development patterns, more malign responses to the housing crisis are also manifested in the form of homelessness and displacement.

Source Recommendations:

- Promote increased housing supply for all income levels. Local governments must adopt plans and regulatory systems that provide opportunities for (and do not unduly constrain) housing development.
- Make funds available to benefit low- and moderate-income households for construction, rehabilitation, preservation, and rental and mortgage subsidies.
- Provide technical assistance and enhance resources available to local governments and individuals for state planning laws promoting the zoning and citing for a variety of housing types, including multifamily housing, emergency shelters, residential care facilities, accessible housing, and land use-related impediments to fair housing.
- Collect and disseminate information on resources to combat NIMBYism (Not in My Backyard).

- HCD must continue to review local jurisdictions' housing elements for compliance with state Housing Element Law, including an analysis of governmental constraints to the development of housing for persons with disabilities and other special needs groups, and provide technical assistance for developing effective programs to remove or mitigate identified constraints.
- Support efforts to establish a statewide permanent source of revenue for affordable housing development and preservation.
- Promote housing opportunities for persons with disabilities and special needs populations.
- Monitor and support efforts to develop local funding resources to replace the loss of redevelopment funds.
- Provide technical assistance and materials to assess fair housing implications of local ordinances, zoning requirements, building codes, and development standards, and recommend actions to mitigate impediments to fair housing.
- Through the housing element review process, monitor fair housing program implementation at the local level.
- HCD should develop a page on its website dedicated to fair housing and anti-NIMBY resources for use by both local governments and the general public.
- HCD should publish on its website a fair housing complaint contact for every county, including contacts for DFEH and HUD.
- Provide training to jurisdictions on AI-related topics, including, but not limited to: Overall AI implementation responsibilities; fair housing laws; assistance to persons of Limited English Proficiency; and NIMBY issues.
- Gather info on fair housing trainings provided at the local level. Develop incentives for training of staff, local elected officials, board members of private organizations, and members of the general public.
- HCD should make Limited English Proficiency (LEP) resources and referrals available on its website to facilitate the expansion of local resources and notifications in multiple languages.
- Increase training on fair housing issues for HCD program and policy staff, strengthen general knowledge for all staff on fair housing issues, and expand expertise for designated fair housing specialists.
- To increase cooperation among state fair housing enforcement agencies, convene a bi-annual meeting of state fair housing enforcement agencies to discuss opportunities for increased cooperation and coordination.
- Convene an AI working group to discuss progress on AI Recommendations and solicit feedback for future AI updates.

- Encourage city and county planning departments to implement land use policies which encourage fair housing, as well as the construction of housing affordable to lower-income families and workers through the administration of state housing element law.
- Provide technical assistance for anti-displacement strategies and efforts to increase or preserve affordability in existing neighborhoods, particularly neighborhoods at risk of gentrification.
- Encourage more single-family housing acquisition with CDBG Program funds through the use of incentives such as application rating points.
- Assign application rating points to increase competitiveness to HOME Investment Partnership Program (HOME) projects not located in areas of minority concentration.
- Track siting of HOME activities relative to minority concentration (jurisdiction siting practices over time).
- Consider strategies to increase applications from inactive jurisdictions including, but not limited to, individual meetings to discuss what particular barriers to participation exist for the locality.
- Coordinate with Public Housing Authorities (PHAs) within the state CDBG Program eligible jurisdictions on best practices related to utilization rates, increasing property portfolio outside areas of concentration, etc.
- Require affirmative marketing analysis for CDBG housing, public services, and microenterprise activities in order to outreach to those currently least likely to apply.
- Encourage more infrastructure projects in areas of greatest need.
- Establish a working group to study model county analysis and develop criteria, incorporate relevant information into ongoing education and technical assistance to local governments, and consider incorporation in rating and ranking in federal programs and future AI updates as appropriate.
- Convene a working group of local jurisdictions and developers in rural areas to address improving the siting of housing and access to jobs, transportation, and social services.

California Department of Housing and Community Development. (2021). California Code of Regulations Prohousing Text

Link: <https://www.hcd.ca.gov/community-development/prohousing/docs/prohousing-regulation-text.pdf>

Summary:

Offers an overview of Pro-Housing eligible activities that can help a locality earn priority for several state housing grants.

Key Findings:

- HCD will accept applications for Pro-Housing Designation on a continuous, year-round basis beginning July 1, 2021.
- The application will require the applicant to demonstrate the following: the thresholds criteria have been met, Pro-Housing policies have been identified, documentary evidence to support each Pro-Housing policy has been submitted (whether enacted or proposed), and a self-score for each Pro-Housing Policy per the scoring criteria set forth in Section 6606 has been performed.
- During the review process, HCD may request additional clarifying documentation and information and the entire review process shall be completed in 60 calendar days.
- Only jurisdictions may apply for a Pro-Housing Designation and they must certify that they have: adopted a compliant housing element, submitted a legally sufficient Annual Progress Report, completed any relevant statutory deadlines or rezoning programs, and comply with applicable state housing law.
- To qualify for scoring review, jurisdictions must show that Pro-Housing Policies have been enacted or proposed by providing concise written descriptions and submitting documentary evidence.
- HCD may consider policies integrated with other planning priorities if they result in a net benefit or gain for the acceleration of housing production.
- Pro-Housing Policies that are or will be carried out in partnership with other identities may be identified.
- HCD will base the applicant's score on the extent to which each identified Pro-Housing Policy contributes to the acceleration of housing production.
- HCD will monitor Pro-Housing Designations on an ongoing basis and may take revocation action of jurisdiction that violates applicable state housing law or if it has been determined that the jurisdiction has failed to implement a proposed Pro-Housing Policy.
- If Pro-Housing Designation has been revoked, jurisdictions may submit a new application for Pro-Housing Designation upon remedying the violation or problems identified by HCD.

Source Recommendations:

This document is a program for designating qualifying jurisdictions as Pro-Housing and does not include formal findings or recommendations beyond the application process and the point system used to score competitive applications for funding under programs that support housing, transportation, infrastructure, land use, and related objectives.

SANDAG. (2021). Draft 2021 San Diego Regional Plan.

Link: <https://sdforward.com/mobility-planning/2021-regional-plan-draft>

Summary:

Provides a 30-year plan for transportation-related infrastructure investments in the San Diego region that will develop a safe, equitable, and accessible system that improves access to basic needs, opportunities, and major destinations. Combines the Regional Transportation Plan (RTP), Sustainable Communities Strategy (SCS), and Regional Comprehensive Plan. Outlines the agency's 5 Big Moves: Complete Corridors, Transit Leap, Mobility Hubs, Flexible Fleets, and Next OS. Highlights the importance of incentivizing sustainable growth and development by working with local jurisdictions to accelerate housing production in the region, especially in previously identified SCS areas that can house the 6th Cycle RHNA allocations. Discusses the importance of Mobility Hubs and a healthy mix of uses to accommodate the region's expected growth while promoting social equity.

Key Findings:

- The 2021 Regional Plan incorporates five transformation strategies, known as the 5 Big Moves, for mobility that reimagines how people and goods could move through the region. These strategies intend to enhance connectivity, increase safety and sustainability, and improve the daily lives of the region's residents.
- The primary challenges that are impacting the region include reducing congestion, achieving social equity, and meeting federal and state mandates for reducing greenhouse gas emissions and air pollution.
- By 2050, the San Diego region is expected to grow by 13 percent; it is necessary to develop a safe, equitable, and accessible system that improves the future population's needs and access to destinations, including retail, parks, healthcare, jobs, and educational institutions.
- Land use and transportation strategies will be implemented to reach the plan's three main goals: efficient movement of people and goods, access to affordable, reliable, and safe mobility options, and healthier air and reduced greenhouse gas emissions.
- Transit and other mobility options within Mobility Hubs will support surrounding communities where most of the housing and job growth in the region will take place over the next 30 years.
- The RHNA Plan, adopted in July 2020, allocated housing to jurisdictions based on the availability of transit and jobs. The RHNA Plan aims to provide a more equitable distribution of housing units that furthers fair housing, overcomes patterns of discrimination, and reduces greenhouse gas emissions.

Source Recommendations:

- Collaborate with local jurisdictions and fund programs to accelerate housing production while addressing equity and mobility for sustainable growth and development.
- Concentrate future development around mobility hubs to ensure connections to major work, school, and retail locations, as well as complementary land uses that offer a healthy mix of uses to accommodate the region's expected growth while promoting social equity and availability of affordable housing for everyone.
- Support local jurisdictions with grants and technical assistance that include housing grant programs to help local governments update their plans and ordinances to accommodate increased housing density within mobility hubs.
- Collaborate with nonprofit affordable housing developers and other pro-housing organizations to determine how to best incentivize affordable housing in the region.

Circulate San Diego. (2020). Equity and Climate for Homes: Geographic Analysis of the City of San Diego's Affordable Homes Bonus Program.

Link:

https://d3n8a8pro7vhmx.cloudfront.net/circulatesd/pages/1339/attachments/original/1594833112/AHBP_maps_report_2020_FINAL.pdf?1594833112

Summary:

Discusses successes from the City of San Diego's Affordable Homes Bonus Program (AHBP) in supporting market-rate and affordable units in Transit Priority Areas and other high opportunity locations. Highlights the AHBP's effect on San Diego's ability to implement its Climate Action Plan (CAP) and reduce greenhouse gas emissions, as well as its positive impact on fair housing goals and development of mixed-income and deed-restricted affordable housing development.

Key Findings:

- A large share of AHBP projects is in high opportunity areas. These areas have resources that would benefit low-income families but tend to have the lowest availability of affordable housing.
- AHBP projects provide affordable homes in communities with access to high-quality schools, better air quality, and other resources.
- Twice as many AHBP projects are in high resource zones as are in low resource and high segregation and poverty zones.
- Projects utilizing AHBP are overwhelmingly located near high-performing transit. This effect is crucial to the City of San Diego's ability to implement its Climate Action Plan and reduce greenhouse gas emissions from commutes.

- The AHBP supports the development of both mixed-income and deed-restricted affordable development, especially in locations where they can provide the most public good.

Source Recommendations:

- Locate new affordable housing opportunities more equitably.
- Combine the AHBP's enhanced density bonus and the updated community plans to allow for new developments to be concentrated in high-resource communities, where the demand for housing is high.
- Build AHBP projects in the lowest resource zones to provide permanently affordable homes in gentrifying neighborhoods, allowing families to stay there while the cost of housing increases.
- Use the AHBP program to further fair housing goals and desegregate high and highest resources neighborhoods by increasing the development of deed-restricted affordable homes on those census tracts.

Circulate San Diego. (2020). Fair Share: How the San Diego Region Can Receive its Fair Share of Funding From California's Affordable Housing and Sustainable Communities Program.

Link:

https://d3n8a8pro7vhmx.cloudfront.net/circulatesd/pages/1257/attachments/original/1579816445/AHSC_Report_Final.pdf?1579816445

Summary:

Examines the underperformance of the San Diego region in the AHSC program compared to other large metro areas. Identifies some of the current issues, such as reduced funding and lack of technical assistance for local jurisdictions that want to pursue AHSC program funds.

Recognizes the importance of collaboration between local jurisdictions and agencies in San Diego to draw funding for public improvements that can benefit the environment, economic development, and low-income communities. Reviews best practices and outlines steps for local jurisdictions and SANDAG to attract statewide investment.

Key Findings:

- Research has shown the importance of providing affordable housing to disadvantaged and low-income communities near transit in the region to helping reduce greenhouse gas emissions.
- The AHSC program seeks to reduce greenhouse gas emissions by financing new affordable homes paired with improvements to greener transportation infrastructure.

- The San Diego region has received \$78 million, which amounts to 7.3 percent of the program's total funding, while the region's population represents about 8.5 percent of California's population.
- The San Diego region has only received about five percent of the grants awarded statewide.
- Local jurisdictions can provide technical assistance and support AHSC applicants to increase their chances of qualifying for these grants.

Source Recommendations:

- SANDAG can partner with jurisdictions to create an interagency working group which can be used to propose a goal of applicants or funds received regionally while providing leadership and accountability that push towards bringing state funding to the region.
- Develop a website that provides technical assistance to developers without experience to pursue AHSC funding, as well as contact information for the AHSC lead and departmental leads, notice of workshops, and relevant information.
- Provide technical assistance to smaller jurisdictions that cannot conduct detailed greenhouse gas emissions analyses or that may not be familiarized with the AHSC program.
- Prioritize AHSC-eligible projects that increase the opportunity to attract state funding to maximize housing production outcomes.
- Increase local funding to leverage state and federal resources for the construction of affordable homes by introducing housing bonds, a vacancy tax, fee waivers, long-term fee deferrals for affordable projects, etc.
- Have shovel-ready projects and a pipeline of projects in the planning stages to maximize the chance of pairing a strong transportation component with affordable housing projects.

ULI San Diego. (2021). San Diego Region Real Estate Trends Report.

Link: <https://ulidigitalmarketing.blob.core.windows.net/ulidcnc/sites/30/2021/03/2021-San-Diego-Real-Estate-Trends-Report.pdf>

Summary:

Evaluates emerging trends in key market sectors in San Diego for Office, Industrial, Hotel/Hospitality, Retail, For-Sale Housing, Rental Housing, and Affordable Housing properties. Discusses the housing affordability crisis impacts in the area. Identifies regional and local measures that could provide additional housing units, such as redeveloping existing commercial

areas, building mixed-use communities, transforming single-use commercial areas into walkable diverse neighborhoods, and reducing some of the entitlement and density barriers.

Key Findings:

- The San Diego region housing market remains grossly undersupplied in its housing counts, and in the last year, it has seen a dramatic rise in home prices and rentals due to low interest rates and the COVID-19 pandemic-induced protocols.
- The increasingly high cost of living has made it difficult to attract and retain talent and businesses that are critical to maintaining regional competitiveness.
- The San Diego market is approximately 50 percent more expensive than the average metro area, which is largely driven by the cost of housing due to housing production not being able to keep up with the employment growth.
- Housing throughout the region has experienced a strong surge in demand, resulting in above-average increases in sale prices and appreciation rates.
- Litigations and lengthy entitlements for new housing in the unincorporated areas of the county ensure that the housing supply cannot meet existing and future demand.
- Existing commercial and residential projects, as well as golf courses, are now being redeveloped as mixed-use projects that offer urban and suburban infill in all areas of San Diego County.

Source Recommendations:

- Put forward innovative strategies to encourage housing development and density, which could now be on smaller parcels and may include more middle-income-priced housing.
- Look towards suburban corridors along I-15 and SR-215 for lower-density, less expensive apartment products targeting moderate-income, value-oriented renters.
- Redevelop existing commercial projects and revitalize rental housing into mixed-use communities to transform underutilized single-use commercial areas into walkable, economically viable neighborhoods.
- Reduce entitlement and density barriers to fill existing needs.
- Participate in Federal and State programs to subsidize the cost of affordable housing, such as a joint power authority that can issue tax-exempt debt, which would benefit traditional low-income housing providers.

Sacramento Council of Governments. (2020). Housing Policy Toolkit

Link: https://www.sacog.org/sites/main/files/file-attachments/housing_policy_toolkit_appendix_included_2018-12-3.pdf?1593101473

Summary:

A menu of policy options and best practices for removing barriers to new housing in infill and established communities, this document address policies around zoning, ADUs, the development review process, and development fees. The toolkit provides a roadmap to allow for more housing product choices to be built in more locations, using a simple, non-discretionary approval process with streamlined environmental review and reasonable fees. Aimed at assisting localities in the SACOG region, the toolkit is focused on policies that local governments have direct control over.

Key Findings:

- Steep increases in costs of living are due to high housing and transportation costs, stagnant wages, and the inability to build enough housing to keep up with demand.
- The policies in this document have been developed to make it easier to build market-rate and below-market-rate housing to ease housing cost burdens that the region is facing.
- The current housing shortage and increased costs have affected lower-income households, particularly those who are now unable to afford their neighborhoods.
- Increasing the housing supply alone will not fully mitigate displacement and gentrification; anti-displacement measures must be considered to protect tenants and build additional affordable housing.
- The toolkit is divided into four topic areas aimed at improving housing type choices in walkable neighborhoods near jobs and services.
- The proposed policies can be pursued as part of general plan updates, programs in the housing element, or on an ad hoc basis, or can be paid for with a new planning grant created by SB 2.

Source Recommendations:

- Expand “missing middle” (multifamily housing that fits within existing neighborhoods’ scale and is less dense than mid-rise housing) zoning, promote transit-oriented development zoning, allow housing in commercial zones, reduce parking requirements, and explore housing overlay zones to increase the housing supply and provide affordable housing and density that supports retail and transit, increases economic development, and improves access to jobs and services.
- Incentivize ADUs to provide more affordable housing in infill communities by removing requirements for parking and owner-occupancy, allowing ADUs in all residential zones, updating size requirements, having a clear approval process that includes expected fees, and building a campaign to build a regional culture of ADU construction.

- Streamline the development review process to provide certainty for project applicants and prevent unnecessary costs by moving from a discretionary review process to ministerial approval, shortening the review timelines, and advertising State CEQA streamlining opportunities.
- Increase fee transparency and charge fees based on metrics that encourage affordable project design, such as fees per square foot, structure type, and location, and identify potential funding sources to pay for growth that will allow local governments to reduce fees on new housing.

Local Government

California Department of Housing and Community Development/Terner Center. (2019). Residential Impact Fees in California: Current Practices and Policy Considerations to Improve Implementation of Fees Governed by the Mitigation Fee Act.

Link: <https://www.hcd.ca.gov/policy-research/plans-reports/docs/impact-fee-study.pdf>

Summary:

Examines development fees on residential projects, as regulated by the Mitigation Fee Act, and policy approaches that can reduce these fees to mitigate potential barriers to development. Data and information in this report was gathered through interviews, a survey, and case studies. The report contains four main components: a review of current practices related to development fee transparency and proposals to improve the predictability these fees; a review of typical fee rate structures and an examination of proposals to adjust these fee structures to facilitate increased housing supply and affordability; a review of tools jurisdictions currently use to design their fee programs, as well as an analysis of the potential impact of proposals aiming to mitigate the burden that fees may place on development; and a review of alternate strategies jurisdictions may use to fund local infrastructure, including the trade-offs of different approaches.

Key Findings:

- Nexus studies used to establish fees, which must be easily accessible to facilitate fee transparency, are rarely so. Often, they are only available as attachments in City Council agendas or through public records requests.
- Development fee schedules, including impact fees, are often difficult to find or are unclear. Confusion about the fee schedules can cause developers to be uncertain about the costs for their project.
- When developers locate all the development fees, it can be difficult for them to calculate the full amount of fees (although it is noted that impact fees are generally more straightforward for developers to calculate).
- The timing of fee imposition and collection, as well as the fee amount and use of revenues, varies by jurisdiction and fee. Impact fees for ADUs in particular vary widely.
- Jurisdictions often rely on geographically-specific impact fees to account for variations in costs of infrastructure, and inter-jurisdictional fees can provide a streamlined avenue to mitigate development impacts when infrastructure needs transcend jurisdictional boundaries.

- Impact fees are generally higher per square foot for multi-family development projects than for single-family projects.
- In the fee design process, most nexus studies follow a similar structure, despite a specific methodology not being required by statute.
- Nexus studies often assess the development impacts across broad categories and geographies, and the resulting assessed fees are not generally required to be tied to specific areas or improvements within a jurisdiction. The maximum level of service that the fees are directed towards are flexible and set by jurisdictions, which can lead to variations in the levels across jurisdictions.
- Development fees are often set below the maximum amounts set by the nexus studies.
- While jurisdictions generally make dedicated efforts to consider project feasibility when setting impact fee amounts, the impacts of total fee amount on housing supply are often not adequately analyzed.
- Jurisdictions' Capital Investment Program budgets and development fee revenue vary widely, which reflects differences in local needs and priorities. For example, younger jurisdictions with significant amounts of greenfield development tend to rely more heavily on impact fees to fund infrastructure, while older jurisdictions with more maintenance needs tend to rely more on other sources to fund infrastructure and instead are more likely to channel impact fee revenue towards affordable housing.

Source Recommendations:

- Require jurisdictions to increase transparency by clearly posting nexus studies and comprehensive development fee schedules
- Make annual fee reports easily available to the public
- Offer fee estimates and guidance on how to calculate development fees
- To improve fee structure, consider alternative fee multipliers, determine fees early in the development process, lower ADU fees, determine if separate fees for greenfield and infill developments are necessary and calculate them separately based on the cost of bringing service to the specific type of project, and encourage the state to establish additional nexus guidelines for inter-jurisdictional fees.
- Amend fees by splitting collection times, creating fee deferral programs, increasing fees incrementally, and adjusting rates according to local housing markets.
- Create a feasibility standard to be used when determining fee amounts, require stronger established connections between fees and the impacts of specific developments, set a statewide cap on impact fees based on a formula, and set caps on the level of service or investment that may be included in nexus studies.

- Improve local financing for infrastructure by assisting local governments in building capacity to use other forms of funding for infrastructure, requiring jurisdictions to justify why impact fees are the best funding source for proposed infrastructure, and encouraging the state to devise new ways to better support local planning and infrastructure.

California Department of Housing and Community Development. (2021). Homekey: A Journey Home 2021 Legislative Report

Link: https://www.hcd.ca.gov/policy-research/plans-reports/docs/hcd103_homekeyreport_v1_remediated.pdf

Summary:

Covers the Homekey program metrics for 2020-2021. The purpose of the Homekey program was to provide grant funding to eligible applicants who are experiencing homelessness or at risk of homelessness, and to facilitate a partnership between the state and local governments to quickly acquire, rehabilitate, or master lease a variety of housing types to assist these populations, who are identified as being particularly vulnerable to impacts of COVID-19. The program financially aided local public agencies in purchasing motels, vacant apartment buildings, and other buildings for conversion to interim or permanent housing to be better equipped to respond to the COVID-19 pandemic. Tier One interim housing options were either expected to be converted to permanent housing at a later date or not intended to develop into permanent housing but instead offering a coordinated exit strategy adopted by the Continuum of Care to facilitate transitions into other permanent housing. Proposed projects meeting minimum requirements had to also receive a minimum score based on criteria in order to be funded; this mechanism is known as “rating and ranking.” Notably, the program aimed to address local inequities by including equity and accessibility considerations as additional incentives in the scoring process. In order to facilitate expeditious housing construction and conversion, projects could be exempt from CEQA and select local land use restrictions and requirements. In total, the program awarded \$797,000,000 to regions throughout the state and facilitated the creation of over 6,000 housing units, housing over 8,000 individuals. The greatest number of units were created in Los Angeles County and the Bay Area.

Key Findings:

This report is organized as an informative evaluative summary and does not include formal findings or recommendations. Refer to the summary above for a breakdown of program results. The evaluative report deems the program successful in its goal of quickly producing housing to house populations vulnerable to impacts of COVID-19.

Source Recommendations:

This report is organized as an informative evaluative summary and does not include formal findings or recommendations.

California Department of Housing and Community Development. (2018). California's Housing Future: Challenges and Opportunities. Final Statewide Housing Assessment 2025.

Link: https://www.hcd.ca.gov/policy-research/plans-reports/docs/sha_final_combined.pdf

Summary:

This report analyzes housing needs, conditions, and constraints on housing production in California. The report analyzes data to assess existing conditions and provides a framework for discussions about solutions to the state's housing challenges. The Housing Action Plan presents a ten-year forward-looking policy framework with strategies to be implemented both immediately and in the longer term.

Key Findings:

- Housing production in California has been low within the past 10 years and ongoing production continues to occur at a rate far below the current housing need.
- Existing land use planning systems and regulations lead to barriers to development. Consequently, the lack of housing supply and rising housing costs are compounding growing inequality in the state and causing barriers to advancement opportunities for young people.
- Housing that is being constructed is often facilitating sprawl, which will decrease affordability and quality of life and increase transportation costs.
- The highest amount of housing construction is expected to occur in areas with environmental and socioeconomic disparities.
- More than half of renters are overpaying for their housing (spending more than 30% of their income on housing) and a significant percentage are severely overpaying (spending more than 50% of their income on housing).
- Homeownership rates are historically low and a disproportionate number of people are experiencing homelessness.
- Housing affordability and accessibility is decreasing for vulnerable populations due to discrimination and inadequate accommodations.
- Funding for affordable housing development is unstable and is limiting the ability to meet housing demand for lower income individuals.
- As a whole, high housing costs have broad impacts on quality of life in the state, including transportation, education, health, the environment, and the economy.

Source Recommendations:

- Streamline housing construction, reduce per-unit construction costs, create housing production incentives, strengthen accountability and enforcement of existing laws, and allocate dedicated housing funding.
- Revise land use policies to meet sustainability, affordability, and equity needs
- Enhance inter-agency coordination, housing program design, and evaluation to address the needs of vulnerable populations
- Invest in affordable housing construction and rehabilitation, community development, and rental and homeownership financial assistance.

County of San Diego. (2018). Options to Improve Housing Affordability in the Unincorporated Area.

Link:

<https://www.sandiegocounty.gov/content/dam/sdc/pds/advance/HousingAffordability/Report.pdf>

Summary:

Examines San Diego County's lack of housing supply and variety, which limits affordability and housing options for a wide spectrum of households. Reviews the goals and policies contained in the County's General Plan intended to address housing affordability, increase housing choices, streamline the regulatory process, and support the projected regional growth in general. Identifies opportunities to address the lack of housing supply and improve local regulations and permitting processes, including actions.

Key Findings:

- In 2017, the San Diego region had a shortfall of available rental homes exceeding 140,000 units with a production shortfall of approximately 2,250 units per year.
- The regional housing production contained in the County's regional plan is not being met and the lack of housing supply and variety limits affordability for many of the region's residents.
- A total of 19 actions have been identified to address the lack of housing supply and improve local regulations and local permitting processes. These actions are within five categories, including process and streamlining, regulatory reform, participation and incentives, general plan and community plans, and land development code.
- There are opportunities to improve areas related to housing production and increase the diversity of housing types. Some strategies are already underway.

Source Recommendations:

- Streamline the development review process through business process re-engineering, improvements to project management of applications, and enhancements to community outreach.
- Correct inconsistent or outdated regulations that act as barriers to housing production by increasing condition satisfaction flexibility, removing redundant regulations, and expanding ministerial permit opportunities.
- Provide incentives to reduce economic barriers and increase the production of a larger variety of housing types and create economic conditions to encourage the construction of the missing middle housing products.
- Implement goals and policies related to maintaining General Plan housing capacity through regional coordination, new reporting tools, and updating community plans.
- Prepare a comprehensive plan update of the Land Development Code including zoning, subdivisions, and other regulatory codes to remove inconsistencies between the Land Development Code, the General Plan, and other State regulations and create a clear set of regulations to guide development.

City of San Diego. (2020). Complete Communities Housing Solutions Regulations.

Link: <https://www.sandiego.gov/sites/default/files/ordinance-21275.pdf>

Summary:

The San Diego Complete Communities program is an opt-in affordable housing incentive program that goes above and beyond the state Density Bonus Program. It creates an FAR-based density bonus program for development within TPAs that provides units for very low-income, low-income, moderate-income households and neighborhood-serving infrastructure amenities. The program includes a map of designated TPAs within the City along with their maximum FAR possible through this density bonus. The four FAR tiers are location-based according to planning area, employment center status, and/or Mobility Zone. The maximum FAR ranges from 4.0 to unlimited. This program offers five key benefits to developers: ministerial project approval; development density governed by a new FAR (indicated on the FAR Tier allowances map); development height governed by the FAR Tier; affordable housing incentives and waivers; and scaling of development impact fees based on development square footage. In order to be eligible for the program, projects must be located within an identified TPA on a parcel zoned for commercial, residential, or mixed-use development allowing for least 20 du/ac, provide a minimum of 40% of the pre-density bonus as covenant-restricted affordable units to specified income categories, contribute to a Neighborhood Enhancement Fund or construct an on-site promenade, and meet specified design requirements. Recognizing that new housing

development has the potential to cause gentrification and displacement, this program offers a replacement units mitigation strategy. Projects involving the destruction of existing affordable housing units must provide equivalently-sized replacement units. Units that have been rent restricted or occupied by very low-, low-, or moderate-income residents during the seven years preceding the application must be replaced as affordable units. The program allows for existing affordable housing that was constructed using the maximum density bonus available for its affordability level to add units through a new development application. Existing development adding gross floor area through new units may use specified density calculation methods.

Key Findings:

This document is a program for housing development and does not include formal findings or recommendations beyond the identification of a disparity in housing supply (especially affordable housing) and demand in San Diego.

Source Recommendations:

This document is a program for housing development and does not include formal findings or recommendations beyond the identification of a disparity in housing supply (especially affordable housing) and demand in San Diego.

County of San Diego. (2021). Inclusionary Housing and Middle-Income Housing Study for the County of San Diego.

Link:

<https://www.sandiegocounty.gov/content/dam/sdc/pds/advance/HousingStudy/InclusionaryMIDBConsolidatedFinal012221.pdf>

Summary:

This study examines potential policies to facilitate production of housing affordable to low-income and middle-income households in the unincorporated areas of San Diego County. The policies identified include a Middle-Income Density Bonus (MIDB) and an Inclusionary housing program applicable to General Plan Amendment (GPA). The report includes a market assessment, literature review, economic analysis, and recommendations.

Key Findings:

- As of 2020, 10 of 18 incorporated cities in San Diego County have mandatory inclusionary housing programs in place (67 percent of population resides in jurisdictions

with an inclusionary housing program, which increases to 82 percent if the County adopts a program)

- 10 cities with inclusionary housing policies account for approximately 79 percent of the 6th Cycle RHNA allocation. As a result, the risk of an inclusionary housing program that causes developers to bypass development in unincorporated county area is mitigated by the widespread use.
- Most residential development is subject to mandatory affordable housing set-aside.
- Middle income in this study is defined by the County Board of Supervisors (BOS) as households earning between 120 and 150 percent Area Median Income (AMI).
- A Moderate Income Density Bonus (MIDB) program would serve as an extension to the California State Density Bonus Law (SDBL).
- A MIDB program would likely offer developers incentives to produce market-rate units, and potentially divert housing production away from other affordable income tiers.
- Production of units between 80 and 120 percent AMI may be a better target for a focused MIDB program.
- The market is producing middle-income housing affordable to households in the 120-150 percent AMI range. As a result, density bonuses are not a preferred strategy.

Source Recommendations:

- Rather than a middle-income density bonus program, the County could consider a variety of alternative best practices:
 - Zoning:
 - Reduce lot sizes (under current minimum of 6,000 SF)
 - Support ADU production
 - Allow for a variety of building types on all residential lands
 - Strategic/targeted rezones
 - Increase mixed use zones
 - Regulatory Policy Adjustments
 - Reduce parking and open space requirements
 - Use max FAR or max height rather than units/acre
 - Assess fees based on unit sizes rather than by units per acre
 - Apply ministerial review and other permit streamlining approaches
 - Higher lot coverage
 - Financing
 - Specialize lending programs for middle-income housing
 - Equitable development fund programs/initiatives
 - Property tax deferral programs
 - Loan guarantee programs

- Successful inclusionary housing programs typically feature the following best practices:
- Calibration with market and regulatory conditions of a jurisdiction
- Incentive options and offsets to support investors to recoup lost revenue from affordable units
- Flexibility of compliance options including in-lieu fees, off-site development, or land dedications
- Streamlined regulatory and entitlement processes
- Phasing-in of program parameters and/or minimum thresholds to ensure a smooth transition for policy change

San Diego Housing Commission. (2020). Preserving Affordable Housing in the City of San Diego.

Link: <https://www.sdhc.org/wp-content/uploads/2020/05/Affordable-Housing-Preservation-Study.pdf>

Summary:

Analyzes challenges to affordable housing preservation in the City of San Diego and proposes strategies to address them. Preservation strategies generally fall into the categories of capital resources, preservation policies, tenant protections, and capacity building.

Key Findings:

- A majority of renters in San Diego are rent burdened (paying more than 30% of their monthly income on rent). Furthermore, only 1/3 of housing in the City is affordable to those earning up to 60% of the Area Median Income (AMI).
- There is a shortage of middle-income housing in San Diego.
- When there is not enough housing affordable to people earning 80%-120% of the AMI, they must either overpay for their housing or choose units which are affordable to those in lower income categories. However, when middle income individuals live in the latter type of housing, the supply of housing affordable to lower income individuals is further constrained; this constraining leads to a severe shortage of units affordable to those earning less than 50% of the AMI and the lowest income renters are the most affected by affordability challenges.
- To address affordability needs, it can be more economical to preserve existing naturally occurring affordable housing to lower incomes than to build new affordable housing.
- There is a persistent financing gap to preserve units at 60% of the AMI.

Source Recommendations:

- Enhance capital resources by redirecting funds that were originally associated with San Diego's Redevelopment Agency and its dissolution to fund preservation activities, implementing a Short-Term Rental Fee whose revenues are used for preservation, and providing seed funding for a public-private Affordable Housing Preservation Fund. This Affordable Housing Preservation Fund would serve as a dedicated funding source for affordable housing preservation activities.
- Adopt preservation policies such as a Preservation Ordinance that acts to strengthen and expand preservation tools granted by the State Preservation Notice Law
- Provide homeowners of unrestricted properties with incentives if they record affordability restrictions for their units
- Strengthen the City's existing SRO Ordinance to maintain affordability.
- Enhance tenant protections by requiring relocation assistance for residents displaced due to increasing rents and the loss of affordable units.
- Facilitate capacity building by developing and adequately staffing a local preservation program for property owners, coordinating with the San Diego Housing Commission to form an interagency preservation working group, and creating a preservation collaborative that includes non-governmental preservation stakeholders.

City of Los Angeles Housing and Community Investment Department. (2021). Scaling Up: Equitable housing on public land in Los Angeles

Link: <https://www.yumpu.com/en/document/view/65464478/scaling-up-equitable-housing-on-public-land-in-los-angeles>

Summary:

Lays out a strategy for developing 10,000 units of affordable housing on public land in Los Angeles within 5 years using innovations such as modular construction to reduce cost and reliance on subsidy. The report is centered on a definition of equitable housing as affordable housing that fosters equity in the local housing market.

Key Findings:

- Housing construction for lower income residents in Los Angeles has not kept pace with need in recent years.
- In Los Angeles's housing market, implicit bias and discrimination has contributed to an inequitable housing system that has displaced low-income and minority residents out of higher income neighborhoods.
- Gaps in access to opportunity are prevalent throughout the housing market.

- Solutions to facilitate affordable housing traditionally focus on reducing the cost of development but do not incorporate equity as a central theme.
- Building affordable housing at the scale necessary to address needs is hampered by the current system of subsidies and regulations.

Source Recommendations:

- Facilitate construction of affordable housing in Los Angeles through an equity framework.
- Dedicate 300 acres of public land to equitable housing development
- Plan 10,000 units of affordable housing using input from future residents and new technology by standardizing housing typologies and constructing ten 1,000 unit equitable housing development.
- Create a \$500 million Equitable Housing Infrastructure Fund that would be used to address barriers to development, particularly funding gaps.
- Use the following conceptual implementation plan to build 10,000 units of affordable housing: identify public land, create a land partnership, plan 1,000 units, design a scalable housing model, secure \$50 million in infrastructure funds, create a local workforce development strategy, issue a Request for Proposals for 1,000 units, and create an Equitable Housing Land Trust.

California Housing Partnership, Enterprise Community Partners. (2021). California's Affordable Housing and Sustainable Communities Program: Five Years of Investments

Link: <https://chpc.net/resources/ahsc-report-2021-rounds-1-5/>

Summary:

Reviews the past five years of the California Affordable Housing and Sustainable Communities (AHSC) program, which has so far invested \$1.6 billion to support affordable housing that reduces the need for residents to drive. The program, funded by cap-and-trade auction proceeds, provides transportation investments that help make walking, biking, and taking public transit safe and convenient options; a significant share of these investments are in disadvantaged communities, where residents are less likely to have benefited historically from this type of holistic development. The first five rounds of funding has led to the construction of 11,000 new homes and is projected to remove nearly 22,000 cars from the road, as well as many improvements to the bicycle, pedestrian, and transit infrastructure. Residents of AHSC-funded housing save on average \$9,540 per year. This report includes case studies of specific successful AHSC-funded projects from around the state.

Key Findings:

- San Diego County has received about \$78 million of AHSC funding for six projects out of a statewide total of \$1.6 billion for 127 projects, receiving about 5% of the funding.
- AHSC-funded projects provide the following benefits:
 - Reduced greenhouse gas emissions, improve air quality, and mitigate climate change.
 - Sustainable, affordable homes.
 - Investment in local economies and reduce displacement.
 - Expanded transportation and connectivity to jobs and resources.
 - Engagement with communities and collaboration across sectors.
- There is a growing body of research asserting that locating affordable homes near transit, jobs, and community amenities is an effective greenhouse gas emissions reduction strategy because:
 - Walkable, transit-proximate locations reduce driving.
 - Low-income households drive less when they have access to transit.
 - Affordable housing helps low-income families remain in their communities and maintain access to regionally-serving transit, even as their neighborhoods receive new investments and change.

Source Recommendations:

- Embrace and expand the AHSC program to foster quick and equitable recovery from California's housing challenges.
- Ensure state leaders recognize that all Californians have a stable, affordable place to live with access to the places they need to go.
- Pursue bold, transformational changes to meet the moment for the climate and California's communities, families, and economy.

Housing Advocacy

Lincoln Institute of Land Policy. (2018). The Future of America's Middle Neighborhoods: Setting the Stage for Revival.

Link: <https://www.lincolnst.edu/sites/default/files/pubfiles/middle-neighborhoods-policy-brief.pdf>

Summary:

Discusses middle-income neighborhoods, which serve working-class, minority, and immigrant families, and issues such as gentrification. Provides policy recommendations to preserve the value of physical and social assets and address displacement.

Key Findings:

- "Middle neighborhoods" sprang up to house middle-income families drawn to U.S. cities by the dramatic rise of industry in the nineteenth and twentieth centuries.
- "Middle neighborhoods" are at risk of decline because of the following changes occurring in them:
 - Greater income inequality has thinned out the middle class, leaving fewer such households to fill these neighborhoods.
 - "Income sorting," or increased residential segregation by income level, multiplies the effects of inequality.
 - The changing character of the economy and workforce has eroded jobs and opportunities for workers in legacy cities.
 - The single most important factor in upward market change for a struggling area is proximity—to strong neighborhoods, downtowns, major institutions, or well-maintained parks and bodies of water.
 - The pool of prospective buyers is far smaller than in whiter middle neighborhoods, reflecting the painful reality that few white families buy homes in predominantly African-American neighborhoods, and buyers that do emerge find it hard to obtain mortgages.

Source Recommendations:

- Make "middle neighborhoods" central to planning and revitalization.
- Local and state governments should actively work with lenders and regulators to improve access to capital for "middle neighborhoods."

- Neighborhood-based strategies— in “middle neighborhoods” and elsewhere—must be grounded in solid data on each neighborhood’s social capital, collective efficacy, and market trends.
- Local and state governments should support neighborhood-driven efforts to build and sustain strong communities in conjunction with programs to improve physical conditions and foster homeownership.
- A systematic research effort should answer questions and more in ways that add value to the work of practitioners and policy makers.

Housing Research and Finance

Furman Center. (2021). Through the Roof: What Communities Can Do About the High Cost of Rental Housing in America

Link: <https://furmancenter.org/research/publication/through-the-roof-what-communities-can-do-about-the-high-cost-of-rental-hous>

Summary:

A book by NYU Furman Center researchers foregrounds the role of local governments in addressing the rising cost of rental housing. The report acknowledges the importance of federal and state policies, but as SANDAG considers updating its regional housing policy and what sort of local actions to incentivize, the recommendations outlined in this analysis offer a path forward for addressing rising rents in the high-cost San Diego region. Local governments can address the supply shortage by enabling more development through relaxed zoning rules, can encourage and facilitate the development and preservation of lower-cost housing more specifically, and can weave together federal, state, and local funding. All this can be done at the local or regional level to have a clear, coherent housing policy. The authors define six broad principles to guide local policymaking and a policy framework. Based on these principles, the authors recommend a wide range of policy actions that together increase the supply of dedicated affordable and market-rate housing.

Key findings:

- Widening income inequality is worsening rent burdens on the lowest income households. "Between 2000 and 2015, rent burdens rose for households in each of the income quintiles, but the burden levels are much higher for the lowest-income renters" More than 4 out of 5 renter households in the bottom quintile are rent burdened.
- There is a range of causes to the increasing unaffordability of rental housing, including lack of supply, lack of construction innovation, limited land in popular cities, and a host of other reasons.
- Local governments have a critical role in addressing the rising cost of rental housing.

Source Recommendations:

- Create and Preserve Dedicated Affordable Housing Units.
- Establish Incentives or Requirements for Affordable Housing.
- Generate Revenue for Affordable Housing.

- Support Affordable Housing through Subsidies.
- Preserve Existing Affordable Housing.
- Expand the Availability of Affordable Housing in Resource-Rich Areas.
- Create Durable Affordable Homeownership Opportunities.
- Facilitate the Acquisition or Identification of Land for Affordable Housing.
- Reduce Barriers to New Supply.
- Reduce Development Costs and Barriers.
- Create Incentives for New Development.
- Help Households Access and Afford Private Market Homes.
- Provide Tenant-Based Rental Assistance.
- Promote Mobility for Housing Choice Voucher Holders.
- Reduce Barriers to Homeownership.
- Reduce Energy Use and Costs.
- Combat Housing Discrimination.
- Protect Against Displacement and Poor Housing Conditions.
- Enhance Renters' Housing Stability.
- Enhance Homeowners' Housing Stability.
- Improve Quality of Both New and Existing Housing.
- Ensure the Ongoing Viability of Unsubsidized Affordable Rental Properties.
- Articulate clear housing objectives and identify policies to address objectives.
- Develop comprehensive approaches that engage multiple local agencies.
- Create balanced local housing strategies.
- Engage diverse community stakeholders to develop feasible strategies.
- Develop measurable goals for local housing strategies and a process for reporting to ensure accountability.
- Recognize and address the need for complementary policies.
- Garner early and broad political support.
- Plan for sufficient scale.
- Employ a regional approach.

Furman Center. (2018). Supply Skepticism: Housing Supply and Affordability

Link: <https://furmancenter.org/research/publication/supply-skepticismnbsp-housing-supply-and-affordability>

Summary:

Addresses the key arguments made by supply skeptics, reviewing key research about housing supply and its effect on affordability. The article addresses the following arguments made by

skeptics, who typically advocate for more affordable housing, of the notion that increasing housing supply moderates costs: "Skeptics argue, first, that land in many high-cost cities is such a constrained good that it should be devoted to affordable housing, because any market rate housing will come at the direct expense of affordable homes. Second, skeptics dispute the notion that new market rate housing causes other housing to filter to lower income households, at least in a reasonable time frame, and argue that adding supply at the top end will do little or nothing to alleviate affordability challenges in lower-priced segments of the market. Third, skeptics worry about 'induced' demand, fearing that the more you build, the more they'll come, and the more that wealthier people in particular will come. ... Fourth, skeptics seize on potential localized spillover effects from newly constructed housing, and assert that even if increasing supply might slow the growth in housing costs across the city, new housing will increase rents and trigger displacement in the immediately surrounding neighborhood." More new housing will not fully address affordability challenges; it is also necessary to increase subsidized affordable housing and use other tools.

Key findings:

- A wide range of research shows that restricting supply increases housing prices, and that adding supply would help to make housing more affordable. While supply skeptics will point to rising prices in cities where there is construction, what they do not see is how much higher the prices would have risen without new construction, which research suggests would happen.
- While land is constrained and housing is different from other goods, it is different to a degree. The amount of housing that can be built on that land can vary; if the supply of housing is increased by allowing more homes to be built on limited land, prices should generally fall.
- Housing is more heterogenous than most other goods and that markets are segmented as a result. However, there are ripple effects of halting new construction (which tends to cater to high- and middle-income earners), causing higher income households to bid up the price of lower-cost homes. Furthermore, the ripple effects will cause owners of the limited housing stock to upgrade their buildings and continue catering to the higher end of the market. Indeed, without production, filtering up occurs in many markets, research shows. Finally, while filtering of housing from high-cost to low-cost does indeed take a long time, policymakers should not lose sight on this long-term benefit of increasing housing supply; increases at the higher-cost end of the spectrum now will increase the supply of lower-cost units in the future. Research shows that filtering was "the primary source for additions to the affordable rental stock between 2003 and 2013, whereas new

construction was the largest contributor for the higher priced rentals and tenure conversion was the largest source for moderately priced rentals.”

- Housing is not perfectly elastic; moving costs are high and neighborhoods and cities are not perfect substitutes
- There is little empirical evidence about the effect of new housing on the prices and rents of nearby homes, and what exists may not be a causal relationship.
- “(O)ften the benefits secured by regulatory restrictions are enjoyed by a relatively small number of existing property owners and/or existing residents, whereas costs are borne by a larger set of households who either rent or would like to live in the area.”
Exclusionary housing policy is shown to have the following effects additional effects:
 - Increase automobile dependence, imposing environmental and other costs.
 - Exacerbate racial/ethnic and economic segregation.
 - Reduce economic productivity and increase inequality.
- Efforts to create and support housing affordable to low- and moderate-income households and efforts to make the supply of housing more elastic are complementary.

Source Recommendations:

- Efforts to create and support housing affordable to low- and moderate-income households and efforts to make the supply of housing more elastic through encouraging more market rate housing development are complimentary and should be used together to address housing affordability problems.
- Target subsidies to maximize the amount of subsidized affordable housing being built.

Policy Link. (2020) Facing History, Uprooting Inequality: A Path to Housing Justice in California

Link: https://www.policylink.org/sites/default/files/pl_report_calif-housing_101420a.pdf

Summary:

Looking at the history of housing policy in California, this report takes the view that policies for the last half century have emphasized market-based construction but fallen short of addressing the needs of affordable housing. The report details the history of racism in housing policy, from subsidized White homeownership to redlining to blockbusting to urban renewal. These racist practices baked disparities into the housing landscape, and today’s policies do little to reverse these mistakes and often take steps to reinforce segregation. The report notes a wide range of

negative outcomes faced in Black and Brown neighborhoods, including higher housing costs, housing insecurity, unhealthy living conditions, environmental hazards.

Key Findings:

- Seven key trends have driven widening racial inequality in California since the 1970s:
 - The speed and scale of housing speculation has increased.
 - Public spending on affordable housing has declined.
 - Renters lack basic protections and have no entitlement to stable, affordable housing.
 - The criminalization of homelessness and communities of color has intensified.
 - Land use policies continue to perpetuate racial inequity.
 - The real estate industry profits from discrimination.
 - Rising income inequality and declining wages are worsening housing costs.

Source Recommendations:

- Establish a right to housing.
- Rein in speculation.
 - Create transparent rental registries that list owner names, not LLCs (applies to the fourth bullet below as well).
 - Enact anti-speculation taxes.
- Protect and increase the supply of permanently affordable housing.
 - Expand community land trusts and co-op housing.
 - Tenant, community, or public opportunity to purchase.
 - Increase funding for affordable housing.
 - Use public land for affordable housing.
- Expand renter protections and end punitive, discriminatory policies.
 - Universal rent control.
 - Strengthen disaster protections.
 - Enact right to counsel.
 - Enforce Section 8 compliance.
 - Remove barriers to housing for people with criminal records.
 - Enforce and expand anti-discrimination protections.
 - Recognize the right to organize.
- Stop punishing poverty and homelessness.
 - End sweeps/criminalization of homelessness/harassment.
 - Increase resources for housing and services.
- Protect homeowners from predatory lending and wealth-stripping.
 - Stop mortgage discrimination.

- Increase access to quality loans.
- Support development without displacement.
 - By right affordable housing in exclusionary communities.
 - Protect communities most sensitive to displacement.
 - Enforce fair housing laws.
 - Provide infrastructure and other resources to disadvantaged unincorporated communities.
- Enact progressive tax reforms.
- Ensure low-income communities of color guide planning and decision-making.
 - Expand representation and community planning process.
 - Create rent boards.
 - Participatory budgeting.
 - Limit influence of corporate interests.
- Repair past harm.

Turner Center. (2021). The Complexity of Financing Low-Income Housing Tax Credits in the United States.

Link: <https://turnercenter.berkeley.edu/wp-content/uploads/2021/04/LIHTC-Complexity-Final.pdf>

Summary:

Highlights the challenges associated with funding fragmentation for affordable housing and examines promising approaches that federal, state, and local actors are taking to streamline the financing process. The authors find that on average, developers need to pull together 3.5 different funding sources to make a development pencil, with some developments requiring as many as 11 sources on top of tax credit equity. The average number of sources has also increased over time, in line with the rise of development costs.

Key Findings:

- The average number of financing sources layered in a Low-Income Housing Tax Credit (LIHTC) project has increased in recent years, but the patchwork of funding sources used tends to vary by credit type, project location, and target population.
- In addition to the direct costs of funding complexity, specialized requirements and uncoordinated funding cycles associated with additional sources can also have indirect project costs.
- Formalized structures to coordinate and streamline the allocation of multiple funding sources can help to shorten development timelines and contribute to cost containment.

This has proven effective through working through housing finance agencies, coordinating across funding entities, as well as consolidating funding applications and closing documents. Finally, leadership, staff capacity, and ongoing engagement have been important to coordinating and streamlining funding.

Source Recommendations

- Broadly speaking, this report recommends a range of methods to simplify and streamline the process of securing funding for affordable housing.
- Reduce fragmentation where possible.
- Better align disparate funding streams to facilitate more seamless layering.
- Create a one-stop-shop approach that allows developers to access multiple funding sources through a coordinated process.
- Align deadlines and program requirements across sources and make requirements and expectations transparent.
- Invest in the infrastructure and staff capacity necessary to sustain coordination.

Terner Center. (2021). Strategies to Lower Cost and Speed Housing Production: A Case Study of San Francisco's 833 Bryant Street Project

Link: <https://ternercenter.berkeley.edu/wp-content/uploads/2021/02/833-Bryant-February-2021.pdf>

Summary:

A San Francisco-based case study of a permanent supportive housing project that is being completed within 33 months after land acquisition. Discusses practices that enabled the project to receive time and cost savings.

Key Findings:

- The permanent supportive housing development at 833 Bryant Street was able to achieve significant time and cost savings, conservatively 30 percent faster and 25 percent less cost per unit for a similar project. The project was completed less than three years after land acquisition and for less than \$400,000 per unit. The project was able to achieve these time and cost savings through the following four efficiencies:
 - Committed to defined and ambitious cost and timeline goals. This commitment pushed the project to innovate in both financing and design.
 - Deployed unrestricted capital to fund many costs during construction, which are then paid off with permanent financing. This gave the project flexibility and streamlined the development process.

- Received streamlined ministerial review under SB 35. This regulatory streamlining removed development risk and sped up the timeline.
- Used off-site construction of apartments, which allowed construction to proceed in parallel with development process.

Source Recommendations:

- 833 Bryant provides the following lessons for the future development of affordable housing:
 - An unrestricted capital fund can create cost and time savings by providing flexibility and up-front funds before permanent financing is secured.
 - Bypassing the typical entitlement process through SB 35 was a significant benefit for this project.
 - A common vision among private and public sector affordable housing development stakeholders is key. They should be focused primarily on providing quality affordable homes as quickly as they can for as many families as they can.

Terner Center. (2021). Will Housing Finally Break Through in 2021? A California Legislative Preview

Link: <https://ternercenter.berkeley.edu/research-and-policy/2021-california-legislative-preview/>

Summary:

Reviews new potential statewide housing bills for 2021.

Key Findings:

- Legislators prioritized the COVID-19-related housing emergency.
- Senate leaders put together a new package of housing production bills, called Building Opportunities For All.
- Governor Newsom signaled renewed support for housing efforts, particularly through key budget proposals, including an extension of the REAP program.

Source Recommendations:

- Localities and other interested parties will want to watch the wide range of bills proposed this legislative session, particularly those focused on:
 - Tenant protections amid the COVID-19 pandemic.
 - Housing production, especially as part of the Senate’s package of bills.

- Annual budget priorities for housing, such as the expansion of Homekey, further funding for REAP, and other programs.

Terner Center. (2020). Residential Redevelopment of Commercially Zoned Land in California

Link: <https://ternercenter.berkeley.edu/wp-content/uploads/2020/12/Residential-Redevelopment-of-Commercially-Zoned-Land-in-California-December-2020.pdf>

Summary:

Discusses how large metro areas, including San Diego, have an abundance of land zoned for commercial uses and how allowing residential development in these areas presents an opportunity to achieve multiple policy goals. Additionally, this report discusses the economic fallout from the COVID-19 pandemic and opportunities to allow new homes to be built on prior commercial/office sites.

Key Findings:

- California's four largest metros—Los Angeles, San Francisco Bay Area, San Diego, and Sacramento—have an abundance of land zoned for commercial uses; allowing homes in these areas could introduce new housing in virtually every neighborhood.
- The amount of commercial land per capita is higher in suburban communities than in urban core neighborhoods.
- Commercial land is concentrated along thoroughfares and in clusters, and housing that would emerge from its residential redevelopment may therefore be similarly concentrated.
- Roughly 41 percent of commercial zones in the state's 50 largest cities prohibit housing.
- Building housing in commercial zones comes with an inconsistent entitlement process which in many cases comes with onerous restrictions.

Source Recommendations:

- For statewide legislation, this report offers two specific recommendations for authorizing residential development on commercial property statewide:
 - Create a ministerial approval mechanism statewide to give developers a level of certainty of how much housing can be built on all commercial properties.
 - Adopt a broad definition of "commercial property" to capture all parcels suitable for housing, rather than limiting this initiative to specific zoning designations

- For localities, the report recommends that they reexamine their existing commercial zoning and land use regulations to leverage suitable commercial property to meet housing production targets.

Terner Center. (2020). The Hard Costs of Construction: Recent Trends in Labor and Materials Costs for Apartment Buildings in California.

Link: https://ternercenter.berkeley.edu/wp-content/uploads/2020/08/Hard_Construction_Costs_March_2020.pdf

Summary:

Hard construction costs, such as labor and materials, comprise more than 60 percent of development costs. These have also seen the largest escalation in recent years. This report summarizes trends in hard construction, based on analysis of 240 multifamily projects built in California from 2009 to 2018. The report groups together projects from the San Francisco Bay Area as one region, the Greater Los Angeles area as another, and then the rest of the state (including San Diego) as “other.”

Key Findings:

- From 2009 to 2018, the per-square-foot hard costs for building multifamily housing in California climbed 25 percent.
- Cost increases have been most pronounced in the line-item categories for finishes and for wood, plastics, and composites.
- Trends in both labor and materials have likely contributed to hard cost increases, but do not entirely account for the pace of change.
- Building with concrete and steel costs more.
- Affordable housing projects cost more on average than market-rate and mixed-affordability projects, but this difference loses significance after controlling for project size.
- Prevailing wage requirements are associated with higher hard costs.

Source Recommendations:

- State and local policymakers have the following tools to mitigate the rising cost of building housing. These tools include:
 - Shortening permitting and approval timelines can mitigate costs associated with uncertainties and delays.
 - Reviewing code for inefficiencies can also mitigate rising construction costs.

- Increasing support for labor training programs, such as apprenticeships and programs at community colleges, can assist in building and skilling up the construction workforce.
- Supporting innovative construction methods and materials could ultimately lead to lower construction costs.
- Streamlining affordable housing entitlements and funding could help to lower construction costs.

Turner Center. (2020). Built-Out Cities? How California Cities Restrict Housing Production Through Prohibition and Process.

Link: <http://californialanduse.org/download/MLM%20Built-Out%20Cities%202020.pdf>

Summary:

Using the understanding that no city in California is built out as a foundation, this study reviews two types of land use regulations – prohibitions and process – on housing production. Findings indicate that regulatory prohibitions against higher density development are strongly associated with less permitting, especially permitting of multifamily housing; the interaction between available zoned capacity and housing costs is significant and consequential. In addition, places with more development are more likely to report delays and other process complexities as constraints on that development.

Key Findings:

- Cities with higher levels of residential permitting between 2013 and 2017 are larger, have higher average incomes, and had relatively fewer jobs nearby. They have more zoned capacity, and tended to report fewer regulatory prohibitions but a more onerous regulatory process.
- Regulatory prohibitions and zoned capacity have a strong connection to overall rates of housing production when controlling for other city characteristics. A one standard deviation increase in zoned capacity is associated with a roughly 30 percent increase in permitting.
- Multifamily housing production is especially sensitive to regulatory prohibitions. A one standard deviation increase in the prohibition index is associated with 20 percent less multifamily permitting.
- Cities with more onerous regulatory processes do not permit less housing.
- Zoned capacity and regulatory prohibitions matter more in expensive cities. Cities with lots of space and lax rules but low rents do not permit much housing.

Source Recommendations:

- Zoning reform efforts should focus on increasing capacity in expensive cities (and the expensive neighborhoods of these cities). Cities truly interested in increasing housing production should begin by expanding zoned capacity in their high demand neighborhoods.

Terner Center. (2020). Reaching California’s ADU Potential: Progress to Date and the Need for ADU Finance

Link: <https://ternercenter.berkeley.edu/wp-content/uploads/2020/12/ADU-Brief-2020.pdf>

Summary:

ADU development has surged across California, especially in the more expensive coastal regions – Los Angeles, San Diego, and the San Francisco Bay Area. However, much of the growth of ADUs has been among higher-income households. One of the principal barriers to greater uptake among low- and moderate-income homeowners is the challenge of securing financing. This report discusses the need for such financing mechanisms to facilitate greater and more equitable ADU development.

Key Findings:

- ADU permits and completions have increased significantly in recent years.
- High-income households with high home equity have the least difficulty in obtaining financing for an ADU, being able to borrow against the existing equity of their home. Low-income households with low home equity have the most difficulty in financing in ADU, as they tend to rely on cash savings and other personal resources.
- Homeowners who build ADUs are more likely to have purchased their home in the last five years, while long-term homeowners are less likely to build these units.
- ADUs tend to be built by homeowners with higher home values, suggesting that high home equity is enabling many to build.
- Properties held by individuals, rather than companies, are more likely to build ADUs.
- Homeowners in high home value areas as well as low home value areas are more likely to build ADUs than those in moderate-value areas.
- The Los Angeles area, which dominates statewide ADU production, has some distinctions from other regions of the state in where ADUs are built. They are more likely to be built neighborhoods with higher proportions of White, Latinx, and Black populations. Moreover, ADUs in the Los Angeles area are more likely to be built in neighborhoods

with smaller lots and more overcrowding. Finally, ADU production is less likely in high resource areas and more likely in low resource areas.

- In the Bay Area and San Diego, ADUs are more likely to be built in neighborhoods with higher proportions of White populations.
- In San Diego, ADUs are more common on smaller lots in neighborhoods with less overcrowding.

Source Recommendations:

- Government agencies can create a program to assist low- to moderate-income homeowners to qualify for ADU construction loans.
- Create public interest campaigns to educate homeowners about the advantages of investing in ADUs to address the knowledge gap.
- Localities can make their ADU zoning and permitting process more user-friendly.
- Localities can overhaul their ADU websites.
- Allow single-family parcels to be split so a new ADU can be sold as a separate home.

UC Berkeley Center for Community Innovation. (2021). Implementing the Backyard Revolution: Perspectives of California's ADU Owners

Link: <https://www.aducalifornia.org/wp-content/uploads/2021/04/Implementing-the-Backyard-Revolution.pdf>

Summary:

A survey of ADU owners throughout the state gives insight into who is building these units, the physical characteristics of ADUs, the difficulty of the local permitting process, construction costs, who lives in the units, and how much rent costs.

Key Findings:

- Homeowners with an ADU are much more affluent and less likely to identify as Hispanic or Latinx than the typical California homeowners.
- Half of homeowners building ADUs found the permitting process difficult.
- The top challenges that homeowners face in building an ADU are the local approval process, design constraints or challenges, and construction costs.
- The average ADU is about 615 sq. ft., and they most often have one bedroom. About 86% of ADUs have just one or two residents in them.
- The median construction cost is about \$250/sq. ft. This cost is lower in the Los Angeles area where garage conversions are especially common.

- Just over half (53%) of homeowners with an ADU used some personal cash savings to construction their unit, and 43% used bank loans.
- About half of new ADUs are rented to long-term tenants, and about a sixth house a relative of the homeowner rent-free. Only 8% are rented as short-term rentals, and more affluent homeowners are more likely to use their ADUs in this way.
- About half of ADU tenants park just one car on the street, and 40% park no cars.
- While affordability varies by county, the survey found that many units are renting at below 80% of AMI.

Source Recommendations:

- Facilitate the construction of ADUs for lower-income and minority families to promote equity in housing, provide benefits to marginalized Californians, and combat the state's housing affordability crisis.
- Fund and require state-level review of local ADU regulations to ensure that the regulations, and the interpretation of those regulations, are in compliance with all relevant state-level legislation.
- Make local permitting processes more user-friendly and better assist inexperienced homeowners with obtaining local approvals to build an ADU.
- Facilitate a smoother construction process for homeowners.

Terner Center. (2019). How Housing Supply Shapes Access to Entry-Level Homeownership

Link: https://ternercenter.berkeley.edu/wp-content/uploads/2020/08/How_Housing_Supply_Shapes_Access_to_Entry-Level_Homeownership_2019.pdf

Summary:

Recognizes homeownership as a source of stability and wealth-building that has become harder to access. Suggests the need for regional housing strategies that focus on policy and private-sector solutions to increase and diversity housing supply. Actions include reforming restrictive zoning practices, addressing state and federal regulatory barriers to multifamily ownership, and supporting the preservation of the existing housing stock.

Key Findings:

- U.S. housing production has slowed in recent years, albeit unevenly, with more pronounced drop-offs in strong coastal economies and in older industrial areas with shrinking population bases.

- New ownership housing production increasingly has shifted toward larger-format and single-family homes.
- As production has slowed and changed, for-sale inventory has tightened, particularly for entry-level homes.
- Declining inventory has been accompanied by steep home price increases, especially among entry-level homes in high-cost, supply-constrained markets.
- These dynamics have shifted the makeup of recent homebuyers toward less diverse, older, higher-income households.
- Evidence suggests that increasing production and diversifying the types of housing built could provide more ownership opportunities for lower-income and younger homebuyers.

Source Recommendations:

- Reform restrictive zoning practices that constrain the amount and diversity of housing stock produced.
- Address state and federal regulator barriers to multifamily ownership, such as reforming the state construction defect law and making lending for condominiums more flexible.
- Reduce the cost of building housing.
- Support maintenance and preservation of existing homes, particularly those that tend to be more affordable and accessible to a broader base of homeowners.

Terner Center. (2019). How Housing Supply Shapes Access to Opportunity for Renters.

Link: https://ternercenter.berkeley.edu/wp-content/uploads/2020/08/How_Housing_Supply_Shapes_Access_to_Opportunity_for_Renters_2019.pdf

Summary:

Discusses the need to diversify the housing stock in single-family neighborhoods, which are often higher-resource areas, where market-driven rental housing is less likely. Also suggests by-right zoning for LIHTC projects and allowing greater flexibility in project types in these neighborhoods.

Key Findings:

- The number of single-family neighborhoods in the nation's largest metro areas has grown by almost 40 percent since 1990, largely at the expense of neighborhoods that offer a more diverse mix of housing types.

- Among the nation's 100 largest metro areas, 94 registered an increase in the share of neighborhoods that are single-family.
- Single-family neighborhoods score highest on opportunity indicators but contain less than 10 percent of rental housing in major metro areas.
- While single-family rentals made up a growing share of the rental market in recent years, fewer than one in four of those rentals are located in single-family neighborhoods.
- New construction of affordable housing has been largely concentrated in denser neighborhoods, but when built in single-family tracts, it has improved neighborhood conditions for subsidized residents.

Source Recommendations:

- Expand the availability of tenant-based subsidies, and remove the barriers to their use.
- Reduce barriers to new production in high-opportunity neighborhoods.
- Allow more flexibility for new LIHTC projects and acknowledge the higher costs of development in high-opportunity neighborhoods.
- Scale up other innovative sources of financing for new affordable construction.

Terner Center. (2019). Lessons in Land Use Reform: Best Practices for Successful Upzoning

Link: https://ternercenter.berkeley.edu/wp-content/uploads/2020/08/Lessons_in_Land_Use_Reform.pdf

Summary:

Summarizes best practices to successfully pass and implement land use reforms to achieve fair and equitable housing in all communities. The article recommends creating statewide land use and zoning requirements that allow discretion for local planning and implementation considerations, combining land use reforms with policy changes that affect vulnerable communities, engaging stakeholders to garner support for policy changes, and creating certainty in development processes to streamline the processes for housing to be built.

Key Findings:

- Land use reform should be implemented where all communities take on their fair share of housing.
- Mandated standards such as upzoning measures should include some local discretion for community planning will help build support reforms and allow consideration of local market conditions
- Reforms such as increasing homes across all neighborhoods and increased zoning capacity around job centers and commercial corridors helps overcome exclusionary land

use patterns in low-density neighborhoods in addition to facilitating greater densities in priority corridors, such as job centers and areas adjacent to transit

- Land use reform was made possible by cultivating support across a diverse group of stakeholders. Stakeholder engagement should continue beyond initial engagement for adoption and implementation.
- Land use reform and policies to protect vulnerable neighborhoods should be implemented together to make them complementary.
- Land use reform requires creating certainty in the development process through streamlined process and straightforward development standards.
- Most California jurisdictions allowed multifamily housing on just 25% of zoned land while single family homes had 3 times amount of the land set aside.
- Housing is more expensive in jurisdictions where single-family zoning and minimum lot size requirements restrict the intensity of land use, and, in turn, jurisdictions with anti-multifamily zoning are more racially segregated and more likely to exclude blue collar workers.
- Local design standards such as setbacks, height, and pitch can restrict the building envelope and decrease feasibility, just as local approvals processes can slow construction timelines and impede construction.

Source Recommendations:

- Land use reforms should address clear impediments to inclusive and sustainable production.
- Baseline zoning and land use requirements should be set at the state level. This creates fair expectation for all communities to plan for and build housing.
- Allow local discretion to comply with statewide requirements but have accountability measures in place.
- Create certainty in the development process by streamlining permitting and approval processes including requiring cities to adopt ministerial approval processes, or tying land use reforms to existing development streamlining mechanisms at the state level

Terner Center. (2019). Making it Pencil: The Math Behind Housing Development

Link: <https://ternercenter.berkeley.edu/wp-content/uploads/2020/08/Making-It-Pencil-The-Math-Behind-Housing-Development.pdf>

Summary:

Explains the steps developers undertake to design, finance, build, and set rents for market-rate housing. Unpacking the factors that impact what a developer can build in today's market helps

in understanding why so much new housing is expensive, and why new supply is often only affordable for upper-income households

Key Findings:

- Three categories of costs are associated with any development project: hard costs, soft costs, and land costs.
- Costs associated with paying development team staff, city fees for plan check and other services, and general property holding costs are borne solely by the developer.
- Land costs are determined by the choice of affordability by the developer and can include costs to close on land and due diligence reports.
- Equity investors consider housing development a riskier investment when compared to traditional forms of investment due to the amount of time it takes to develop the property and before revenue is generated.
- New developments derive the vast majority of their income from rents charged to tenants. The amount of rent brought in as revenue can impact whether or not the project gets funded by a lender.

Source Recommendations:

- Local requirements, such as parking, inclusionary zoning, and development impact fees can increase costs and affect project feasibility. Policy makers should consider the effects of policy requirements on the cost of constructing housing.
- Policy makers considering various policies for increasing housing supply and affordability should use tools such as the Turner Center Dashboard or other thoughtful and technical approaches to provide insight into the relationship between new housing development and other important factors.

Turner Center. (2018). Housing Policies in California Cities: Seeking Local Solutions to a Statewide Shortfall.

Link: http://californialanduse.org/download/Mawhorter_Housing_Policies_in_California_Cities.pdf

Summary:

Examines what city characteristics and policies enable or inhibit housing development across California cities. Discusses best practices for enabling development to address the statewide housing shortfall.

Key Findings:

- More new housing is built in cities with greater access to jobs, and less new housing is built in cities with older housing, higher homeownership rates, and higher vacancy rates.
- More single-family housing is built in lower middle-density cities with higher housing prices; less single-family housing is built in cities with older housing, higher homeownership and vacancy rates, and more commuters who take transit, bicycle, or walk to work.
- More multifamily housing is built in higher-density cities with greater employment access, and less multifamily housing is built in cities with older housing, higher homeownership rates, and higher vacancy rates.
- Local land use policies and planning practices are associated with increased housing development in some cases and decreased housing development in others. Single-family homes appear to be particularly affected.
- Housing growth lagged far behind job growth, and the discrepancy was especially stark in the San Francisco Bay Area and the greater Los Angeles region
- Young people are forming fewer households and buying fewer homes.
- Less housing is built in cities with both higher homeownership rates and White populations is consistent with existing research on NIMBY opposition to local housing development.
- Cities where people tend to commute by transit, bicycle, or walking have not seen increases in multifamily development.

Source Recommendations:

- Increase the amount of land zoned for multifamily development and reducing parking requirements.
- Improve both approval rates and approval times.

Terner Center. (2018). California's SB 375 and the Pursuit of Sustainable and Affordable Development

Link: <https://ternercenter.berkeley.edu/research-and-policy/sb-375/>

Summary:

California's Sustainable Communities and Climate Protection Act of 2008 (Senate Bill 375) aligns land use and transportation planning to drive development towards transit-accessible places and reduce car dependency. This working paper reviews the state's experience in mitigating climate change through sustainable development. The authors assess the implications of SB 375

for housing planning and production, and then provide recommendations to maximize SB 375's potential to address California's climate change management and housing affordability needs.

Key Findings:

- SB 375 implementation through RHNA has limited potential to increase infill development in most regions.
- Lengthy SCS and RHNA processes will be slow to yield results.
- After SB 375, RHNA targeted more housing development with high job proximity. Cities with the highest job access are receiving greater shares of the RHNA.
- Incentives for SCS implementation are limited and vary by region. The state Affordable Housing and Sustainable Communities (AHSC) program is a major source of statewide gap funding. MTC and SANDAG award discretionary funding based in part on housing planning and production. SACOG had a small planning incentive program which has been discontinued, and SCAG has a Transit Oriented Development (TOD) planning incentive program which is not linked with housing goals. The state, MTC, and SANDAG funding programs show promise, but without enforcement mechanisms they are still unlikely to shift development to the extent needed.
- SANDAG's TransNet Smart Growth Incentive Program (SGIP) was codified in 2004 through a regional half-cent sales tax measure authorized through 2048. Funds are prioritized for jurisdictions that receive points under the following four criteria:
 1. Greater RHNA Share Taken
 2. Regional Share of Cumulative Total of Lower-Income Units Produced
 3. Total Number of Affordable Housing Units
 4. Percent of Lower-Income Households
- CEQA streamlining to enable SCS implementation: While the alignment of RHNA with the SCS is primarily a planning requirement, SB 375 includes provisions intended to streamline the approvals process for projects that are consistent with the SCS. This process has seen limited use.

Source Recommendations:

- Need for more enforcement: SB 375 includes little in the way of enforcement mechanisms. The report encourages stronger RHNA to enforce SB 375.
- Need for more incentives: There is a need for more incentives for sustainable development, for example by increasing funds for AHSC. Local and regional governments can also create grant programs that support sustainable development patterns, directing funds to jurisdictions that are compliant with RHNA and Housing Element law and making progress toward SCS goals.

- Need for more capacity: SB 375 has built capacity among regional stakeholders who worked on the SCS or funding program applications together, but the incentive programs also require capacity at the local level to compete for funds. Localities should be given additional technical assistance to implement their regional SCS and take advantage of existing incentive programs under SB 375. The Strategic Growth Council's technical assistance program for AHSC has been widely popular with cities. Technical assistance could be extended to include other aspects of SB 375, in tandem with a campaign to promote awareness of SB 375 programs and policies among local leaders and stakeholders. This would build on the progress already made through collaboration between the transportation and housing fields, public, private, and nonprofit sectors, and levels of government during the development of the SCSs.
- Need for more accountability: Researchers need better data to evaluate the impact of SB 375, RHNA, and Housing Element law, to identify the factors that facilitate or impede development, and to inform policy discussions going forward.

UCLA Lewis Center. (2021). Reducing Development Costs with Impact Fee Deferral

Link: <https://escholarship.org/uc/item/93s6j5z9>

Summary:

Discusses fee deferral programs as a mechanism to boost housing production and improve housing affordability.

Key Findings:

- The City of Los Angeles charges developers over \$140 million per year in fees to offset the service and infrastructure impacts of new residential development. Many fees are collected early in the development process, when developers' financing costs are highest.
- The true cost paid by developers can greatly exceed the value of fees paid to the city. This added cost provides no benefit to the public, but it does limit the production of new housing by reducing the number of parcels available for redevelopment.
- A fee deferral program would bring the cost to developers in better alignment with the value to the city by requiring fee payment at a later date, when financing costs are lower. This would modestly boost housing production and improve housing affordability at no cost to the public.
- Basing fees on the number of dwelling units, rather than square footage or number of bedrooms, can inadvertently discourage smaller, more affordable unit sizes.

- In Los Angeles, the average time from building permit to certificate of occupancy is nearly 800 days for projects between two and 49 units, and even longer for larger projects.
- Fee deferral programs can efficiently reduce costs and increase the viability of housing production, and they can do so without asking local governments to forfeit any revenue.

Source Recommendations:

- Defer impact fees/create an impact deferral fee program to decrease the cost of construction to developers and to decrease the cost of housing overall.
- In cities that adopt a fee deferral program, deferral should primarily apply to fees due at or around building permit issuance. Fees due earlier tend to reimburse staff review expenses which are incurred immediately.
- Two kinds of fee deferral program types:
 - Deferral plus inflation would delay fee collection with an inflation adjustment until certificate of occupancy.
 - In Deferral plus inflation and bonding a jurisdiction may issue a bond or draw from an open line of credit against future impact fee payments.

National Center for Sustainable Transportation. (2020). Planning and Policymaking for Transit-Oriented Development, Transit, and Active Transport in California Cities

Link: <https://escholarship.org/content/qt7j37k8ms/qt7j37k8ms.pdf?t=q7p7ne>

Summary:

This report presents results of a survey of planning directors through California from Spring 2019 as well as two case studies of TOD policymaking, one from Los Angeles and another from Sacramento. The survey results show the range of TOD policies and impediments to TOD development, as reported by respondents. The case studies show the promise and peril of TOD in Los Angeles as well as the progress and challenges Sacramento has faced in developing its TOD policy.

Key Findings:

- Recent surveys of localities conducted by the Governor's Office of Planning and Research (OPR) indicate that most responding jurisdictions address infill development in their General Plans (the document that identifies and governs each locality's planning and development goals and policies), and they report using a variety of tools to support infill, including, in particular, density bonuses, coordination of environmental review, and reduced parking requirements (OPR, 2018 Annual Survey Results).

- TOD financing and planning often presents city leaders with complicated tradeoffs to negotiate among policy goals and stakeholder interests, for example, in considering how to keep housing affordable in TOD zones while also upgrading infrastructure to support market rate development.
- Physical capacity may exist for in-fill TOD development but market feasibility can be challenging due to the high cost of construction.
- By law, development impact fees must be assessed strictly based on a demonstrated “rational nexus” between the cost of infrastructure needed to support the new development and the level of fee imposed on a given property owner.
- Impact fees can be particularly onerous for affordable housing developers, who face high cost hurdles as it is, due to reduced revenues they can obtain from affordable units, as well as added risk, complexity, and delay tracing to the high number of funding sources that typically must be combined for such development, and extra costs often imposed for providing service and design amenities.
- Many California cities have adopted inclusionary housing ordinances, requiring developers to provide a certain percentage of affordable units (either on-site, off-site, and/or through payment of an in-lieu fee as an alternative compliance mechanism, if the city permits this option).
- Many communities apply discretionary review requirements at multiple points in the development entitlement process, to address concerns about project design, contribution to public benefits, and other issues. Such review processes can add substantially to uncertainty and delay.
- Another cost factor for infill development arises in the form of the generally greater need, compared to greenfield development, to organize and manage public planning processes to address concerns and expectations among current residents. Ignoring resident concerns can be consequential, if residents subsequently seek means to delay, alter, or even halt a project, such as by raising objections during the environmental review process required under CEQA.
- The most commonly used strategy cited by our survey respondents is to provide a density bonus for affordable housing development.
- Adoption of these two housing policy measures, namely development impact fees for affordable housing and inclusionary housing ordinances, was not significantly correlated with the likelihood that city residents had raised concerns about displacement and gentrification.

Source Recommendations:

- To encourage affordable housing development along with the transit upgrade, the city could waive the transportation impact fee for developers of affordable housing.

- The associated costs of the needed infrastructure must be covered by citywide revenue sources, instead of just by other fee recipients. The city might look to other 9 financing methods, such as by proposing a city-wide bond measure for the purpose.
- If city-wide funding is politically infeasible to achieve, the city could seek to adopt a special tax or “benefit assessment district” (BID) applicable only to the TOD zone (or for any other designated sub-area in the jurisdiction).
- Cities can also use regulatory methods to support TOD. Examples include multi-use zoning, upzoning (allowing higher densities), imposing lower parking requirements for new developments near transit, and imposing design standards that promote pedestrian and bicycle access.
- Cities can also use zoning to promote affordable housing, such as through “incentive zoning” that provides a density bonus for developers willing to build affordable.
- Effective TOD planning must engage multiple public, private, and non-profit stakeholders at various scales
- Effective TOD planning processes need to transcend the local TOD zone level alone, so as to coordinate goals and strategies with neighboring jurisdictions located along shared transit corridors, and with regional transportation agencies.
- Density Bonus for affordable housing development.
- Utilization of mixed used zoning as a TOD strategy.
- Adoption of specific plans to support TOD
- Reduce parking requirements for development near transit.
- Employ CEQA tiering from Specific Plans, a strategy that enables development projects evaluated as part of an area plan (Specific Plan) to be approved with reduced environmental review
- Encourage affordable housing provisions, namely adopting development impact fees for affordable housing, and adopting an inclusionary housing ordinance (requiring provision of a certain number of affordable units in a residential development, or payment of an in-lieu fee).

National Center for Sustainable Transportation. (2017). Affordable Housing in Transit-Oriented Developments: Impacts on Driving and Policy Approaches

Link: <https://escholarship.org/uc/item/487994z4>

Summary:

Transit-oriented development (TOD) is shown in a range of studies to reduce vehicle miles traveled, thus furthering an important social goal of reducing greenhouse gas emissions. Building affordable housing in TODs accomplishes two important goals: contributing to meeting

California's drastic affordable housing shortfall and promoting a type of development that will lead to people driving less and using transit more. This report evaluates approaches to locating affordable housing with TOD.

Key Findings:

- Households who live within a TOD's ½-mile radius tend to have lower vehicle miles traveled (VMT) than if they lived elsewhere, but an increase in a household's transit ridership and a decrease in VMT is not a straightforward relationship.
- Properties near light rail tend to be more valuable, with all else equal. Therefore, developers likely require subsidies larger than what are currently available via programs such as the federal Low-Income Housing Tax Credit (LIHTC) program.
- Landlords in areas of increasing prices with expiring covenants tend to opt-out of renewing those covenants. Therefore, the construction of affordable housing in TODs—areas that are likely to experience rising property values—may not convey long-term affordability benefits without proper regulations in place.

Source Recommendations:

- Increase the supply of affordable housing units, particularly in TODs—in doing so, focus on relatively high-density figures and relatively low inclusionary zoning requirements. This can particularly be accomplished through allowing more by-right development.
- Offer more aggressive subsidies for the development of affordable rental housing units in TODs and near transit—such increases could be funded by shifting existing subsidies from ownership units to rental units, or lowering the cap on mortgage interest deductions. Funds can be raised locally through local housing trust funds or a ballot measure as well as land value capture policies.
- Incentivize landlords to keep existing units affordable after initial covenants have expired—this is especially true for Section 8 housing; potential policy changes could include: lengthening contract terms for landlords, reducing the administrative burden on landlords, and/or offering funds to defray the costs of housing Section 8 tenants.

Social Equity and Housing Displacement

CARB. (2021) White Paper on Anti-Displacement Strategy Effectiveness

Link: <https://ww2.arb.ca.gov/sites/default/files/2021-04/19RD018%20-%20Anti-Displacement%20Strategy%20Effectiveness.pdf>

Summary:

This white paper provides an overview of a wide range of displacement-prevention policies, recommending which have the greatest potential to prevent displacement. Housing production, as well as preservation of unsubsidized affordable housing, community control of land, rental and foreclosure assistance, tenant right to counsel, and just cause eviction policies, are the ones which the authors note have high potential to prevent displacement

Key Findings:

- Neighborhood stabilization and tenant protection policies have the most direct and immediate effect on mitigating displacement.
- Given that most households with affordable housing live in unsubsidized units, housing preservation programs for naturally occurring affordable housing have the most potential for significant impact.
- Housing production strategies can help indirectly in decreasing displacement by retaining or adding to the affordable housing stock. However, housing production policies typically require strong markets, and longer time spans.
- Anti-displacement policies fit into three broad categories. Policies can lead to:
 1. Production of housing
 2. Preservation of existing affordable housing
 3. Stabilizing of neighborhoods by helping residents remain
- The follow table summarizes 17 anti-displacement policies reviewed in academic literature, organized by the three categories:

TABLE 2: LITERATURE REVIEW SUMMARY TABLE

<i>Category</i>	<i>Policy Name</i>	<i>Literature Coverage Level</i>	<i>Potential to Prevent Displacement*</i>	<i>Market Type**</i>	<i>Implementation Scale</i>	<i>Timeframe to Prevent Displacement</i>
Production	Housing Production	HIGH	HIGH+	Strong	Local, State	Long-term
Production	Inclusionary Zoning + Developer Incentives	MEDIUM	MEDIUM	Strong	Local, State	Long-term
Production	Accessory Dwelling Units	LOW	MEDIUM	Neutral	Local, State	Long-term
Production	Impact + Linkage Fees	MEDIUM	LOW	Strong	Local	Long-term
Production	Housing Overlay Zones	LOW	MEDIUM	Strong	Neighborhood, Local	Long-term
Production	Land Value Recapture	LOW	LOW	Strong	Local, State	Long-term
Preservation	Unsubsidized Affordable Housing	LOW	HIGH	Neutral	Local, State	Short-term
Preservation	Federally-Funded Housing Developments	MEDIUM	MEDIUM	N/A	Local, Federal	Short-term
Preservation	Housing Rehabilitation	MEDIUM	LOW	N/A	Local, State, Federal	Short-term
Preservation	Condominium Conversion Restrictions + Tenant Opportunity to Purchase	MEDIUM	MEDIUM	Strong	Local	Short-term
Preservation	Community Control of Land	LOW	HIGH	Neutral	Neighborhood, Local	Short-term
Neighborhood Stabilization	Rent Control	HIGH	MEDIUM	Strong	Local, State	Short-term
Neighborhood Stabilization	Community Benefits Agreements	MEDIUM	LOW	Strong	Neighborhood, Local, State	Long-term
Neighborhood Stabilization	Rental Assistance Programs	MEDIUM	HIGH	Neutral	Local	Short-term
Neighborhood Stabilization	Foreclosure Assistance	MEDIUM	HIGH	Neutral	Local, State, Federal	Short-term
Neighborhood Stabilization	Tenant Right to Counsel	MEDIUM	HIGH	Strong	Local	Short-term
Neighborhood Stabilization	"Just Cause" Evictions	MEDIUM	HIGH	Strong	Local	Short-term

** Potential: If we adopt this policy, how likely is it that displacement will be reduced directly or indirectly?*

*** For some policies, a strong market is necessary for feasibility, while for others, it makes them more effective.*

+ Although both market-rate and subsidized housing production may successfully reduce indirect displacement, the effectiveness of a particular development depends on its context and scale.

Source Recommendations:

Recommendations for the State

- When designing guidelines for competitive funding programs, encourage jurisdictions to adopt anti-displacement policies, with priority for neighborhood stabilization and tenant protection strategies, due to their direct and immediate impact, and housing preservation programs for naturally occurring affordable housing, due to their potential for large-scale impact.
- Use available tools to spur housing production, in particular, the strategic disposition of public lands.
- Establish an interagency working group on anti-displacement policies in order to enact consistent policies across agencies.
- Conduct a comprehensive inventory of anti-displacement policies and programs by jurisdiction.
- Identify opportunities in existing and planned programs to collect data and conduct evaluations of impacts on displacement.

Recommendations for Local Governments and Communities

- Jointly develop a strategic plan for neighborhood stabilization, including a prioritization scheme for anti-displacement policies in the jurisdiction to incorporate into applications for state and federal funding.
- Help build capacity in local communities by ongoing education about displacement issues and support for community organizing.

SPARCC. (2019). Implementing Equitable Transit-Oriented Development (eTOD)

Link: http://www.sparcchub.org/wp-content/uploads/2019/03/Implementing-ETOD-Factsheet_11_7FINAL.pdf

Summary:

An overview of the current landscape of policies, practices, and literature on issues related to equity in TOD. This document identifies key principles around equitable TOD such as the need for equitable transit and development that requires affordability, helps existing residents remain in place, goes beyond housing production and other principles.

Key Findings:

The report brought together a wide range of recommendations for supporting equitable transit-oriented development (eTOD)

Source Recommendations:

- Equitable transit
 - Increase transit funding to improve service, convenience, and reliability.
 - Prioritize all transit modes, from bus service in transit-dependent communities to rail service for affluent commuters.
 - Provide affordable fares, especially for those most in need: low-income riders, students, or those with disabilities.
 - Plan for people, ensuring community voices are heard in the planning and development process of new transit.
- Equitable and healthy development
 - Create metrics, maps, and other resources to track community assets, housing supply, and other development indicators to have a clear understanding of the effect of new development.
 - Conduct local station area planning.
 - Require affordability through policies such as inclusionary zoning in TOD.
 - Partner with health providers and others to go beyond just providing housing but also improve health and wellness of the community.
 - Develop TOD alongside transit agencies, for example by using agency-owned land.
 - Commit to environmental sustainability, both through the building and other improvements to contribute to the neighborhood.
 - Commit to ambitious goals, such as a high share of affordable units in TOD.
 - Balance the needs of current and future residents, especially by helping existing residents and businesses in TOD areas to remain with policies such as community ownership, rent control, just cause eviction, and others.
 - Protect existing affordable housing, especially unrestricted, naturally occurring affordable housing.
 - Leverage other publicly owned land to maximize these real estate assets.
- Equity in implementation
 - Create and use an eTOD score card to track metrics of new developments.
 - Incorporate community benefits into eTOD projects.
 - Establish eTOD acquisition goals, such as funds to acquire land for affordable housing.
 - Invest in local assets such as businesses, art, education, and more.

Smart Growth and Sustainability

American Planning Association. (2019). Commercial Corridor Redevelopment Strategies

Link (APA Membership Required): https://planning-org-uploaded-media.s3.amazonaws.com/publication/download_pdf/PAS-Report-598-r1.pdf

Summary:

Discusses corridor redevelopment strategies, including policy approaches to promote mixed-use and residential development. Suggests “missing middle housing” as a market-based approach to provide more affordable housing options and highlights zoning-related challenges.

Key Findings:

- The foundation of a corridor redevelopment intervention is data collection and background analysis. Gathering the relevant data and performing the right analyses are fundamental to understanding the factors at play in a corridor’s performance and helping determine what strategies might be most effective in a particular context.
- Stakeholder and partner engagement is essential to creating consensus and developing an authentic vision for the intervention.
- Commercial corridors are critical sources of property and sales tax revenue generation for all municipalities.
- Underperforming retail corridors are characterized by two overarching themes: a general commercial zoning framework that exacerbates a linear retail pattern, and lower rents resulting from oversupply, turnover, and vacancy conditions.
- Larger redevelopment projects might require assembly of many smaller parcels to support larger footprints and to make such projects financially feasible.

Source Recommendations:

- Understand factors and market context through data collection and analysis.
- Stakeholder and partner engagement is essential for creating consensus and developing an authentic vision for the intervention.
- Planners must ensure that corridor interventions incorporate appropriate regulatory approaches.
- Local government investment is fundamental to supporting measurable redevelopment results, particularly in improving public-private partnership feasibility.
- Planners should be aware of and access all relevant financial tools to help optimize local government investment.

- Track and analyze the outcomes of redevelopment intervention efforts to understand whether efforts are working and fine-tuning future redevelopment approaches.

American Planning Association. (2021). Advancing Racial Equity Through Land-Use

Link: Planning (APA Membership Required): https://planning-org-uploaded-media.s3.amazonaws.com/publication/download_pdf/PAS-MEMO-2021-05-06.pdf

Summary:

Discusses strategies to address racial disparities causing a disproportionate impact on people of color, including housing affordability and racial equity. Examines different approaches to overcome some of these issues, which are observed in most metropolitan areas in the U.S. in varying degrees, including a robust and inclusive community engagement and education component designed to take a deep and broader look at the current needs and future of the city. Implementation strategies identified include increasing the supply and variety of housing at all affordability levels; encouraging denser mixed use development in the central business district; allowing the construction of additional units in lots; introducing floor area ratios and height premiums for specific uses; and adopting inclusionary zoning ordinances.

Key Findings:

- White non-Hispanic residents in Minneapolis make approximately three times the income of Black and American Indian residents.
- Over 50 percent of Black households and over 45 percent of American Indian and Hispanic households in Minneapolis are cost burdened, whereas one in three white households are cost burdened.
- A trio of racially restrictive housing policies adopted in the first half of the 20th century including redlining, racially restrictive covenants, and single-family zoning worked together to deny people of color the opportunity to live in high-amenity neighborhoods and to build wealth through homeownership.
- Racial disparities in income and wealth mean that the housing affordability problem disproportionately affects Black, Indigenous, and People of Color (BIPOC) communities.
- The Metropolitan Council develops a regional plan with a 30- year horizon, and each city and county must write a plan that is expected to be consistent with that plan.

Source Recommendations:

- The Metropolitan Council develops a regional plan with a 30- year horizon, and each city and county must write a plan that is expected to be consistent with that plan.
- Increase the supply of housing to help keep all housing more affordable.

- Housing construction must be allowed to keep up with demand and a range of housing types must be allowed throughout the city.
- Talk about racial equity and include it in the plans/planning process.
- Use innovative community engagement methods to target underrepresented voices.
- Use communication professionals to clearly communicate the plan to the public.
- Make plans specific and accountable.