The background of the page is a light blue architectural drawing. It features various technical sketches, including floor plans, sections, and details. A ruler is placed diagonally across the bottom right, and a pencil lies horizontally across the middle. The text is overlaid on this background.

How To Prepare An Effective Housing Element

Section One

How To Prepare An Effective Housing Element

PROCESS OVERVIEW

| | |
|--|-----|
| Introduction | 1-2 |
| The Housing Element Process | 1-2 |
| Working with State Department of Housing and Community Development | 1-5 |
| What Happens if a Housing Element Does Not Comply with State Law? | 1-6 |

GETTING STARTED

| | |
|---|------|
| Work Program, Budget and Staffing | 1-8 |
| Collaboration with Other Departments, Agencies, and Jurisdictions | 1-11 |

ANALYZING NEEDS, OPPORTUNITIES AND CONSTRAINTS

| | |
|--|------|
| Evaluation of the Existing Element | 1-13 |
| Ensuring Reliable Data and Accessible Information | 1-14 |
| Population and Employment Trends | 1-16 |
| Regional Housing Needs | 1-17 |
| Households and Housing Characteristics | 1-18 |
| Special Housing Needs | 1-21 |
| Land Inventory, Zoning, and Public Facilities | 1-24 |
| Governmental Constraints and Efforts to Remove Them | 1-28 |
| Non-Governmental Constraints | 1-32 |
| Opportunities for Energy Conservation | 1-34 |
| Assisted Housing Eligible for Conversion | 1-34 |
| Additional Requirements for Coastal Zone Communities | 1-35 |

DEFINING GOALS, POLICIES, PROGRAMS AND OBJECTIVES

| | |
|---|------|
| The Goal-Policy-Program-Objective Framework | 1-36 |
| Strategic Alternatives, Goals, and Policies | 1-37 |
| Five-Year Action Plan | 1-38 |
| Quantified Objectives | 1-41 |

MOVING FORWARD

| | |
|---|------|
| Monitoring Program and Annual Reviews | 1-42 |
| California Environmental Quality Act Requirements | 1-43 |

PROCESS OVERVIEW

Introduction

Every jurisdiction in California must have a General Plan and every General Plan must contain a Housing Element.

While jurisdictions must review and revise all elements of their General Plan regularly to ensure that they remain up to date, state law is much more specific in regard to the schedule for updating the Housing Element, requiring an update at least every five years.

State law is also specific in terms of the issues that the Housing Element must address, and requires that every new and revised Housing Element be submitted to California's Department of Housing and Community Development (HCD) to ensure that it meets the State's minimum requirements. This process of "certifying" a Housing Element's compliance with state law is unique among the General Plan elements.

One requirement for every Housing Element is to demonstrate that the local jurisdiction has made adequate provision to support the development of housing at various income levels (very low, low, moderate, and above moderate) to meet its "fair share" of the existing and projected regional housing need. A primary focus of *Blueprint 2001* is helping local jurisdictions to develop strategies to meet this requirement.

In accordance with state law requirements, the Association of Bay Area Governments (ABAG) has undertaken a "Regional Housing Needs Determination" process (RHND) and released draft numbers to every jurisdiction in the Bay Area. These identify the numbers of units defined by income category, that represent the existing and projected housing need for each jurisdiction through the year 2006. *See page 1-17 and visit the ABAG website at <http://www.abag.ca.gov>.*

In response to these numbers, every jurisdiction in the nine-county Bay Area will have to review and update its Housing Element, **with adoption of the new Housing Element by December 31, 2001 with subsequent updates to follow.**

The Housing Element Process

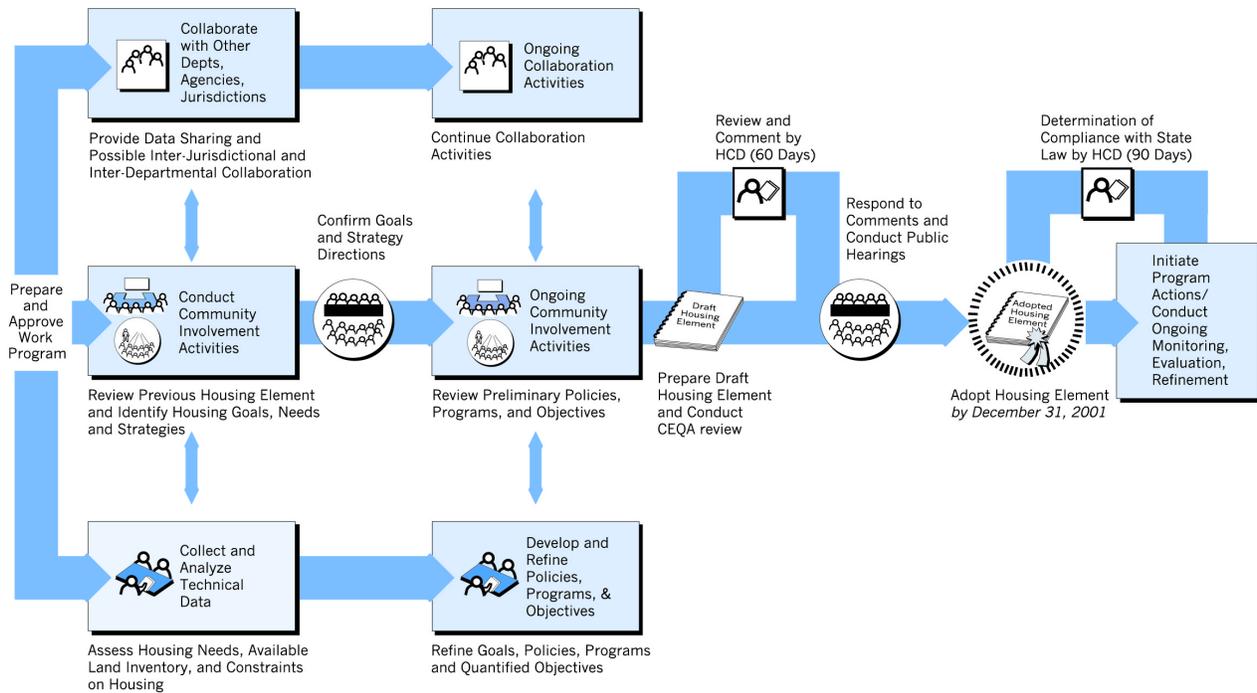
This section of *Blueprint 2001* sets forth a recommended process for developing an updated Housing Element that not only meets the State mandate, but also provides an effective program for documenting, analyzing, and responding to local housing needs.

Following is an overview of the recommended sequence of steps for a Housing Element review and revision. These are generalized steps that are typical in a Housing Element process. They must be reviewed and tailored to local needs and circumstances if they are to provide an effective work program.

The graphic on page 1-3 further illustrates this recommended process, showing how the steps are typically sequenced, leading to adoption and implementation of an updated Housing Element.

Fitting in with the General Plan

State law requires that a community's General Plan be internally consistent. The Housing Element must then function as an integral part of the overall General Plan, even though the Housing Element is subject to specialized requirements and a different update schedule. Other General Plan elements (particularly the Land Use Element) may then need to be revised as part of updating the Housing Element. The Housing Element should be a part of the General Plan rather than treating the Element as a stand-alone document with a different format and structure from other parts of the General Plan. When it is a separate document, defining the Housing Element's relationship with the other elements often becomes difficult and confusing to the public and increases the chances for inconsistencies as well.



1- Set Strategic Directions | 2- Develop Policies & Programs | 3- Review & Adopt Housing Element | 4- Initiate Implementation

Process Flow Chart

Baird+Driskell Community Planning

Project Start-Up

- **Prepare a Work Program, Adopt a Budget, and Organize Staffing.** Prepare and approve a Work Program. The Work Program should outline the project’s overall process and schedule, define specific work tasks, identify staffing needs and resources, and determine budget needs. *See pages 1-8 through 1-11.*
- **Review Housing and Community Development’s Questions & Answers.** This is one of the primary documents utilized by HCD staff when reviewing a housing element, and is a very useful starting point for thinking about the housing element process. *See Appendix C.*
- **Initiate Community Information Activities.** Initiate a public communication effort to make the community aware of the update; provide an overview of its goals, activities and schedule; and highlight opportunities for citizen input and review. *See Section Two, Community Participation Strategies.*

Strategic Directions

- **Analyze Housing Needs, Resources, and Constraints.** Collect and analyze background information to assess housing needs, inventory available land, and identify potential constraints on housing. *See pages 1-13 through 1-36.*
- **Conduct Initial Community Involvement Activities.** Conduct community outreach and involvement activities to make people aware of the process, review the previous Housing Element, discuss housing needs data, define preliminary housing goals, and consider alternative strategies. Ensure regular check-ins with elected and appointed officials to confirm findings, goals, and strategic directions. *See Section Two, Community Participation Strategies.*

- **Collaborate with Other Departments, Agencies, and Jurisdictions.** Consider collaborative approaches with other departments, agencies, or jurisdictions. For example, consider involving representatives from public works, redevelopment or police services, and consider teaming with an adjacent jurisdiction or group of jurisdictions to undertake joint data collection and develop a coordinated housing strategy. *See page 1-11.*

Policies, Programs and Objectives

- **Develop and Refine Potential Policies, Programs, and Objectives.** Collect additional information and conduct additional analyses as necessary to define and evaluate alternative housing strategies, policies, programs, and objectives. *See pages 1-36 through 1-41.*
- **Conduct Ongoing Community Involvement Activities.** Conduct community involvement activities to review preliminary policies, programs, and objectives.
- **Conduct Ongoing Collaboration Activities.** Continue to collaborate with other departments, agencies and/or jurisdictions to ensure buy-in and coordination on the proposed policies and programs.

Element Review and Adoption

- **Prepare Draft Housing Element and Conduct California Environmental Quality Act Review.** Prepare a Draft Housing Element for review by the public and HCD, allowing 60 days for HCD's review. Based on the Draft Element, an "Initial Study" should be conducted in accordance with the California Environmental Quality Act (CEQA) to evaluate the potential environmental impacts, and appropriate follow-up actions taken as necessary. If an Environmental Impact Report (EIR) is required, the process and schedule implications must be considered. *See page 1-43.*
- **Respond to Comments and Conduct Public Hearings.** Comments from the public and HCD should be considered and responded to, with modifications to the Draft Housing Element as necessary. Public comments can be made in writing or presented verbally at public hearings before the Planning Commission and City Council or Board of Supervisors.
- **Adopt the Housing Element.** Based on the recommendation of the Planning Commission, the City Council or Board of Supervisors will ultimately approve and adopt the revised Housing Element. The final adopted Housing Element must be prepared and immediately submitted to HCD, which then must issue a written determination within 90 days indicating whether the Housing Element substantially complies with State law (§ 65585).

Implementation

- **Initiate Implementation and Monitoring Activities.** Initiate implementation activities as prescribed in the adopted Housing Element, and ensure an effective program of ongoing monitoring to track housing needs and achievements, providing feedback to the community (a "report card") on progress in implementing the Housing Element. *See page 1-42.*
- **Conduct Annual Reviews.** Conduct an annual review of the Housing Element to evaluate the effectiveness of its policies and programs, document progress in meeting established objectives, and refine actions and priorities as needed. *See page 1-42.*

Objectives for the Housing Element Update

- Articulate a long-term, consensus-based vision for housing that reflects community values and responds to State law requirements.
- Make adequate provision for the housing needs of all economic segments of the community.
- Establish strategic and innovative policy approaches to address key issues and achieve the vision.
- Build and maintain credibility in the planning process and assure consistency between the basic tenets and policies of the Housing Element and the rest of the community's General Plan.
- Facilitate future decision-making by establishing clear, comprehensive policy direction.
- Define indicators (i.e., measurable outcomes or quantified objectives) to monitor success towards achieving the vision.
- Actively involve housing professionals to foster collaboration and clear linkages in effective implementation of housing programs.
- Establish a credible, consistent database to evaluate and monitor conditions.
- Ensure a commitment to effective long-term data management to keep the Housing Element current and to enable the easy incorporation of new data.
- Facilitate inter-agency planning and policy coordination.
- Create a quality Housing Element that is clearly organized, well written, concise, attractive, and consistent with the other General Plan elements.
- Integrate implementation mechanisms for use in establishing annual review and priorities for budgeting and other actions.



Working with the State Department of Housing and Community Development

Before it is adopted, a Housing Element must be submitted to State HCD for review. New Housing Elements must be submitted 90 days prior to adoption, while amended, updated, or revised Housing Elements must be submitted 60 days prior to adoption. In other words, unless it is the very first Housing Element adopted by a community, all amendments and revisions (including the five-year revisions) must be submitted **60 days before adoption**. (The required time for review was revised to 60 days from 45 days in September 2000.)

Because HCD is ultimately responsible for reviewing every Housing Element for compliance with State law, it can be valuable to get feedback from HCD staff early and often in the Housing Element process. The following recommendations are intended to help ensure a smooth HCD review process and build a positive working relationship between the local jurisdiction and HCD staff:

- **Contact Housing and Community Development Early in the Process.** Jurisdictions are encouraged to meet with HCD early on in the process of preparing their Housing Element. The jurisdiction can determine which HCD analyst will be assigned and can work with that analyst through the process of refining an approach to fit community needs and resources.
- **Utilize Housing and Community Development Resources.** HCD staff is a resource for identifying potential housing strategies or providing samples of exemplary Housing Elements, policies, and programs. HCD staff is also willing to attend public meetings and meet with local staff and representatives to answer questions and give feedback on alternative housing strategies.
- **Work with Housing and Community Development Staff in Making Changes to the Draft Element.** While it is the responsibility of HCD to identify deficiencies in a Draft Housing Element, HCD staff will also work with local jurisdictions to develop modifications that address those deficiencies in a way that is tailored to community resources and conditions.



Once a Draft Housing Element is submitted, HCD conducts a review and issues written findings stating whether the element “substantially complies” with Housing Element laws. Any public agency, group, or person may submit written comments during the review process. Prior to submittal of a formal response letter, HCD staff will review the Element, consider other correspondence received on the Element, and call the local jurisdiction to clarify issues and gain a better understanding of local conditions.

When HCD’s review letter is received, the local legislative body must consider HCD’s findings. If HCD finds that the Element is substantially out of compliance with the Housing Element laws, the legislative body is required to either:

- Change the Draft Housing Element to achieve substantial compliance.

OR

- Adopt the Draft Housing Element without changes and include written findings to explain why the legislature believes it does substantially comply.

Upon adoption, the local government must immediately submit its Final Housing Element to HCD for review. HCD then has **90 days** in which to report its final written findings to the local government, stating whether the Housing Element as adopted complies or does not comply with state requirements.

Housing and Community Development Publications

HCD has prepared a number of publications to assist local governments in addressing Housing Element topics. A sample list includes:

- *Housing Element Analysis: Preservation of Assisted Units*
- *The Effects of Subsidized and Affordable Housing on Property Values: a Survey of Research*
- *Fair Housing*
- *State Density Bonus Law*
- *Second Units*
- *Manufactured Housing for Families, Innovative Land Use and Design*
- *Shelter for the Homeless: Housing Element Requirements*

There are also two important HCD publications that are reproduced in the appendix of *Blueprint 2001*:

- *HCD Review Worksheet (Appendix B)*
- *Housing Element Questions and Answers (Appendix C).*

These two documents provide valuable information for local staff and/or consultants responsible for preparing the Housing Element document since they outline the information that HCD will be looking for when they conduct their reviews.

What Happens If a Housing Element Does Not Comply with State Law?

If HCD determines that a Housing Element fails to substantially comply with the state’s Housing Element Law, there are potentially serious consequences that extend beyond the realm of residential land use planning.

When a jurisdiction’s Housing Element is found to be out of compliance, its General Plan is at risk of being deemed inadequate, and therefore invalid. As a result, because all planning and development decisions must be consistent with a valid General Plan, a local government with a non-compliant General Plan may not proceed to make land use decisions and approve development until it brings its General Plan—including its Housing Element—into compliance with State law.

A Housing Element is considered out of compliance if one of the following apply:

1. It has not been revised and updated by the statutory deadline.

OR

2. Its contents do not substantially comply with the statutory requirements. When determining whether a Housing Element is inadequate, a court must give great weight to HCD’s determination.

Additional repercussions include:

- **Reduced Access to Infrastructure and Transportation Funding.** Both the California Infrastructure and Economic Development Bank (CIEDB) and the Bay Area's Metropolitan Transportation Commission (MTC) award funds based on competitions that take into consideration the approval status of a community's Housing Element. *See CIEDB's Criteria, Priorities, and Guidelines for its Infrastructure State Revolving Fund Program and MTC's Project Review Criteria for its Transportation for Livable Communities Program.*
- **Reduced Access to Housing Funds.** Lack of an HCD-certified Housing Element can also seriously undermine a jurisdiction's ability to access competitive housing funds. For example, HCD takes into consideration the approval status of a community's Housing Element when awarding state-controlled HOME funds. Thus it is virtually impossible for a community that does not have an approved Element to win such funds, which can mean the potential loss of millions of dollars of housing funds in some jurisdictions.
- **Court Order Restricting Development and/or Approving Affordable Housing.** Upon finding that a Housing Element is out of compliance with the law, the court must order the community to bring the Element into compliance within 120 days and: 1) suspend the locality's authority to issue building permits or grant zoning changes, variances or subdivision map approvals; and/or 2) mandate approval of residential developments that will not inhibit the ability of the locality to adopt an adequate element. (Government Code §65754) (**Note:** Affordable housing developments are presumed not to inhibit the adoption of an adequate element. (§65760))
- **Payment of Substantial Attorney Fees.** If a jurisdiction faces a court action stemming from its lack of compliance and either loses or settles the case, it often must pay substantial attorney fees to the plaintiff's attorneys in addition to the fees paid to its own attorneys. These fees can easily exceed \$100,000.

Typical Housing Element Deficiencies

HCD's letters of review frequently have mentioned several common deficiencies or missing components in Housing Elements, such as:

- A lack of quantified, numeric objectives.
- A lack of analysis of the special needs of certain population groups.
- A lack of specific programs tied to the needs identified in the element.
- Failure to identify a timeframe or responsible agency for carrying out programs.
- Failure to describe data methodology and the assumptions used when deriving estimates or other numerical measures.
- Insufficient sites zoned at high enough densities to accommodate a jurisdiction's regional housing need for very low, low, and moderate income housing.
- Lack of sufficient analysis of potential governmental constraints, such as processing time and development standards, which may pose an impediment to the development of certain types of housing.

GETTING STARTED

Work Program, Budget and Staffing

The first step in the Housing Element process is to define and adopt a Work Program. The Work Program should outline the project's overall process and schedule, define specific work tasks, identify staffing needs and resources, and determine budget needs. It should provide a road map for the Housing Element process and a valuable project management tool, helping to ensure an effective and efficient update process.

As a preliminary step to developing the Work Program, it may be useful to review HCD's "Questions & Answers" (*see Appendix C*). It provides an in-depth review of what the Housing Element needs to contain and suggestions for how to locate, develop, and organize its data and information.

Once you have a basic understanding of what will be required, develop the actual Work Program to:

- **Define the Sequence of Activities.** Establish a clear sequence of work tasks and define the relationship between project activities, including technical analysis activities, community participation activities, and other project coordination and collaboration activities.
- **Define Products and Expected Outcomes.** Establish clear expectations and deadlines for all products and related project outcomes.
- **Commit to a Realistic Schedule and Decision-Making Milestones.** Make sure that the overall project schedule is realistic and that key project milestones are clearly identified and communicated to all participants.
- **Identify Technical Information Needs.** Define the background information and technical analyses that will be needed to meet State law requirements and support development of effective housing policies and programs. Where possible and appropriate, identify ways to draw upon local knowledge, expertise, and experience.
- **Provide for Early and Effective Community Input and Participation.** Integrate an effective community participation program throughout the update process. An effective process should go beyond the minimal state requirements (Section 65583(6)(B) of the Government Code) to help build community ownership of the Housing Element and a consensus in support of future implementation activities. Key participants include community residents (including low-income residents and people with special housing needs), elected and appointed officials, housing agency staff, non-profit housing sponsors, local for-profit developers, and jurisdictional staff.
- **Facilitate Coordination and Collaboration.** Identify the departments, agencies and/or jurisdictions that should be involved to ensure an effective Housing Element. They can be involved in data collection and analysis; review of key findings; development and evaluation of potential strategies, policies and programs; and, ultimately, implementation activities.
- **Provide a Project Management Tool.** Define all of the work tasks, identify responsibilities, and outline the project schedule, providing a project management tool for ensuring an effective and cost-efficient process.

STATE OF CALIFORNIA
Department of Housing and Community Development



Q & A

Housing Element Questions and Answers

Housing Element Workshops

Prepared by the Division of
Housing Policy Development

SEPTEMBER 2000

REFERENCE

- **Establish an Appropriate Budget.** Tailor the budget to the jurisdiction's selected approach, technical planning needs, process considerations, and resources.
- **Ensure Adequate Staffing.** Identify staffing requirements and responsibilities, including day-to-day project management needs and the potential staffing commitment from other departments and agencies. Take into consideration current workloads and responsibilities, and identify the necessary level and focus of consultant support, if any, to help manage the process and to address important technical issues.

Work Program Tasks and Activities

Every Work Program must respond to the needs and opportunities of the local jurisdiction. Therefore, every Work Program will be a bit different. However, all Work Programs should ensure that the following activities are adequately addressed to comply with State requirements.

- **Public Participation.** Ensure that the Housing Element process seeks and considers input from low-income persons and their representatives as well as other members of the community before the Draft Housing Element is completed. The Work Program should emphasize participation activities as the core of the update process. *See Section Two, Community Participation Strategies.*
- **Evaluation of the Current Housing Element.** Evaluate and summarize the achievements and effectiveness of existing Housing Element programs, identifying policies and programs that have not been effective and may need to be strengthened, changed, or replaced. If possible, make the evaluation a participatory exercise. *See page 1-13.*
- **Housing Needs, Resources, and Constraints.** State law requires the assessment of existing and projected housing needs and an inventory of resources and constraints relevant to meeting those needs, as outlined in Section 65583 of the Government Code. There are seven categories of information that must be analyzed:
 - **Population/Employment Trends and Housing Needs (65583(a)(1)).** An analysis of existing and projected housing and employment trends and assessment of the locality's housing needs for all income levels, with reference to the jurisdiction's "fair share" of the regional housing need. *See page 1-16.*
 - **Household and Housing Characteristics (65583(a)(2)).** Analysis of household and housing characteristics, including level of payment compared to ability to pay, the number of overcrowded housing units, and the condition of the housing stock. *See page 1-18.*
 - **Special Housing Needs (65583(6)).** Analysis of the housing needs and available resources for the elderly, large households, female headed households, people with disabilities, farmworkers, and Families and individuals in need of emergency shelter. *See page 1-21.*
 - **Land Inventory, Zoning, and Public Facilities (65583(a)(3)).** Inventory of land suitable for residential (or mixed-use) development, including vacant sites and sites having potential for redevelopment, and an analysis of the relationship of zoning on these site and the availability of public facilities and services. *See page 1-24.*
 - **Potential Governmental Constraints and Efforts to Remove Them (65583(a)(4)).** Analysis of the potential governmental constraints on housing for all income levels (e.g., development fees, growth management systems, permitting requirements, design review, etc). *See page 1-28.*

Work Plan Organization

To help ensure an effective and useful Work Program, consider the following organizational tips:

- Group tasks by phase.
- Organize and describe tasks within each phase by type:
 - **Participation Tasks**
 - **Technical Work Tasks**
 - **Project Management Tasks.**
- For each task, describe purpose, critical links, work activities and methodology, product(s)/outcome(s), affected departments/agencies, time required, staffing and budget.

- **Potential Non-Governmental Constraints (65583(a)(5)).** Analysis of the potential non-governmental constraints on housing for all income levels (e.g., land costs, housing market conditions, etc.). *See page 1-32.*
- **Opportunities for Energy Conservation (65583(a)(7)).** Identification and analysis of programs and opportunities for residential energy conservation. *See page 1-34.*
- **Assisted Housing Eligible for Conversion (65583(a)(8)).** An inventory and assessment of assisted units “at-risk” of conversion to market rate, representing a potential loss of affordable housing stock. *See page 1-34.*
- **Goals and Alternative Housing Strategies.** Identify overall goals and evaluate alternative policy strategies to establish an overall strategic direction for addressing local housing needs. This will provide a basic framework for development of the Draft Housing Element. In establishing a strategic framework, be sure to address the issue areas required under State law, as well as any others that might be needed to respond to local needs (*see page 1-36*):
 - **Ensure Adequate Sites** to support a variety of housing types sufficient to meet community goals and to meet the jurisdiction’s fair share of the regional housing need.
 - **Provide Assistance** to support affordable housing development in response to community needs.
 - **Address and Remove Governmental Constraints** to housing development wherever “appropriate and legally possible.”
 - **Conserve and Improve the Existing Affordable Housing Stock**, including ways to mitigate the loss of units demolished by public or private action.
 - **Promote Equal Housing Opportunities** for all persons regardless of race, religion, gender, marital status, ancestry, national origin, color, sexual orientation, source of income, familial status, or disability.
 - **Preserve Assisted Housing** threatened with conversion to market-rate housing.
- **Draft Housing Element.** A Draft Housing Element must be prepared for public and HCD review, consistent with State law requirements. HCD requires 60 days to conduct its initial review of a draft element. The Draft Housing Element must be consistent with other elements of the community’s General Plan and other community goals (65583(c)(6)(B)), and must be made available to the public for review. To encourage public input, copies should be available for review at the jurisdiction’s offices and at the public libraries. The local government should also have enough copies printed to enable anyone who requests a copy to receive one free or at cost.

Workshops with Housing Experts

Bring local affordable housing experts, developers, financial agency representatives, and special needs groups representatives into the Housing Element process, either through special workshops or other activities. Draw upon their experience with the local development process and expertise in affordable housing to identify possible constraints, resources, and opportunities. They can often provide insights on ways that local government can facilitate the development of affordable housing. *See Section Two for additional participation methods.*

When reviewing a Housing Element, HCD will first evaluate the comprehensiveness of its assessment of housing needs, resources, and constraints. Then, HCD will evaluate whether the Element contains the following:

- **Statement of Goals, Quantified Objectives, and Policies (65583(b)).** Appropriate statements of community goals, policies, and quantified objectives to address housing needs and issues. *See pages 1-36 and 1-41.*
- **Five-Year Schedule of Implementation Actions (65583(c)).** Identification of specifically scheduled programs for the preservation, improvement, and development of housing. *See page 1-38.*

- **CEQA Review.** The Draft Housing Element must be evaluated in terms of its potential environmental impacts, in accordance with the requirements of the CEQA. An Initial Study will need to be conducted to determine whether an EIR or a Negative Declaration should be prepared. Early determination of whether an EIR will be required can avoid delays and provide an opportunity to integrate additional environmental considerations into policy discussions. *See page 1-43.*
- **Responses to Public and HCD Comments.** Questions and comments received from HCD and the public must be considered and responded to. Any changes to the Draft Element need to be identified.
- **Public Hearings to Adopt the Housing Element.** Prepare meeting materials and conduct public hearings before the Planning Commission and City Council or Board of Supervisors to consider final changes to the Draft Element and adopt the final Housing Element.
- **Publication of the Adopted Housing Element.** Incorporate changes, publish, and distribute the adopted Housing Element. A copy of the adopted Element must be sent immediately to HCD, which then has 90 days to review it and report its final written findings stating whether the Housing Element as adopted complies with state requirements.
- **Implementation and Ongoing Monitoring Activities.** A mechanism for ongoing monitoring and evaluation should be established as part of the Housing Element to ensure an effective feedback loop, and initial implementation activities should begin as soon as the Element is adopted (including any revisions to the jurisdiction's General Plan to ensure internal consistency with the adopted Housing Element). *See page 1-42.*



Collaboration with Other Departments, Agencies, and Jurisdictions

All cities and counties in the Bay Area must meet the same Housing Element schedule and legal requirements. This offers a unique opportunity to develop a coordinated approach among agencies and jurisdictions on housing issues. It also presents an opportunity for considerable cost savings through collaborative work activities.

The Government Code allows jurisdictions to collaborate on General Plan elements, including the Housing Element. Collaboration in data collection, needs analysis, and policy development among jurisdictions in the same county or within a common market area could have the following benefits:

- **Save Money.** Many of the tasks required in the Housing Element process will be repeated by each jurisdiction in a county. Cost savings can result from pooling resources and coordinating work efforts.
- **Provide Better Data.** Through combining resources, a more detailed and comprehensive level of data collection and analysis of countywide and area-specific housing issues can occur.
- **Ensure a Multi-Jurisdictional Approach to a Multi-Jurisdictional Issue.** Housing markets operate across jurisdictional lines. Without coordination of housing policy between jurisdictions—or at least establishing a forum to discuss the possibility of coordination—housing policies will not respond effectively to market realities. Also, implementation can be much easier and program can be more effective when there is a commonality of definitions and program approaches among adjacent jurisdictions.
- **Promote Innovation and Sustainability.** Long-term viability depends on the ability to develop innovative, effective responses to the affordable housing crisis.

Establishing a Regional Strategy Framework

A key advantage of inter-jurisdictional collaboration is to establish an overall framework—or agreement—for a shared housing issues approach. This strategy “umbrella” can breakdown the somewhat isolated nature of each jurisdiction's Housing Element and helps to create economies-of-scale in applying housing resources and regional priorities for housing programs. This can better address housing needs.



- **Provide a Coordinated Response.** By working together, local jurisdictions can provide a coordinated response to the State's legal mandate. Not only will this demonstrate a serious effort on the part of local jurisdictions, but it will also provide stronger programs for Housing Element implementation—important points in the review of a jurisdiction's Housing Element.
- **Build a Framework for Implementation.** A valuable outcome of this type of coordinated strategy can be greater countywide agreement on housing terms and methodologies, thus allowing:
 - Communication to occur more effectively on housing issues.
 - Coordination on future efforts.
 - Successful monitoring over time.
- **Develop Real Solutions.** The critical nature of the Bay Area's affordable housing crisis requires more than just responding to the State's mandate for Housing Elements. It requires that real solutions be developed, shared, and refined over time.

ANALYZING NEEDS, RESOURCES, AND CONSTRAINTS



Evaluation of the Existing Housing Element

The first step in updating the Housing Element is to conduct a thorough and critical evaluation of the existing Housing Element. What worked well? What didn't? And what could be done differently?

Critique of the Current Housing Element

Ask key staff from the departments that implement Housing Element activities and programs to review and comment on the existing Housing Element. In particular, have them focus comment on each goal, objective, policy, and program, taking into consideration the questions listed on *page 1-14*. Encourage them to be critical in identifying successes and failures, and to identify the factors that created those successes.

After individual reviews, conduct a group work session to share results and ideas. If conducted in a systematic fashion, this can provide valuable information in a fairly short period of time.

A similar critique process should be carried out with local decision makers and any steering committee or task force that has been charged with overseeing the Housing Element update process.

State law requires that three major areas of consideration be addressed through the evaluation process and reflected in the updated Housing Element:

- **Appropriateness of Goals, Objectives, and Policies (65588(a)(1)).** A description of how the goals, objectives, policies, and programs of the updated element incorporate what has been learned from the results of the prior element.
- **Effectiveness of the Element (65588(a)(2)).** A review of the actual result of the earlier element's goals, objectives, policies and programs. The results should be quantified where possible (e.g., rehabilitation results), but may be qualitative where necessary (e.g., mitigation of governmental constraints).
- **Progress in Implementation (65588(a)(3)).** An analysis of the significant differences between what was projected or planned in the earlier element and what was achieved.

The evaluation of the existing Housing Element is **one of the most important parts of the update process**. It is also, unfortunately, an activity which most jurisdictions give too little time and attention. Without spending enough time to learn from past experiences, many jurisdictions commit themselves to making the same mistakes again.

The evaluation should do more than just describe achievements or serve as a checklist of "programs carried out" and "programs not carried out." The evaluation should explain **what was done, how it was done, and how it could be done better**. The analysis should identify the factors that contributed to the success of each program as well as those factors that may have been impediments to success.

The evaluation of the existing Housing Element can help focus community discussion on the issues that need the most attention. While some policies and programs in the existing Housing Element may be identified as needing only minor modification, others may be identified as requiring more extensive review and change. This can serve as an initial short list of the key policy areas that need to be addressed in the update effort.

Evaluation of the existing Housing Element should be integrated with the community participation process, especially if there is a project steering committee or task force. This can help familiarize members with existing housing programs and the scope of issues addressed in the Housing Element. The evaluation should also take into consideration any HCD and public feedback from the previous Housing Element update, as well as the results of any annual reports or monitoring program reports that may have been submitted in the interim period.

The evaluation should provide a detailed analysis of existing and former housing programs. A program-by-program assessment should compare old objectives with actual performance by determining the number of housing units actually built or preserved, and the number of households assisted. If former quantified objectives have not been met, then the new Housing Element needs to discuss the reasons for the shortcomings of current or former programs. In this way, successful programs can be identified and perhaps expanded, and ineffective programs can be improved or replaced.

To facilitate the evaluation process, reviewers should consider questions such as the following:

- **Identify Overall Accomplishments and Needs.** What are you most proud of in terms of your community's affordable housing/Housing Element achievements? What do you think could have done better? What factors have contributed to success? Are the programs effectively meeting housing needs, especially at the very low, low, and moderate income levels? Is affordable housing being lost?
- **Assess Effectiveness.** Is the stated policy or program effective? Are stated housing targets and programs being met? How so? Is the program successful in preserving affordable housing? Is a variety of housing being provided, including both attached and detached; for sale and for rent; small units and large units; or others?
- **Identify Possible Impediments to Success.** What possible impediments such as development standards, costs, community acceptance, review procedures and others have there been to policy creation or program implementation? Ask for input from local developers.
- **Identify Possible Institutional Barriers.** What has and has not contributed to effective implementation? Is the institutional structure in-place to effectively implement a program?
- **Assess Consistency with Community Goals.** Has the policy or program been contrary to or inconsistent with other general plan or community goals?
- **Consider the Issues Addressed.** Are the topics, goals, and objectives covered in the Housing Element still relevant? What is missing or needs to be added? What are important unmet needs?

Obviously, some of these questions can only be considered and answered in light of the data on current and projected housing needs, resources, and constraints. However, once complete, the evaluation of the existing Housing Element will provide an extremely valuable foundation for developing a more effective and responsive updated Housing Element.



Ensuring Reliable Data and Accessible Information

Good policy decisions depend on good data. The Housing Element must be based on accurate and relevant data, if it is to serve as the springboard for effective local housing programs. The identification of housing issues, analysis of needs, and development of goals, policies, and programs should not depend on citizen participation alone, but also on meaningful statistical research to inform the public and decision-makers.

Fact Sheets

“Fact Sheets” are a useful tool for summarizing information on key issues in a format that is concise, easy to read, and tailored to local concerns. The strategies and programs described in *Section Three* of *Blueprint 2001* are presented in a Fact Sheet format.

Always strive to use the most recent and reliable data. Unfortunately, 2000 Census data will not be available for the 2001 updates of Bay Area Housing Elements. Therefore, it is essential to use several data sources to provide an accurate and current assessment of local housing needs. If the only available data is not current (i.e., from the 1990 Census), it should be statistically updated using clearly stated assumptions and methodologies. Anecdotal or qualitative discussion may also be informative.

Following are general factors to consider in data collection and analysis:

- **Use Local Data Sources.** Use selective local data collection to update information and gain a more comprehensive view of housing issues. For example, information on housing quality can be updated by surveying the existing housing stock, or market rents can be obtained from newspaper advertisements. Beware of comparing different statistical measures of the same parameter. For instance, census-measured contract rents can be significantly lower than advertised rents for the same time period.
- **Collect Data to Address a Wide Range of Issues.** Because the type, amount, and availability of data vary by jurisdiction, local governments and housing advocates must consider their objectives when determining what information to collect and rely on for policymaking. Local officials have an obligation to include a wide range of data in the Housing Element, whether or not it appears relevant or suggests a policy response. Even if the housing topic analyzed is not an immediate concern, it may be so in five or ten years, and the inclusion of appropriate data will support future Housing Element reviews and subsequent revisions.
- **Assess Trends and Rates of Change.** A variety of housing data is necessary for a complete picture of the community and its housing market. The 1990 and 2000 Census (when available) are the logical and most comprehensive starting points, but additional data from other sources will lead to a richer understanding of the specific issues. For example, census data may show a low rental vacancy rate, but recent apartment construction may have alleviated pressure on the rental housing market. What do local property management firms or apartment associations have to report about housing availability?
- **Provide Opportunity for Review by the Community.** Citizens, advocates, and local housing professionals should review the data included in the Housing Element to ensure that it is correct, complete, and addresses the issues of importance. Local governments and advocacy groups can work together to identify the most pressing housing concerns and, if need be, collect the additional data that will identify, quantify, or clarify local housing needs.
- **Present Housing Needs in a Clear and Useful Format.** The background information and analyses presented in the Housing Element should do more than just provide a list of data. It should present the information in a format and language that can be accessed and understood by the general public, helping readers understand what is important about the information presented. Information should be clearly written and concise, with graphics and tables to highlight key points.
- **Identify the Most Pressing Needs.** The analysis of housing need data is very important as it builds the justification for various programs. It should compile, present, and analyze housing needs information with the purpose of identifying potential strategic directions for a community's housing efforts.

How to Deal with Outdated Census Data

Basing a 2001 Housing Element update on 1990 census data limits the use and validity of the data. HCD encourages low-cost ways estimating current data. Citizen participation can help fill in missing data from local service providers and advocacy groups as well as provide insight on local issues and conditions. This can be particularly relevant in helping to define policy and program priorities and is often more relevant than up-to-date census data.¹ Jurisdictions that want to use commercially available data are welcome to do so, but HCD does not require it.

When necessary, using 1990 census ratios (i.e., the percentage of overcrowded housing units or households overpaying for housing) can be applied to current housing stock measures along with a qualitative discussion of historical or regional trends that may have impacted the housing condition being measured.

¹Commercial data services are used by marketing agencies, retailers and others to conduct market analyses. One example of a commercial data service is Claritas, Inc., available online at <http://www.connect.claritas.com>. It provides a wide range of demographic and market reports, updated to the current year with five-year projections. Data can be segmented by traditional census divisions, zip code, or even by geographic coordinates. Reports can be purchased individually, or an annual subscription can be obtained to provide ongoing access and online data retrieval. An excellent source for Bay Area apartment data, including information on numbers of units, average rents and vacancies, is RealFacts, based in Novato, online at <http://www.realfacts.com>.

Population and Employment Trends

Local demand for housing is significantly impacted by population and employment trends. The Housing Element must take these trends into consideration, and analyze what they may mean in terms of future housing needs.

1990-2020 Trends and Projections

ABAG's *Projections 2000* provides projections for the Bay Area through the year 2020 by county and jurisdiction. Informative comparative statistics are provided for:

- Population Growth
- Household Growth
- Average Household Size
- Employed Residents
- Job Growth
- Employed Residents/Jobs
- Percent of Bay Area or County Population
- Percent of Bay Area or County Jobs.

ABAG *Projections* take into account existing local land use controls and are not the same as the RHND.

- **Use Readily Available Demographic Forecasts.** Demographic forecasts and housing projections are available from several sources. The most readily available are ABAG's *Projections 2000* (providing current and 20-year projections in five-year increments) and Department of Finance (DOF) data (released every April, covering birth, death, and migration rates, as well as an annual summary of current housing and household conditions by type, vacancy rate, and household size). However, because ABAG's forecasts take into account local land use and growth policies and because they do not take into consideration the current unmet need for housing, their projections of household growth are often lower than the jurisdiction's fair share of regional housing need as determined in the RHND process. The projections figures should not be used as a substitute for the regional housing need numbers.

- **Consider Population Change Impacts on Housing.** Future housing needs can be significantly impacted by changes in a community's population profile. For example, communities with an aging population will see significant increases in demand for senior housing and related supportive housing facilities, while communities that are experiencing an increase in their family population may see an increase in demand for larger housing units.

- **Determine Job Growth Potential.** The Housing Element should consider local and regional job growth and the associated housing demand and special needs it may generate. This can be done with

ABAG employment projections, supplemented by consideration of local commercial and industrial land availability, economic development plans, and industry-specific trends to identify potential job-generating areas of development.

- **Consider Job Types and Salaries.** To completely and effectively address the jobs-housing relationship, descriptive data on the types of jobs in the area (current and projected) is needed, along with the salary range of these jobs. If detailed employment data is not available, even an anecdotal discussion of typical jobs and salaries in a community can provide information that may be quite illuminating, especially when translated into ability to pay for housing costs. This information can be obtained from local chambers of commerce, local businesses, school districts, and public agencies. Salary data is also available from the California Employment Development Department. *See Appendix D for contact information.*
- **Compare Jobs and Affordability.** If someone works in a community, how likely is it that he or she will also want to live there? The answer to this question is a complex relationship of personal preference, job type, income, commute options, and the relative availability and affordability of housing. Translating employment growth data into housing needs necessitates making several assumptions about the number of two-career households, how many workers per household there are, and the propensity of local employees to seek residence within the community. The jobs-to-housing relationship is a match of quantity, types, income, and affordability.

To guide policymakers, housing providers and the public, the Housing Element should contain tables that translate household income into current monthly housing costs for rent or mortgage payment. The inclusion of comparable county and/or regional data will help provide perspective. Comparison with salaries and the “ability to pay for housing” should also be included.

Income Limits

In addition to an overall housing need, each city or county has a need for housing priced for households with different income levels can afford to rent or buy in the community. ABAG has subdivided its total estimate of housing into four different income groups. Income limits are updated annually by the US Department of Housing and Urban Development (HUD) for each Bay Area county. For many state and local programs, HCD income eligibility limits are used. HCD income limits regulations are similar to those used by HUD. Income categories are defined as follows:

- **Extremely Low Income Households**—earning less than 35 percent of the median income.
- **Very Low Income Households**— earning less than 50 percent of median income.
- **Low Income Households**—earning less than 50-80 percent of median income.
- **Moderate Income Households**— earning less than 80-120 percent of median income.
- **Above Moderate Income Households**—earning more than 120 percent of median income.

The most recent HCD income limits, by county and size of household, are online at www.hcd.ca.gov.

Regional Housing Needs

In addition to local housing needs, every city and county in the Bay Area has an obligation to address the housing needs of the entire region. Given the expansion of jobs into suburban areas, the two-career household, changing commute patterns, and the interdependent economy and society of the Bay Area, the housing needs of the region are now felt in every Bay Area community. State law recognizes the regional nature of the housing market, and requires every city and county to plan for its fair share of the region’s housing need.

ABAG, in accordance with State law, has determined each locality’s fair share of the region’s need for housing, and has divided that need into four income categories of housing affordability. ABAG’s allocations are based on an analysis of the vacancy rate in each city and the existing need for housing it implies, the projected growth in the number of households, the local and regional distribution of income, and the need for housing generated by local job growth. Local housing needs may exceed a locality’s fair share. ABAG has estimated the minimum regional need for housing, not the maximum amount of housing to be built in a community. **The ABAG RHND figures for each jurisdiction can be found on the ABAG website at www.abag.ca.gov.**

Common practice has found many cities and counties treat their regional fair-share allocation as an end point, rather than the starting point, for estimating need. ABAG’s analysis of need is quite thorough, but it may not be complete for many communities. Local governments should compare ABAG’s fair-share numbers with their own calculations to determine the best need estimate. In addition, localities should provide more definition to their need numbers by determining housing needs by type of unit and the residential requirements of special groups or categories.

In the end, determining the housing needs of a city or county requires a combination of data collection, issue analysis, and policy definition, all done while examining ABAG’s fair-share allocations and State law requirements. It helps to make several different estimates of housing needs, and then compare and contrast the results. The involvement of the public and informed parties in the needs assessment can be critical to the policy direction the Housing Element will take.

Counting Units

To determine whether a unit that has been built or approved in your jurisdiction counts towards meeting the current RHND allocation, use the following dates:

- Units built after January 1, 1988, and before December 31, 1998, count towards meeting the previous (1989) regional housing need number.
- Units built after December 31, 1998, as well as currently approved units may be counted towards meeting the new (2000) regional housing need number.

Households and Housing Characteristics

The Housing Element analysis must consider current and projected household characteristics, the condition of the housing stock, and the potential impact on future housing needs. In addition to census data, other more

Housing and Household Characteristics Checklist

- Number of existing households and housing units by type and tenure
- Number of “lower income” households overpaying for housing by tenure
- Number of overcrowded households by tenure
- Number of housing units needing rehabilitation
- Number of housing units needing replacement

The housing element analysis must also consider the special housing needs of various types of households in the community. See page 1-19.

current sources of data should be surveyed. Available information should be analyzed to identify key trends that will affect both near-term and long-term housing needs.

- **Conduct a Housing Inventory.** The “housing inventory” is the number of housing units in the community, broken down by type and size. DOF statistics are usually used as the primary data source, although they should be supplemented by an assessment of local conditions and additional information that may relate the availability or long-term suitability of existing housing units. Issues to consider include units in need of rehabilitation or demolition, in threat of conversion, or subject to overcrowding (as discussed on the next page).

A table listing units by type and size (number of bedrooms) along with a comparison to household size can help identify potential areas of shortfall (e.g., a lack of either large units or of small units). Ownership should also be considered, understanding the housing stock by owner-occupied versus rental. It may also be useful to know whether the owners of rental units reside within the community or elsewhere. Such information is fairly easy to compile using County Assessor database information.

- **Assess Household Formation.** In most Bay Area communities, the greatest need for housing will be generated by local household formation, as children become adults, families form or dissolve, and people move into or out of the area. A projection of household growth is the most basic component of any housing needs analysis. ABAG’s *Projections 2000* provides 20-year projections of household population, broken down by five-year increments. However, ABAG projections do not take into account the current unmet need for housing.

- **Track Vacancy Rates.** Vacancy rates are the most straightforward indicator of existing housing need. The difference between current vacancy rate and the optimal vacancy rates is a good measure of whether the market is responding to overall housing needs. Optimal vacancy rates differ between rental housing and for-sale housing. For rental housing, a five-percent vacancy rate is considered necessary to permit ordinary rental mobility. For for-sale housing, a two-percent vacancy rate is considered the threshold to permit ordinary mobility. If vacancy rates are below these levels, residents will have a difficult time finding appropriate units and competition for units will drive up housing prices.

Although vacancy rate data is provided annually for each jurisdiction by the DOF, these rates are often out of date, and current rates can be difficult to determine. Local realtors may be able to provide an insight on whether the situation has grown worse or better since the last time reliable data was collected. They may also be able to provide information on differences in the vacancy rate by housing type. This can be a valuable indicator of specific areas of unmet housing need (e.g., for large apartment units, single family home rentals, smaller for-sale units, and others).

- **Assess Overcrowded Housing.** The census defines overcrowded housing as any residence with more than one person per room, excluding bathrooms. The amount of overcrowded housing is an indication of unmet housing need, since the lack of affordable housing typically forces people to live in smaller units or to “double up” by sharing housing with other individuals or families.

Unfortunately, the best source of reliable data for overcrowding is the census, and 2000 census data is unlikely to be available in time for the 2001 Housing Element updates. One approach to address this lack of information is to apply the 1990 ratio to a measure of the existing housing stock, supplemented by interviews with local realtors, service agencies (especially those serving low income residents or special needs groups such as farmworkers), and input from residents through the community participation process. To the extent possible, try to assess whether overcrowding is more prevalent among certain household types or in certain neighborhoods.

- **Identify Households Overpaying for Housing.** Determining exactly how many renter and owner households overpay for housing must await completion of the 2000 Census. However, ABAG has calculated the proportion of households in 1990 that paid more than 25 percent of their income for housing. These figures are included in ABAG’s *Housing Needs Determination* and in 1990 Census materials. Localities should apply these ratios to current counts of the number of households to arrive at a current year estimate. In addition, an analysis of housing costs compared to local income estimates can provide a measure of housing affordability and an indicator of potential overpayment. This can be supplemented by interviews with local service agencies and realtors, including financial institutions that provide mortgage loans. They can give their opinion on whether overpayment has grown more common since 1990, perceptions on the current degree of overpayment for some households, and an idea of whether the issue is more prevalent among some groups or in some neighborhoods.

Segmenting Community Housing Need

The Housing Element analysis should identify specific areas of housing need. When data is segmented by income and specific need groups, the analysis will be informative and serve as monitoring tool for program effectiveness. The needs for very low, low, moderate, and above moderate-income housing should be determined for:

- Elderly households (65+)
- People living alone (under 65)
- Young families (under 44 years of age)
- Older families (44-65 years of age)
- Non-family households
- Larger families (5 or more persons)
- Individuals and families who need structurally accessible housing.

- **Assess Housing Affordability.** State law asks for “an analysis and documentation of household characteristics, including level of payment compared to ability to pay” (65583(a)(2)). This requires comparison of resident income levels with the local cost of housing. State law defines a lower-income household that pays more than 25 percent of its income for housing as living in unaffordable housing. The Federal government uses a slightly higher figure of 30 percent of household income as the threshold of housing overpayment.

There are few specifics spelled out by law regarding affordability, although HCD expects a broad treatment of the issue. At a minimum, the number of overpaying households by income limits (particularly for lower income households) must be calculated. Income limits must match those of HCD, and housing prices (for both owners and renters) must match current prices. For information on HCD’s current income limit definitions, go to HCD’s website at www.hcd.ca.gov.

- **Assess Gentrification Issues.** Gentrification (the displacement of low income households by higher income residents) can be difficult to measure without comprehensive, neighborhood level data. However, historical or even citywide analysis of housing prices and rents along with household characteristics may indicate the extent of gentrification in an area and the potential loss of existing affordable housing.

- **Determine Housing Conditions.** The condition of the local housing stock must be documented in the Housing Element, identifying the number of potential substandard housing units (both renter and owner) in need of repair, rehabilitation or replacement. In determining housing conditions and the need for preservation and improvement, 1990 Census data is insufficient. Information from more recent housing condition surveys should be included. *See sidebars Housing Rehabilitation and Replacement and Conducting a Windshield Survey of Housing Conditions.*
- **Quantify Demolitions.** Demolition permits and requests for use changes on existing residential properties can be analyzed to determine the extent to which the existing housing stock is being depleted. Local redevelopment activities and plans might also indicate localized housing losses. In some instances, special surveys may be needed to measure the loss of affordable housing.
- **Analyze Condominium Conversions.** Although condominium conversions can create affordable ownership opportunities for former renters, they can also deplete the number of affordable rental units. As single-family homes become increasingly unaffordable, pressure for conversion of existing rental housing to condominium use may increase. The number of past condominium conversions and an estimate of the number of potential future conversions should be included in the Housing Element.
- **Analyze Cost Controls.** Try to quantify the number of units that are subject to restrictions on their sales price or rent as a result of subsidy programs, deed restrictions, or rent control policies. While State law requires an analysis of assisted housing units eligible for conversion to market rates (*see page 1-34*), a broader analysis of this issue may help identify other potential areas of concern related to long-term affordability.
- **Identify Replacement Housing Need.** As part of the Housing Element analysis, identify the potential number of housing units that may be lost due to demolition, gentrification, or expiring subsidies. The loss of these units aggravates the existing shortage of housing and creates a need for replacement housing. Affordable units can be lost from publicly or privately conducted demolition, natural disasters, a lack of adequate market rate housing (thus creating pressures on the existing stock of housing) or the termination of federal, state, or local subsidies or use restrictions. The number of units that may need to be replaced should be factored into discussions of future housing need.

Housing Rehabilitation and Replacement

The analysis of housing rehabilitation and replacement needs should use both statistical data and local survey results as available. The number of substandard units can be estimated from a field survey or sampling, from builders or non-profit housing organizations or redevelopment agencies, or from updated HUD plans. An estimate of the maximum number of units needing rehabilitation may be derived from other census measures such as percentage of units built before 1940. This may not be a reliable need indicator and should not be the only indicator. Many Housing Elements contain an analysis of the age of housing stock by area, although gentrification may make such an analysis irrelevant.

Conducting a 'Windshield' Survey of Housing Conditions

Conduct a quick visual survey of housing conditions using a simple rating checklist developed in coordination with the local building department. The survey can assess general appearance as well as examine structural components such as building foundation, walls and roof, and other visible conditions such as chimneys, doors and windows, porches and stairs, and gutters. This data can be used to quantify need, identify specific units for repair or replacement, and identify areas to target rehabilitation loans and other programs.

Special Housing Needs

In addition to overall housing needs, cities and counties must plan for the special housing needs of certain groups. State law (65583(a)(6)) requires that several populations with special needs be addressed—homeless people, seniors, people with disabilities, large families, female-headed households, and farmworker households. Some communities may not have all these needs, while others may have additional special housing needs that State law does not identify such as people with HIV, people with substance abuse problems, people with mental health issues, or others. The Housing Element should take into account any local factors that create an extraordinary need for housing, and should quantify those needs as best as possible. If there is a determination that a certain special housing need does not exist, then relevant data documenting the lack of need should be included in the Housing Element or its appendices.

The analysis should both quantify the level of need (providing the basis for establishing specific quantifiable targets to address specific needs) and identify the resources that already exist to serve these households. Potential additional resources that might be made available, either locally or from state or federal sources, should also be identified.

- **Homeless People.** Homeless individuals and families have perhaps the most immediate housing need of any group. They also have one of the most difficult set of housing needs to meet, due to both the diversity and complexity of the factors that lead to homelessness, and to community opposition to the siting of facilities that serve homeless clients.

State law requires that Housing Elements estimate the need for emergency shelter for homeless people. Analysis of the level of need should include an estimate of the daily average number of persons and families lacking permanent shelter. Wherever possible this number should be subdivided into single males, single females, couples, and families. Other important sub-categories to consider include the mentally ill and substance abusers.

To provide a meaningful estimate of the level of need, census data for homelessness must be supplemented by local level data from local service providers and advocacy groups. Sources of data for assessing homeless needs include:

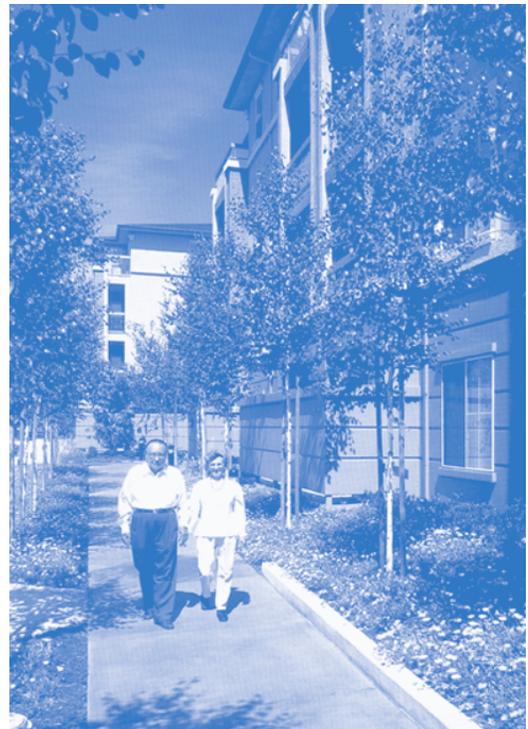
- Continuum of Care Plans and Consolidated Plans (prepared locally to qualify for HUD funding)
- Shelter providers
- Local groups serving the homeless
- Social service agencies
- Churches
- Travelers Aid
- Homeless advocacy groups
- Independent Living Centers
- Police
- Survey of areas frequently used by homeless persons.

See Housing for Homeless People, page 3-52, and Supportive Housing, page 3-60.

- **People with Disabilities.** People with disabilities represent a wide range of different housing needs, depending on the type and severity of their disability as well as personal preference and lifestyle. “Barrier-free design” housing, accessibility modifications, proximity to services and transit, and group living opportunities represent some of the types of considerations and accommodations that are important in serving this need group. Incorporating barrier-free design in all new multi-family housing is especially important to provide the widest range of choice. Doing so is also required by State and Federal Fair Housing laws.

To determine the level of need in the local area, contact local social service departments, advocacy groups, and service providers. If barrier-free design units, supportive housing units, or similar housing opportunities are available through the local Housing Authority or a non-profit agency, a review of their waiting lists may provide some sense of the level of unmet need for these services (although certainly not the only indicator since many waiting lists are “shut” after reaching a certain length). Special consideration should also be given to the issue of income and affordability, as many people with disabilities may be in fixed income situations. *See Housing for People with Disabilities, page 3-55, and Supportive Housing, page 3-66.*

- **Elderly Households.** Elderly households can be defined, in part, by the age distribution and demographic projections of a community’s population. This identifies the maximum need for elderly housing. Particular needs, such as the need for smaller and more efficient housing, for barrier-free and accessible housing, and for a wide variety of housing with health care and/or personal services can be estimated through discussions with senior non-profit organizations, the local Commission on Aging, the Area Agency on Aging, and health care, and senior housing providers. *See Housing for Seniors, page 3-58 and Supportive Housing, page 3-66.*



Parkview Senior Apartments, San Jose Jay Graham

- **Large Households.** Large households, defined in the 1990 census as households with five or more persons, have special housing needs. Large households tend to have difficulties purchasing housing because large housing units are rarely affordable and rental units with three or more bedrooms may not be common in many communities. The Housing Element should include an estimate of the number of large households in the jurisdiction, and the number of for-sale and for-rent units available to meet their needs. If the analysis indicates a shortage of housing units to meet the special needs of large households, then the Housing Element should include a policy and program to address this unmet need.
- **Female-Headed Households.** Female-headed households need affordable housing with day care and recreation programs on-site or nearby, in proximity to schools and with access to services. Households with female heads, like large households, may have difficulty in finding appropriate-sized housing. And despite fair housing laws and programs, discrimination against children may make it more difficult for this group to find adequate housing. The Housing Element should include an estimate of the number of female-headed households in the jurisdiction, and a discussion of their special housing needs. If the analysis indicates unmet housing needs for female-headed households, then the Housing Element should include a policy and program to address that need.
- **Farmworkers.** Farmworkers have a variety of special housing needs in terms of affordability, location, and duration of residence. Although ABAG did not assess the regional need for additional farmworker housing in the Bay Area, certain cities and counties have such a need. Each locality’s Housing Element must either

estimate the local need for farmworker housing or explain its conclusion that no need exists. In either case, relevant data must be included. *See Housing for Farmworkers, page 3-49.*

- **Public Employees.** Public employees can also have special housing needs in communities with particularly high housing costs. Although they may be able to commute from other places in the region, a city or county may want to define its employees as a group with special housing needs, developing appropriate policies and programs to address those needs.
- **Students.** Students may have a difficult time finding affordable housing in communities with universities or colleges. Shared housing and public or private dormitories may meet some or all of students' housing needs. Data on the number of students living in the vicinity without institutionally provided housing can be obtained from colleges or universities. In addition, a community may wish to analyze the housing needs of students returning to their local community.
- **First-Time Homebuyers.** First-time homebuyers may already be assessed in the Housing Element. However, the task of finding an affordable home, meeting down-payment and closing costs, and qualifying for a mortgage may create a special category of housing need. At the least, the Housing Element should estimate the affordability of ownership housing for first-time buyers.

Where to Get Data to Assess Special Needs

- **Homeless People.** Supplement census data from local service providers (e.g., shelter providers, churches, or social service agencies), and advocacy groups. Also examine local "Continuum of Care Plans" or "Consolidated Plans," required by HUD to qualify for federal program funds.
- **People with Disabilities.** The State Department of Social Services may have data from its in-home supportive services program. Additional data sources include county human resources agencies, non-profit developers, independent living centers, the California Protection and Advocacy offices, and the Department of Rehabilitation. Previously, the generally accepted percentage of people with mobility impairments was five percent, and those with hearing and vision impairments was two percent. Both figures are likely to be higher now.
- **Elderly Households.** Census data and ABAG projections provide a breakdown of the population by age, providing some sense of the overall current and projected number of elderly households. Local agencies that serve seniors are also a valuable source of data. Many housing agencies and related service organizations also segment their client lists by age. This can help highlight specific areas of unmet senior housing needs.
- **Large Households.** The 1990 census provides information on households by size, and if compared to the proportional breakdown of housing units by size (number of bedrooms) can generally identify if stock composition is reflective of the household composition. Also useful is an examination of vacancy rates by unit size, broken down by owner-occupied and rental. A very low vacancy rate for larger units may also indicate unmet need. Sources for vacancy rate information include census data or data services such as RealFacts (for apartment rentals, at <http://www.realfacts.com>). Supplement through interviews with local realtors as well as reviews of local real estate and rental listings.
- **Female-Headed Households.** The 1990 census can provide a proportional figure of female-headed households. More current estimates of low-income, single-headed households may be using county-level data on Aid to Families with Dependent Children recipients.
- **Farmworkers.** Numerical estimates of migrant farmworkers are available for the Employment Development Department, each country's local Farm Bureau office, the Departments of Housing and Community Development's Office of Migrant Services, or local school districts.
- **Public Employees.** Data on the number and wage scales of school teachers, police and fire personnel and other public employees is readily available to any local government. Information can be obtained from the California Employment Development Department (on-line), HCD, local jurisdiction, and school districts.
- **Students.** Data on the number of students living in the area or community is generally available from local universities or colleges.
- **First-Time Homebuyers.** First-time Homebuyer information can be gathered from local realtors and financial institutions.

Land Inventory, Zoning, and Public Facilities

One of the most important analyses in a Housing Element is the inventory and analysis of sites that are available for housing development. A land inventory should be conducted to locate sites suitable for residential and

Location Factors in Assessing Potential Affordable Housing Sites

Below are factors to consider in identifying potential sites for low and moderate income housing:

- Access to transportation, shopping and jobs (and the potential for reducing on-site parking requirements).
- Cost. Some sites may be prohibitively costly, while others (such as school sites and other publicly-owned sites) may offer unique opportunities.
- General Plan and zoning restrictions, and surrounding land use compatibility. Sites with multi-family zoning and/or no serious physical constraints to development are ideal.
- Topography factors (grading, access, drainage, etc.) that can substantially increase costs.
- Environmental factors that might make development prohibitively expensive or undesirable.

mixed-use development based on current zoning and to determine the amount of housing likely to be built on those sites. Furthermore, a thorough inventory makes possible an analysis of the residential holding capacity of a community and indicates both the problems and possibilities for new housing.

The land inventory should include not just vacant residential land, but also sites currently planned or zoned for some other use, but nonetheless suitable for housing, as well as residential sites that are under-utilized and/or potential candidates for redevelopment at higher densities. Housing site opportunities may include publicly-owned surplus land; aging non-residential land uses that are candidates for re-use as residential sites; under-utilized residential, commercial, and industrial land; and areas with mixed-use potential.

- **Establish Criteria for Identifying Housing Sites.** Criteria should be established to determine whether a site is available and suitable for residential development. Issues to consider include: (1) the site's zoning; (2) whether the site is sufficiently served by public facilities such as sewer and water; (3) the slope and topography; (4) whether there are environmental barriers to development, such wetlands or toxic contamination; and (5) community needs, broadly defined.

Non-profit housing developers can be a valuable resource in defining criteria and identifying potential sites for affordable housing, taking into consideration issues such as location, density, and site criteria that might be used by potential funding agencies or programs.

- **Inventory Potential Sites.** Conduct a site inventory to identify possible residential development sites, taking into consideration vacant sites, under-utilized sites, and potential redevelopment or re-use sites. Opportunities such as mixed-use, second units, infill development, and air rights development should also be considered.
- **Identify Appropriate Sites for New Housing.** Sites for new housing must be identified in the Housing Element. State law (65583(a)(3)) requires the land inventory to identify and categorize specific housing sites by vacant land versus redevelopment land, and to note the current or proposed zoning and availability of infrastructure. Importantly, the inventory must distinguish the total capacity for multi-family and single-family housing construction. In addition, development opportunities need to be identified for rental housing, factory-built housing, mobile homes, and emergency shelters and transitional housing for homeless individuals and families.

Common sense and State law require that only those sites that are **suitable** for housing be considered. Is the identified site a good place for people to live? The proximity, availability, and capacity of existing services will help determine the suitability of residential land, as will any factors or constraints that might limit or discourage housing development.

- **Analyze Public Facilities and Infrastructure Availability.** The analysis of public facilities should specify the availability of water, sewer, transportation, parking, and other infrastructure for the identified sites in each category.
- **Calculate Residential Development Potential.** Residential development capacity is the theoretical maximum number of housing units that could be built on the sites that have been identified, broken out by zoning category. The inventory should include definitions of the residential land use and zoning categories, including density ranges. For each category, the analysis should specify the amount of vacant acreage and the amount of acreage with potential for redevelopment or recycling, including the permitted and potential densities of the sites.

It is very important to assess the **realistic capacity** based on zoning and development standards. The analysis should consider historical land use patterns, densities, and trends, and indicate which sites are developable “as-of-right.” When zoning establishes a potential density range for a land use, HCD recommends that estimates of development potential be based on recent development trends and the realistic density considering applicable development standards.

The analysis should also describe non-residential land resources and the potential for mixed-use zoning. For redevelopment sites to be considered, the local government must demonstrate that such land reuse will actually take place.

To count housing sites that are planned, but currently outside the jurisdiction’s legal boundaries, a pre-zoning and annexation program must be in place.

Techniques for Inventorying Sites

- **Land Use Maps.** Scaling a current land use map with a planimeter is the least expensive technique to compile data on land quantities. However, information on a site’s physical attributes and environmental constraints are difficult to capture using this technique.
- **Aerial Photography.** Vacant land can be pinpointed and descriptive information obtained from recent aerial photographs, which is typically available through the jurisdiction’s planning department. However, identifying underdeveloped land is more time-consuming, requiring calculations of existing and allowed zoning setbacks and/or floor area ratios to help estimate the extent to which a property might be further developed.
- **Tax Assessors’ Files.** Tax records have land use codes that indicate the development status of each parcel. An assessed value of “zero” for improvements identifies vacant land. This information must be mapped or field-verified.
- **Surveys.** For smaller jurisdictions, a field canvas of vacant land is perhaps the most informative technique. Specific details of the parcels as well as the surrounding area can be recorded.
- **Geographic Information Systems (GIS).** A GIS can be valuable for developing and managing a land use inventory and related data, allowing for very quick and efficient evaluation of residential development potential. If a GIS is available within the jurisdiction, it may be worthwhile developing new data layers to assist in ongoing housing analysis and monitoring activities. However, building a GIS from scratch is a very time and resource intensive activity. A GIS also requires ongoing systems and data management structures and procedures. Once land use plans and existing conditions data are completely integrated within the GIS, it will support a wide range of analyses that can inform policy-making and long-range planning activities.

- **Compare Development Potential to the Regional Housing Needs Determinations.** In addition to identifying sites that are available, served by infrastructure and zoned for multi-family development by right, the Housing Element must indicate that there are enough sites to accommodate the community's share of the regional housing need. This is one of the most important parts of the Housing Element because it obligates the community to zone sites at high enough densities to make the development of a affordable housing feasible.

HCD will pay particular attention to the identification of housing sites, focusing on the following two questions:

- **Total Need:** Can the realistic development capacity of suitable land, which is or will be served by infrastructure, accommodate over the timeframe of the Housing Element the locality's total new construction need?
- **Need By Income Category:** Are these currently available sites zoned for a variety of housing types and densities to facilitate the development of housing to meet the locality's projected need by income category?

A shortfall exists when the amount or variety of a jurisdiction's residential development capacity is less than its new construction need for any income level. In such a case, the Housing Element should include a program to increase development capacity to meet the need. (*See Ensure Adequate Sites on page 1-10.*) This should also link with the Housing Element's constraints analysis, taking into consideration the local policies and non-governmental constraints that might limit a community's ability to provide housing or to realistically expect housing to be built. These might also suggest potential housing programs to capitalize on existing opportunities and reduce or eliminate barriers to all types of housing development.

- **Present the Inventory Results in a Clear and Useful Format.** Present the land inventory results in a format that is easy to understand and potentially useful to policymakers and the public. Develop a map of all available land as part of the land inventory and include it in the Housing Element. A written inventory accompanying the map should indicate the size, General Plan designation, zoning, housing types possible, development status, and availability of key public facilities and services. The map and survey information will assist developers in identifying potential development. Data on land ownership might also be useful if the jurisdiction decides to undertake a land-banking program.
- **Identify Possible Governmental Actions.** Consider possible General Plan amendments, rezoning and other public actions to make sites available during the timeframe of the Element.

Alternative Methods of Identifying Sites

According to State housing law (§65583.1), HCD is authorized to allow identification of sites by a variety of means, including:

- **Redevelopment, Rezoning, and Annexation.** Sites with the following redevelopment potential may be considered in the inventory: mixed use zoning, second units, recycling of developed land to residential use, and increasing densities of under-utilized land.

HCD will also, in some circumstances, permit a community to identify sites by an implementation action that results in rezoning vacant, non-residential land or in annexation of land for residential use. This site type inclusion is only appropriate if the implementation action includes a requirement that the rezoning or annexation occurs in sufficient time to permit development during the five-year period of the Housing Element.

- **Military Base Reuse.** Sites may include, in limited circumstances, permanent housing units on military bases undergoing closure. The sites must be available during the period of the Housing Element and sites designated for demolition or conversion do not qualify.
- **Rehabilitation, Acquisition, or Subsidy.** Sometimes dilapidated housing rehabilitation or preservation or conservation of units is an acceptable method for increasing housing supply, even though the primary purpose of the Housing Element obligation is to *increase* the housing supply. This section of the housing element law (65583.1(c)) is quite intricate, and any jurisdiction attempting to utilize the provision should consult HCD's interpretation letter of October 26, 1998 (available upon request from HCD). In summary, the provision permits HCD to allow communities to subtract from the number of sites they must identify in any income category by the number of units provided by "committed assistance" to rehabilitate dilapidated units, convert non-affordable units to affordable units, or preserve existing affordable units during the Element's time frame. If the committed assistance is not provided by the third year of the Housing Element period, the Element must be amended by the fourth year to identify adequate sites to accommodate the number of units that were not provided. Units that are eligible for consideration include:
 - *Rehabilitated Units (§65583.1(c)(2)(A)).* To qualify, rehabilitated units must be extremely dilapidated, any tenant must be provided with full relocation benefits and the right to reoccupy, and the units must remain affordable for 20 years. However, affordable units between 10 and 20 years may be counted on a 1 to 3 basis; i.e., for every three units rehabilitated, one unit may be subtracted from the regional needs.
 - *Market-Rate Units in Multi-family Complexes (§65583.1(c)(2)(B)).* Rental complexes of 16 units or more are eligible, if they are non-affordable and unoccupied by low or very low income households and are converted to units available and affordable to low or very low income households for 30 years through acquisition or the purchase of "affordability covenants."
 - *Preservation Units (§65583.1(c)(2)(C)).* A community may receive credit towards their site identification obligation, if existing government subsidized units are preserved for a period of at least 40 years through acquisition or the purchase of affordability covenants.

Governmental Constraints and Efforts to Remove Them

Even if the community has enough sites to address its housing needs, governmental constraints—in the form of building standards, fees, conditional use permit procedures, design review, and protracted processing—can present significant barriers to housing development in general, and a significant impact on affordability in particular.

Comparison with Other Jurisdictions

Comparing regulations with neighboring or similar jurisdictions may illustrate whether local ordinances and practices exceed what is typical. If jurisdictions selected for the comparison also have excessive regulations or standards, the comparison may not conclude appropriately. Comparisons should be supplemented by input from developers, building officials, and neighborhood groups, and/or issue surveys of the county, region or state. For example, Walker Parking Consultants conducts a periodic survey of parking standards used by California cities (*California Cities Parking Standards*, May 2000) that can provide a basis for comparative analysis.

The analysis of governmental constraints is an extremely important part of the Housing Element. It should evaluate local regulations and development practices to determine their potential impacts on housing availability and affordability. While these regulations were probably adopted to protect community character, some of them may inadvertently affect housing availability or affordability, or may encourage the loss of existing affordable housing, contrary to community goals.

The Housing Element should examine potential constraints to new construction as well as any local policies and practices that may deter building maintenance or improvement. Specifically, the analysis should consider the following issues.

- **Land Use Controls.** Zoning and development standards usually create the most significant housing constraints in a city or county. Local design regulations such as height limits, setback requirements, subdivision standards, street-width minimums, lot coverage maximums, cumbersome review or approval processes, and extensive public hearing requirements may deter, slow, or prevent needed housing development. Parking, open space, and other requirements can also add significantly to the cost of development, impacting housing affordability.

A table format is an effective method for summarizing development standards, listing relevant zoning districts by row, and identifying standards in the columns—e.g., height, setback, Floor to Area Ratio (FAR), and parking. Focus on identifying potential roadblocks to higher density housing development or specific programs which the community may be relying on to provide lower income housing.

Key questions to consider are:

- Do the land use designations allow for a range of housing types?
- Are there enough land use and density categories and do they match well with the local need for housing?
- Do growth limitations unduly restrict housing development?
- Do zoning and subdivision requirements match the best possible use of particular sites or areas?
- Have local constraints on the supply of new housing forced up prices on existing housing?
- Do project mitigations result in housing being built at less than the allowed site capacity?
- Do high fees or other exactions result in high-end, rather than lower-cost, housing being constructed?

- Are open space requirements compatible with standards used in other communities?
- Do zoning and land use laws pose illegal barriers to any of the populations protected by the fair housing laws, such as families with children, minority groups, low and very low income households, or individuals with disabilities?
- Do parking requirements accurately reflect parking need? For example, the demand for parking in multi-family housing may be lower due to income, or proximity to transit, shopping or work.
- Does parking have to be enclosed? Covered? Decked?
- Do parking standards for mixed-use impose an impediment or incentive for housing?

For communities that are “entitlement” jurisdictions (for purposes of Community Development Block Grant/HOME funds), a good starting point for information on local land use controls and constraints is the “Analysis of Impediments to Fair Housing Choice (AI)” that must be submitted to HUD as part of the community’s Consolidated Plan to qualify for funding.

- **Building Codes and Enforcement.** Building codes and their enforcement may also constrain the development or preservation of affordable housing. Local building code or housing code revisions that enhance construction standards in excess of the Uniform Building Code (UBC) may act as an unwarranted constraint on residential development. Enforcement of those codes can also have a negative impact on affordability if older dwellings built under less demanding codes are required to meet new code requirements when remodeled or otherwise inspected. Although they

may become safer, the improvements may be too expensive. However, combining code enforcement with financial assistance for rehabilitation can preserve the affordability of such housing.

Key questions to consider:

- Are building codes and related standards adequately described to determine whether they may pose an impediment to achieving a specific program target?
- Can you achieve maximum density once the standards have been applied?
- Are there any amendments to the UBC in the local code?
- Are there special seismic issues or requirements? Special roofing requirements for fire safety? What are the impacts of these requirements on affordability?

Requirements of State and Federal Fair Housing Laws for Land Use and Zoning

In addition to protecting certain classes from discrimination in the sale and rental of housing, State and Federal fair housing laws also prohibit local governments from discriminating in the exercise of their land use and zoning powers. Those protected include not only the traditional classifications, but also the developers and occupants of low and moderate income housing, transitional housing and emergency shelters. **Any local law or policy that treats subsidized housing or the low income occupants of subsidized housing differently than market-rate housing or its occupants violates these laws** (with the exception of laws that give preference to such housing or groups). Consequently, the Housing Element should address both discrimination in the sale and rental of housing and in the land use laws, policies, and actions of the local government.

Local governments should also keep in mind that the fair housing laws prohibit policies, ordinances, and actions that have a **discriminatory effect** on the protected groups as well as those that intentionally discriminate. An outwardly neutral practice—such as a prohibition on the development of multi-family housing—could violate the fair housing laws, if the exclusion of multi-family housing falls disproportionately on minority households, low income households, families with children, or individuals with disabilities.

- Do codes allow use of alternative building designs and construction materials?
 - Do codes incorporate universal adaptive design features, as described in state and federal Fair Housing laws?
 - Is there a process for enforcement?
 - Are inspections and enforcement activities for existing housing coordinated with information and technical assistance on rehabilitation resources?
 - Consistent with State Housing Law, is rehabilitation allowed using materials and methods as of the date of original construction, unless a health or safety hazard would result?
- **On- and Off-Site Improvement Requirements.** Local governments must demonstrate a “reasonable relationship” between the conditions imposed on a development and the development’s impact. Imposing excessive off-site development requirements, such as putting existing overhead utility lines underground, curbing requirements, street widths, circulation capacity improvements, off-site drainage improvements, and excessive street improvements can work against achievement of affordable housing goals. Deeded parking, for example, while possibly desirable for infill development, may end up posing an exorbitant cost constraint for a lower income affordable housing development. Key questions to consider:
- Are reduced street widths, rights-of-way, and sidewalks possible?
 - Is higher density infill housing proposed in areas where adequate infrastructure capacity currently exists?
 - Are off-site improvement costs excessive?
 - Has there been input from non-profit and for-profit housing developers in reviewing minimum development standards?
 - Are there other potential funding sources for infrastructure improvements so that impact fees for affordable housing developments can be reduced or eliminated?
- **Fees and Exactions.** Local jurisdictions seek to recover their development processing costs by charging line-item fees for application processing, inspections, and installation services. These fees are limited by California law to the cost to the agencies of performing these services. A review of similar jurisdictions can provide a basis for determining the appropriateness of permit fees and land dedication or other requirements imposed on developers. HCD maintains a chart of typical fees. Planning and infrastructure fees—both those applied by the jurisdiction and other agencies (e.g., sewer, water, schools)—should be reviewed to determine their impacts on affordability. It can also be useful to list a sample development fee schedule to illustrate what the total fee impact would be on the ultimate unit cost.

Key questions to consider:

- Are the fees higher than what is typical based on the HCD chart?
- Are multi-family and single family fees appropriate?
- Are there fee waivers or other incentives for affordable housing developments?
- Are fees, exactions, or development standards reduced or waived to facilitate a particular type of development, such as infill affordable housing within urban growth boundaries (UGB)?

- Can fees be paid upon certification of occupancy rather than building permit issuance?
- Is there a process for periodic review of fees and exactions?
- **Processing and Permit Procedures.** There are many factors that relate to development processing, including whether the review process is efficient and whether it results in desirable outcomes for the community (e.g., a development that “fits in” with the surrounding neighborhood and which meets affordability criteria). Processing time is also dependent on whether an EIR is required.

The focus of the Housing Element analysis should be on the jurisdiction’s discretionary review requirements. Typical processing times should be summarized, with an analysis of potential actions that might reduce the processing time for residential developments. *Raising the Roof: California Housing Development Projections and Constraints* (May 2000) provides a number of case studies on processing time and requirements for single family and multi-family developments throughout California.

Key questions to consider:

- Is there an expedited permit process for desirable developments (such as affordable housing), including inter-active pre-application conferences, one-stop consolidated permit processing, and effective interdepartmental coordination?
- Are conditional use permits required for multi-family developments in multi-family planned and zoned areas, or for affordable housing developments?
- Are allowances provided for the combined processing of certain applications, such as zoning and subdivision map requirements?
- Are design review requirements excessive? Do they facilitate or delay development review? Are there opportunities to raise design issues early in the review process?
- Are design guidelines explicit and clear?
- Are planned unit developments (PUDs) required and, if so, how much longer do they take to process?
- Are developers encouraged and assisted to meet with neighborhood residents at an appropriate time in the process, thus helping build acceptance for the development proposal and reduce delay due to appeals and other forms of community objections?
- **Urban Growth Boundaries and Growth Management.** The majority of California cities and counties have adopted one or more growth control and/or growth management measures. The purposes of these measures vary from saving open space, requiring concurrency for infrastructure to limiting growth rate or volume. What they have in common is that they place some form of restriction on the development process. The Housing Element must consider the potential impacts of these restrictions on housing availability and affordability, as well as the jurisdiction’s ability to meet its housing need (both in terms of overall capacity and the availability of adequate sites).

“Growth controls” typically include caps on the number of housing units that can be built in a certain period, directly restricting the quantity and pace of new development. In these situations, the Housing Element must demonstrate the ability to meet the jurisdiction’s housing need numbers. Even if the total need and need by income category can be accommodated based on available land, the Housing Element must also demonstrate that the process can actually result in permitting of the number and types of units identified. Thus, both the “numbers” issue and procedural issues must be reviewed and discussed to demonstrate that the needs can be met.

“Growth management” measures are somewhat different. Rather than restrict supply, they may limit development in certain areas, establish a priority processing system (with development rating criteria), or impose mitigation requirements. Adequate public facilities ordinances, urban growth boundaries (UGBs), urban service boundaries, and growth phasing requirements are various forms of “growth management” used by local governments.

Key questions to consider:

- Does the Housing Element look at the relationship between all jurisdiction policies and the cumulative effects they may have in achieving a jurisdiction’s housing needs?
- Are there complimentary policies—such as proactive efforts and incentive to promote redevelopment, intensification and higher densities—to encourage and/or facilitate affordable housing development inside the UGB or infill areas?
- What is required to move the UGB or to modify an ordinance?
- Are overall strategies presented in a way that clarifies how housing needs will be achieved with the growth management system?

The Impacts of NIMBYism

Perhaps one of the biggest obstacles to the development of affordable housing is the strong “Not In My Back Yard” (NIMBY) sentiment of some local residents. While the impacts of NIMBY sentiment are difficult to quantify and analyze, they do exhibit themselves in various ways: in overly restrictive growth management systems, unnecessary processing delays, and excessive permitting procedures. Indicators of NIMBY impacts may also be evident in the number of times that staff recommendations for development approval are overturned by planning commission or council, or the rate at which proposals for affordable housing development are approved in comparison to the rate of approval for other types of development proposals.

While State law does not require an analysis of NIMBY impacts, it may be an important factor to consider when developing housing programs and actions. If resident sentiment is the biggest obstacle to the development of affordable housing, it may indicate the need for community education programs to help local residents understand and appreciate affordable housing, including the people it serves, the quality of recent affordable developments in the area, and the tremendous need in the community. It is also important to help people understand that high density housing can also be high quality housing through good design and professional management. Other programs and actions to address NIMBY impacts might include streamlined permitting procedures, “by right” zoning designations that eliminate the need for conditional use permits and limit discretionary reviews, and/or new or revised design guidelines to reduce the subjective requirements that might be imposed on a development proposal.



Non-Governmental Constraints

Non-governmental constraints can be just about anything outside the purview of government that negatively impact “the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, and the cost of construction” (65583(a)(5)). Clearly, the potential list of all constraints on development could be quite long, and could include information on national economic conditions and regional geology. However, this analysis will be most useful if it focuses on non-governmental constraints that local policies or programs can correct, or at least those constraints that local efforts will have to adapt to or overcome.

- **Land Costs.** The cost of land varies considerably between and within jurisdictions. Market factors, especially the desirability of the location, play the dominant role in setting property values. Local land costs can be difficult to determine, but a review of listings with the assessor’s office and discussions with local developers or real estate brokers can provide some basic understanding. Non-profit developers or public agencies with local development experience can also supply or verify land cost data, which is usually best expressed on a per square foot basis.

One likely conclusion that will be drawn from this analysis is that high land costs are a significant constraint to the development of affordable housing. This unsurprising fact should be used to point out the value of programs that make publicly-owned surplus sites available for affordable housing, policy changes that may increase the opportunity for housing development on lower-cost land, and the role that density plays in distributing land costs over a larger number of units. The Housing Element should also make use of land cost data to identify the best locations for development of lower-cost housing.

Key questions include:

- Where are the lowest land costs in relation to the greatest area of need?
 - What impact do higher densities and/or proximity to transit and municipal services have on land costs?
 - What price differences exist between multi-family and single-family zones?
 - What price differences exist between land designated for housing and non-residential land that might be suitable for housing?
- **Construction Costs.** Housing construction costs also constrain the amount and affordability of new housing. However, the cost of construction varies with the type of new housing and the way it is built. The Housing Element should identify and compare these building costs. In particular, the analysis should focus on the relationships between construction costs, density and type of building. An actual calculation of such costs can be used to set zoning categories and design standards to encourage the development of the lowest cost housing. Again, local builders and non-profit developers can help supply the necessary data.

Generally, wood frame construction at 20 to 40 units per acre is the most cost-efficient method of residential development. This is generally the minimum level that HCD considers appropriate for sites that have the potential to deliver lower and moderate income units. However, local circumstances of land costs and market demand will impact the economic feasibility of construction types. The cost benefits of manufactured and pre-fabricated housing should also be noted in the Housing Element.

In addition, the Housing Element should look at construction costs for single family and multi-family, and whether there is a relationship to building standards. Specific factors to be analyzed include per square foot and per unit information for:

- Land and related costs
- Off-site development costs
- Fees
- Design
- Onsite development costs
- Building construction costs
- Marketing and selling costs
- Financing and carrying costs.

How Many Units Can You Afford?

The calculation of development and construction costs done during the constraints analysis can then be used to design programs that use local funds. How many units can be built or rehabilitated with the funds available? How much “leveraging” of local government funds can be reasonably expected? What is the most cost effective approach?

- **Availability of Financing.** The limited availability of financing may also constrain housing development and conservation. Clearly, mortgage interest rates will influence homebuying, although local governments can offer some financing assistance to help minimize the impact of high rates. Additionally, it may be important to assess the local availability of real estate financing. All banks are required to keep accurate records on lending practices in all areas. Additional insight on housing finance can be gleaned from real estate agents, local builders, and non-profits.

If specific areas or types of housing appear to have more difficulty obtaining funding, it should be documented in the Housing Element. For example, if mixed-use and infill development is a big part of a jurisdiction's program to meet housing needs, then the sites and constraints analyses must be interwoven.

Key questions include:

- Do rental housing developers have difficulty in obtaining loans?
- Do lenders not make loans to homebuyers or developers in certain neighborhoods? If not, why not?
- Is a program feasible from a financing standpoint and is financing available? It should be noted that more banks are now supporting mixed-use housing, especially in larger cities.
- Do standards help facilitate development such as allowing for shared parking?
- Are there developers, including non-profit housing developers, who have the credibility and experience to obtain financing for the types of developments, especially affordable housing developments, that the jurisdiction would like to see built?

Opportunities for Energy Conservation

The Housing Element should assess the subsidies and incentives available from public and private sources for energy conservation. It should also identify any potential changes to local building codes or design guidelines to increase energy conservation. However, any consideration of increased building code standards should address the potential constraints such changes may place on affordable housing development in the form of increased costs. *See Energy Efficiency, page 3-33.*

Assisted Housing Eligible for Conversion

The expiration of housing subsidies may be the greatest near-term threat to California's affordable housing stock for low-income families and individuals. Rental housing financed 30 years ago with federal low interest mortgages are now, or soon will be, eligible for termination of their subsidy programs. Owners may then choose to convert the apartments to market-rate housing. Also, HUD Section 8 rent supplements to specific rental developments may expire in the near future. In addition, state and local subsidies or use restrictions are usually of a limited duration.

The Housing Element should identify all federal, state, and local subsidized housing in the community, note when the subsidies expire, and determine the cost of replacing that housing.

Specifically, the description and analysis of potential "at risk" developments should include:

- **Number of Units.** An inventory of the units subject to potential expiration.
- **Comparative Cost Analysis.** Analysis of the costs for preserving versus replacing the units.
- **Acquisition Opportunities.** Consideration of potential acquisition options by public and/or non-profit entities.

- **Potential Funding Sources.** Identification of potential local, state and federal funding sources. Because of the complexity of this issue and ongoing changes to program requirements, jurisdictions are encouraged to seek assistance from qualified authorities. HCD has collaborated with the California Housing Partnership Corporation (CHPC, *see sidebar*) to produce a resource document on this issue, and CHPC is available to provide technical assistance to local jurisdictions.

Also, *see Preservation of Affordable Housing, page 3-105.*

California Housing Partnership Corporation

The California Housing Partnership Corporation has issued a thorough list of the federally subsidized housing that is at risk of conversion to market-rate. The inventory reports, sorted by county, are for privately-owned low-income housing developments and can be used by local planners and housing advocates to identify housing that may become unaffordable to low income households. Project names, addresses, owners, number of units, and types of HUD subsidy are listed. The California Housing Partnership Corporation was created by the state legislature to address this concern by providing technical resources to property owners, tenants, and communities interested in preserving the supply of affordable housing.

Additional Requirements for Coastal Zone Communities

State law requires that communities in coastal zones take into account the affordable housing provided or required pursuant to coastal zone affordable housing mandates. These obligate the protection of existing units occupied by low or moderate income households (including mobile homes and residential hotels), limiting the demolition or conversion of those units. It also requires that the Housing Element's review of coastal zone obligations include, at a minimum:

- The number of units approved for construction after January 1, 1982.
- The number of affordable units required to be provided either within the coastal zone or within three miles of the zone.
- The number of units occupied by low and moderate income households authorized for demolition or conversion since 1982.
- The number of low and moderate income units required, either within the coastal zone or within three miles of it, to replace those units demolished or converted.

DEFINING GOALS, POLICIES, PROGRAMS, AND OBJECTIVES

The Goal-Policy-Program-Objective Framework

State law requires that the Housing Element define goals, policies, programs, and quantified objectives for the maintenance, improvement, and development of housing. Goals and policies should provide a clear statement of what the community hopes to accomplish with its Housing Element. A Five Year Action Plan identifies the specific actions and programs for implementing each policy with quantified objectives to specify the number of units to be built, rehabilitated, or preserved and the number of households to be assisted for all economic segments in the community.

The State-mandated framework for responding to housing needs has four components:

- **Goals** are general statements of values or aspirations held by the community in relation to each issue area. They are the ends toward which the jurisdiction will direct its efforts.
- **Policies** are more precise expressions of the community's position on particular issues, or how particular goals will be interpreted or implemented. Policies may include guidelines, standards, objectives, maps, diagrams, or a combination of these components.
- **Implementing Programs** are the third and most dynamic part of the Housing Element. They are presented in a *Five-Year Action Plan* (see page 1-38), presenting specific actions that the jurisdiction or other identified entities will undertake to address policy issues and move closer to the community's goals. These might include ongoing programs sponsored by the jurisdiction (e.g., a rehabilitation loan program), discrete time-specific actions (e.g., adopt an ordinance or establish a housing trust fund), or further planning actions (e.g., develop a specific plan).
- **Quantified Objectives** are the fourth and final component of the Housing Element framework. They establish short-range targets to achieve the Housing Element's goals by identifying the maximum number of housing units by income category that can be constructed, rehabilitated, and conserved over the five-year period. They should represent realistic yet aggressive targets that will guide program implementation and serve as the basis for ongoing monitoring and evaluation.

Because the community's total housing needs may exceed available resources and the community's ability to satisfy those needs, the quantified objectives do not need to be identical to the total housing needs (although significant discrepancies must be discussed). To the extent possible, quantified objectives should be established not only for the overall Five-Year Action Plan (by income category and by type of activity: construction, rehabilitation, conservation, and assistance), but also for specific programs and areas of special housing need.

Sample Housing Element Outline

Introduction

- Purpose
- Housing Element Requirements
- Preparation Process
- Consistency with Other General Plan Elements

Background Analysis

- Population and Employment Trends
- Household and Housing Characteristics
- Special Housing Needs
- Assisted Housing Eligible for Conversion
- Available Land Inventory
- ABAG Housing Needs Determinations
- Potential Governmental Constraints
- Potential Non-Governmental Constraints
- Opportunities for Energy Conservation
- Assessment of Current Housing Element

Housing Goals, Policies, Programs, and Quantified Objectives

- Goals
- Policies
- Five Year Schedule of Implementation Actions
- Quantified Objectives

Strategic Alternatives, Goals, and Policies

The formulation of goals and policies must consider and address the housing needs, resources, and constraints that were analyzed for the Housing Element. **There should be a corresponding goal and policy for each housing need, resource inadequacy, and constraint identified in the assessment section of the Housing Element.**

The review of housing needs, resources and constraints, and determination of specific goals and priorities for the Housing Element should be the focus of the community participation program of the Housing Element process. This provides an opportunity to educate and involve local residents and key stakeholder groups in understanding local housing needs and defining local goals in response to those needs.

Through a participatory approach, the Housing Element process can help build support for future program implementation and housing development that responds to community needs and priorities. *Section Two of Blueprint 2001* focuses on issues and guidelines for ensuring a successful community participation process.

What policy changes or programs are needed?

To translate needs into goals and policies, it is helpful to first consider strategy alternatives. This can help ensure that the policy approach taken in the Housing Element is consistent with other community goals and priorities, and provide an opportunity for local residents to first consider the trade-offs between alternative approaches at a general level. For example, community discussions related to potential housing policies and programs might first develop and consider “big picture” strategies such as:

- Give priority to meeting the needs of low-income families, since they represent the most significant area of unmet need.
- Focus housing development in the downtown area to promote higher densities and levels of affordability and to create a more vibrant city center.
- Promote a broader mix of housing types in all areas of new development.
- Encourage the development of second units in a particular area of town to provide new housing opportunities and improve the utilization of large properties.
- Encourage programs, services, and innovative housing designs to respond to special housing needs in the community, including groups such as seniors, people with disabilities, farmworkers, and homeless people.

Once a list of potential strategy alternatives is developed, community discussions can focus on evaluation of the relative merits of each alternative, resulting in a short-list of priority housing strategies. With general consensus on these key strategies, it will be much easier to define specific goals, policies and programs.

In developing and evaluating potential strategy alternatives, and subsequently defining specific policies and implementing programs, the following should be conducted:

- **Review Past Program Performance.** Past program performance offers the quickest and easiest program direction. What works and why? What did not work and why not? Look at the housing that has been built: what did the local jurisdiction do to make it happen, and how can more of it be encouraged? What programs does the city or county currently have for the provision of affordable housing? Do they need expansion, revision, or replacement?
- **Link Housing Goals and Policies with Social Program Needs.** Respond to the unmet housing needs of groups that require special facilities and/or services, since the private housing market rarely serves these groups well without some form of incentive, subsidy or regulation. Who is most in need of housing? Who is not being served by local programs? Who is being forced out of a community, or kept from moving in, because of high housing costs? What programs will assist them? Give special consideration to potentially hidden or marginalized groups, and to the special needs of various sub-groups (e.g., the housing needs of seniors or people with disabilities vary widely—no single type of facility or housing will meet all the needs).

- **Respond to Community Input and Priorities.** Housing plays a key role in community livability and sustainability. Define housing strategies that support other community goals and priorities while also responding to unmet housing needs. Also, consider the input and recommendations of non-profit developers, homebuilders, service providers, and community representatives. They have valuable experience and perspectives that go beyond “the numbers.” Strategies and programs that respond to their interests and concerns are more likely to have local political support for adoption.
- **Capitalize on Opportunities.** The Housing Element analysis may have highlighted specific opportunities that exist within the community, such as a key vacant site, a major re-use opportunity, or a large area of substandard housing. Can public sites, vacant land, or under-utilized lots support new housing? What policy changes or programs are needed to make housing possible on those sites and/or supply the subsidies necessary to make them affordable?
- **Define What Land Use Changes Would Make Housing More Available and Affordable, Either on Existing Sites or on New Ones?** These may provide opportunities for new housing initiatives that can respond to community needs and contribute to meeting other community planning goals as well.
- **Remove Constraints.** The Housing Element should provide a program to remove or overcome each constraint identified. This is especially true for local governmental regulations, policies, and practices that deter housing development and preservation. Why do those constraints exist? How can they be eliminated or modified? In dealing with those constraints that are not within the scope of a city or county, a community needs to design programs that recognize, adapt to, and/or overcome these barriers.
- **Expand the Available Pool of Resources.** The Housing Element is an opportunity to expand the potential resource base for housing by considering the full range of potential funding sources.
- **Identify Ways to Collaborate with Non-Profits.** Identify ways in which local government can assist non-profits through the approval process—in working with the local community, identifying site constraints, and understanding realistic site development potential early in the process. Ensure that development requirements are appropriate and flexible enough to minimize housing costs while still assuring a fit with local community standards and provide funding and other forms of assistance to help leverage other funding sources.
- **Provide a Variety of Housing Choices to Meet a Variety of Housing Needs.** Housing strategies should provide for a wide range of housing programs to meet a wide range of needs, expanding housing choices for various groups.



Five-Year Action Plan

In addition to the overall goals and policies of the Housing Element, implementing programs should be presented in the context of a Five-Year Action Plan. This is the most dynamic part of the Housing Element as it details the actions that will be taken by the local jurisdiction and others to respond to local housing needs and implement the Housing Element’s goals and policies.

Each implementation action should be linked to a goal, policy, and objective, and should address one or more of the following:

- **Land Use and Development Controls.** The administration of land use and development controls.
- **Regulatory Incentives.** The provision of regulatory concessions and incentives.
- **Available Subsidies.** The utilization of appropriate federal and state financing and subsidy programs when available.
- **Redevelopment Set-Aside Funds.** The utilization of redevelopment housing set aside funds (if the community has a redevelopment agency).

Program Descriptions

Each implementing action described in the Five-Year Action Plan must provide the following information in addition to the basic program description.

- **Responsible Agencies.** The agencies and/or officials responsible for implementation, indicating the lead agency where appropriate or necessary.
- **Timeframe for Implementation.** A statement of the time frame or “schedule” in which the action will be carried out. Most actions should be scheduled for implementation within the five-year time frame of the Element; however, some actions may be appropriately defined as “continuing.”
- **Numbers of Units or Households.** Each program should identify the number of units that will be constructed, rehabilitated, or conserved and the number of households that will be assisted. This is the “Quantified Objective” for the implementing program. The quantified objectives should be listed by program and summarized for the entire element.

To the extent possible, implementing actions should be specific and quantifiable to ensure that they result in discernible, concrete results rather than a vague or general “program.” For example, a program to “encourage development of affordable housing” is far less meaningful than a program committing the local government to adopt an inclusionary zoning ordinance by a particular date.

Program Requirements

State law requires that the Housing Element consider and address six primary areas of housing need. These provide an overall structure for the consideration of alternative housing strategies, and subsequently for the organization and articulation of goals, policies, and implementing programs.

- **Ensure Adequate Sites.** In its Five-Year Action Plan, the Housing Element must identify sites for a variety of housing types, sufficient to meet the community’s goals. **This is one of the most important parts of the Housing Element** because it obligates the community to zone sites at high enough densities to make the development of affordable housing feasible. The number of and types of sites made available must be correlated to the locality’s share of the regional housing need. In general, the Housing Element must identify sites that:
 - Will be made available for development during the time frame of the element.
 - Are served by infrastructure so that they are actually available for development.
 - Have zoning and development standards that facilitate and encourage a variety of housing for all income levels, including multi-family rental housing, factory built housing, mobile homes, emergency shelters (which includes shelters for homeless persons), farmworker housing, and transitional housing.

Where the inventory reveals insufficient sites to accommodate the housing needs for all income levels, the Five-Year Action Plan must provide sufficient sites, developable “by right” at multi-family densities, to accommodate the housing for very low and low income households. Use “by right” means the use does not require a conditional use permit, except where the proposed development is a mixed-use development.

This obligation to zone multi-family sites as developable “by right,” if there are insufficient sites to meet the community’s share of the regional housing need for very low and low income housing, must be applied in conjunction with the State’s “least cost” zoning statute (§65913.1). That section requires communities to zone sufficient sites to meet their entire share of the regional housing needs. Thus, while the Housing Element’s total quantified objectives may be lower than the jurisdiction’s regional housing need numbers, the identification of sites must demonstrate adequate capacity to meet all of the regional housing need numbers, at least for very low, low, and moderate income households.

- **Provide Assistance to Support Affordable Housing.** The Housing Element must include implementation actions that provide some assistance in the development of housing to meet the community's affordable housing needs. Assistance can take many forms, but the action should be concrete and specific.
- **Conserve and Improve the Existing Affordable Housing Stock.** The Housing Element should include implementing programs that conserve and improve the condition of the existing affordable housing stock, which may include ways to mitigate the loss of dwelling units demolished by public or private action. Actions must, at a minimum, address any needs based on housing characteristics, including overcrowding and housing conditions identified in the background analysis of needs. Programs should also focus on issues of code enforcement and inspection. This requirement also provides an opportunity for communities to address the issues of controlling demolitions and requiring relocation benefits for persons displaced.
- **Address and Remove Governmental Constraints.** For each constraint identified in the analysis of needs, the Housing Element should provide an implementing program to address and remove the constraint "if appropriate and legally possible." If the implementation actions addressing constraints do not provide for removal of each constraint, the program should explain the reason for the decision not to remove it (i.e., an explanation of why it is not appropriate and/or not legally possible to remove the constraint).
- **Promote Equal Housing Opportunities.** The Housing Element must include actions that promote equal housing opportunities for all persons regardless of race, religion, gender, marital status, ancestry, national origin, color, familial status (i.e., families with children), source of income, sexual orientation, and disability. Implementing programs should at the very least provide some means for receiving, investigating and resolving complaints of discrimination; distributing fair housing information (in multiple languages, if necessary, and in accessible, visible locations); and linking with advocacy groups and fair housing councils. The Housing Element should also address potential discrimination by lenders.
- **Preserve Assisted Housing.** The Housing Element must include a very specific action to preserve assisted housing threatened with conversion to market-rate housing. Every assisted development identified in the assessment portion of the Housing Element as being at risk of conversion to market rate housing must be addressed with an implementation action. To the degree necessary, the actions must provide for the application for and utilization of any available federal, state or local funding, unless the community can demonstrate that it has "other urgent needs" for the funding. Other urgent needs would probably include completion of new assisted housing to which the locality has already made a commitment, or development of replacement housing for the units being lost.

Section Three: Directory of Housing Strategies and Programs

Section Three of Blueprint 2000 provides an in-depth directory of potential housing strategies and programs. It provides a valuable starting point for considering, evaluating, and deciding upon appropriate housing programs. For a summary, see the Directory Overview starting on page 3-1.

The section is organized according to the State's six program requirements (see pages 1-39 and 1-40). Included are programs and strategies that are targeted towards meeting special housing needs and with specific program components like affordability, rehabilitation, preservation, and/or fair housing. Financial programs are listed separately, in *Section Four, Directory of Financial Resources*.

Quantified Objectives

The sum of the quantified objectives in the Five-Year Action Plan should ideally be equal to or surpass the community's identified housing needs. If the expected number of units to be built in total and in each income or special needs category falls short of a community's housing needs, another review of land availability, development constraints, and proposed housing programs should be conducted. This should be an iterative process, comparing quantified objectives and assessed need and re-evaluating housing and land use programs until a community's housing needs can be met. Specific questions include:

- What potential approaches were overlooked?
- How can a proposed program be expanded?
- What constraints can be removed?
- How can additional sites be made available?

Unlike the sites inventory, where there must be a unit by unit match to the jurisdiction's regional housing need determination (*see page 1-17*), the law recognizes that the community may not be able to marshal the resources to actually meet the full need identified and, therefore, the quantified objectives for the number of units to be developed or assisted can be less than the total housing needs. In this case, where a city or county is unable to meet its housing needs, the limitations of the proposed and existing programs should be clearly discussed; and the rationale for the rejection of other programs and policy changes should be explained.

The quantified objectives should, at minimum, list the number of housing units that can be constructed, rehabilitated, and conserved for each income category of need (very low, low, moderate, and above moderate). If the construction objective is less than the regional share for an income level, the element should include a discussion of the process used to determine the number specified.

Incorporating the 2000 Census Data

The 2000 census data will be released between 2001 and 2003. This is an opportunity for a mid-course review and correction of Housing Elements. Communities should incorporate this data into the annual review process and use the new, more accurate data to review and update their Housing Element's analysis, priorities, programs, and conclusions as appropriate.

MOVING FORWARD



Monitoring Program and Annual Reviews

State law requires that every jurisdiction provide an annual report on the status of its General Plan, with particular attention to the Housing Element. The report should be made by the local planning commission then forwarded to the local legislative body, the Governor's Office of Planning and Research, and HCD.

The annual report should present the status of the plan and summarize progress in its implementation, including progress made towards meeting the jurisdiction's share of the regional housing needs and removing governmental constraints to the maintenance, improvement, and development of housing.

The Housing Element should facilitate the annual report requirements by setting up a monitoring program that tracks the results of local housing programs in a manner that allows for quick and easy comparison to the Element's quantified objectives and overall housing goals. It should establish criteria for measuring success and a methodology for keeping up-to-date records on housing achievements and progress towards meeting goals. Essentially, for every housing goal, there should be an indicator or set of indicators established as part of the Housing Element for monitoring success. Examples of the types of information that could be tracked in a monitoring program include the number and type of building permits finalized, the number of housing units built by type and level of affordability, the number of households assisted, and periodic surveys of local market rents and home prices.

The benefits of an effective monitoring program include:

- **Modify Priorities as Needed.** Units built or approved and other measures of success can be easily compared to housing goals and quantified objectives. Over- or under-performance in certain areas may indicate a need to modify priorities or re-allocate funding.
- **Keep Data Up-to-Date.** An updated Housing Element must be adopted by December 31, 2001, containing quantified objectives for the 1998 to 2006 time period. The next update must occur by June 30, 2006. By keeping relevant data up-to-date and accessible for periodic program reviews, the need for data collection during future Housing Element revisions can be significantly reduced or eliminated.
- **Comply with Statutory Requirements.** The State requires an annual report on Housing Element achievements and progress towards meeting regional share. An effective monitoring program can greatly facilitate the annual report process.
- **Assure Accountability and Long-Term Effectiveness.** The annual report should do more than just summarize "the numbers." It should identify what programs have and have not been effective and what changes should be made.



California Environmental Quality Act Requirements

Each jurisdiction is required to comply with CEQA as it relates to revision of the Housing Element or any aspect of the General Plan. The environmental assessment process requires completion of an Initial Study to determine if "the project" (in this case the revised Housing Element) might lead to a significant adverse effect on the environment. In other words, what will be the environmental impact of implementing all of the programs and actions identified in the Housing Element? If a significant impact is identified (based on defined criteria) then the jurisdiction must prepare an EIR. If the Initial Study indicates that there will be no potential adverse environmental effects (which may be the case, for example, if the Housing Element does not propose any changes to existing land use designations), then the jurisdiction prepares a Negative Declaration to comply with CEQA requirements.

To avoid redundancy in EIRs, CEQA allows agencies to prepare different types of EIRs and to use certain procedural methods. Program EIRs are “first-tier” EIRs, meaning that they typically cover issues at a broad generalized level of analysis. “Tiering” is used as a multi-level approach for EIR preparation. Once a first-tier EIR has been completed, subsequent CEQA documents (second-tier EIRs, Negative Declarations, and Mitigated Negative Declarations) incorporate by reference the first-tier EIR’s general discussions, conducting additional, more specific environmental analysis as necessary in response to the potential impacts of the proposed development.

The most common EIR used for General Plans is a Program EIR (described in CEQA Guidelines Sec. 15168). The Program EIR is usually prepared for an agency program or series of actions that can be characterized as one large project, and agency plans, policies, or regulatory programs. See CEQA Guidelines Sec. 15168(a) for the types of actions that require a Program EIR.

After preparation of a Program EIR, subsequent activities such as implementation and adoption of specific programs, area plans, or other actions will be examined to determine if additional CEQA documentation is needed. No further environmental documentation would be required if the subsequent activity is covered specifically and comprehensively in the Program EIR. However, if a subsequent activity is found to have effects not cited within the Program EIR, the jurisdiction would again need to prepare an Initial Study, leading to either a Negative Declaration or an EIR.

The CEQA Guidelines cite five advantages to the use of Program EIRs [Sec. 15168(b)]:

- Provision for a more exhaustive consideration of impacts and alternatives than would be practical in an individual EIR.
- Focus on cumulative impacts that might be slighted in a case-by-case analysis.
- Avoidance of continual reconsideration of recurring policy issues.
- Consideration of broad policy alternatives and programmatic mitigation measures at an early stage when the agency has greater flexibility to deal with them.
- Reduction of paperwork by encouraging the reuse of data (through tiering).

Some disadvantages of using a Program EIR include:

- Lack of adequate funding because CEQA does not provide a system for recouping the cost from future development projects.
- Difficulty determining how long the data in the Program EIR can be successfully used as a basis for tiering (typically determined on a case-by-case basis).

Despite these shortcomings, the Program EIR is considered a useful tool for evaluating community-wide and regional impacts and for saving agencies time and money as they comply with CEQA on subsequent projects. Thus, they can be used to provide solid base information for site development and to shorten the review time for affordable housing developments or later actions identified in the Housing Element.