

# **HERE TODAY**

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THE HOUSING CRISIS**
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REGIONAL HOUSING NEEDS ASSESSMENT**
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## **INTRODUCTION TO THE HOUSING CRISIS**

**Housing has become  
California's biggest  
planning problem.**



## **INTRODUCTION TO THE HOUSING CRISIS**


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**For decades, housing costs have risen faster than incomes.**

Since 1960, renters' median earnings have gone up **5%** while rents have spiked **61%**; homeowners earn **50%** more while home prices have gone up **112%**.

## **INTRODUCTION TO THE HOUSING CRISIS**



**A growing share of  
the nation's renters  
cannot afford to live  
in the cities where  
they work.**

In 2016, nearly **half** of renters were considered 'cost-burdened' (spend more than **30%** of their income on rent) a proportion that has more than **doubled** in the last 50 years.

## **INTRODUCTION TO THE HOUSING CRISIS**

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**America isn't  
building enough  
homes.**

Though the US population has been growing steadily, there are now fewer homes on the market than in any year since 1982. Despite seemingly bottomless demand, the construction of apartment buildings fell by **10%** last year.

## **INTRODUCTION TO THE HOUSING CRISIS**

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**The housing crisis  
is even worse in  
California.**

According to the California Housing Consortium, CA has a shortfall of **3.5 million** affordable units for extremely-low and very-low income renter households.

## **INTRODUCTION TO THE HOUSING CRISIS**



**The housing crisis  
is even worse in  
California.**

The Public Policy Institute of California reports that **32%** of mortgaged homeowners and **47%** of renters spend more than **one-third** of their total household income on housing.

## **INTRODUCTION TO THE HOUSING CRISIS**



**California has the  
largest homeless  
population in the  
nation by far.**

While California has **12%** of the nation's population, it has **22%** of the nation's homeless (approximately 130,000 Californians).



## **INTRODUCTION TO THE HOUSING CRISIS**



**The state does  
not have enough  
funding to support  
development of  
affordable housing.**

CA has reduced its funding affordable homes by **79%**, from approximately **\$1.7 billion** a year to **\$36 million** – nearly nothing for a state the size of California.

## **INTRODUCTION TO THE HOUSING CRISIS**

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**California cities and coastal areas are experiencing the worst of the worst.**

From 2012 to 2017, San Francisco Bay area cities added **400,000** new jobs, but only issued **60,000** permits for new housing units.

## **INTRODUCTION TO THE HOUSING CRISIS**

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**California cities and coastal areas are experiencing the worst of the worst.**

It's estimated that the state needs to build **3.5 million** housing units by 2025 to eliminate the supply gap. That's almost **400,000** per year, or **4x** the amount that has been built annually since the end of the real estate bust in 2010.

## **INTRODUCTION TO THE HOUSING CRISIS**



**California cities and coastal areas are experiencing the worst of the worst.**

The median prices of homes in these respective markets: \$1.3M in San Francisco, \$1M in San Jose, and \$600k in Los Angeles, while only \$250k in Fresno.

## **INTRODUCTION TO THE HOUSING CRISIS**

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**Long Beach has  
also felt the effects  
of the housing  
shortage.**

The City of Long Beach estimates **28,524** housing units are needed by 2040. The City's estimates **21,476** overcrowded housing units.

## **INTRODUCTION TO THE HOUSING CRISIS**

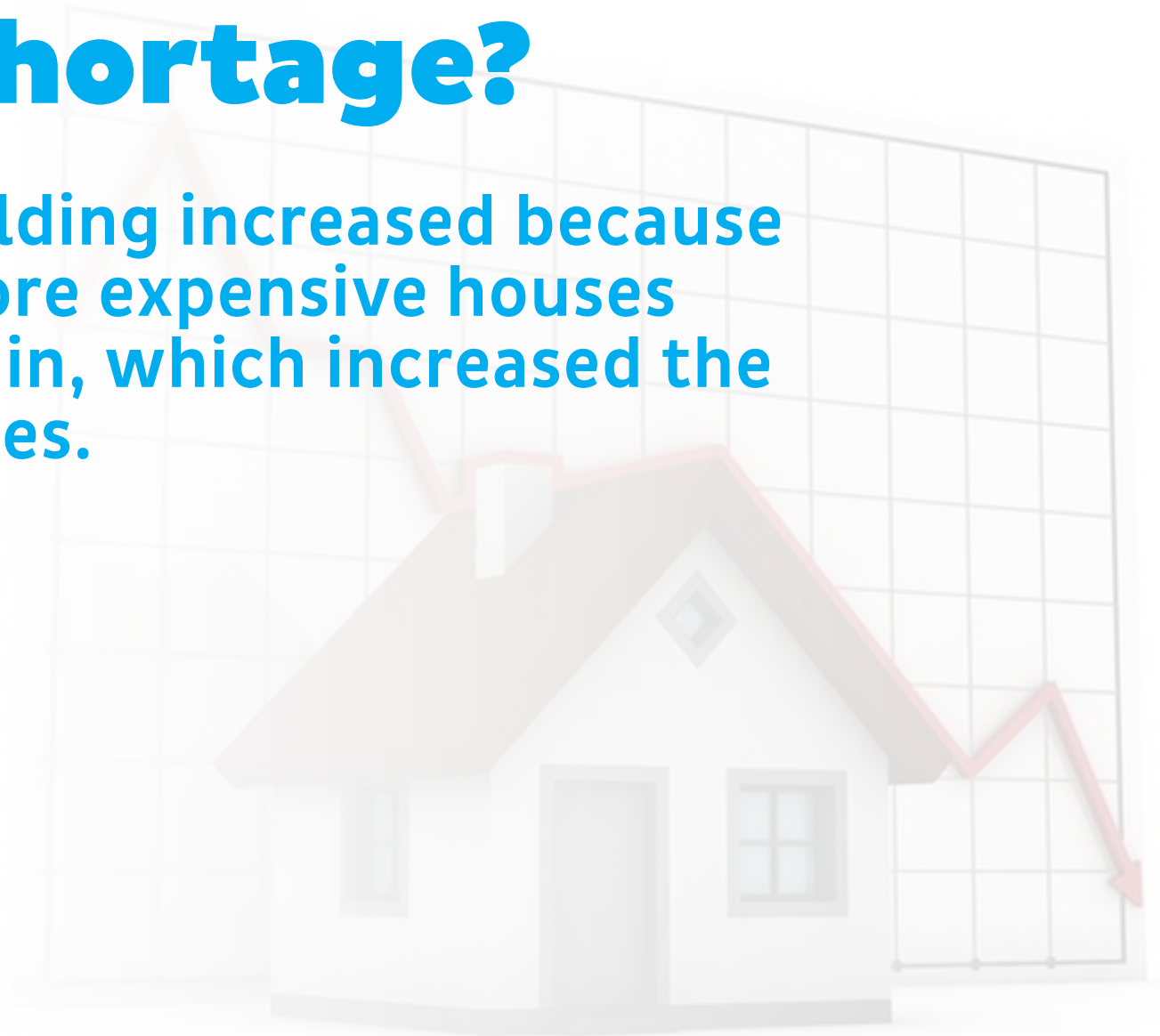
**What caused this housing shortage?**



## **INTRODUCTION TO THE HOUSING CRISIS**

# **What caused this housing shortage?**

**2000s – Homebuilding increased because mortgages for more expensive houses were easy to obtain, which increased the price of new houses.**

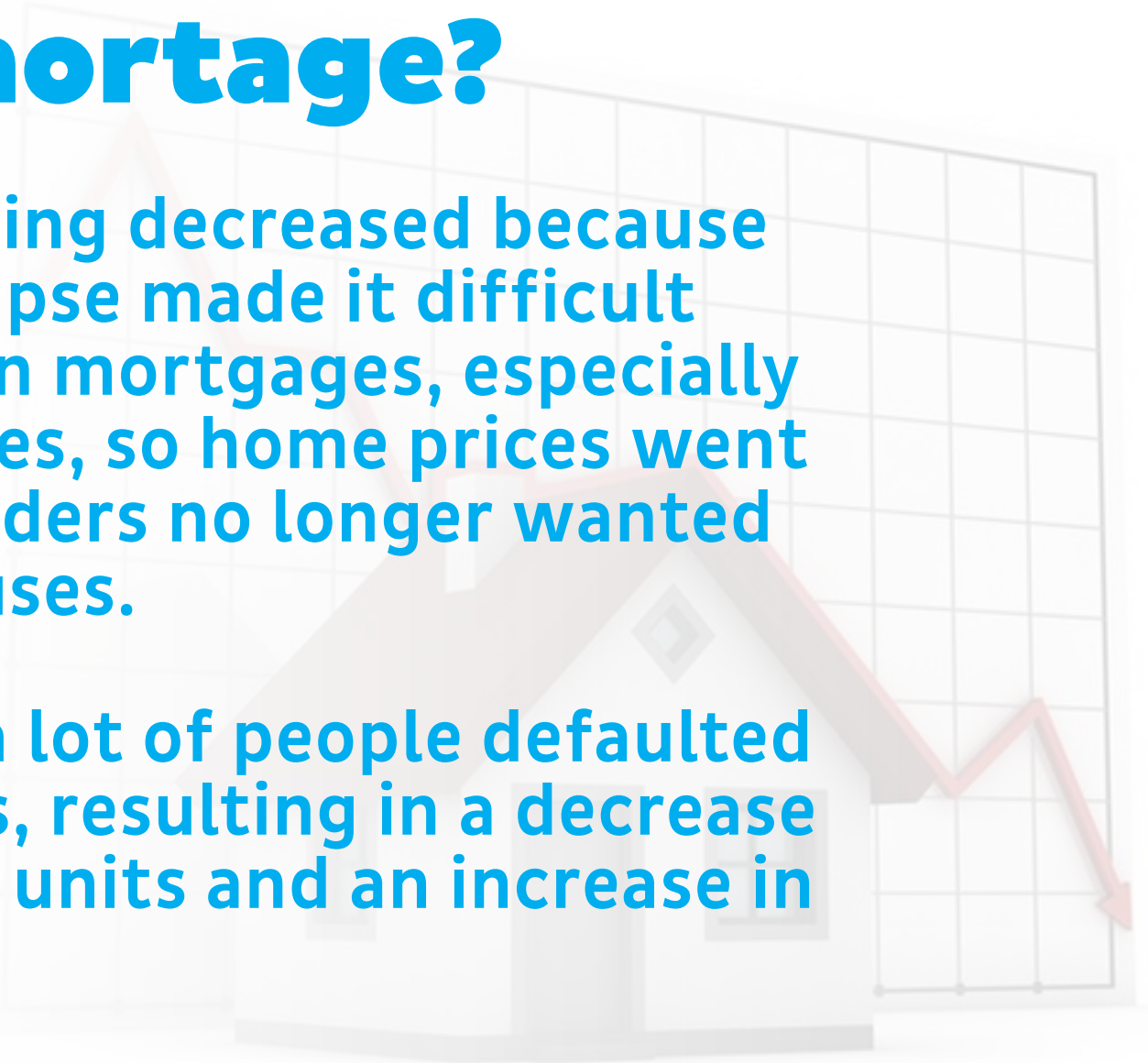


## **INTRODUCTION TO THE HOUSING CRISIS**

# **What caused this housing shortage?**

2010s – Homebuilding decreased because the mortgage collapse made it difficult for people to obtain mortgages, especially for expensive houses, so home prices went down, meaning lenders no longer wanted to finance new houses.

At the same time, a lot of people defaulted on their mortgages, resulting in a decrease in owner-occupied units and an increase in renters.





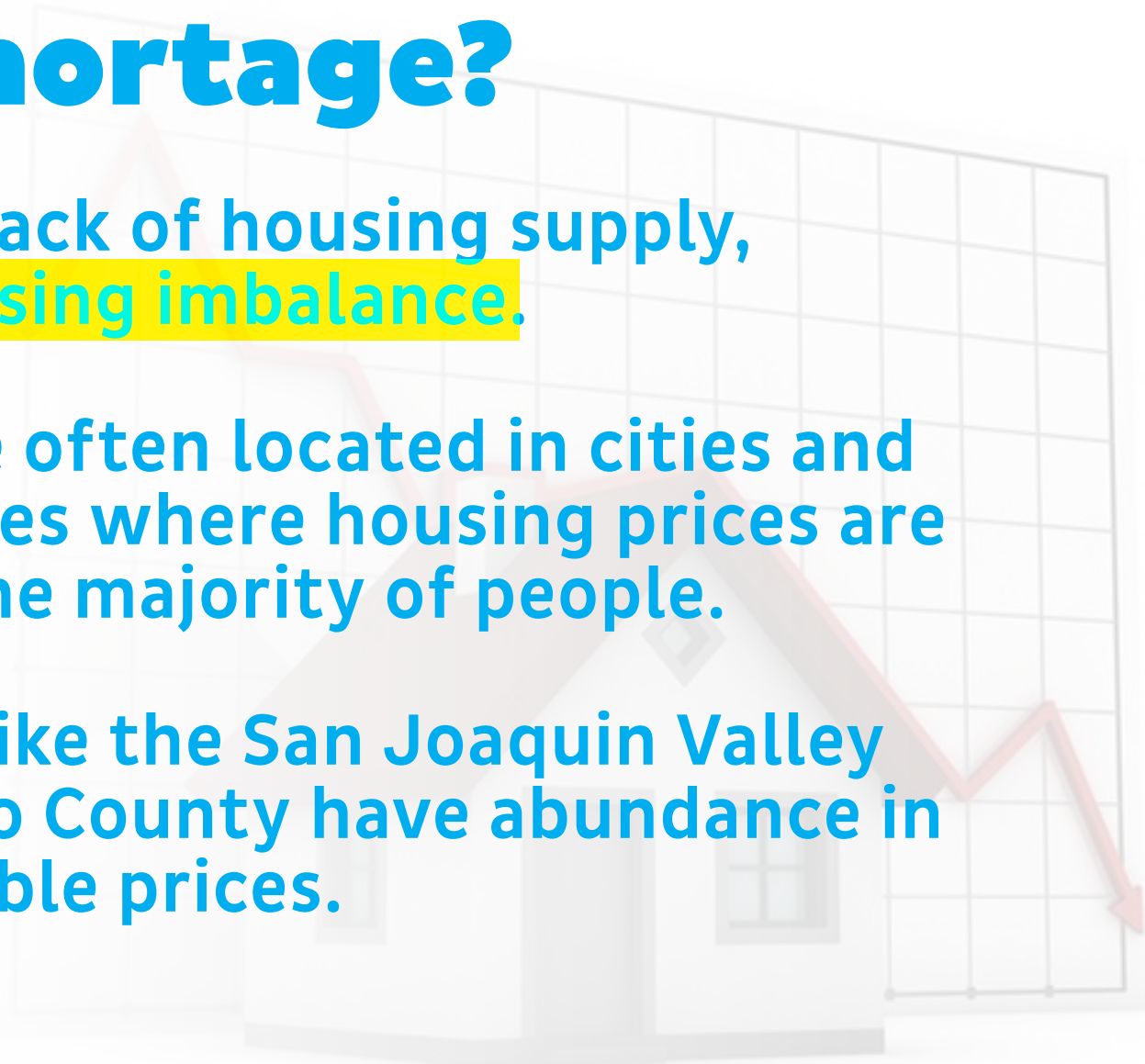
## **INTRODUCTION TO THE HOUSING CRISIS**

# **What caused this housing shortage?**

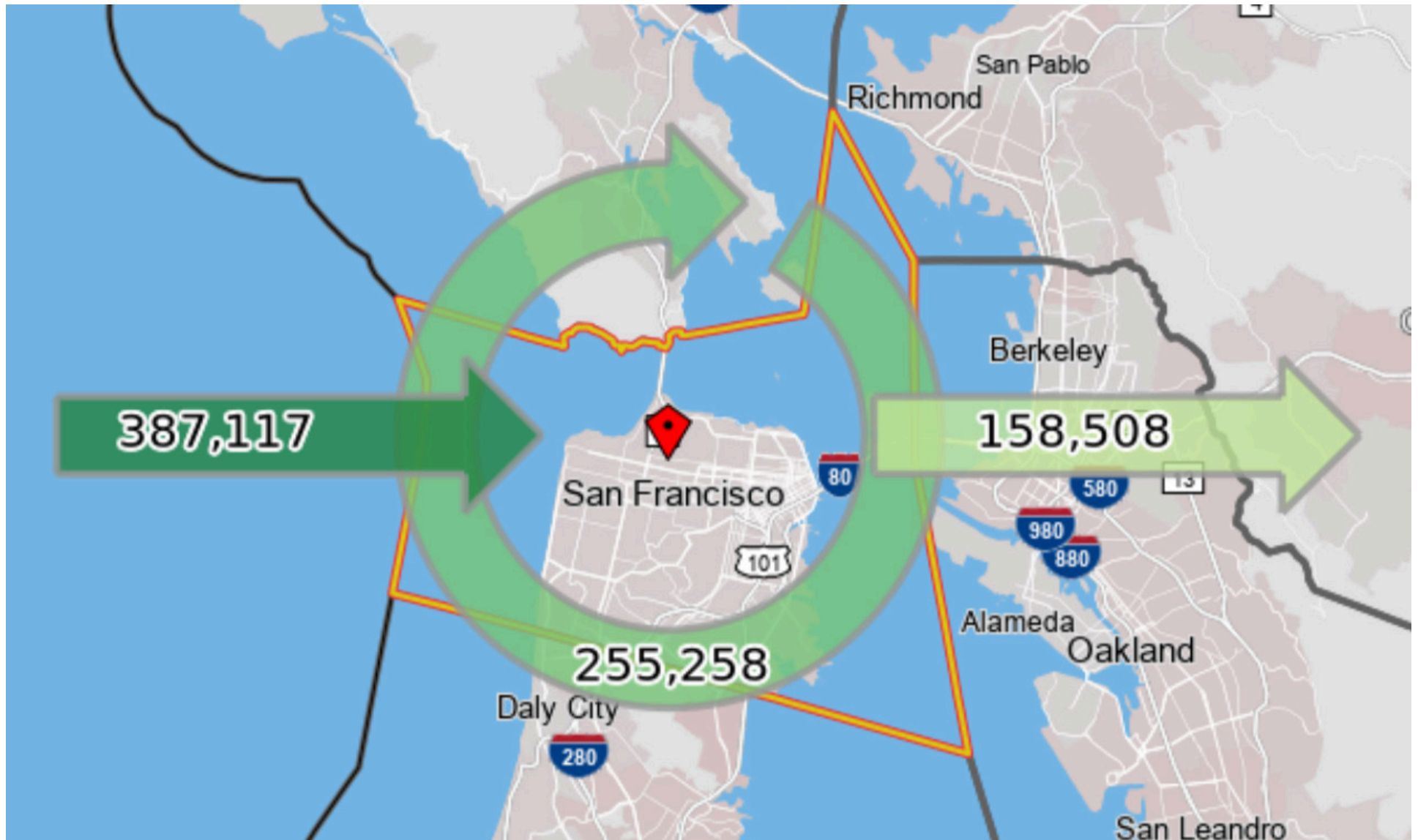
In addition to the lack of housing supply, there is a **jobs-housing imbalance**.

Most jobs in CA are often located in cities and coastal communities where housing prices are unattainable for the majority of people.

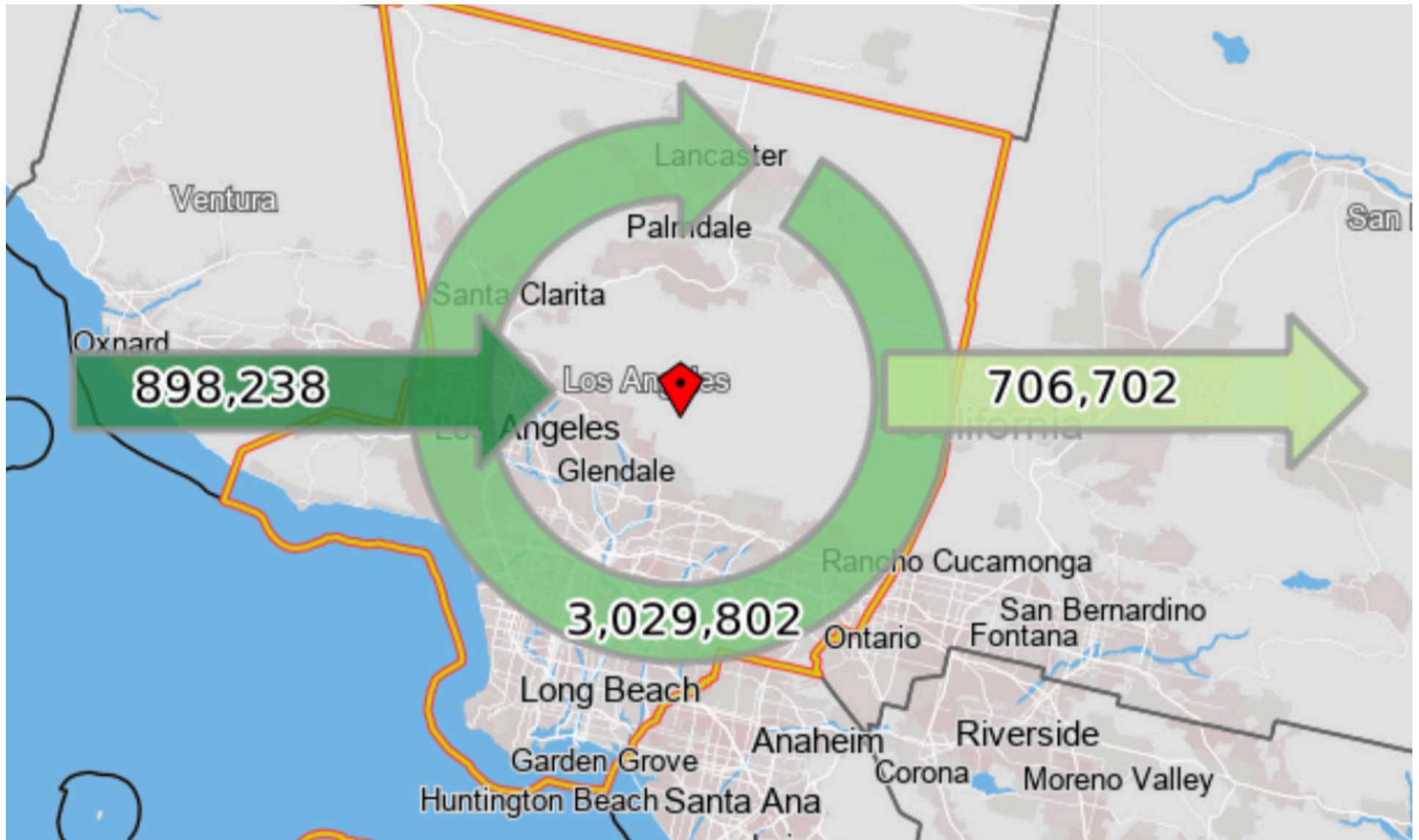
Meanwhile, areas like the San Joaquin Valley and San Bernardino County have abundance in housing at affordable prices.



# INTRODUCTION TO THE HOUSING CRISIS

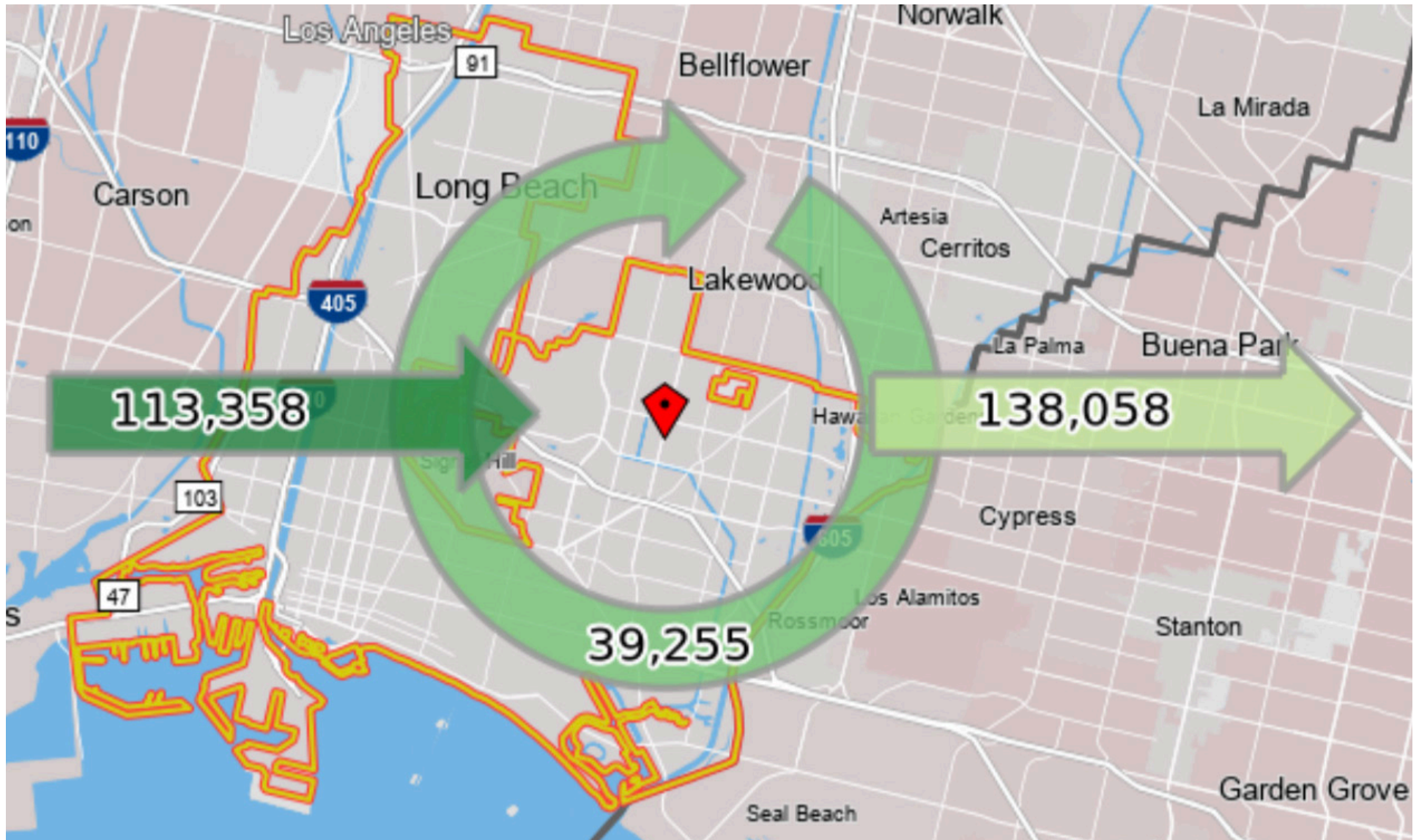


# INTRODUCTION TO THE HOUSING CRISIS





# INTRODUCTION TO THE HOUSING CRISIS





## **INTRODUCTION TO THE HOUSING CRISIS**

**What is the result  
of a jobs housing  
imbalance?**



## INTRODUCTION TO THE HOUSING CRISIS

# What caused this housing shortage?

CA has declared housing to be a matter of statewide concern and enacted a wide variety of **policies & financing programs** designed to encourage the construction of both market-rate & subsidized affordable housing.





# **CA HOUSING POLICIES: RHNA**



## **Regional Housing Needs Assessment (RHNA)**

Based on demographic and economic trends, CA's Department of Housing and Community Development (HCD) estimates how many housing units are required over the following 8 years.

Housing needs are divided into four income groups that are based on a percentage of median income for a region.

Very Low – 50% or less of the median income


Low – 51 – 80% of the median income

Moderate – 80 – 120% of the median income

Above Moderate – 120% or more of the median income

HCD then gives the Council of Governments (COGs) the RHNA numbers, who then works (in their own unique process), to divide the RHNA numbers among the region's city and county.





# Which COG determines the RHNA numbers for this region?

Based on demographic and economic trends, CA's Department of Housing and Community Development (HCD) estimates how many housing units are required over the following 5 years.

Housing needs are divided into four income groups that are based on a percentage of median income for a region.

- Very Low – 50% or less of the median income
- Low – 51 – 80% of the median income
- Moderate – 80 – 120% of the median income
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# **CA HOUSING POLICIES: RHNA**

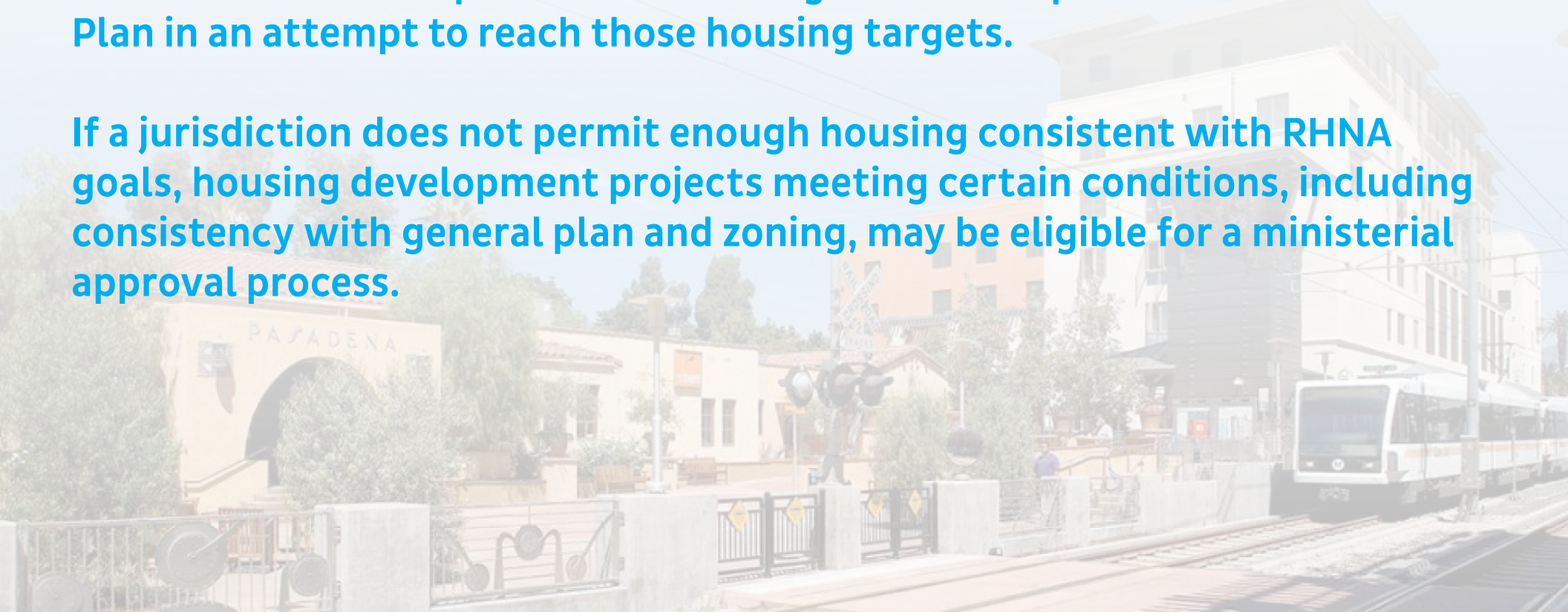


## **Regional Housing Needs Assessment (RHNA)**

RHNA numbers must also align with the COGs Sustainable Communities Strategy (SCS), which is an outcome of SB 375.

Cities then have to update their Housing Element as part of the General Plan in an attempt to reach those housing targets.

If a jurisdiction does not permit enough housing consistent with RHNA goals, housing development projects meeting certain conditions, including consistency with general plan and zoning, may be eligible for a ministerial approval process.

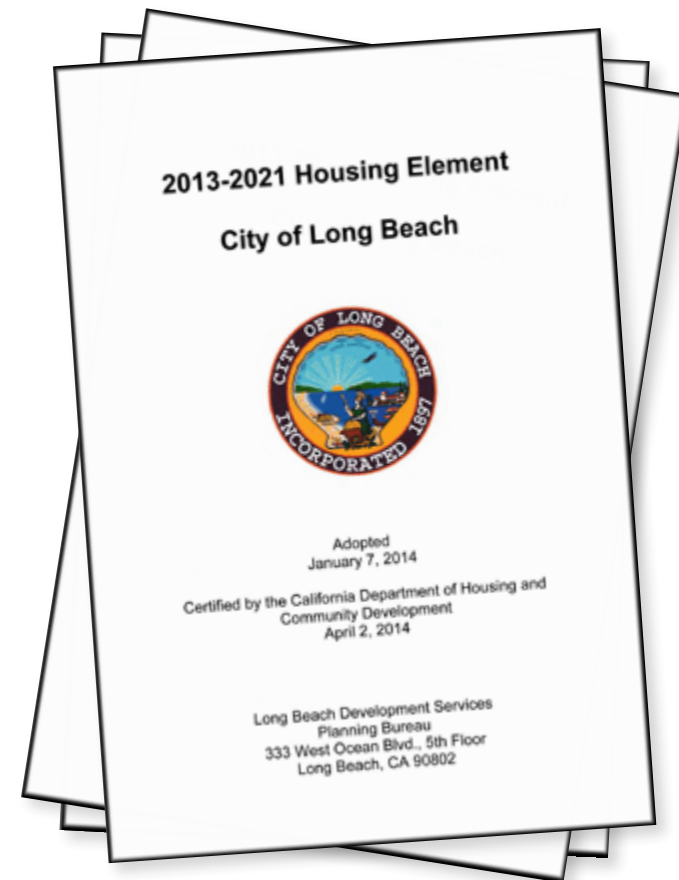


# **CA HOUSING POLICIES: THE HOUSING ELEMENT**

## **How RHNA affects Housing Elements**

In response to having to integrate the RHNA numbers into the Housing Element, local gvnts must:

- 1) Update their Housing Element every 8 years (no other Element has this requirement)
- 2) Be responsive to the RHNA, showing how they can accommodate the RHNA numbers
- 3) Lay out how they will spend their housing funds in the Housing Element
- 4) Have their Housing Element be reviewed and commented on by HCD

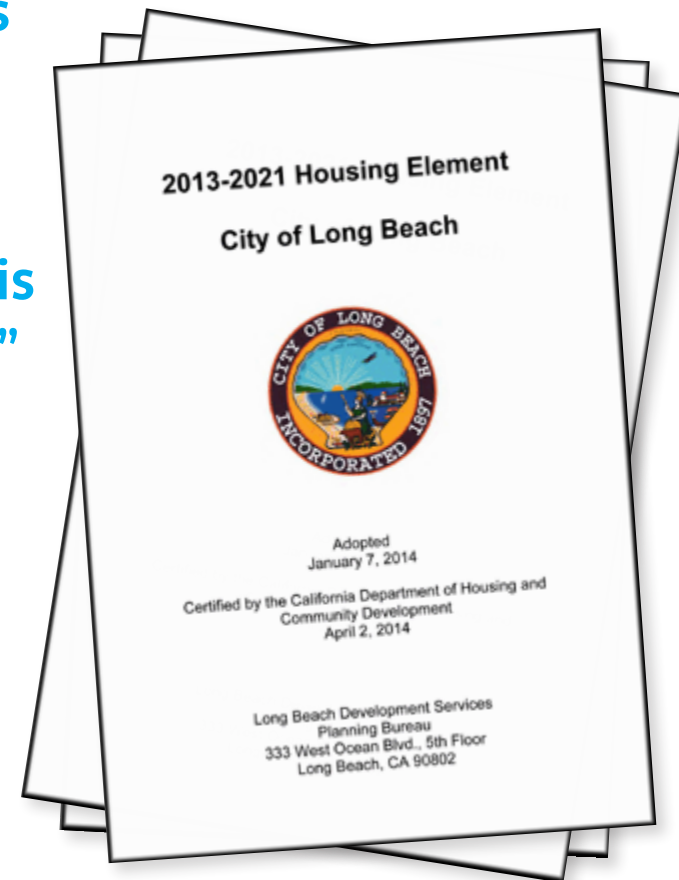


# **CA HOUSING POLICIES: THE HOUSING ELEMENT**

## **How RHNA affects Housing Elements**

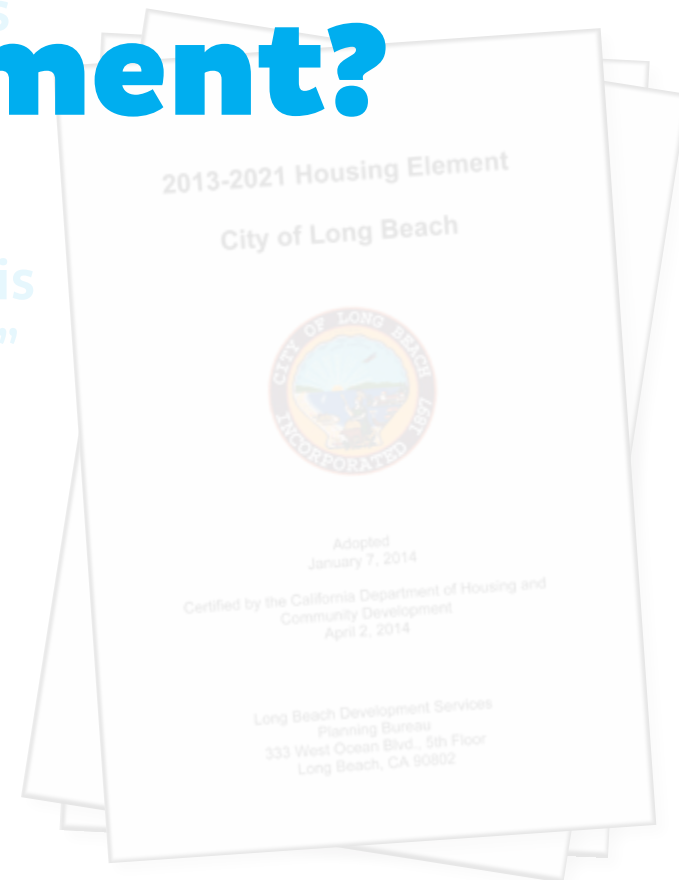
After considering (accommodating) the RHNA numbers, local gvnts must establish policies that include the identification of sites available for low-income housing, as well as programs to provide housing specifically targeted for low- and moderate-income residents.

This inventory of all sites with high-density zoning is how most jurisdictions (local gvnts) “accommodate” the development of affordable housing.



# What do you think local gvnts and NIMBYs think about this requirement?

This inventory of all sites with high-density zoning is how most jurisdictions (local gvnts) “accommodate” the development of affordable housing.



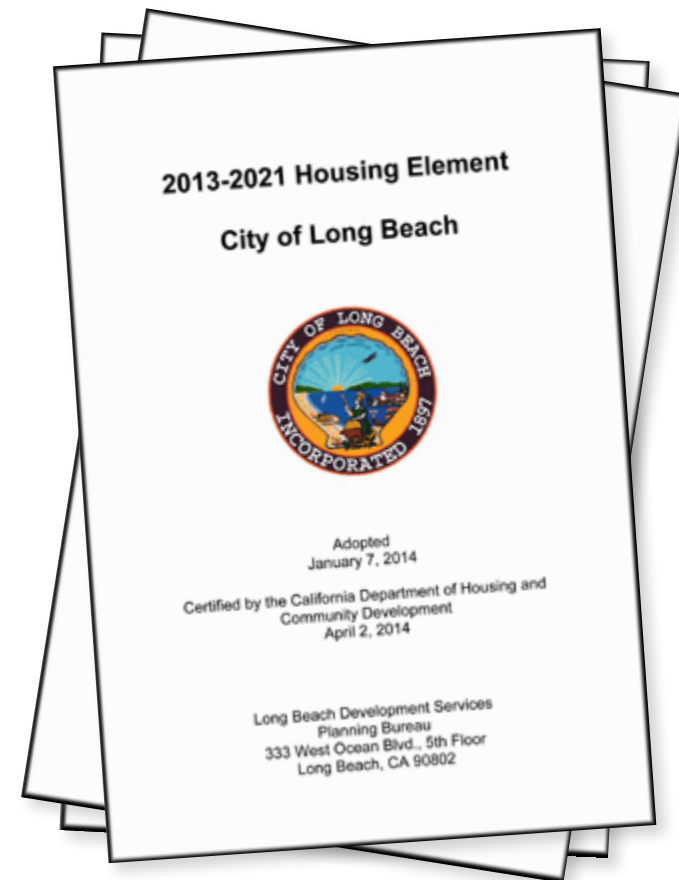
# CA HOUSING POLICIES: THE HOUSING ELEMENT

## How RHNA affects Housing Elements

However, local governments have never been required to accept the RHNA numbers allocated by the COG, and sometimes even come up with their own numbers to determine the extent of their low- and moderate-income needs.

Even though HCD will review a jurisdiction's Housing Element, there is no requirement to pursue any sort of action.

The state offers “carrots” (incentives), such as funding for parks.

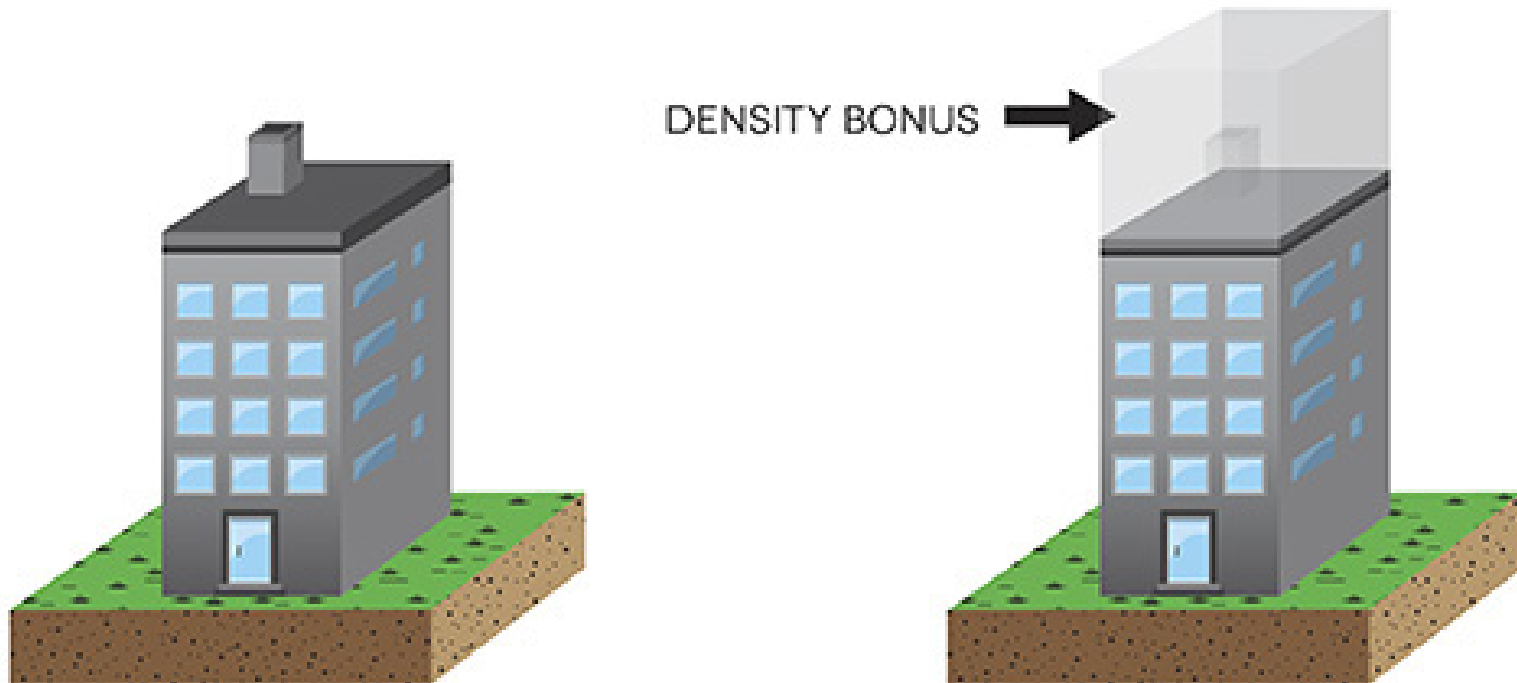


# CA HOUSING POLICIES: OTHER IDEAS



## Density Bonus

An incentive-based tool that permits a developer to increase the maximum allowable development on a site in exchange for either funds or in-kind support for specified public policy goals.





# **CA HOUSING POLICIES: OTHER IDEAS**

## **Density Bonus**

State law gives developers a 25% density bonus in exchange for setting aside 20% of their units to either low- or moderate-income households.

In 2002, the law was strengthened allowing developers to have an incentive or concession of their choice, and most often choose a reduction in parking requirements.

This same law removed the need for Granny Flats to get a CUP, which usually involved strict standards, and could now permits could be granted ministerially.





# CA HOUSING POLICIES: OTHER IDEAS



## Granny Flats (Accessory Dwelling Units)

A smaller, independent residential dwelling unit located on the same lot as a stand-alone (detached) single-family home.



# **CA HOUSING POLICIES: OTHER IDEAS**

## **Granny Flats (Accessory Dwelling Units)**

In 2004, the law was strengthened again allowing developers to choose up to three incentives or concessions in exchange for providing up to 35% affordable units.

In 2016, the law around Granny Flats was strengthened making it easier for property owners to get accessory unit approval.



# **CA HOUSING POLICIES: OTHER IDEAS**



## **Inclusionary Housing**

Policies that seeks to ensure that a certain percentage, usually 10 – 15%, of new housing is set aside for low- and moderate-income households.



# **CA HOUSING POLICIES: OTHER IDEAS**

## **Inclusionary Housing**

Advocates say that in our free market, it is a strategy to increase new affordable housing stock.

For-profit developers say that it does not solve the problem and only drives up the cost that is not subsidized

By 2007, 1/3 of CA cities & counties adopted inclusionary housing policies.

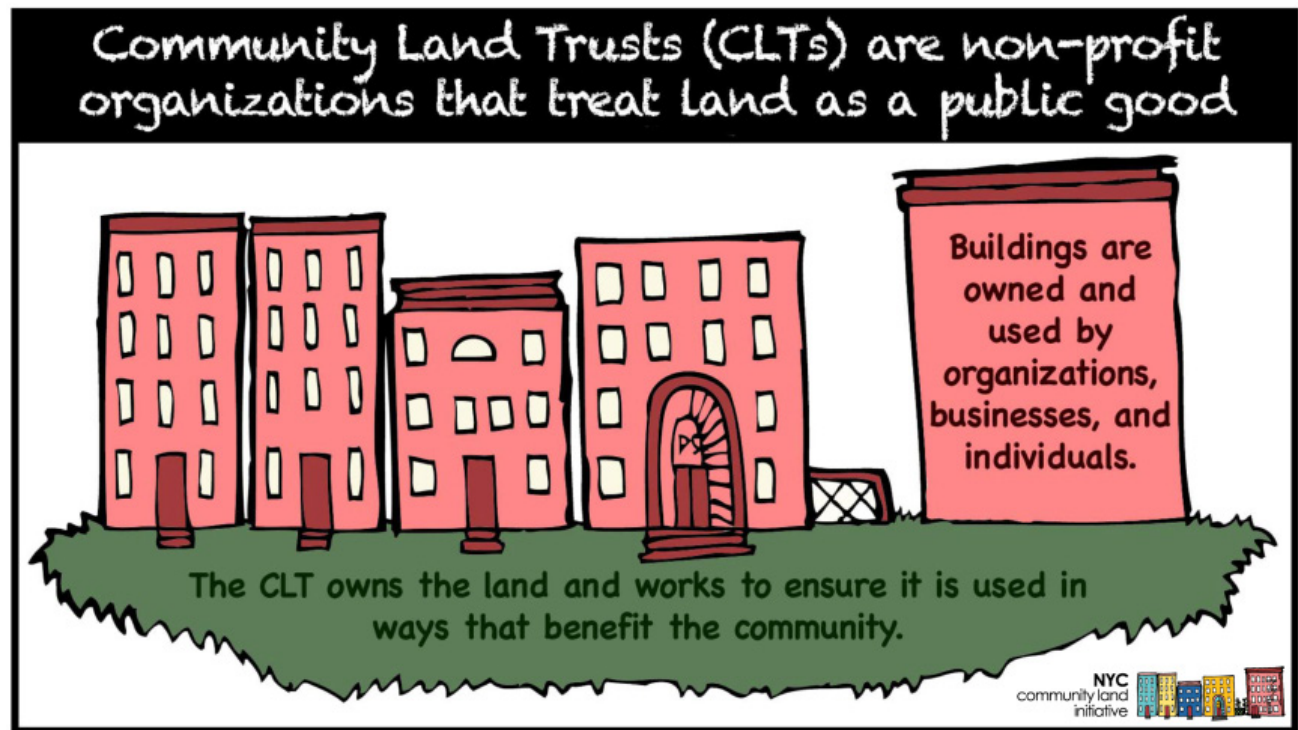


# CA HOUSING POLICIES: OTHER IDEAS



## Community Land Trust (CLTs)

Nonprofits that develop and steward affordable housing, community gardens, civic buildings, commercial spaces & other community assets on behalf of a community.



# CA HOUSING POLICIES: OTHER IDEAS

## Community Land Trust

How do they work?



**various sources of philanthropic and public funding**

- private donors
- Federal housing subsidies
- City-owned property
- Community foundations
- Anchor institutions

CLT

**...are used by community land trusts...**

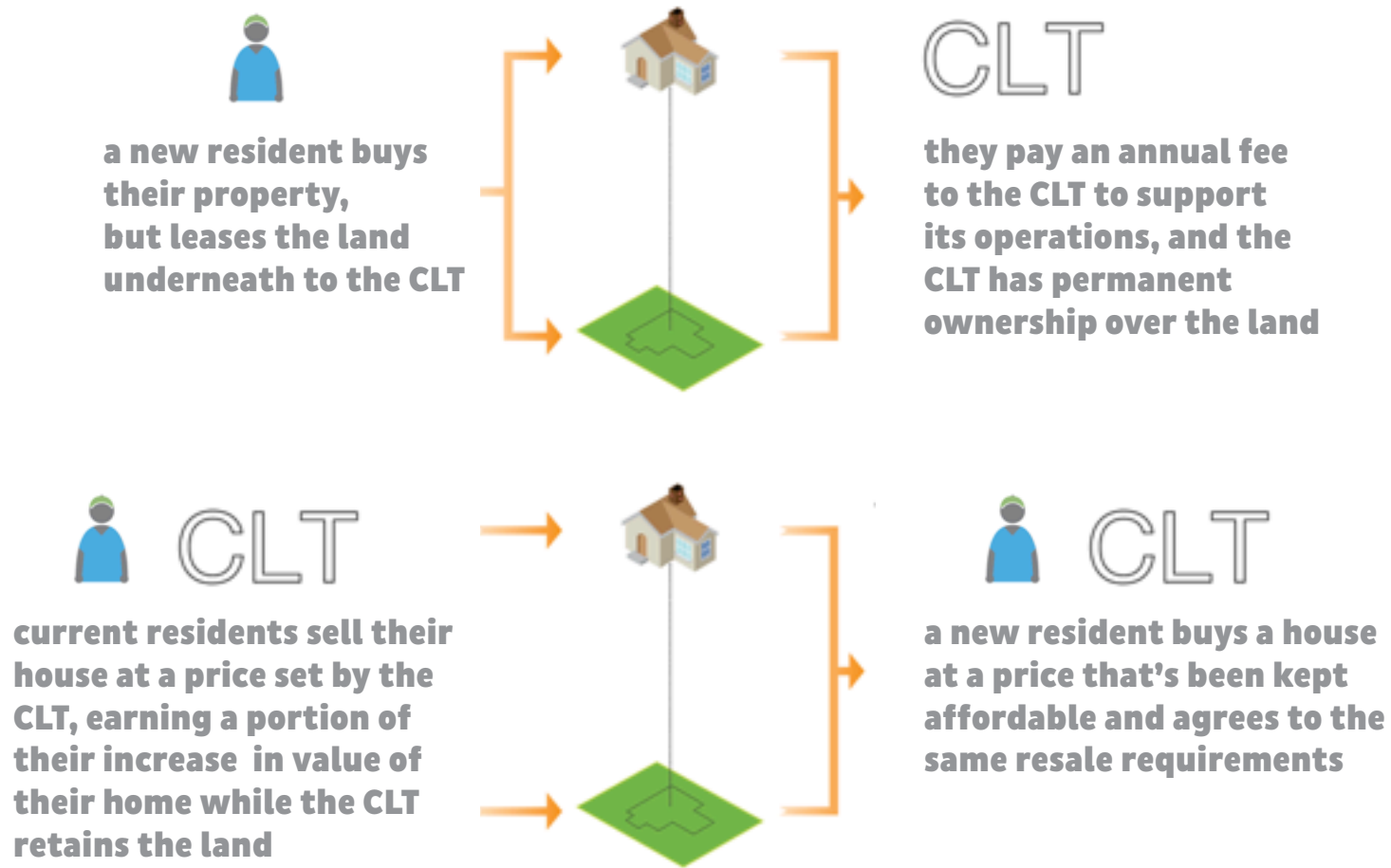


**...to acquire homes in a geographic focus area...**

# CA HOUSING POLICIES: OTHER IDEAS

## Community Land Trust

Community land trusts tweak the normal process of home buying to make housing more permanently available.





# CA HOUSING POLICIES: OTHER IDEAS

## Community Land Trust

Community land trusts tweak the normal process of home buying to make housing more permanently available.

CLT

CLTs are typically governed by:



CLT residents



other community residents

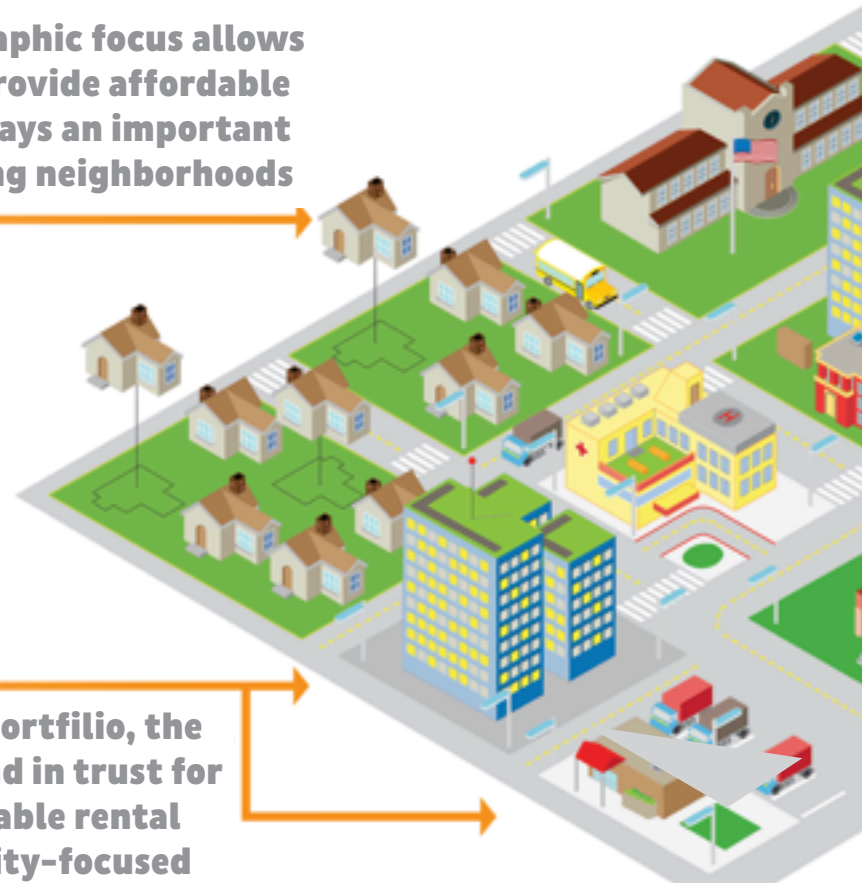


experts and stakeholders

CLT

The CLTs geographic focus allows it to not only provide affordable housing, but plays an important role in stabilizing neighborhoods

As it diversifies its portfolio, the CLT can also own land in trust for permanently affordable rental housing or community-focused commercial developments





# **CA HOUSING POLICIES: OTHER IDEAS**



## **Affordable Housing**

Housing that is priced to be affordable to specific segments of the population, usually poor and working-class families (but also includes seniors, veterans, students, and employees) who cannot afford housing created by the market.

A photograph of a wooden fence made of vertical planks. The words "HOUSING IS A HUMAN RIGHT" are painted in large, bold, black capital letters across the fence. The text is split across two lines: "HOUSING IS A" on the top line and "HUMAN RIGHT" on the bottom line. The background behind the fence is slightly out of focus, showing some greenery and a building.

# **CA HOUSING POLICIES: OTHER IDEAS**

## **Affordable Housing**

Local gvnts usually do not serve as affordable housing developers. Instead, they provide financial and technical assistance to nonprofit (or sometimes for-profit) housing developers.

“Affordable” rent & price levels are determined by the US Dept. of Housing & Urban Development (HUD) based on the median income of that area (AMI).

These levels define very low-income, low-income, moderate-income & even extremely low-income (less than 30% of median) households.

Typically, affordable housing is considered to be a unit that may be purchased or rented for no more than 30% of a household's income, excluding above moderate-income households.

HOUSING IS A  
HUMAN RIGHT

# **CA HOUSING POLICIES: OTHER IDEAS**

## **Affordable Housing**

In some parts of CA—particularly inland areas where land is cheaper—the private real estate market can deliver affordable housing with no governmental assistance

Until the 1970s, most government-assisted affordable housing was “public” housing (or “projects”).

These projects were usually built with high density in poor neighborhoods, usually with standardized design that without much aesthetic character.

Today, nonprofit housing developers usually rely on a variety of funding sources including Community Development Block Grant funds (federal), low-income housing tax credits (federal & state), and private banks.

HUMAN RIGHT

# **ASSIGNMENTS**

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**1**

**READ  
CHAPTER 16 & 17**

**2**

**CONTINUE READING THE DEATH AND LIFE  
OF GREAT AMERICAN CITIES**

**3**

**FIELD TRIP (NEXT FRIDAY 4/26 @ 3PM)  
DO NOT COME TO CLASS ON THURSDAY**