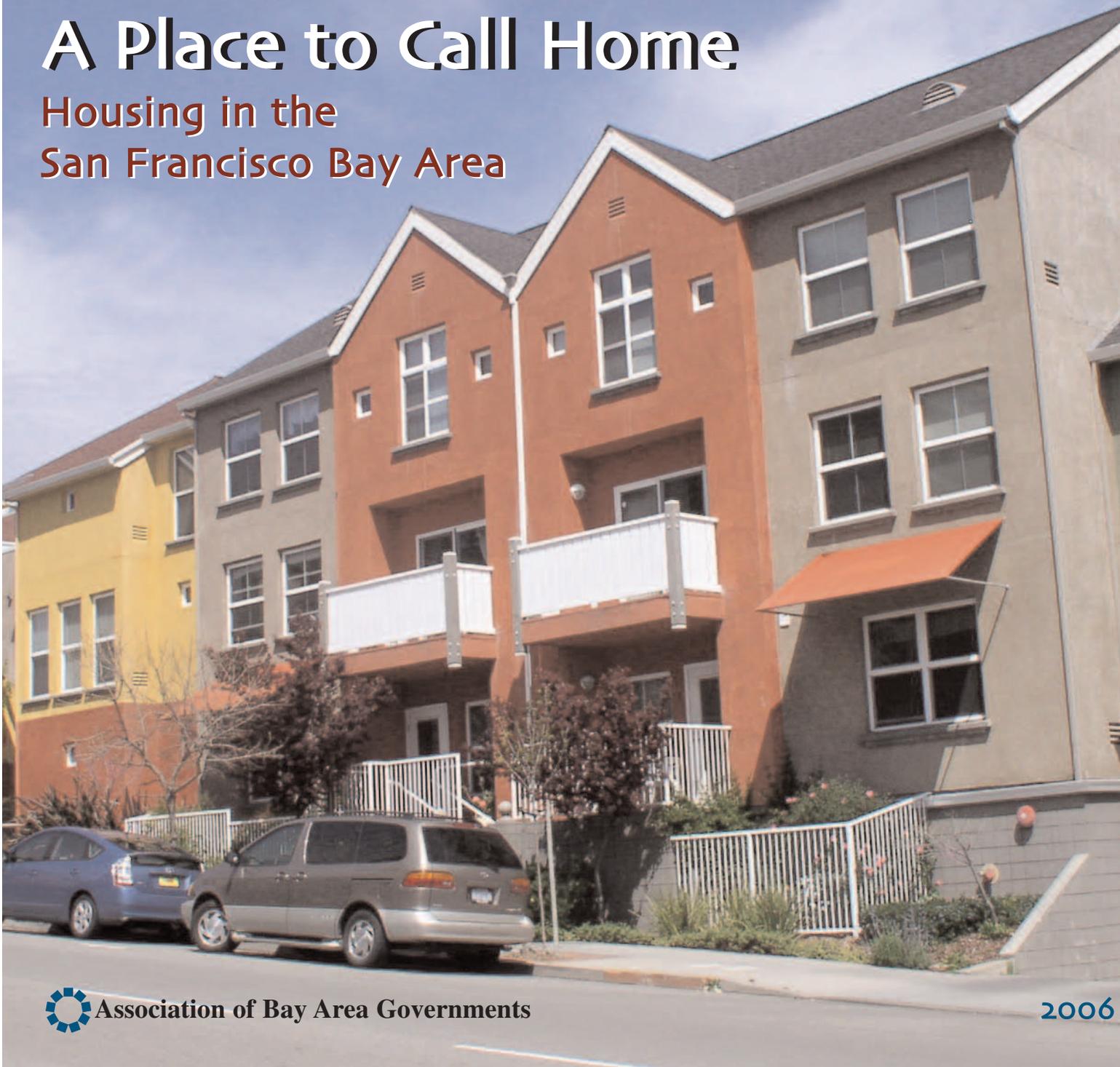


# A Place to Call Home

Housing in the  
San Francisco Bay Area



# Acknowledgements

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# A Place to Call Home: Housing in the San Francisco Bay Area

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# Executive Summary

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Over the last decade, the San Francisco Bay Area has become one of the most expensive housing markets in the United States. High housing costs have put homeownership out of reach for many Bay Area residents who would like to purchase a home and have made finding an affordable apartment a challenge for many.

Faced with a lack of affordable housing options, residents have limited choices: move to distant areas where housing is less expensive and put up with a long commute, pay more than they can comfortably afford, live in overcrowded conditions, or leave the region for places that are not as expensive.

The housing shortage takes a toll on individuals, families, and the entire Bay Area. The outward spread of development to provide less expensive housing leads to loss of open space and agricultural land and longer commutes. High housing costs also negatively affect social equality and economic growth.

Bay Area housing costs are high because there are not enough homes to meet the demand. Since the 1990s, housing production has not kept pace with population growth. Also, most communities focus on production of single-family homes. Since apartments and townhomes are often more affordable, this

lack of housing choice contributes to higher sales prices and rents.

There are factors that hinder housing production in the region, including fiscal policies, government regulation, inadequate funding, and community resistance. However, many communities in the Bay Area have taken steps to encourage housing production.

## Meeting the Challenge

These actions helped the region make significant progress in meeting its housing needs. As part of the State-mandated Regional Housing Needs Allocation (RHNA), each city and county was assigned housing goals for 1999 to 2006 across a range of incomes. **For this period, the Bay Area permitted 80 percent and constructed 73 percent of its goals. Jurisdictions also met 34 percent of the target for very low-income housing, 70 percent for low-income housing, and 29 percent for moderate-income housing.**

Although these achievements have been extremely important, more still needs to be done. Bay Area residents, governments, businesses and community groups must join together to decide how best to accommodate this growth.

## Next Steps

The region has begun the latest update of RHNA. Cities and counties will update the housing elements of their general plans in accordance with regional housing goals set by the State and allocated by the Association of Bay Area Governments (ABAG). This is not only a legal requirement, but an important step in identifying sites for needed housing. This process will encourage production of more housing, with a range of choices, and should be coordinated with other regional planning efforts to promote more housing near transit in existing urbanized areas.

While RHNA is important, the Bay Area needs to involve local communities, developers, and the State to address its housing needs. As a region, we need to work together to resolve the issues that prevent development from happening in appropriate places.

The lack of sufficient funds, and the complex process for acquiring them, present major barriers to producing affordable housing. More funding, preferably from a permanent source, and simplified methods of acquiring funds are needed to create more affordable housing.

In addition, wider use of inclusionary housing policies, and improvements to existing policies should be considered.

# The Housing Challenge

As anyone familiar with the San Francisco Bay Area knows, the region is one of the most expensive housing markets in the United States. Everyone in the Bay Area has a story to tell about the struggles that he or she, or a friend or relative, has had to endure to find an affordable house or apartment.

The importance of a decent, affordable home for an individual or family is easy to appreciate: it provides shelter, stability, economic benefits, and access to services such as shopping, schools, health care, and public transit. The shortage of affordable homes in the Bay Area has significant negative consequences for residents. Some people are forced into overcrowded units while others pay too much for housing, leaving them with less money for other needs. Workers looking for affordable homeownership opportunities “drive ‘til they qualify”—obtaining a less expensive home at the edge of the region (or beyond) in exchange for having to endure a long commute.

The impact the shortage of affordable housing has on the quality of life in the region as a whole may be less apparent, but is no less significant. The desire to produce cheaper housing in outlying areas has led to the loss of open space and prime agricultural land. The number of people who must commute

from these areas has contributed to increased traffic congestion and compromised air quality.

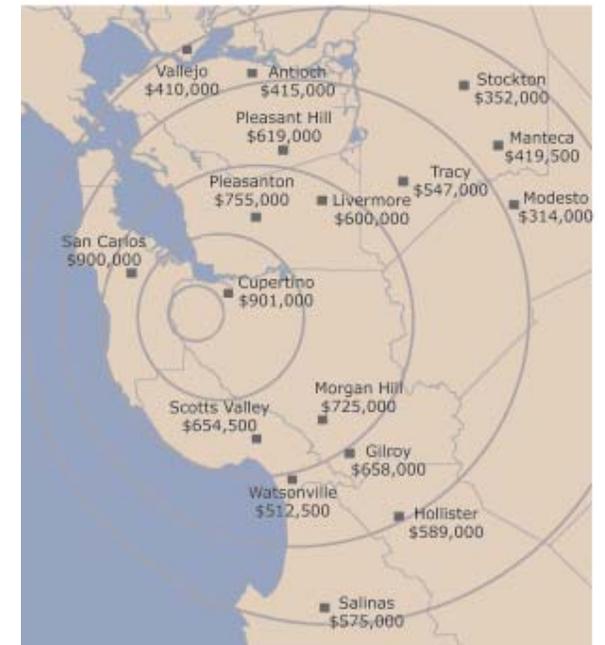
The lack of housing choices in existing communities strains the community fabric, forcing young people to leave the communities in which they were raised and separating generations. The high cost of housing is also an obstacle for businesses, universities, and community organizations trying to fill open positions, and is a barrier to attracting new employers to the area.

The Bay Area has many features—distinctive communities, beautiful natural environments, a diverse economy, and unique recreation areas—that make it a desirable place to live. As a result, the region will continue to attract people and face increased growth pressures. However, the current pattern of development is straining the region’s resources.

It is time for Bay Area residents to come together to think broadly about how to accommodate future growth in a way that fosters vibrant communities and preserves the characteristics that make the Bay Area special.

The purpose of this Association of Bay Area Governments (ABAG) report is to focus regional attention on the need for additional housing production in the Bay Area. We hope this examination of housing issues will spur more public discussion about how best to address the growth and development challenges facing the region.

**Figure 1: Median Home Price**  
All Home Sales Recorded in 2005



Source: DataQuick Information Systems, ABAG Analysis

*A simple comparison of housing prices shows that, on average, the price of a home drops by \$5,000 for every mile you move outside the Bay Area’s core.*

## High Housing Costs

While the difficulty of finding appropriate housing is common to a lot of places, the Bay Area stands out as a particularly expensive and difficult housing market. The National Association of Realtors ranked the Bay Area as the most expensive Metropolitan Area in the country for 2005—a distinction that the region has typically held.

The California Association of Realtors regularly identifies the percentage of the local population that can afford to buy a median priced home using their income alone. Figure 2 shows that 27 percent of Bay Area residents could afford such a home in 1999. By 2005, the percentage had fallen to only 12 percent.<sup>1</sup>

The situation is no better for renters. About 45 percent of Bay Area households rent, and we live in one of America's least affordable rental markets. A minimum-wage employee would have to work at least 150 hours per week to afford a 2-bedroom apartment in the region.<sup>2</sup>

Figure 3 shows that rents in five Bay Area counties are among the ten most expensive in the country. A wage of almost \$30 an hour is needed to afford a two bedroom apartment in Marin, San Francisco, or San Mateo counties. For the remaining counties, a wage of \$19 to \$25 is needed.<sup>3</sup>

To illustrate who is impacted by these high rents: on average per hour, sheriff's deputies in our region make \$33, firefighters \$28, kindergarten teachers \$13, licensed practical nurses \$25, and janitors \$12.<sup>4</sup>

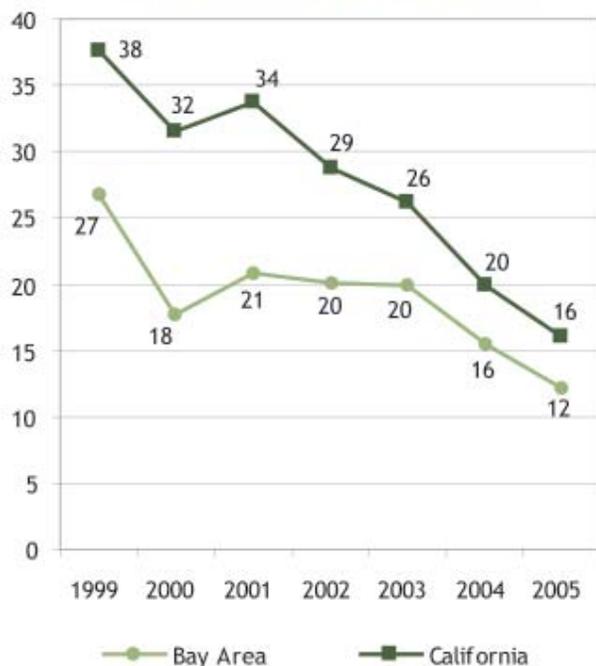
The burden is even greater for low-income households, who are hit particularly hard as housing costs rise. Many need some form of subsidy to afford housing in this market—subsidies which are in short supply. Those individuals and families who cannot obtain assistance are forced to double-up in housing or live in substandard conditions.

Some people think housing prices are so high in the Bay Area because of the number of high-income people living here. At \$77,700, the median household income in the Bay Area for 2004 was higher than the state-wide median of \$64,600.<sup>5</sup>

However, the most fundamental cause of the high housing costs is that individuals and families are competing for a very limited supply of homes and apartments. A primary reason that many employers in the Bay Area pay higher wages than in the rest of the country is to attract workers to an area with a high cost of living.

It is important to note that the figures above describe household income, not wages. Many families in the Bay Area must combine two or more incomes in order to afford the region's

**Figure 2: Percent Who Can Afford Median-Priced Home**



Source: California Association of Realtors

high housing costs. As noted below, others pay more for housing than they can comfortably afford.

### Overpayment and Overcrowding

The lack of affordable housing options in the Bay Area forces many consumers into paying a higher percentage of their income for housing. This leaves families with less to spend on necessities such as food, childcare, and healthcare, and at local businesses.

When administering its housing programs, the federal government assumes a household should spend no more than 30 percent of its income on housing.

The California Budget Project, analyzing government current population survey data, estimated that in 2004 about half of Bay Area homeowners spent at least 30 percent of their household income on housing. But 18 percent of all homeowners spent 50 percent or more of their household income on housing.<sup>6</sup>

The situation is even more challenging for renters. Fifty percent of all renters in the region spent at least 30 percent or more of their income on housing and over 25 percent of all renters spent at least 50 percent of their income on housing.<sup>7</sup>

While some families respond to the shortage of affordable housing choices by paying more

than they can afford for housing, others end up in overcrowded homes as a way to lower their housing costs. Four Bay Area counties—Santa Clara, San Francisco, San Mateo, and Alameda—rank within the top 100 counties in the U.S. relative to overcrowded housing.<sup>8</sup>

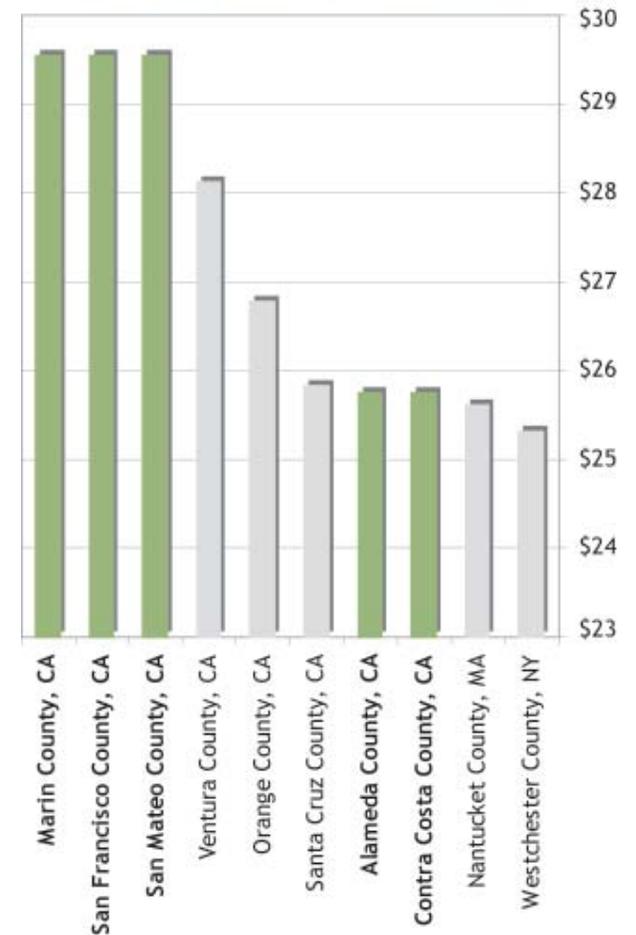
### Longer Commutes and More Traffic

Each year the Bay Area Council, a business-sponsored public policy advocacy organization, performs a public opinion survey to identify the major regional issue in the Bay Area. Each year the economy, housing costs, and traffic congestion top the list of concerns.

While these may seem to be three separate issues, they really are not. Travel patterns are dictated by the location of people’s homes, jobs, and other activities. In the Bay Area, high housing costs force many people to move to less costly areas and accept longer commutes—sometimes from outside the region. And, of course, high housing costs and traffic congestion limit economic growth.

While jobs are distributed throughout the region, most are still located in a limited number of centralized locations. Housing in job-rich areas around San Francisco and the Silicon Valley are where costs are the highest. At the same time, a significant portion of the housing additions are being made in distant portions of Solano and Contra Costa counties.

**Figure 3: America's Least Affordable Jurisdictions in 2005**  
Hourly Wage Needed for 2-Bedroom Rent



Source: National Low Income Housing Coalition

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*I make a 60.2-mile commute from Fairfield to Fremont. While the home we built is much nicer than what we could afford in the South Bay, the costs of gas and tolls are slowly making up the difference. Not to mention the two-plus hours spent each day in traffic rather than with my wife....The pleasure of owning a home is wearing thin, because I spend half my time off driving to it or from it and not enough time in it.<sup>9</sup>*

—Michael Gargan  
Fairfield

Source: San Jose Mercury News

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The push for housing development also leap-frogs beyond the region. Commuters on a typical day enter the region from the Sacramento Area, from the Central Valley counties of San Joaquin and Stanislaus, and from counties directly south of the Bay Area.

ABAG estimates that, in 2005, the average number of jobs exceeded the number of workers in the region by over 290,000. By 2030, we estimate that jobs will exceed workers by about 422,000. This trend will lead to an increase in the number of people commuting into the region.<sup>10</sup>

### Economic Effects

Rising housing costs are also a significant threat to the economic well-being of the region. It is unrealistic to think that we can address the high cost of housing by just emphasizing the creation of high-paying jobs. Not everyone in a community can have these types of jobs—there will always be a need for people in lower-paying jobs, such as teachers, police officers, and service workers.

The people in these jobs provide important benefits to our communities, and the shortage of affordable housing choices has a disproportionate impact on them, since they do not have the resources to compete for the homes that are available. In order to ensure a functioning community and maintain the quality of life in the Bay Area,

it is important that we strive to provide for the needs of people at all income levels.

One of business leaders' top complaints about the Bay Area is the lack of affordable housing. Nearly three-quarters of those questioned in the 2006 Bay Area Council poll said increasing the supply of affordable housing was "very important." And 58 percent stated they supported building new homes on underutilized space within urban areas.<sup>11</sup>

If high housing costs prohibit people from being able to live comfortably in the Bay Area, then it will be more difficult to attract and retain employees—and available jobs may remain unfilled. Therefore, if we do not build the housing that we need, our economic success will erode.

# Why is Bay Area Housing So Expensive?

Housing is expensive in the Bay Area because of continued low levels of housing production in an attractive area where demand is high. The need for housing generated by the annual increase in population was 33,400 units per year during the 1980s. At that time, we were adding about 40,000 housing units each year—numbers sufficient to meet the needs of the population increase.<sup>12</sup> Since the 1990s, production has varied from year to year, but overall it has not kept up with housing need.

## Lagging Production

Compared to the 1980s, annual population increases were slightly lower in the 1990s. Based on this growth, 29,500 housing units were needed in the region. However, housing production during the 1990s declined to about 27,000 units per year. Since 2000, the housing need from population increases is estimated to be 23,700 units per year, but annual housing production in the region has declined even further to an average of only about 20,000 units per year.<sup>13</sup>

As a result, in 1999, the California Department of Housing and Community Development (HCD) estimated the unmet housing need in the Bay Area at over 230,000 units.

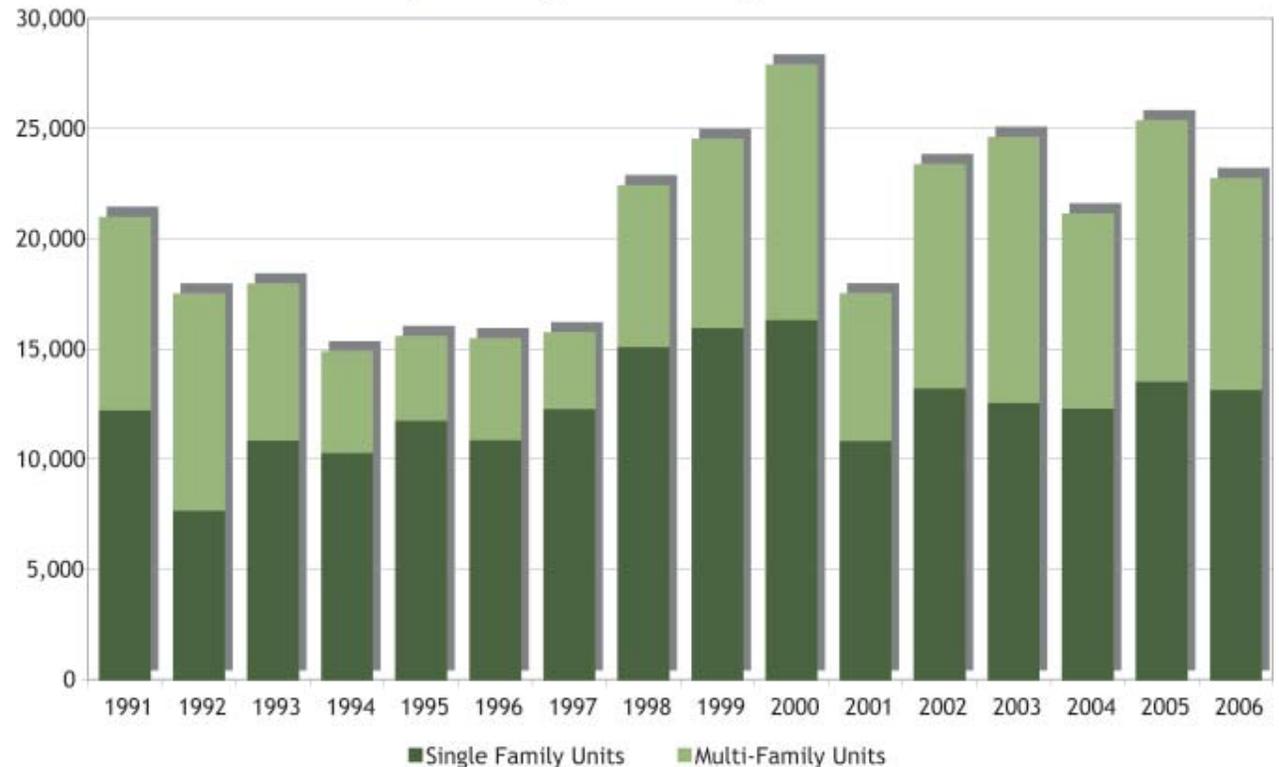
## Limited Mix of Housing

On top of the low historical production levels in the region, the mix of housing being built also contributes to higher home prices. Many Bay Area communities focus on adding larger single-family homes, and do not provide

consumers with a choice of housing types, such as smaller homes, townhomes, or apartments.

Multi-family housing, in particular, is a key to providing affordable options for individuals

Figure 4: Bay Area Housing Production



Constructed housing units, from ABAG's analysis of data from the California Department of Finance E-5 Report.



La Terrazza at Colma Station, Colma



Mountain View



Stonebridge, St. Helena

Photo Courtesy of EAH, Inc.

and families. Multi-family housing comes in a range of prices, but it can often include more affordable options than single-family homes.

Unlike the rest of California, the Bay Area has been doing a better job of creating multi-family housing, which has had an increasing share of production in the last few years. As a result, about one third of the region's housing units are in multi-family structures.<sup>14</sup>

However, while every city in the region has some multi-family housing, 75 percent of all multi-family units are located in just twenty cities—usually urban or long-established suburban cities. Not surprisingly, 45 percent of the multi-family housing is in San Francisco, San José, or Oakland.<sup>15</sup> Giving people more choice in the available types of housing throughout the region would make a significant contribution to solving the Bay Area's affordable housing problems.

### Barriers to Housing Production

There are significant barriers that face local communities, developers, and affordable housing advocates when trying to build more housing. They include community resistance, government policies and regulations, and limited funding.

### Community Resistance

One of the primary barriers that developers and local governments face in getting more housing produced is opposition from residents of existing neighborhoods. This is particularly true in areas where redevelopment, infill or second units could increase the amount of housing available.

Citizens often object to projects because of concerns that more housing, especially higher-density housing, will have negative effects on their neighborhoods. This fear is generally based on the perception that higher-density housing is designed poorly and will not match the quality or appearance of existing homes. Other issues often raised in response to proposed housing developments include concerns that more residents will put added stress on local roads and schools.

As a result, proposals for new housing often must be reworked with lower densities or, in some cases, are denied entirely. In some areas, parcels have been down-zoned from their original densities, which results in fewer potential homes. In addition, many developers focus on creating housing in undeveloped areas in order to avoid dealing with the challenges of dealing with neighborhood opposition.

In order to support development in existing urbanized areas, plans for new development need to address the concerns of existing

community members and to recognize that they must participate in the process.

### Permits and Entitlements

Many developers, both for- and non-profit, also cite the permitting and entitlement process as a barrier to increased housing production. In general, land use regulations are necessary to protect and promote public health and safety, and to ensure that developments meet community needs.

While many local communities are working to provide more housing opportunities, others have adopted growth controls on residential development. These local controls can contribute to higher prices across the region by limiting the potential for development.

Some jurisdictions have burdensome requirements or processes that can limit housing production. For example, jurisdictions often base their parking standards on what is appropriate for suburban-style developments. In many cases, these requirements are excessive when applied to multi-family or infill developments, and the costs of providing the parking can make affordable projects infeasible.

In addition, developers argue that the tangle of regulations they often encounter cause delay and uncertainty. For developers, that translates into costs that will be passed on to

consumers—homeowners and renters—which ultimately reduces housing affordability.

### The “Fiscalization” of Land Use

As a result of passage of Proposition 13 in 1978 and State-mandated shifts in how tax revenues are allocated, local governments have lost much of their control over tax dollars. Proposition 13 significantly limits the amount of property taxes that can be collected, which has had significant impacts on local governments’ land use policies.

To offset lost property tax dollars, cities and counties have been forced to rely on sales tax revenues to provide much of the funding for basic services. Individual communities are put in the position of competing against one another for projects that help them capture a higher share of sales tax revenues.

This process often leads to fragmented retail development and encourages developers to ask for incentives from cities competing for their projects. In this situation, some communities will be successful in attracting commercial development and others will not. Those that are not as successful will be at a disadvantage in terms of the services they can provide to their residents.

In addition, some local governments over-emphasize commercial development in their land use planning and zoning. Thus, many

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*Local governments that fail to plan will fail to build, which is why the housing element process works. Local leaders have the power to make an enormous difference. Our research shows that cities and counties with certified housing elements build more than three times as much affordable housing as those without certified housing elements.*

**—Dianne Spaulding  
The Non-Profit Housing Association  
of Northern California**

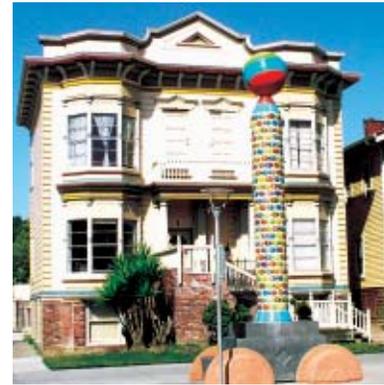
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Pacific Hacienda, San Carlos



Farmers' Market, Oakland



San José



Vintage Chateau Apartments, Petaluma

jurisdictions do not identify enough sites and resources for housing. This perceived lack of sufficient land for housing contributes to higher production costs for housing.

Limits on property tax revenues also hinder development of housing, especially affordable housing. While recent studies indicate that housing generates enough local tax dollars to cover needed services, retail and commercial uses generate significantly more local revenue.<sup>16</sup> In the view of the California Planning Roundtable, an organization of planning professionals, “Many local governments have no incentive to approve much-needed housing projects...because they are money-losers for the local budget.”<sup>17</sup>

### Impact Fees

Another factor that is often highlighted as contributing to escalating housing costs are

the impact fees that local governments charge for new housing development. Since property tax revenues are limited, many communities have adopted impact fees as a way to cover the costs of providing services to new homes. Impact fees, however, do not cover the continuing costs of these services.

Often, the city, county, and many special districts all assess fees. Although these fees are an important funding source that enable jurisdictions to provide needed services, they add to the costs of developing housing, which can act as a barrier to housing affordability.

### Inadequate Funding to Meet the Need

As noted earlier, the cost of owning or renting a home in the Bay Area is out of reach for many of the region’s residents. To make homes available to low-income individuals and families, public subsidies are needed in

order to bridge the gap between what they can afford and what the housing actually costs. Unfortunately, these subsidies are in short supply.

Historically, the federal government provided most of the public financial support for affordable housing. However, the federal government’s commitment to providing funds for affordable housing has declined, and monetary aid has not kept up with the need.

In addition, most federal funds are devoted to providing financial resources, such as rental vouchers and down payment assistance, to help individuals pay for housing, rather than to constructing new affordable homes. Given the continuing shortage of housing units in the Bay Area compared to the demand for those units, increasing the supply of affordable housing is essential to reducing housing costs.

There are two primary funding sources for affordable housing construction in the region—Low-Income Housing Tax Credits (LIHTC) and tax-exempt revenue bonds issued by local governments and redevelopment agencies. The LIHTC program, which is offered at the federal and state levels, allows investors to purchase affordable housing credits that reduce their tax liability. Nationwide, the LIHTC accounts for most new affordable housing construction and up to 40 percent of all multi-family apartment development.<sup>18</sup> In California, the program provides about \$300 million in tax credits annually.<sup>19</sup>

In recognition of the fact that existing funding sources were not enough to meet the need for affordable housing, California voters passed Proposition 46—a \$2.1 billion general obligation bond dedicated to affordable housing—in 2002. According to the Non-Profit Housing Association of Northern California, as of March 2006, the Bay Area had received \$478 million in Proposition 46 awards during the last four years, which have been used to leverage an additional \$1.28 billion and to create nearly 13,000 affordable homes.<sup>20</sup>

Proposition 46, along with the LIHTC program and redevelopment agency bonds account for around 80 percent of Bay Area affordable housing construction. Direct federal funding and a variety of programs, including inclusionary housing, contribute the remaining 20 percent.<sup>21</sup>

### Complex Financing Mechanisms

Since there is no single source that provides adequate funding, the production of affordable housing requires consolidating funds from multiple sources. Nonprofit developers often point to these fragmented programs as being a real difficulty in developing affordable housing projects.

A recently-constructed development from San Francisco provides an example of the complexity of financing affordable housing. North Beach Place is a 341 unit mixed-use development that replaced 229 units of public housing as part of the federal HOPE VI program.

The development was a joint venture between BRIDGE Housing (a non-profit developer), The John Stewart Co. and EM Johnson Interest, Inc. To make the project “pencil out,” the development team had to secure funds from at least eight different sources (see sidebar). The financing included what is believed to be the largest LIHTC allocation in history, as well as one of Citibank’s largest loans—\$56 million in interim financing that was converted to \$24 million in permanent financing.<sup>22</sup>



### Complex Affordable Housing Financing

**Project:** North Beach Place, San Francisco

**Developers:** BRIDGE Housing Corporation, The John Stewart Co., and EM Johnson Interest, Inc.

**Description:** A mixed-use development containing 341 units, including public housing, Section 8, and apartments for families making no more than 50% of area median income.

**Funding Sources:**

Proceeds from housing tax credits	\$48.0
Mortgage from Citibank	\$23.7
HOPE VI grant	\$20.0
San Francisco Mayor’s Office of Housing	\$10.0
HOPE VI demolition grant	\$ 3.2
San Francisco Housing Authority ground lease	\$ 1.4
Federal Home Loan Bank of San Francisco grant	\$ 1.0
Developer equity	\$ 0.5
Miscellaneous	\$ 0.2
<b>Total</b>	<b>\$108 million</b>

*Source: Affordable Housing Finance Online, August 2005 issue*

# Meeting the Housing Challenge

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## Recent Housing Goals

The need for more housing choices and more affordable options is a problem that plagues communities throughout California. The State of California has made housing production a priority by requiring cities and counties to periodically update the housing element of their General Plan, which is the document that outlines the community's long-term growth strategy.

The amount of housing that must be accounted for in a local housing element is determined through a process called the Regional Housing Needs Allocation (RHNA). In the RHNA process, the State gives each region a number representing the amount of housing needed based on existing need and expected population growth.

As the Bay Area's designated council of governments, ABAG is required by the State to create an allocation methodology, subject to certain rules, that assigns portions of the regional need to cities and counties. Those jurisdictions then revise their housing elements to identify development sites and housing policies that will allow the community to meet its housing needs. This is a legal requirement and an important step in promoting housing development.

## Local Concerns About RHNA

Local communities understand the need to address the housing shortage and affordability issues. Pat Eklund, Novato City Council Member and, at the time, President of the League of California Cities, announced the League's goals for 2005, and number one was "expand housing supply and affordability."

In her article for the February 2005 *Western Cities* magazine, Eklund wrote, "As city officials, we know the state has a severe shortage of affordable housing near the places where people work. More and more people live in another community where they can find an affordable home or apartment, which requires a long commute to their job. The hours spent in traffic are stressful, tiring, leaving little time or energy for people to spend with their families or get involved in community activities near their homes."<sup>23</sup>

However, even though most jurisdictions are able to identify and plan sufficient land to satisfy their RHNA targets, the housing production goals set by the State are generally not met. This is largely because, as part of the RHNA process, local communities only *plan* for housing. The plans they create influence how and where growth occurs, but local governments cannot control the market

forces and decisions that determine if the housing actually gets built.

In addition, although cities and counties across the state recognize the need for more housing, they are often dissatisfied with the RHNA process. In part, local areas have commented that they should have the power to decide the character of their communities. They view the State's imposed housing production targets as an inappropriate interference that, in particular, does not adequately consider local issues.

Communities often have commented that the RHNA process sets unrealistic goals that are designed to make up for long-term problems over too short a period of time. In this view, the process focuses much of the responsibility for fixing the housing problem on local government when solutions need to involve the private and nonprofit sectors as well.

Despite these limitations, many cities acknowledge that housing element updates spur them to focus attention on the housing needs in their communities and to develop creative solutions for addressing them. Housing developers in both the for-profit and nonprofit sectors also feel that the RHNA process is an important part of the solution.

While local planning does not solve the problem, constraints on the development potential available for housing production is a significant barrier to future development. Ensuring that sufficient residential development potential is available does not produce housing directly, but a lack of available development potential is a real limit on the amount of production that can occur.

### Bay Area Progress in Achieving RHNA Goals

The RHNA process was last undertaken in 1999. Cities and counties were given goals for how many housing units needed to be accommodated between 1999 and 2006. Tables 1 and 2 demonstrate the progress that Bay Area jurisdictions have made in meeting their housing goals. The figures

were compiled using data from a variety of sources and were then reviewed and updated (if necessary) by local governments.

Table 1 shows the RHNA allocation, number of permits issued and amount of housing constructed in each county. Permits are included because they are the measure used by the State to assess local government progress. Production is the actual number of housing units constructed according to the State Department of Finance. This shows how many homes have been added to local communities and is also the basis that the State uses for identifying regional housing need as part of the RHNA process. Results for permitted and constructed units in individual jurisdictions are shown in Appendix A.

As a region, the number of housing units produced is estimated to be 73 percent of the goal set by the state for 1999-2006. A comparison of permits to the allocation is more favorable at 80 percent. Nevertheless, while the numbers show significant construction activity, production fell short of the goal by about 57,000 units.

Contra Costa is the only county where permitting and production surpassed its allocation. Seven cities and the County exceeded their allocations. Brentwood led the way, having produced 230 percent of its allocation. In fact, the three East County cities of Brentwood, Oakley, and Antioch produced over 40 percent of the county's housing since 1999.

Table 1: Bay Area RHNA Performance, 1999 to 2006

County	RHNA Allocation	Housing Permits Issued	Allocation Minus Permits	Percent of Allocation Permitted	Housing Production	Allocation Minus Production	Percent of Allocation Constructed
Alameda	46,793	30,580	16,213	65%	29,446	17,347	63%
Contra Costa	34,710	40,130	-5,420	116%	37,154	-2,444	107%
Marin	6,515	4,406	2,109	68%	3,717	2,798	57%
Napa	7,063	5,591	1,472	79%	5,378	1,685	76%
San Francisco	20,372	17,146	3,226	84%	13,696	6,676	67%
San Mateo	16,305	9,388	6,917	58%	8,433	7,872	52%
Santa Clara	57,991	43,681	14,310	75%	42,849	15,142	74%
Solano	18,681	17,663	1,018	95%	18,100	581	97%
Sonoma	22,313	17,254	5,059	77%	14,875	7,438	67%
<b>Regional Total</b>	<b>230,743</b>	<b>185,839</b>	<b>44,904</b>	<b>80%</b>	<b>173,648</b>	<b>57,095</b>	<b>73%</b>

Source: ABAG Analysis

San Mateo County had the lowest percentage of both production and permitting compared to its RHNA targets. Only a handful of the twenty cities in the county produced enough housing to surpass their targets. The two largest cities in the county, San Mateo and Redwood City, fell short of their RHNA goals by 1,100 units and 1,700 units, respectively.

While Santa Clara County’s total production was 74 percent of the RHNA allocation, its total production since 1999 was over 42,000 housing units, the highest for any county. By producing over 26,000 units, the City of San José accounted for 61 percent of the county’s total production.

Affordable housing goals are even more difficult to meet than housing production in general. Unlike Table 1, Table 2 focuses only on each county’s progress in meeting its *affordable* housing targets. It includes allocations for very low-, low-, and moderate-income housing and the permitted units in each of these categories for the period between 1999 and 2006.

Whenever possible, Table 2 reflects data provided by cities and counties. When that information was unavailable, we derived estimates from a combination of documents provided by the State about projects that received funding through state and federal

tax credits and tax-exempt bonds. Results for individual jurisdictions are in Appendix B.

The Bay Area has permitted about 52,200 units of affordable housing since 1999. Still, the region has not met the affordability goals, particularly for very low- and moderate-income housing. Bay Area jurisdictions issued permits for 34 percent of the target for very low-income units, 70 percent for low-income units, and 29 percent for moderate-income units.

Marin County was able to surpass its target for low-income housing, based largely on activity in Novato, which accounts for

Table 2: Bay Area Affordable Housing, 1999 to 2006

County	Very Low			Low			Moderate		
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted
Alameda	9,910	2,380	24%	5,138	1,944	38%	12,476	2,469	20%
Contra Costa	6,481	1,871	29%	3,741	3,364	90%	8,551	4,443	52%
Marin	1,241	453	37%	618	663	107%	1,726	696	40%
Napa	1,434	191	13%	1,019	433	42%	1,775	671	38%
San Francisco	5,244	1,902	36%	2,126	329	15%	5,639	445	8%
San Mateo	3,214	598	19%	1,567	710	45%	4,305	708	16%
Santa Clara	11,496	6,337	55%	5,209	5,105	98%	15,870	2,770	17%
Solano	3,697	257	7%	2,638	2,129	81%	4,761	2,005	42%
Sonoma	4,411	1,841	42%	3,029	2,799	92%	5,879	3,361	57%
<b>Regional Total</b>	<b>47,128</b>	<b>15,830</b>	<b>34%</b>	<b>25,085</b>	<b>17,476</b>	<b>70%</b>	<b>60,982</b>	<b>17,568</b>	<b>29%</b>

Source: ABAG Analysis

79 percent of the permits issued in the county. Jurisdictions in Santa Clara, Sonoma, and Contra Costa Counties also came close to meeting their low-income housing goals.

Over 76 percent of Santa Clara County's low income housing was permitted in the City of San José, which also permitted almost 70 percent of the county's very low-income housing during the period. Ten jurisdictions in Contra Costa County exceeded their allocations for low-income housing, with Richmond providing almost one third of the county's total. In Sonoma County, five jurisdictions exceeded their low-income allocations, led in terms of percentage by Cotati, which permitted almost 600 percent of its target, and in numbers by Santa Rosa with 1,219 low-income units.

### Local Efforts to Promote Housing

As this report has illustrated, there are many factors that have contributed to the lack of affordable housing options in the Bay Area. These include regulatory policies, a lack of sufficient funding, and community perceptions and attitudes that have combined to impede housing production.

Finding long-term solutions to the housing shortage will require the dedicated and coordinated efforts of many groups in the region, including state, regional, and local governments; the home building industry;

and local residents and businesses. However, cities and counties may have the biggest role to play because of their control over land use regulations and decisions.

### More Development Potential for Housing

One of the first steps local governments can take to encourage housing production is to ensure there is land available for housing. In this regard, the most significant impact of the RHNA process is that cities and counties must zone enough sites to accommodate their housing need allocations. Although there are many critics of RHNA, many local governments acknowledge that the State mandate has been a primary motivation for identifying ways to promote housing development.

In their planning for residential development, many jurisdictions default to zoning for single-family homes, without addressing the need for other housing types, such as townhomes and apartments. Thus, it is particularly important that cities and counties classify specific sites where multi-family housing is allowed.

For example, one modification that the City of Fremont outlined in its Housing Element update was to modify its zoning code to allow for multi-family housing instead of requiring a planned development for each project. This kind of change helps simplify the development process for those trying to

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*Although jurisdictions see RHNA numbers as unfairly high, they are lower than real need. Putting the numbers 'out there' as a target everyone can see has helped us to promote and monitor affordable housing development, to innovate solutions, and to make affordable housing a community priority. It has made a difference in balancing market rate development with a range of real housing options.*

—Betty Pagett  
Marin Housing Council

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### Hercules Town Center

In the 1990s, the City of Hercules was faced with the need to redevelop the 426-acre “brownfield” site of a former dynamite factory in the center of town. Over the past decade, Hercules has worked to transform itself from an auto-oriented bedroom community without a downtown into a vibrant mix of residential neighborhoods arranged around a pedestrian-friendly Town Center.

The outcome of a lengthy community visioning process was the adoption of a Town Center Plan and a form-based zoning ordinance that tells developers the shape of streets and buildings to be used. Instead of specifying land uses, form-based codes envision the appearance that development should take and provide direction for the physical characteristics and design of buildings and streets.

In essence, the plan takes a six-lane road lined with two strip shopping centers and creates a new Town Center, which is a mixed-use area with live-work units, retail, restaurants, and services. The Waterfront office space, a shopping street, and a park are adjacent to the Town Center.

provide a wider range of housing choices, especially affordable options.

To facilitate housing production, the City of San José has undertaken a series of studies to identify vacant or underutilized land near public transit that are suitable for high-density residential or mixed-use development. Based on these studies, San José’s General Plan was proactively changed to designate the sites for future housing development. City staff then worked to ready the sites for development and then promote them to developers.

### Converting Industrial and Surplus Lands

Cities and counties have also looked at industrial lands as potential sites for more housing. Economic forces and the shift toward more service-oriented jobs have dramatically reduced the need for industrial land in the Bay Area. As a result, many local governments have been converting these lands to housing in order to meet the existing demand. However, it is important for the region to balance future commercial, industrial, and residential needs.

Another resource jurisdictions have been looking at is surplus publicly-owned land. For example, when identifying potential sites for housing, the City of Fremont looked at land owned by the city and school and water districts, as well as parcels owned by religious

organizations. In San Mateo, College Vista—a 44-unit apartment building for teachers and staff of the San Mateo Community College District—is the first project in California built on surplus community college land.

### Mixed Uses and Higher Densities

Since many communities in the Bay Area are already developed, with little vacant land available, they have had to come up with creative solutions for finding land that could be used for housing. Many cities and counties have changed their land use regulations to allow a mix of uses within an area or, in some cases, within a single building.

Areas zoned for mixed uses provide additional space for housing units and also create more vibrant neighborhoods that link housing, jobs, local services, and retail. In many cases, cities are also promoting higher-density residential development near transit stations in order to connect these neighborhoods to public transit and other non-automotive transportation choices.

### Targeting Development with Specific Plans

In addition to identifying individual sites for housing, many Bay Area communities have gone the extra step of creating specific plans for areas where they want to direct future housing development. The process of developing a specific plan allows a local government to consider how best to link new

housing to existing transportation networks, community services, and retail locations.

Creating a specific plan also provides an opportunity to engage community members in thinking broadly about how to incorporate more housing into a neighborhood while addressing some of their concerns about the potential impacts of new residents. In addition, identifying areas where housing is desired encourages housing production because it provides certainty to developers and sends a strong signal that the community is supportive of proposals for more housing.

## Second Units

In addition to looking for opportunities to incorporate housing into retail and office projects, many local governments have also changed their regulations to allow for second dwelling units. Also known as accessory or granny units, these are separate housing units located on the same lot as a single-family home.

Adding units to existing parcels helps maximize the use of land and takes advantage of existing infrastructure. They also offer an affordable rental option in neighborhoods that usually do not have many, and can also provide homeowners with supplemental income—making their homes more affordable as well.

## Inclusionary Housing

For many Bay Area communities, inclusionary housing is a key policy driving creation of affordable housing. Inclusionary housing requires that market-rate housing developments include a percentage of units that are affordable to lower-income households. Individual inclusionary ordinances vary significantly.

Bay Area communities have been strong supporters of inclusionary housing. In 1970, Petaluma and Palo Alto were the first local jurisdictions in California to adopt inclusionary housing ordinances.

Since that time, adoption of inclusionary policies has expanded tremendously. A soon-to-be-published study by the Greenbelt Alliance shows that 60 of the Bay Area's 109 cities and counties have inclusionary ordinances. This is a higher proportion than in other parts of California—and California leads the rest of the nation.<sup>24</sup>

The use of inclusionary housing is supported in California redevelopment law, since redevelopment agencies are required to ensure that 15 to 30 percent of new residential units are affordable. Local inclusionary ordinances ensure that market-rate construction outside of designated redevelopment areas will also include housing affordable to lower-income people.

Criticism of inclusionary ordinances has centered on the idea that developers, land owners or purchasers of market-rate housing must bear the cost of subsidizing the inclusionary units. The residential building industry opposes inclusionary housing policies.

Costs can be offset in a number of ways. For instance, developers can receive “density bonuses” as part of an inclusionary ordinance. This means a higher number of units can be included in a project, which reduces the per-unit cost in a development and increases its overall value. However, the building industry argues that density bonuses have been difficult to use in practice.

Most communities encourage development of the affordable units on the same site as the market-rate homes; many also try to provide developers flexibility in how they meet the inclusionary requirements. In some cases, developers can construct the affordable units on a different site, or they may be able to count excess units from one project as the inclusionary requirement of a different project.

Some ordinances offer alternatives to construction of the required affordable units, including allowing the developer to donate land or pay an “in-lieu” fee into a local fund dedicated to construction of affordable homes. For these options to be effective, the local



El Cerrito



San José



South San Francisco

jurisdiction must ensure the donated land is suitable for affordable development and that the in-lieu fee is sufficient to cover the costs of constructing the affordable units. But these alternatives can allow consolidated projects that may provide housing in a more cost-effective way. This is particularly true for very-low income housing and housing that serves special needs populations.

### Reducing Barriers, Providing Incentives

In addition to identifying sites for housing development, many cities and counties in the Bay Area are taking other significant steps to promote housing production. These efforts often involve changing policies that present barriers to housing production as well as offering incentives to encourage housing.

Many developers of affordable and infill housing point to local parking requirements as a significant barrier. As noted earlier, many cities and counties use standards based on suburban-style development. More often than not, these policies do not take into account the type or location of the housing, which can affect the amount of parking needed.

For example, less parking is usually needed for affordable developments and senior housing, since fewer residents own cars, and also for homes near transit services, since people have alternatives to owning a car.

Given the high cost of providing space for parking, particularly in infill areas where the amount of land is limited and multi-level parking structures are necessary, using conventional parking standards can be a significant impediment to creating infill and affordable housing.

Several jurisdictions in the Bay Area have begun to experiment with changes to their parking standards as a way to address this barrier. Many communities have lowered the amount of parking required for housing near transit.

For example, the City of San José allows developers a 10 percent reduction in parking if the housing is near a light rail station, and is considering expanding the policy to housing near bus lines. The City of San Rafael also lowered parking standards for housing in its downtown after surveying parking use in existing apartment developments in the area.

A similar change in thinking has been occurring with respect to attitudes about the standards for roadway level of service (LOS). LOS measures the amount of traffic congestion on a street, and jurisdictions usually have city-wide LOS standards. Any proposed development must comply with these standards, which means developers must include strategies for accommodating new traffic generated by the project.

Meeting these standards poses a particular challenge for higher density and infill projects, since they are generally located in dense areas that already have traffic congestion. Several cities, including San José and San Rafael, have experimented with relaxing these standards in key areas, such as downtown, to promote higher density housing and infill.

There are a range of other policy changes and incentives that local governments can offer to promote housing production, and affordable housing in particular. Some of the options in use by Bay Area jurisdictions include permit streamlining, density bonuses, fee waivers, and land assembly. For example, the City of San José has taken significant steps to simplify its permitting process, including offering the ability to apply for and track permits online, making the process easier and less costly for developers.

The City of Fremont provides one example of a jurisdiction that has developed comprehensive strategies for encouraging affordable housing. Developments with five or more units can qualify for a density bonus if affordable units are included. In addition to the density bonus, other incentives include site identification assistance, marketing and tenant screening, modification of development standards, and streamlined processing of plans and permits.

In Fremont's new multiple family zone, additional incentives include reduced parking requirements for the affordable units, allowance for commercial uses on the ground floor of multi-family residential buildings on major streets, and the option for creating live-work units. In addition, for projects where at least 49 percent of the units are affordable, Fremont offers deferred impact fee payments, financial assistance, help with community engagement, and assistance in identifying possible sites.

### Better Financing for Affordable Housing

As noted earlier, one of the primary barriers to the production of more affordable housing is the lack of sufficient funding. There are several approaches that local governments can take to raise and allocate additional financial resources to housing. For instance, the inclusionary housing programs mentioned above are one mechanism for directing the resources of developers to the production of affordable units.

In many communities, funds generated from redevelopment areas are a primary source of resources for affordable housing. Currently, State law requires that Redevelopment Agencies use at least 20 percent of their revenues for affordable housing. Local jurisdictions could increase affordable housing funds by committing a larger proportion of these revenues for affordable housing. This is the case in San



### The Crossing | San Bruno

The Crossing | San Bruno has transformed a former U.S. Navy facility into a transit-oriented, mixed-use community on El Camino Real. The site is across from the Shops at Tanforan and the BART station and is within walking distance of Caltrain. The approved master plan for the project includes two hotels, a restaurant, senior housing, 900 multi-family housing units, 300,000 square feet of office space, a shopping street and a two-acre park.

The 300-unit Meridian apartment building was completed in the summer of 2005. It has an internal courtyard, an embedded six-story parking garage and an adjacent recreation center with swimming pool. Sixty units (31 one-bedroom units and 29 two-bedroom units) will be income-restricted to households with incomes up to 50 percent of the median income for San Mateo County.

An additional 185 multi-family apartments and 228 senior apartments are expected to be completed in 2006. The Meridian and multi-family apartment projects were financed with investment capital raised through ABAG.

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*The Housing Leadership Council of San Mateo County and its members are looking forward to the upcoming RHNA update process because it will allow our communities to continue to plan for our housing needs. This process allows input from the entire community as we work to address the shortage of housing for our residents, like the teachers, fire fighters, and retail clerks that help our cities and towns thrive.*

—Maira Birss  
The Housing Leadership Council of  
San Mateo County

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Francisco, which dedicates 50 percent of Redevelopment revenues to affordable homes.

Another commonly used option is the creation of a housing trust fund. A housing trust fund generally dedicates revenues from a specific tax or fee to supporting affordable housing. Eight Bay Area counties now have housing trust funds, and The Housing Trust of Santa Clara County has become a national model.

Unlike most housing trust funds, which rely almost exclusively on public money, Santa Clara’s trust fund relies on the private sector as a continuing source of funds. Contributions come from private citizens, employers, and employer foundations as well as the County and all 15 Santa Clara County cities and towns. One of the Trust’s strengths is its flexibility in terms of the loans they offer and the fact that they commit funding in advance, which can help project managers leverage funds from other lenders. Founded in 1999, the Trust has helped 4,500 families.<sup>25</sup>

Funding for affordable housing might also be supported through a real estate transfer fee. Some cities already have the authority to impose transfer fees for this purpose. For example, Santa Rosa allocates a portion of fees collected for real estate transfers to affordable housing programs.

Finally, local governments can impose a commercial linkage fee as a way to develop

funds for affordable housing. This policy seeks to ensure that adequate housing is available as jobs are added in a community. Thus, in general, a developer is charged a certain amount for every square foot of commercial space developed, and the money is dedicated to housing.

Several Bay Area communities have adopted linkage fees, including Napa County, which assesses fees on commercial, retail, hotel, and office space. The money collected is then distributed as loans to nonprofit developers to provide leverage for tax-credit developments that are 100 percent affordable. The impact has been particularly significant in Yountville, Calistoga, and St. Helena where the fee has enabled hotels to include on-site affordable housing as part of expansion plans.

## Planning Housing in the Right Places

The Bay Area is expected to grow by over 1 million people in the next twenty years. To meet the housing needs of our growing population we need to make intelligent choices about the types and locations of new development.

Given the existing housing shortage in the region, it will take the input and effort of all groups to accommodate this growth in a way that protects and enhances the features that make the Bay Area special. Government, the private sector, community groups, and residents all have a role to play in developing

multi-sector solutions to address the barriers to construction, the need for incentives for production, and ways to finance and preserve the existing affordable housing stock.

### Creating a Network of Neighborhoods

The Bay Area has begun the latest update of RHNA covering the period 2006 to 2014. A method for allocating the regional housing need to individual cities and counties is scheduled to be completed by the end of 2006. Using that method to assign draft numbers of housing units should occur by June 2007, with a final adopted allocation by June 2008.

The previous method for assigning local responsibility for housing was designed to address issues of jobs-housing balance, and considered the expected growth in both housing and employment. But some regional planning efforts may suggest changes to that method.

In 2002, ABAG, the Metropolitan Transportation Commission (MTC), and the Bay Area Air Quality Management District (BAAQMD) spearheaded a region-wide community planning effort. The *Vision* that came out of that process was for the Bay Area to be a “Network of Neighborhoods” linked by the region’s transportation network. This pattern of growth focuses on increasing housing development and choices in existing

communities, along transportation corridors, and near transit stations.

The principles of the *Vision* were adopted by ABAG and MTC. The *Vision* was implemented through the ABAG Projections forecasts and MTC’s Regional Transportation Plan. The agencies are currently working on *Focusing Our Vision* with local governments to refine this regional planning information.

The timeframe for the *Vision* is 20 or 30 years, while the RHNA process covers a shorter period of time. But the goals for each process and much of the information included are similar. As local jurisdictions revise the housing elements of their general plans to implement the RHNA process, they will also be making choices that have a long-term impact on the region as a whole.

### Housing Production, Not Regulatory Hoops

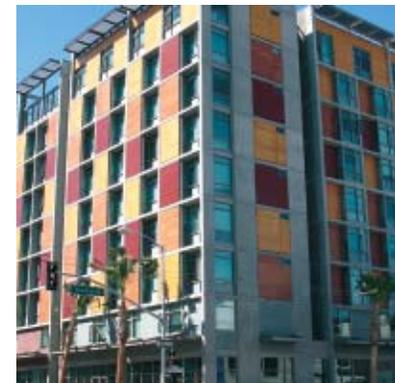
Although the State-mandated Regional Housing Needs Allocation (RHNA) is criticized by some, there is evidence that the process has played a significant role in encouraging housing production. In addition, over the last several years there have been changes to State law that should make housing element revisions a more effective tool to promote housing. For example, when cities and counties revise their housing elements they must be much more specific in identifying housing opportunity sites.



Bridgescourt, Emeryville



Santa Clara



Plaza Apartments, San Francisco

Photo Courtesy of EAH, Inc.

In examining ways to refine the RHNA process, the State has also been encouraging a longer time period for designating land for housing, arguing that a long-term supply would provide clearer signals for appropriate development. The regional agencies' efforts to identify Priority Development Areas is a step toward this type of long-term planning at a regional level.

Working to achieve planning documents that will help produce housing in appropriate places by identifying and zoning sites for housing is an important first step. However, while allocating future housing units is necessary, it is not sufficient. The work cannot stop with allocation of units, or with the incorporation of that allocation into local housing elements. A paper distribution of theoretical units is not good enough. Only real housing production will help the region's housing crisis.

To achieve our housing goals, we must engage community members in the planning process to gain acceptance for housing—particularly higher density housing. Regional stakeholders need to work together to balance their different interests—achieving sufficient housing while meeting the needs of local communities.

Thus, focusing the entire discussion on local government does not provide a comprehensive solution. While local

jurisdictions play a critical role in the development process and can act to eliminate barriers, housing goals can only be met through the combined efforts of local communities, developers, and the State.

### Permanent Funding for Affordable Housing

As noted earlier, funds from Proposition 46 have been the catalyst for a substantial amount of housing construction in the Bay Area. The impact this money has had indicates that the region has the capacity to create more affordable housing—as long as funding is available. Since financing from the bond will run out in 2006, the gap in funding for future affordable units will be even greater.

Recent legislation related to the infrastructure bond would provide an additional \$2.8 billion in funding for housing in California. However, the need for affordable housing greatly outstrips the funds available for its construction. Low-income housing tax credit programs administered by the state are capped at about \$70 million per year.<sup>26</sup> A portion of the \$3.8 billion in annual private activity bond funds is also available for housing.

Tax-exempt housing revenue bonds are part of a larger bond program that has an annual cap of over \$2.8 billion. In practice, bond funds for residential rental projects are likely to

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*RHNA helps cities and counties focus planning to encourage a full range of housing that serves all income levels. Our overarching goal is to promote housing choices for all and success depends on a partnership of communities, developers, advocates, and others.*

—Supervisor Rose Jacobs Gibson  
San Mateo County

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total only \$200 million each year in California.<sup>27</sup>

In addition, even if sufficient funding is provided to construct affordable housing, the process of funding each particular project is too difficult. To make affordable housing work, developers must string together many sources of funding—all with their own requirements, paperwork and timelines. The amount of time and effort it takes for developers to secure funding results in wasted resources and limits their ability to pursue additional developments.

### Inclusionary Housing Best Practices

In looking for ways to encourage additional housing, it is important to learn from the experience of others. This report has provided a brief overview of some of the policies and strategies that local governments are using to promote housing. In addition to ensuring that there is adequate space identified for housing, one of the keys to increasing production is implementing an inclusionary housing policy. It offers a way to ensure that the continued growth of the region makes room for people of all income levels.

However, while inclusionary housing policies are an important way of providing affordable housing in the Bay Area, policies and requirements vary by individual jurisdiction. While the Home Builders Association of

Northern California opposes inclusionary housing policies, they recently worked with the Non-Profit Housing Association of Northern California to develop a number of key principles that improve inclusionary housing policies. Those principles include:

- Affordable housing policies that require the development of “like for like” units distributed uniformly throughout the market-rate development are often not the most efficient way of providing affordable housing.
- To increase effectiveness and efficiency, inclusionary housing programs should provide flexibility and allow a range of alternative methods of providing affordable units.
- Affordable housing policies that maximize resources by providing more housing opportunities or deeper levels of affordability at the same or less cost should be encouraged.
- Local communities with inclusionary housing programs have a responsibility to contribute tangible and substantial resources so that the cost of providing affordable housing is spread fairly across the community.<sup>28</sup>



Bay Meadows, San Mateo



Suisun City



San José

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## Appendix A: Bay Area RHNA Performance, 1999 to 2006

Bay Area RHNA Performance, 1999 to 2006

	RHNA Allocation	Housing Permits Issued <sup>a</sup>	Allocation Minus Permits	Percent of Allocation Permitted	Housing Production <sup>b</sup>	Allocation Minus Production	Percent of Allocation Produced
<b>Alameda County</b>							
Alameda	2,162	558	1,604	26%	652	1,510	30%
Albany	277	52	225	19%	82	195	30%
Berkeley	1,269	1,251	18	99%	981	288	77%
Dublin	5,436	5,753	-317	106%	6,035	-599	111%
Emeryville	777	1,233	-456	159%	1,121	-344	144%
Fremont	6,708	2,484	4,224	37%	3,447	3,261	51%
Hayward	2,835	2,248	587	79%	2,617	218	92%
Livermore	5,107	3,615	1,492	71%	3,148	1,959	62%
Newark	1,250	311	939	25%	307	943	25%
Oakland	7,733	6,568	1,165	85%	4,732	3,001	61%
Piedmont	49	10	39	20%	1	48	2%
Pleasanton	5,059	2,156	2,903	43%	2,130	2,929	42%
San Leandro	870	1,068	-198	123%	979	-109	113%
Union City	1,951	1,610	341	83%	1,719	232	88%
Unincorporated	5,310	1,663	3,647	31%	1,495	3,815	28%
<b>Total County</b>	<b>46,793</b>	<b>30,580</b>	<b>16,213</b>	<b>65%</b>	<b>29,446</b>	<b>17,347</b>	<b>63%</b>

<sup>a</sup> Housing permit data was calculated using Construction Industry Research Board records and covers the period 1999 to early 2006.

<sup>b</sup> Housing production figures were calculated from the California Department of Finance **E-5 Population and Housing Estimates for Cities, Counties and the State, 2001-2006, with 2000 Benchmark** and earlier versions of that report.

### Bay Area RHNA Performance, 1999 to 2006

	RHNA Allocation	Housing Permits Issued <sup>a</sup>	Allocation Minus Permits	Percent of Allocation Permitted	Housing Production <sup>b</sup>	Allocation Minus Production	Percent of Allocation Produced
<b>Contra Costa County</b>							
Antioch	4,459	4,691	-232	105%	4,603	-144	103%
Brentwood	4,073	9,434	-5,361	232%	9,375	-5,302	230%
Clayton	446	Permit data unavailable			150	296	34%
Concord	2,319	1,638	681	71%	1,325	994	57%
Danville	1,110	656	454	59%	700	410	63%
El Cerrito	185	60	125	32%	208	-23	112%
Hercules	792	2,075	-1,283	262%	1,673	-881	211%
Lafayette	194	Permit data unavailable			152	42	78%
Martinez	1,341	415	926	31%	473	868	35%
Moraga	214	Permit data unavailable			118	96	55%
Oakley	1,208	1,911	-703	158%	1,244	-36	103%
Orinda	221	177	44	80%	62	159	28%
Pinole	288	Permit data unavailable			168	120	58%
Pittsburg	2,513	2,794	-281	111%	2,598	-85	103%
Pleasant Hill	714	659	55	92%	371	343	52%
Richmond	2,603	2,137	466	82%	1,956	647	75%
San Pablo	494	579	-85	117%	337	157	68%
San Ramon	4,447	790	3,657	18%	4,185	262	94%
Walnut Creek	1,653	729	924	44%	1,160	493	70%
Unincorporated	5,436	11,385	-5,949	209%	6,296	-860	116%
<b>Total County</b>	<b>34,710</b>	<b>40,130</b>	<b>-5,420</b>	<b>116%</b>	<b>37,154</b>	<b>-2,444</b>	<b>107%</b>

### Bay Area RHNA Performance, 1999 to 2006

	RHNA Allocation	Housing Permits Issued <sup>a</sup>	Allocation Minus Permits	Percent of Allocation Permitted	Housing Production <sup>b</sup>	Allocation Minus Production	Percent of Allocation Produced
<b>Marin County</b>							
Belvedere	10	21	-11	210%	2	8	20%
Corte Madera	179	96	83	54%	143	36	80%
Fairfax	64	16	48	25%	2	62	3%
Larkspur	303	39	264	13%	18	285	6%
Mill Valley	225	71	154	32%	84	141	37%
Novato	2,582	2,281	301	88%	2,088	494	81%
Ross	21	22	-1	105%	17	4	81%
San Anselmo	149	63	86	42%	28	121	19%
San Rafael	2,090	850	1,240	41%	670	1,420	32%
Sausalito	207	68	139	33%	45	162	22%
Tiburon	164	141	23	86%	88	76	54%
Unincorporated	521	738	-217	142%	532	-11	102%
<b>Total County</b>	<b>6,515</b>	<b>4,406</b>	<b>2,109</b>	<b>68%</b>	<b>3,717</b>	<b>2,798</b>	<b>57%</b>

<b>Napa County</b>							
American Canyon	1,323	2,291	-968	173%	1,995	-672	151%
Calistoga	173	63	110	36%	75	98	43%
Napa	3,369	2,296	1,073	68%	2,560	809	76%
St. Helena	142	98	44	69%	93	49	65%
Yountville	87	45	42	52%	39	48	45%
Unincorporated	1,969	798	1,171	41%	616	1,353	31%
<b>Total County</b>	<b>7,063</b>	<b>5,591</b>	<b>1,472</b>	<b>79%</b>	<b>5,378</b>	<b>1,685</b>	<b>76%</b>

### Bay Area RHNA Performance, 1999 to 2006

	RHNA Allocation	Housing Permits Issued <sup>a</sup>	Allocation Minus Permits	Percent of Allocation Permitted	Housing Production <sup>b</sup>	Allocation Minus Production	Percent of Allocation Produced
<b>San Francisco City &amp; County</b>							
San Francisco	20,372	17,146	3,226	84%	13,696	6,676	67%
<b>San Mateo County</b>							
Atherton	166	103	63	62%	25	141	15%
Belmont	317	252	65	79%	286	31	90%
Brisbane	426	65	361	15%	379	47	89%
Burlingame	565	255	310	45%	146	419	26%
Colma	74	84	-10	114%	119	-45	161%
Daly City	1,391	400	991	29%	444	947	32%
East Palo Alto	1,282	707	575	55%	461	821	36%
Foster City	690	475	215	69%	525	165	76%
Half Moon Bay	458	337	121	74%	376	82	82%
Hillsborough	84	129	-45	154%	57	27	68%
Menlo Park	982	183	799	19%	56	926	6%
Millbrae	343	133	210	39%	-147	490	-43%
Pacifica	666	181	485	27%	215	451	32%
Portola Valley	82	78	4	95%	48	34	59%
Redwood City	2,544	458	2,086	18%	785	1,759	31%
San Bruno	378	695	-317	184%	541	-163	143%
San Carlos	368	175	193	48%	302	66	82%
San Mateo	2,437	1,338	1,099	55%	1,276	1,161	52%
So. San Francisco	1,331	1,212	119	91%	948	383	71%
Woodside	41	115	-74	280%	41	0	100%
Unincorporated	1,680	2,013	-333	120%	1,550	130	92%
<b>Total County</b>	<b>16,305</b>	<b>9,388</b>	<b>6,917</b>	<b>58%</b>	<b>8,433</b>	<b>7,872</b>	<b>52%</b>

### Bay Area RHNA Performance, 1999 to 2006

	RHNA Allocation	Housing Permits Issued <sup>a</sup>	Allocation Minus Permits	Percent of Allocation Permitted	Housing Production <sup>b</sup>	Allocation Minus Production	Percent of Allocation Produced
<b>Santa Clara County</b>							
Campbell	777	480	297	62%	587	190	76%
Cupertino	2,720	1,216	1,504	45%	3,165	-445	116%
Gilroy	3,746	2,709	1,037	72%	2,645	1,101	71%
Los Altos	261	422	-161	162%	69	192	26%
Los Altos Hills	83	207	-124	249%	209	-126	252%
Los Gatos	402	377	25	94%	324	78	81%
Milpitas	4,348	1,274	3,074	29%	1,156	3,192	27%
Monte Sereno	76	78	-2	103%	32	44	42%
Morgan Hill	2,484	1,699	785	68%	1,745	739	70%
Mountain View	3,423	1,137	2,286	33%	1,122	2,301	33%
Palo Alto	1,397	2,029	-632	145%	1,987	-590	142%
San Jose	26,114	24,400	1,714	93%	26,028	86	100%
Santa Clara	6,339	4,226	2,113	67%	3,995	2,344	63%
Saratoga	539	581	-42	108%	394	145	73%
Sunnyvale	3,836	1,719	2,117	45%	1,192	2,644	31%
Unincorporated	1,446	1,127	319	78%	-1,801	3,247	-125%
<b>Total County</b>	<b>57,991</b>	<b>43,681</b>	<b>14,310</b>	<b>75%</b>	<b>42,849</b>	<b>15,142</b>	<b>74%</b>

### Bay Area RHNA Performance, 1999 to 2006

	RHNA Allocation	Housing Permits Issued <sup>a</sup>	Allocation Minus Permits	Percent of Allocation Permitted	Housing Production <sup>b</sup>	Allocation Minus Production	Percent of Allocation Produced
<b>Solano County</b>							
Benicia	413	657	-244	159%	506	-93	123%
Dixon	1,464	1,014	450	69%	807	657	55%
Fairfield	3,812	6,082	-2,270	160%	6,816	-3,004	179%
Rio Vista	1,391	1,569	-178	113%	1,689	-298	121%
Suisun City	1,004	920	84	92%	837	167	83%
Vacaville	4,636	3,733	903	81%	4,012	624	87%
Vallejo	3,242	3,279	-37	101%	2,865	377	88%
Unincorporated	2,719	409	2,310	15%	568	2,151	21%
<b>Total County</b>	<b>18,681</b>	<b>17,663</b>	<b>1,018</b>	<b>95%</b>	<b>18,100</b>	<b>581</b>	<b>97%</b>

<b>Sonoma County</b>							
Cloverdale	423	895	-472	212%	874	-451	207%
Cotati	567	453	114	80%	443	124	78%
Healdsburg	573	469	104	82%	569	4	99%
Petaluma	1,144	1,983	-839	173%	1,807	-663	158%
Rohnert Park	2,124	905	1,219	43%	733	1,391	35%
Santa Rosa	7,654	7,343	311	96%	6,764	890	88%
Sebastopol	274	145	129	53%	97	177	35%
Sonoma	684	704	-20	103%	500	184	73%
Windsor	2,071	1,728	343	83%	1,633	438	79%
Unincorporated	6,799	2,629	4,170	39%	1,455	5,344	21%
<b>Total County</b>	<b>22,313</b>	<b>17,254</b>	<b>5,059</b>	<b>77%</b>	<b>14,875</b>	<b>7,438</b>	<b>67%</b>

<b>Total Bay Area</b>	<b>230,743</b>	<b>185,839</b>	<b>44,904</b>	<b>80%</b>	<b>173,648</b>	<b>57,095</b>	<b>73%</b>
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## Appendix B: Bay Area Affordable Housing, 1999 to 2006

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate		
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted
<b>Alameda County</b>									
Alameda <sup>a</sup>	443	321	72%	265	31	12%	611	167	27%
Albany <sup>b</sup>	64	5	8%	33	10	30%	77	0	0%
Berkeley <sup>a</sup>	354	258	73%	150	141	94%	310	96	31%
Dublin <sup>a</sup>	796	257	32%	531	239	45%	1,441	371	26%
Emeryville <sup>a</sup>	178	124	70%	95	46	48%	226	151	67%
Fremont <sup>a</sup>	1,079	397	37%	636	106	17%	1,814	51	3%
Hayward <sup>a</sup>	625	40	6%	344	17	5%	834	818	98%
Livermore <sup>a</sup>	875	202	23%	482	259	54%	1,403	2	0%
Newark <sup>b</sup>	205	0	0%	111	0	0%	347	0	0%
Oakland <sup>a</sup>	2,238	393	18%	969	555	57%	1,959	155	8%
Piedmont <sup>a</sup>	6	0	0%	4	0	0%	10	4	40%
Pleasanton <sup>a</sup>	729	120	16%	455	276	61%	1,239	526	42%
San Leandro <sup>b</sup>	195	59	30%	107	209	195%	251	69	27%
Union City <sup>a</sup>	338	177	52%	189	55	29%	559	59	11%
Unincorporated <sup>b</sup>	1,785	27	2%	767	0	0%	1,395	0	0%
<b>Total</b>	<b>9,910</b>	<b>2,380</b>	<b>24%</b>	<b>5,138</b>	<b>1,944</b>	<b>38%</b>	<b>12,476</b>	<b>2,469</b>	<b>20%</b>

<sup>a</sup> Data was provided by the local planning or housing staff.

<sup>b</sup> Estimates of affordable units in the low and very-low income categories were produced by using CDLAC and TCAC data. Projects were identified as "Placed in Service" and having received funding between 1998 and 2005. ABAG staff reviewed data to ensure the units in projects that received funding from both sources were not double counted. Redevelopment Agency reports to the State Department of Housing and Community Development were used to estimate moderate-income housing production. This data may include rehabilitated units as well as new construction.

### Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate		
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted
<b>Contra Costa County</b>									
Antioch <sup>b</sup>	921	49	5%	509	568	112%	1,156	1	0%
Brentwood <sup>a</sup>	906	71	8%	476	31	7%	958	1,916	200%
Clayton <sup>b</sup>	55	0	0%	33	64	194%	84	0	0%
Concord <sup>a</sup>	453	168	37%	273	103	38%	606	54	9%
Danville <sup>a</sup>	140	85	61%	88	56	64%	216	84	39%
El Cerrito <sup>b</sup>	37	0	0%	23	28	122%	48	0	0%
Hercules <sup>b</sup>	101	96	95%	62	68	110%	195	93	48%
Lafayette <sup>b</sup>	30	15	50%	17	0	0%	42	0	0%
Martinez <sup>b</sup>	248	0	0%	139	0	0%	341	0	0%
Moraga <sup>b</sup>	32	0	0%	17	0	0%	45	0	0%
Oakley <sup>a</sup>	209	82	39%	125	101	81%	321	47	15%
Orinda <sup>b</sup>	31	0	0%	18	0	0%	43	0	0%
Pinole <sup>b</sup>	48	29	60%	35	79	226%	74	74	100%
Pittsburg <sup>a</sup>	534	291	54%	296	389	131%	696	442	64%
Pleasant Hill <sup>a</sup>	129	86	67%	79	84	106%	175	226	129%
Richmond <sup>b</sup>	471	200	42%	273	1,093	400%	625	131	21%
San Pablo <sup>a</sup>	147	148	101%	69	70	101%	123	0	0%
San Ramon <sup>a</sup>	599	151	25%	372	407	109%	984	1,143	116%
Walnut Creek <sup>a</sup>	289	29	10%	195	63	32%	418	160	38%
Unincorporated <sup>a</sup>	1,101	371	34%	642	160	25%	1,401	72	5%
<b>Total</b>	<b>6,481</b>	<b>1,871</b>	<b>29%</b>	<b>3,741</b>	<b>3,364</b>	<b>90%</b>	<b>8,551</b>	<b>4,443</b>	<b>52%</b>

### Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate		
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted
<b>Marin County</b>									
Belvedere <sup>b</sup>	1	0	0%	1	0	0%	2	0	0%
Corte Madera <sup>b</sup>	29	0	0%	17	0	0%	46	0	0%
Fairfax <sup>b</sup>	12	0	0%	7	0	0%	19	0	0%
Larkspur <sup>a</sup>	56	7	13%	29	6	21%	85	3	4%
Mill Valley <sup>b</sup>	40	0	0%	21	0	0%	56	0	0%
Novato <sup>a</sup>	476	290	61%	242	523	216%	734	496	68%
Ross <sup>b</sup>	3	0	0%	2	0	0%	5	0	0%
San Anselmo <sup>b</sup>	32	0	0%	13	0	0%	39	0	0%
San Rafael <sup>a</sup>	445	24	5%	207	50	24%	562	99	18%
Sausalito <sup>b</sup>	36	22	61%	17	0	0%	50	0	0%
Tiburon <sup>a</sup>	26	4	15%	14	3	21%	32	0	0%
Unincorporated <sup>a</sup>	85	106	125%	48	81	169%	96	98	102%
<b>Total</b>	<b>1,241</b>	<b>453</b>	<b>37%</b>	<b>618</b>	<b>663</b>	<b>107%</b>	<b>1,726</b>	<b>696</b>	<b>40%</b>

### Napa County

American Canyon <sup>a</sup>	230	0	0%	181	0	0%	353	20	6%
Calistoga <sup>a</sup>	44	3	7%	31	15	48%	41	0	0%
Napa <sup>a</sup>	703	177	25%	500	348	70%	859	525	61%
St. Helena <sup>b</sup>	31	0	0%	20	0	0%	36	0	0%
Yountville <sup>a</sup>	21	0	0%	15	4	27%	20	19	95%
Unincorporated <sup>a</sup>	405	11	3%	272	66	24%	466	107	23%
<b>Total</b>	<b>1,434</b>	<b>191</b>	<b>13%</b>	<b>1,019</b>	<b>433</b>	<b>42%</b>	<b>1,775</b>	<b>671</b>	<b>38%</b>

### Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate		
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted
<b>San Francisco City &amp; County</b>									
San Francisco <sup>a</sup>	5,244	1,902	36%	2,126	329	15%	5,639	445	8%

#### San Mateo County

Atherton <sup>b</sup>	22	0	0%	10	0	0%	27	0	0%
Belmont <sup>b</sup>	57	0	0%	30	0	0%	80	10	13%
Brisbane <sup>a</sup>	107	9	8%	43	2	5%	112	12	11%
Burlingame <sup>b</sup>	110	0	0%	56	0	0%	157	0	0%
Colma <sup>b</sup>	17	0	0%	8	73	913%	21	0	0%
Daly City <sup>a</sup>	282	7	2%	139	5	4%	392	315	80%
East Palo Alto <sup>a</sup>	358	57	16%	148	155	105%	349	15	4%
Foster City <sup>a</sup>	96	96	100%	53	53	100%	166	166	100%
Half Moon Bay <sup>b</sup>	86	0	0%	42	106	252%	104	0	0%
Hillsborough <sup>a</sup>	11	0	0%	5	15	300%	14	19	136%
Menlo Park <sup>b</sup>	184	0	0%	90	0	0%	245	11	4%
Millbrae <sup>b</sup>	67	0	0%	32	0	0%	90	0	0%
Pacifica <sup>a</sup>	120	0	0%	60	0	0%	181	30	17%
Portola Valley <sup>b</sup>	13	0	0%	5	0	0%	13	0	0%
Redwood City <sup>b</sup>	534	36	7%	256	70	27%	660	18	3%
San Bruno <sup>b</sup>	72	109	151%	39	101	259%	110	0	0%
San Carlos <sup>b</sup>	65	0	0%	32	0	0%	89	1	1%
San Mateo <sup>a</sup>	479	57	12%	239	9	4%	673	7	1%
So. San Francisco <sup>a</sup>	277	196	71%	131	121	92%	360	104	29%
Woodside <sup>b</sup>	5	0	0%	3	0	0%	8	0	0%
Unincorporated <sup>b</sup>	252	31	12%	146	0	0%	454	0	0%
<b>Total</b>	<b>3,214</b>	<b>598</b>	<b>19%</b>	<b>1,567</b>	<b>710</b>	<b>45%</b>	<b>4,305</b>	<b>708</b>	<b>16%</b>

### Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate		
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted
<b>Santa Clara County</b>									
Campbell <sup>b</sup>	165	0	0%	77	0	0%	214	16	7%
Cupertino <sup>b</sup>	412	0	0%	198	0	0%	644	0	0%
Gilroy <sup>a</sup>	906	434	48%	334	627	188%	1,030	1,064	103%
Los Altos <sup>a</sup>	38	6	16%	20	25	125%	56	1	2%
Los Altos Hills <sup>a</sup>	10	22	220%	5	5	100%	15	4	27%
Los Gatos <sup>b</sup>	72	0	0%	35	0	0%	97	0	0%
Milpitas <sup>a</sup>	698	504	72%	351	177	50%	1,146	394	34%
Monte Sereno <sup>b</sup>	10	0	0%	5	0	0%	13	0	0%
Morgan Hill <sup>b</sup>	455	222	49%	228	100	44%	615	0	0%
Mountain View <sup>a</sup>	698	118	17%	331	5	2%	991	132	13%
Palo Alto <sup>a</sup>	265	158	60%	116	86	74%	343	40	12%
San Jose <sup>a</sup>	5,337	4,415	83%	2,364	3,886	164%	7,086	776	11%
Santa Clara <sup>b</sup>	1,294	343	27%	590	136	23%	1,786	41	2%
Saratoga <sup>a</sup>	75	60	80%	36	1	3%	108	108	100%
Sunnyvale <sup>a</sup>	736	55	7%	361	57	16%	1,075	194	18%
Unincorporated <sup>b</sup>	325	0	0%	158	0	0%	651	0	0%
<b>Total</b>	<b>11,496</b>	<b>6,337</b>	<b>55%</b>	<b>5,209</b>	<b>5,105</b>	<b>98%</b>	<b>15,870</b>	<b>2,770</b>	<b>17%</b>

### Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate		
	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	RHNA Allocation	Permits Issued	Percent of Allocation Permitted
<b>Solano County</b>									
Benicia <sup>b</sup>	70	6	9%	49	49	100%	90	0	0%
Dixon <sup>a</sup>	268	0	0%	237	0	0%	379	15	4%
Fairfield <sup>a</sup>	761	57	7%	573	192	34%	972	631	65%
Rio Vista <sup>b</sup>	357	12	3%	190	27	14%	342	0	0%
Suisun City <sup>b</sup>	191	16	8%	123	64	52%	256	28	11%
Vacaville <sup>a</sup>	860	82	10%	629	732	116%	1,172	1,327	113%
Vallejo <sup>b</sup>	690	84	12%	474	1,065	225%	779	4	1%
Unincorporated <sup>b</sup>	500	0	0%	363	0	0%	771	0	0%
<b>Total</b>	<b>3,697</b>	<b>257</b>	<b>7%</b>	<b>2,638</b>	<b>2,129</b>	<b>81%</b>	<b>4,761</b>	<b>2,005</b>	<b>42%</b>

### Sonoma County

Cloverdale <sup>b</sup>	95	12	13%	51	19	37%	128	0	0%
Cotati <sup>a</sup>	113	86	76%	63	367	583%	166	0	0%
Healdsburg <sup>a</sup>	112	76	68%	78	112	144%	171	31	18%
Petaluma <sup>a</sup>	206	163	79%	124	190	153%	312	340	109%
Rohnert Park <sup>a</sup>	401	214	53%	270	362	134%	597	488	82%
Santa Rosa <sup>a</sup>	1,539	421	27%	970	1,219	126%	2,120	2,137	101%
Sebastopol <sup>a</sup>	58	0	0%	35	5	14%	75	28	37%
Sonoma <sup>b</sup>	146	62	42%	90	40	44%	188	33	18%
Windsor <sup>a</sup>	430	161	37%	232	171	74%	559	33	6%
Unincorporated <sup>a</sup>	1,311	646	49%	1,116	314	28%	1,563	271	17%
<b>Total</b>	<b>4,411</b>	<b>1,841</b>	<b>42%</b>	<b>3,029</b>	<b>2,799</b>	<b>92%</b>	<b>5,879</b>	<b>3,361</b>	<b>57%</b>

<b>Total Bay Area</b>	<b>47,128</b>	<b>16,569</b>	<b>35%</b>	<b>25,085</b>	<b>17,941</b>	<b>72%</b>	<b>60,982</b>	<b>17,679</b>	<b>29%</b>
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For more information  
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