A Place to Call Home

Housing in the San Francisco Bay Area

2007

Association of Bay Area Governments

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The Bay Area Housing Challenge

The San Francisco Bay Area is a unique and diverse region—home to 7.2 million people living in big cities, suburbs, and small towns. Each one of the region's communities has its strengths, resources, opportunities, and challenges. In the Bay Area, people have access to a wide variety of distinctive communities, beautiful natural environments, a diverse economy, and unique recreation areas.

Although Bay Area communities are unique places, they share a common dilemma. Their common challenge is how to accommodate future growth in ways that support the diversity and uniqueness of each community and the region as a whole. How can communities make room for more people while protecting and enhancing the qualities that make the Bay Area special?

Increasingly, there are signs that our current development pattern—auto-dependent developments at the edges of the region far from employment centers—is straining the region's resources. Residents contend with the highest housing prices in the United States, miles of traffic congestion on area roads and freeways, the loss of key natural resources to development, and negative impacts on low-income populations and public health.

The people who live and work in the Bay Area have the ability to choose a different path. We can make decisions about what our communities will be like in the future. If we work together now, we have the opportunity to shape local communities, and the region as a whole, in ways that provide a better quality of life for all residents.

Across the region, local communities, with increased support from state and regional agencies, are working to promote a different land use pattern—one that reconsiders where and how residential neighborhoods are built. Local communities are planning housing development in existing communities and near public transit at relatively higher densities than the surrounding community.

With good design that is sensitive to the existing neighborhoods, these developments can build upon the unique features of each community and help make a local area more desirable by increasing housing and transportation choices for residents. Such developments may also contribute to the overall sustainability of the region, by helping to stem the outward spread of development and the impacts of that growth pattern.

Jingletown, Oakland

Petaluma

Richmond

Napa

The Emerging Consensus

After decades of development of auto-oriented communities, support is growing for more traditional styles of development. In particular, there is increased support for more compact communities near public transit that are not focused around the demands of the automobile. There is a growing demand for homes in areas that include jobs, shops, and services close to transit so that people can walk, bike or take public transit, in addition to using their car.

In the Bay Area, the State, regional agencies, and local governments are promoting planning and developments that are consistent with a more compact land use pattern. As a result of this momentum, resources are being shifted to support efforts to add housing in "infill" locations (areas that are already part of an existing community) and near transit services around the San Francisco Bay.

For example, the State of California includes infill development and efficient development patterns as objectives of the Regional Housing Needs Allocation (RHNA) process, which requires each jurisdiction in the Bay Area to develop a plan for meeting its share of the region's housing need.[1]

In addition, the passage of Proposition 1C in 2006 was the result of collaboration between Governor Schwarzenegger and the state legislature to support infill housing and transportation infrastructure in urban areas. Prop 1C provides $300 million toward Transit-Oriented Housing Development, $850 million toward infill housing, and an additional $1.4 billion toward affordable housing development. While it has not yet been determined exactly how this money will be spent, it is clear that the State considers promoting housing development in existing communities a priority.

Bay Area regional agencies have long been supporters of developing housing near transit and in existing communities. For example, the Metropolitan Transportation Commission (MTC) has directed transportation funding to local governments that plan for housing in infill areas and near transit through its Station Area Planning, Transportation for Livable Communities, and Housing Incentive Programs. For the 2007-2014 RHNA period, the Association of Bay Area Governments (ABAG) worked with local governments to create a methodology that directs new housing to existing communities and areas near jobs and transit. The goal of creating more compact communities near transit has also been a major component of Focusing Our Vision (FOCUS)—the planning effort led by ABAG, MTC, the Bay Area Air Quality Management District (BAAQMD), and the Bay Conservation and Development Commission (BCDC) to create a shared development and conservation strategy for the Bay Area.

During outreach conducted for FOCUS and a regional study of three Bay Area transportation corridors (East 14th Street, San Pablo Avenue, and El Camino Real—examined as part of ABAG's Corridor Program), it became clear that local governments in the Bay Area also understand the need for adding housing in infill areas and near transit. Many communities are creating plans that identify target areas for infill development near transit and create policies to promote the addition of housing in these areas. Cities of all sizes are building housing to revitalize downtowns and place commuters near rail stations and along major transportation corridors.

There is a clear emerging consensus at all levels of government to pursue the strategic implementation of a compact development pattern that adds to the housing supply in the state and in the region.

Benefits of Infill and Homes Near Transit

Each year, the Bay Area Council, a business-sponsored public policy advocacy organization, performs a public opinion survey to identify the major regional issues in the Bay Area. Each year the economy, housing costs, and traffic congestion are among the top concerns identified by residents.[2] While these may seem to be separate issues, in reality, they are interconnected. The number of new homes built and their location impacts housing costs, traffic patterns, and the ability of employers to attract workers to an area where the cost of living is high.

To address these complicated issues, it is important to consider how changes to the underlying pattern of growth might benefit the Bay Area. Shifting growth away from the edges of the region toward the existing communities around San Francisco Bay encourages reinvestment in these areas while limiting the loss of undeveloped land. The potential benefits of changing the emphasis of our current development pattern include a more efficient use of existing investments in infrastructure and public transit, improved housing choices and affordability, expanded transportation choices and less reliance on driving, and the protection of key natural assets and agricultural lands.

More Efficient Development Pattern

Compact infill development promotes a more efficient development pattern. Housing and jobs developed in existing communities can take advantage of the infrastructure that is already in place—reducing the costs of building and maintaining new roads, sewers, parks, and the other systems and amenities needed to support residents. New development in these areas also encourages reinvestment in areas with outdated land uses. This can lead to the revitalization of an area by attracting shopping, employment, community facilities, and other services that benefit residents.

Focusing housing growth in the areas closest to San Francisco Bay is also more efficient in terms of energy use. The climate around the Bay is more moderate than in the eastern-most reaches of the region and in the Central Valley, where currently more and less expensive housing is being constructed. As a result, homes built near the Bay use less energy for cooling and heating. This is significant because energy production is a major source of the greenhouse gases that contribute to climate change.

Housing Choice and Affordability

Adding housing in infill locations and in areas with a variety of transportation options can also provide more opportunities for homes that people can afford. Most infill housing is built in locations where higher densities are appropriate, such as downtowns, commercial corridors, and near transit stations. As a result, there are opportunities to create a wider variety of housing choices, including apartments, townhouses, and condominiums.

Since multi-family housing comes in a range of sizes and prices, these units are often more affordable to individuals and families. Development of these types of homes can offer options to community members who currently struggle to find homes they can afford, including seniors, young families, and low- and moderate-income households. The need for more housing choices will continue to grow as the demographics of Bay Area residents continue to change. For example, the region's population is aging, and the number of households without children is increasing. In many cases, people in these groups do not need space for large families and are looking for smaller homes that do not require as much maintenance.

More Transportation Options

There is increased demand for housing that is linked to a variety of transportation options. When new housing is added in infill locations, especially near transit, residents have the opportunity to reduce their dependence on automobiles. Housing built in existing communities is often surrounded by a variety of shops, restaurants, parks, and other amenities within close proximity. A mix of uses enables residents to take care of more of their daily tasks on foot or by bicycle. Lifestyles that are less car-oriented are appealing to many people in the Bay Area. In a recent poll by MTC, 55 percent of Bay Area residents expressed a preference for living in a mixed-use neighborhood where they could walk to stores, schools, and services.[3] In addition, having transportation options and access to services is particularly important for low-income residents and seniors, many of whom rely on walking or public transit to get around because they do not have access to an automobile or the ability to drive.

Providing housing that is linked to transportation options can be particularly beneficial for working families—many of whom currently cannot afford to live in the communities in which they work. Low- and moderate-income households often spend a significant portion of their incomes on housing and transportation costs. Access to opportunities for transit, walking, and biking can help these households reduce their overall expenditures by spending less on transportation. Nationally, households with good transit access spend about 9 percent of their income on transportation, compared to 19 percent for the average household.[4]

Homes near employment centers and transit services help families avoid the paradox of seeing the savings on housing costs they get from moving to the edges of the region eaten up by the higher transportation costs of a longer commute. Thus, access to transit can allow a family to put a larger share of its income toward housing, education, or other necessities. Good transit service also increases economic freedom by providing access to a wider range of jobs.

Shorter Commutes and Less Traffic

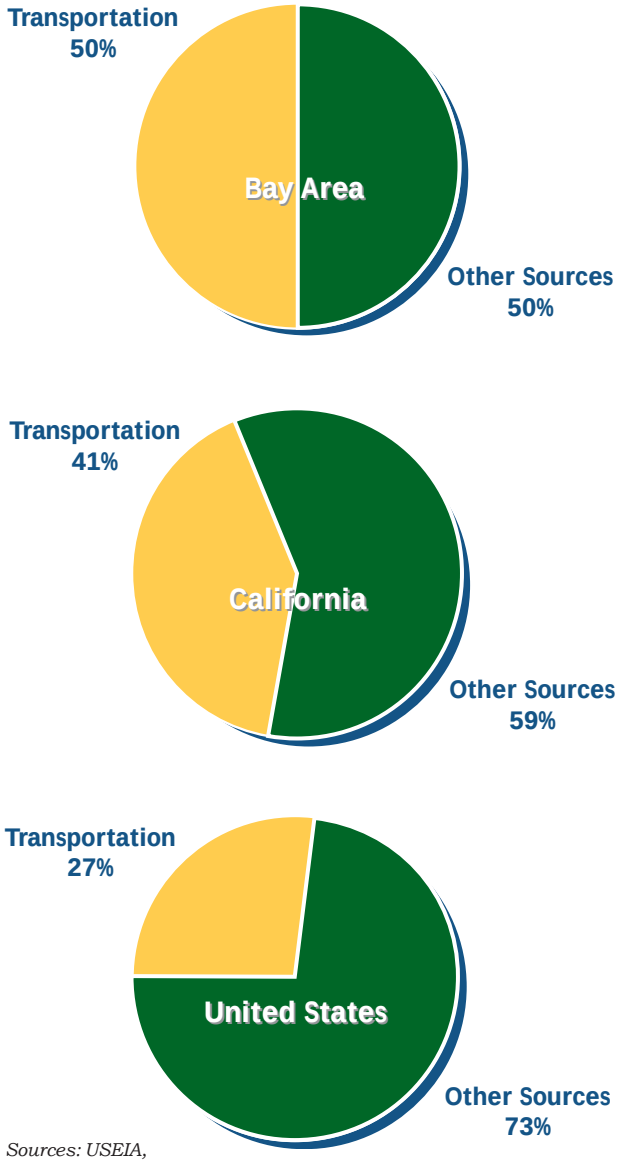
Putting housing closer to jobs and transit also enables workers in the Bay Area to drive fewer miles and to, therefore, spend less time behind the wheel. In the Bay Area, nearly 20 percent of workers have a commute of 45 minutes or more.[5]

A large share of the region's workforce has accepted a long commute in exchange for less expensive housing options at the edges of the region. Since most jobs in the region are located in a limited number of centralized locations, including San Francisco and the Silicon Valley, adding housing in these core areas offers workers the potential for a shorter commute and more time for other activities.

We have the opportunity to create a legacy that advances the quality of life in our region. The homes that we plan for and the development patterns we establish today will last for generations. We can choose local land use decisions that will create a more sustainable community and region.

—Dave Cortese
ABAG President and
San José Vice Mayor

Figure 1. Greenhouse Gas Emissions from Transportation



Sources: USEIA, USEPA, California Climate Action Team, BAAQMD

Recent studies show that the expanded opportunities for walking, biking, and transit use mean that households living near transit drive about half the number of miles compared to other residents in the region.[6] Thus, building homes in infill locations and near transit can help to alleviate growth in traffic congestion on the region's roads and highways. As development has been pushed to the edges of the region, and into neighboring regions, the average number of hours per day that vehicles throughout the region spend stuck in traffic has grown from 68,500 in 1995 to 124,190 in 2004—an increase of 181 percent.[7] Although people living at the edges of the region have the farthest to travel, the resulting traffic congestion affects everyone.

The Benefits of Driving Less

Driving less could have positive impacts on climate change, air pollution, and public health. In the long run, the location of new housing and its impacts on automobile use will be significant factors in the fight against global warming. In the Bay Area, 50 percent of the greenhouse gas emissions that contribute to climate change are from transportation, a higher proportion than the state or the country. Eighty-five percent of those emissions come from on-road vehicles.[8] Choosing a development pattern that reduces the need for a car would, therefore, contribute greatly to reductions in the amount of greenhouse gases this region produces.

In the Bay Area, motor vehicles are the single largest source of the gases that make Ozone[9] and are also a significant source of particulate matter. The region currently does not meet California air quality standards for several types of particulate matter and Ozone.[10] These pollutants are linked to significant health effects, including asthma and cancer, especially in people who live near major transportation corridors and areas with heavy truck use. Partly due to worsened air quality from auto emissions, asthma is now the most common chronic childhood disease, occurring in approximately 54 of every 1000 children in the U.S.[11]

Designing communities in ways that reduce reliance on automobiles has the potential to positively impact public health. Several studies have linked neighborhood design to public health issues, including stress, depression, and obesity.[12] For example, living in an area that can only be navigated by car reduces a person's physical activity, leading to an increased risk of obesity. Obesity is a major concern because it increases a person's risk of coronary artery disease, hypertension, arthritis, diabetes, and some cancers.[13] In part, as a result of the prevalence of car-oriented communities, during the past ten years Californians have gained an average of 10 pounds.[14] Putting housing in existing communities where residents have the opportunity to walk to a variety of services, such as shops, restaurants, and parks may encourage a healthier lifestyle.

Protecting Open Space and Agricultural Lands

Housing development is one of the biggest threats to open space and agricultural lands in the Bay Area. According to Greenbelt Alliance, 400,000 acres of the area's open spaces (or approximately ten percent of all the land in the region) are at risk of being lost to low-density housing development within 30 years. The majority—84 percent—of the lands at risk are in Solano, Sonoma, Santa Clara, and Contra Costa Counties. Most of this land is threatened by planned development, including new housing, on the urban fringe.[15] Encouraging compact development in infill locations may reduce the pressure for growth in undeveloped areas. This could help protect open space and agricultural lands that make the Bay Area unique and are an integral part of the region's economy, natural systems, and recreational opportunities.

Revitalizing Existing Communities

Older commercial strip malls, vacant lots, and surface parking lots offer limited benefits to a community; they can affect safety and detract from the vitality of a neighborhood. However, these areas do offer opportunities to build on existing community strengths by adding new housing, jobs, and services. If designed well—with attractive streetscapes, open spaces, and other pedestrian amenities—new housing in these locations could encourage more pedestrian activity. This is especially true if small shops and other neighborhood services are integrated into the development. Additional people on the street may also reduce crime, encourage businesses to invest in the area, and contribute to the long-term vitality of a neighborhood.

Nugent Square, East Palo Alto

Railroad Square, Santa Rosa

Pacific Pines, Pacifica

Regional Efforts to Promote Housing

The Bay Area has started to address its challenges. Work has been undertaken to put the region on a more sustainable course for the future. In 2002, regional agencies, local governments, community groups, and residents in the Bay Area created a vision for the region to address housing and traffic problems while improving the quality of life for all residents. Working together, these groups identified several goals to guide regional growth, including:

- Strengthen and support existing communities
- Create compact communities with a diversity of housing, jobs, activities, and services to meet the daily needs of residents
- Increase housing choices
- Improve housing affordability
- Increase transportation efficiency and choices
- Protect and steward natural habitat, open space, and agricultural land
- Improve social and economic equity
- Promote economic and fiscal health
- Conserve resources, promote sustainability, and improve environmental quality
- Protect public health and safety.

In 2002, ABAG's Executive Board resolved to use regional policies as the basis for *Projections*, ABAG's long-term growth forecast. This decision changed *Projections* from a trends-based forecast to a policy-based one that forecasts more growth in existing communities and near transit, with less growth in undeveloped areas. Since *Projections* is the basis for the Regional Housing Need Allocation (RHNA), these same regional policies influence how to plan for future housing need within the region.

There are several planning efforts currently happening in the Bay Area that incorporate the regional goals for growth to promote housing in the right locations. These efforts include RHNA and FOCUS, which both promote infill development and the addition of homes near transit to enhance existing neighborhoods and provide housing and transportation choices for all residents while protecting open space and agricultural areas.

Regional Housing Needs Allocation

The need for more housing choices and more affordable options is a problem that plagues communities throughout much of California. In response, the State of California has made increasing the housing supply a priority. The State requires each city and county to identify a sufficient amount of land to accommodate its "fair share" of the state's housing need.

In the RHNA process, the California Department of Housing and Community Development (HCD) gives each region a number representing the amount of housing needed, for all income groups, 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 that allocates a portion of the region's housing need to each local jurisdiction and sets targets for developing homes that are affordable to people at all income levels.

Several laws were passed in 2004 to clarify the policy objectives of RHNA, to give local governments more input, and to make the planning process more transparent. By law, the methodology that ABAG adopts must satisfy the objectives and rules spelled out in the statutes, and must be adopted using a fair and open public process.

Once it receives its allocation, each jurisdiction must demonstrate how it will accommodate these units in the Housing Element of its General Plan. The General

Plan is the document that outlines the community's long-term growth strategy. Once completed, Housing Elements are then certified by HCD.

Local Concerns About RHNA

Local communities understand the need to address the housing shortage and the need for more homes that people can afford. The League of California Cities has shown its support for addressing this need, and has identified expanding the supply of affordable housing as one of its top goals for 2007.[16]

Although they acknowledge the need for action, most cities and counties across the state have negative views about the RHNA process. Many jurisdictions see the State mandate as an unwarranted intrusion on local authority. Local governments resent being "forced" to plan for more housing, even though they have autonomy in planning where and at what densities it can occur. There is also a perception that the State's estimates of future growth, and consequently the number of housing units for which local communities must plan, are unrealistically high.

Many jurisdictions resent the goals set by the State because they believe that the estimates do not adequately consider local issues and growth constraints. Many communities in the Bay Area consider themselves to be "built out," with no room for growth. In addition,

RHNA Performance, 1999-2006*

As part of the RHNA process, the State estimates the amount of housing needed in the Bay Area. These estimates are based on demographic data about the population in the region that will form new households, and need homes to move into. The number of households formed is determined by both the age of the population and migration. Most new households are formed by young people moving out of their parents' homes or by people who move into the region to take advantage of job opportunities.

During the 1999-2006 RHNA period, Bay Area local governments issued building permits for 92 percent of the total estimated need for the region. While this performance is better than what jurisdictions have achieved in past decades, it still demonstrates the region is not building enough housing to meet the need.

Jurisdictions also met 44 percent of the target for very low-income units, 75 percent for low-income units, 37 percent for moderate-income units, and 153 percent for above moderate units.

These units are affordable to households making 50 percent or less, 50 to 80 percent, 80 to 120 percent, and 120 percent or more, respectively, of the Area Median Income (AMI). For example, in Alameda County a very low-income unit would be affordable for a family of four making $41,900 per year, a low-income unit would be affordable to a family with an income of $66,250, and a moderate-income unit would be affordable for a family that makes $83,800.[1]

* Information in this section and the table below was updated in August 2007, based on corrections affecting Santa Clara and Solano Counties.

[1] Creswell, C. *Official State Income Limits for 2007.* Department of Housing and Community Development.

Table 1. Bay Area RHNA Performance, 1999 to 2006

County	RHNA Allocation	Housing Permits Issued	Allocation Minus Permits	Percent of Allocation Permitted
Alameda	46,793	33,697	13,096	72%
Contra Costa	34,710	47,956	-13,246	138%
Marin	6,515	5,772	743	89%
Napa	7,063	5,245	1,818	74%
San Francisco	20,372	17,439	2,933	86%
San Mateo	16,305	10,289	6,016	63%
Santa Clara	57,991	52,018	5,973	90%
Solano	18,681	18,572	109	99%
Sonoma	22,313	20,971	1,342	94%
Regional Total	**230,743**	**211,363**	**19,380**	**92%**

Source: ABAG Analysis

Darrel Akers/ Reprinted with permission of The Reporter in Vacaville

Many people are confused about who is responsible for the RHNA process, and are dissatisfied with its limited scope. While the cartoon above cites "New ABAG Goals," in actuality they are the State of California's goals.

there is the perception that planning for housing promotes growth and that, if communities simply do not plan for it, it will not happen. What goes unacknowledged is that this growth does occur, and local land use policy choices put significant pressure on neighboring regions, including the Central Valley, to absorb spillover growth.

Another concern about the RHNA process is that it focuses on planning for housing, rather than producing housing. Even though most jurisdictions are able to identify sufficient development potential to satisfy their RHNA targets, the housing goals set by the State are generally not met. The plans local governments create influence how and where growth occurs, but they cannot control the market forces and decisions that determine if the housing actually gets built.

Although local planning alone cannot solve the problem, ensuring that development can occur is a key first step in meeting housing needs. Thus, despite the limitations of the RHNA process, 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 indicate that the RHNA process, a State mandate, is an important part of the solution.

Another concern with RHNA is that the process makes no distinction for where new housing is built, and many jurisdictions that are able to meet their RHNA targets do so by building housing on previously undeveloped land where there is no public transit or access to jobs. In addition, there is a lack of funding for the process and for supporting the development of housing for very low-, low- and moderate-income households, which impedes communities that seek to implement their Housing Elements.

For those communities that want to provide more housing options to residents, but think there is no more room, identifying development potential helps them to develop new strategies for accommodating housing. These jurisdictions recognize that, given the popularity of the Bay Area, population growth will continue and, therefore, real thought should be given to how that growth can best serve local communities and the region.

RHNA Methodology, 2007 – 2014

The Bay Area is currently working on the RHNA process for the 2007-2014 planning period. The methodology has been completed, and housing allocations will be made to local jurisdictions in July 2007.

The two primary purposes of the RHNA process are to increase the supply of housing and to ensure that local governments consider the housing needs of individuals at

all income levels. As a result, the two major components of the RHNA methodology are a formula for allocating units among jurisdictions and another formula that separates each jurisdiction's total need into the four income categories defined by the State.[17] The methodology also includes rules for how to address issues such as spheres of influence, the relationship to subregions, and voluntary transfers of housing units between jurisdictions.[18]

Given the concerns and reservations that many jurisdictions have about RHNA, ABAG took steps to ensure local government involvement in the process, and to make sure the methodology reflected local conditions and concerns about regional growth. One of ABAG's first steps was to create the Housing Methodology Committee (HMC), which brought together elected officials and local staff to advise ABAG staff on the allocation methodology. Each of the nine Bay Area counties had three representatives and there were also six members to represent stakeholder groups, such as Greenbelt Alliance, the Non-Profit Housing Association of Northern California, and the Home Builders Association of Northern California.

The HMC was tasked with creating a methodology that would meet the statutory requirements for RHNA and also reflect local conditions and support the Bay Area's regional goals for growth (page 8). The four statutory objectives of RHNA include increasing housing supply, affordability, and housing types; encouraging efficient development and infill; promoting jobs-housing balance; and reducing concentrations of poverty.[19] These objectives are consistent with the Bay Area's regional policies regarding growth.

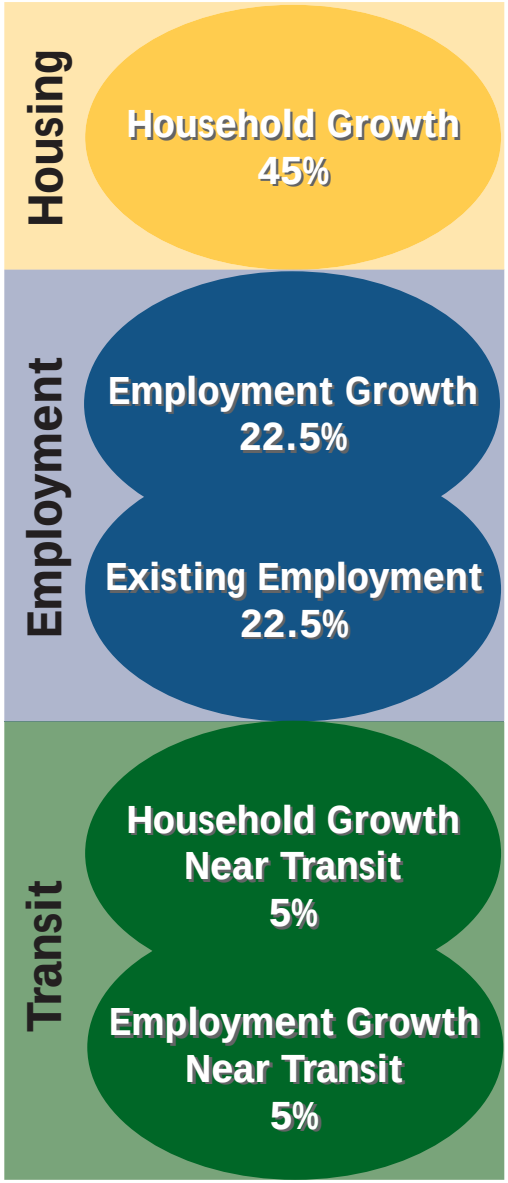
The allocation methodology[20] includes factors related to housing, employment, and public transit. The specific factors used are household growth, employment growth, existing employment, and both household and employment growth near transit stations.

These factors are all based on data from the *Projections 2007* forecast. The methodology is intended to:

- Direct housing units to areas where housing growth is expected
- Ensure that housing and job growth happen together while also addressing existing jobs-housing imbalances
- Encourage housing development along major transit corridors
- Allocate fewer units to outlying areas to reduce development pressures on agricultural lands

Members of the HMC felt it was particularly important to weight the housing- and employment-related factors equally, as a way to encourage a better jobs-housing balance. By including transit factors, the methodology

Figure 2. Weighted Factors, RHNA Methodology 2007-2014



The methodology factors use data from Projections 2007.

also builds on the regional policies that are already in *Projections* that assume additional growth along transit corridors and in existing communities. Some jurisdictions felt this made the transit factors in the methodology unnecessary, but most felt it was important to include them to be consistent with the regional goals for growth.

ABAG's Executive Board adopted the final methodology with a resolution that committed ABAG to working with its regional agency partners to secure incentives for the jurisdictions that accepted significantly higher RHNA allocations. The intent was both to support the jurisdictions taking a larger share of the regional housing need and to mitigate the potential "shortfall" resulting from smaller allocations to other jurisdictions. Specific funding possibilities are discussed in the Housing Incentives section (page 13).

To accomplish the second part of the housing need allocation, which is the separation of each jurisdiction's allocation into the four income categories, the methodology moves the income distribution in each jurisdiction 175 percent toward the regional income distribution. Using this approach, those jurisdictions that have a larger proportion of households in an income category will receive a smaller allocation of housing units in that category. Conversely, those jurisdictions that have a relatively low proportion of households in a category would receive a higher allocation of housing units in that category.

The effect of the 175 percent shift is to change the income distribution in each jurisdiction to more closely match the regional distribution. This is done by taking both a jurisdiction's existing conditions and future development into account. By addressing existing concentrations of low-income households, these scenarios more aggressively promote an equitable regional income distribution while ensuring that all communities do their fair share to provide affordable housing.

For example, a city where 12 percent of existing households are in the very low-income category is compared to the regional average of 23 percent of very low-income households.[21] This difference—11 percent—is multiplied by 175 percent and the result is added to the city's initial proportion of very low-income households. In the end, the city will have 31 percent of its total allocation in the very low-income category.

RHNA Next Steps

In April 2007, HCD determined that, at a minimum, the Bay Area must plan for 214,500 units during the 2007-2014 period. ABAG must use the adopted methodology to allocate this regional need to each city and county in the Bay Area in July 2007. Once these numbers are released, the public and local jurisdictions will have several opportunities to provide comments. Once these comments have been taken into consideration, final allocations will be issued by ABAG in 2008. After this point, local jurisdictions will have one year to incorporate these housing targets into the Housing Elements of their General Plans.

Subregions

The laws passed in 2004 gave contiguous cities and counties the opportunity to form a subregion that would plan for the allocation of housing units for its member jurisdictions. The 21 jurisdictions in San Mateo County decided to pursue this subregional option. These jurisdictions have a history of working together and saw the subregional process as an opportunity to continue that tradition. They also wanted the chance to have greater local control and flexibility in developing solutions to the housing challenges that face the county as a whole.

The San Mateo County subregion received a share of the region's total housing need that is consistent with its projected household growth during the 2007-2014 period. Based on household growth, the San Mateo share of the regional allocation is 15,738 units. The San Mateo subregion was responsible for developing its own allocation methodology. As with the regional process, the subregion's adopted methodology and resulting allocations must achieve state housing goals, including

Meridian Apartments, San Bruno

Victoria by the Bay, Hercules

Oakland

Novato

the objective that every jurisdiction do its "fair share" to provide affordable housing. In the end, the San Mateo County subregion opted to use a method identical to the regional method.

Identification of Priority Areas Through FOCUS

FOCUS serves as a platform for engaging Bay Area local governments and stakeholders in a regional dialogue to create a specific and shared concept of where growth in the region can best be accommodated and what areas need protection.

Interested local governments have the opportunity to apply to the regional agencies for **Priority Development Area** and **Priority Conservation Area** designations. As is consistent with the regional goals for growth, a **Priority Development Area** must be an area within an existing community, near existing or planned fixed transit or served by comparable bus capacity, and planned or in the planning process for more housing. Once these areas have been adopted, the FOCUS program will work to direct existing and future incentives to these areas.

To identify **Priority Conservation Areas**, regional agencies have been working with the Green Vision group, a coalition of regional and local open space organizations. Regional staff will collaborate with local governments to determine Priority Conservation Areas, based upon local plans, the results of the Green Vision project, and criteria related to urgency, community support, and regional significance. Open space acquisition of Priority Conservation Areas will be determined relative to state-level open space funds based upon regional significance and local support for preservation. The deadline for nominating a Priority Conservation Area is August 17, 2007.

The application process for Priority Development Areas is now complete, and local and regional staff are reviewing applications to ensure that the three basic criteria are met. The Priority Development Areas and Priority Conservation Areas will be adopted by the regional agencies in Fall 2007.

Housing Incentives

RHNA and FOCUS planning efforts will establish the framework for future growth in the region. However, creating on-the-ground change requires the support and action of local governments. Local jurisdictions will need a variety of resources to enable implementation of plans and projects that move the region toward its goals.

Half Moon Bay

City Heights, San José

Park Place, Mountain View

To assist local governments, regional agencies are currently working to identify and secure incentives related to planning funds, technical assistance, and capital infrastructure that can be aligned with local Priority Development Areas as established in FOCUS. Subsequent to adoption, jurisdictions with Priority Development Areas will be eligible to apply for the incentives.

The primary objective of these resources will be to facilitate infill development, especially near transit. Allocation of incentives will emphasize achieving results and providing examples of how Priority Development Areas can be developed as "complete communities" that provide for the day-to-day needs of current and future residents. The incentives will include capital and planning grants as well as services to assist local governments with priority area planning and development activities. These services will include technical and outreach assistance, networking assistance, and best practices information.

Potential sources include future funding from MTC's Transportation for Livable Communities and Housing Incentive Program, as well as additional transportation funds from MTC's Regional Transportation Plan (RTP) 2009 Update. How the RTP funds might be directed to align with priority development areas will be a primary consideration as the RTP update process proceeds. The State is also considering aligning funding from the recently passed housing and resource bonds to be consistent with regional priorities, potentially including FOCUS priority areas.

Local Efforts to Promote Housing

The RHNA process and FOCUS initiative will help provide a roadmap for how the Bay Area can move forward to address the housing needs of the region's residents. FOCUS represents a shared partnership between regional agencies and local governments to encourage a pattern of growth that will increase the vitality and walkability of existing neighborhoods, provide more housing and transportation choices for all residents, and reduce growth pressures on undeveloped lands.

As noted in previous sections, regional agencies are working to identify available incentives, including financial and technical assistance, that can help local governments pursue the addition of housing in infill locations and near transit. However, since local governments control local land use decisions, they play a key role in ensuring success. It is a daunting task to pursue a new pattern of growth, and there are many challenges to adding homes in infill locations near transit. But many local governments throughout the region are already finding solutions and achieving success. Some of the strategies they have used to expand housing choices in their communities are outlined in the following sections.

Making Room for Housing

Land use regulations are necessary to protect and promote public health and safety, and to ensure that developments meet community needs. Many factors combine to make a community vibrant and desirable, including access to jobs, shopping and services, parks and recreational opportunities, community spaces, and a diverse range of housing choices. All of these different features and uses must be accommodated in a local government's land use plans. Since most communities have a finite amount of land with which to work, local governments and the public must make choices about their priorities and how best to dedicate available resources, including land.

Many communities in the Bay Area have land use plans and zoning codes that do not provide enough development potential for housing, compared to the region's need. This is partly because, to maximize tax revenues, many jurisdictions emphasize commercial development, while limiting residential development. There are also significant concerns about the impacts of housing growth on the need for additional public services, such as schools and police and fire services. Other communities have adopted policies to protect certain types of land uses, such as open space or single-family neighborhoods.

Although these policies protect some of the features that make the Bay Area special and give the region its unique sense of place, they also limit the amount of land available for providing a wider variety of housing choices, such as townhomes and apartments.

Since local plans must balance the need for housing, employment, retail services, schools, parks, and other land uses, it is important for policies that limit growth in certain areas to be part of a comprehensive vision for how growth should occur. To ensure that it is meeting its housing needs, a community should consider implementing complementary policies that make room for housing. For example, more development sites and higher densities could be allowed in downtowns and near available transit options. These areas often consist of older commercial and industrial sites that might bring greater benefits to the community if revitalized with new housing, retail services, and the people they bring.

Revisiting Zoning Codes and Development Standards

One of the most important steps local governments can take to encourage housing production is to ensure there is land available for housing. Since many communities in the Bay Area are already developed, with little

Green Building

How homes are designed and built impacts the environment. People living in homes use water and energy—21 percent of all the energy in the country[1] and 64 percent of all urban water use in the region.[2] The construction and demolition of homes also use a number of resources and contribute significantly to the waste stream. Forty-two percent of all the wastes in California come from the construction and operation of homes.[3]

Green building is an approach to designing and constructing buildings that reduces the impact on the environment. Green building design encourages use of recycled, non-toxic materials; energy and water conservation; and a positive impact on the indoor and outdoor environments. Green buildings incorporate features such as energy-producing solar panels, stormwater retention and recycling, design that reduces the need for air conditioning or heating, and recycled building materials.

Green homes offer a number of benefits to local governments, developers, and residents. Green homes can create energy and use less water, reducing the demand on jurisdictions for electricity, water, and waste disposal services. Green homes can also assist in managing stormwater, reducing the load on local stormwater systems during storms. Energy and water savings translate into lower utility bills for residents—making a green home more affordable in the long run. Developers can also save money with green building by reusing materials from demolition or qualifying for green building incentives.

Photo Provided by Katie Lamont, Eden Housing and Bruce Mast, Build It Green

Sara Conner Court, Hayward

Across the region, local governments are actively promoting green homes. Many governments have adopted "Construction and Demolition" ordinances that require a certain amount of construction waste to be recycled. Several cities in the Bay Area have passed ordinances that require new homes to be designed according to green building standards. A larger number of cities have voluntary green building programs that offer services—such as design guidelines, technical expertise, and financial incentives—to builders and residents. Local governments can learn more through Build It Green's Public Agency Council,[4] a coalition of public agencies promoting green building in the region.

[1] United States Department of Energy. *Buildings Energy Data Book*. 2006. Washington, D.C: United States Department of Energy.
[2] State of California Department of Water Resources. *California Land and Water Use*. 2007. Available at: www.landwateruse.water.ca.gov/annualdata/datalevels.cfm.
[3] State of California Integrated Waste Management Board. *Statewide Waste Characterization Study*. December 2004.
[4] For more information, see www.builditgreen.org/guild/index.cfm?fuseaction=agencies.

vacant land available, they have had to identify creative solutions for finding land that could be used 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 critics of RHNA, many local governments acknowledge that the State mandate has been a primary motivation for identifying ways to promote housing development.

It is particularly important for cities and counties to classify specific sites where multi-family housing is allowed. This is not to say that every jurisdiction must adopt zoning codes that allow for the types of development that would be found in a major city. However, cities should consider whether allowing higher densities or taller buildings in some areas of their community might enhance the vitality of existing neighborhoods while providing more housing options.

There may also be opportunities to make adjustments to policies that can facilitate housing development. For example, the City of Vacaville adopted a zoning strategy that allows certain commercially zoned sites to be used for multi-family housing without requiring a General Plan amendment or zoning change. To promote affordable housing, the City of San Francisco prohibits market-rate housing development in its Service/Light Industrial District. Residential developments in these

areas must include 100 percent affordable or single room occupancy units. These kinds of changes help simplify the development process for those trying to provide a wider range of housing choices, especially affordable options.

When considering ways to make more room for housing in existing communities, it is important for local governments to think proactively about making zoning and development standards more inclusive. In some areas, requirements for single-use zoning create missed opportunities for mixed-use development that can provide additional space for housing units and also create more vibrant neighborhoods that link housing, jobs, local services, and retail.

In addition, the requirements for successful infill housing development are often different than those for suburban-style neighborhoods. Given the constraints of working in already-developed areas, standards such as large minimum lot sizes, and limitations on heights and densities can act as barriers to housing development. For example, a study of opportunities for development near transit in San Mateo County suggested allowing reduced setback requirements, exemption from height limit or Floor Area Ratio (FAR) requirements, and increased densities on smaller parcels for infill projects.[22]

Revitalizing Underutilized Land

As communities change over time, the way they use land changes as well. Many jurisdictions end up with developed lands that no longer meet the needs of residents and workers. Adding a mix of uses, higher-density housing, and pedestrian amenities can often revitalize underused areas such as older shopping centers, surface parking lots, and surplus lands. With designs that respect surrounding neighborhoods, these underused commercial spaces can be transformed into vital focal points for community interaction and activity.

For example, traditional suburban-style shopping centers, regional malls, and other commercial spaces often use significant amounts of land for both retail space and parking. Rezoning commercial strips to mixed-use can both add housing and help create a more walkable environment. In Marin County, for example, planners and citizens have collaborated to create a conceptual master plan for Marinwood Village, a mixed-use center with up to 100 units (up to 50 of which will be affordable), a grocery store, and other shops. This village will replace what is now a failing strip commercial center with many vacant stores.

Communities of all types are also considering surface parking lots near transit as places for new homes or mixed-use development. The close proximity of parking lots to the stations

The Arbors, Rohnert Park

Palo Alto

Abella Paseo Homes, San Pablo

makes these prime locations for development that takes advantage of transit services. In the Bay Area, this type of development has occurred around a wide variety of transit services, including commuter rail stations, light rail stops, ferry terminals, and stops along bus corridors.

For example, the Santa Clara Valley Transit Authority (VTA) and Eden Housing have constructed affordable housing and community facilities on a former 1,100-space lot along the Guadalupe light-rail line. The site now accommodates diverse uses and is part of the neighborhood. Called Ohlone-Chynoweth Commons, it includes 194 units of affordable housing, retail, a community center, and 369 parking spaces. VTA benefits from the development because it allows residents to have easy access to the light rail line. VTA also receives a dedicated source of funding due to the ground lease, which should bring in at least $250,000 each year for the next several decades.[23]

In addition to surface parking lots, local governments and transit agencies have also been looking at surplus publicly-owned land as future locations for housing. As part of its *Transit-Oriented Development Opportunity Study*, the San Mateo County Transit District inventoried publicly-owned property near BART and Caltrain stations and highlighted parcels for redevelopment.

In Dublin, the Alameda County Surplus Property Authority obtained a vacant military property near the Dublin Transit Center. Recognizing that retail employees in the area needed homes they could afford, the County worked with EAH Housing to provide family-friendly apartments and townhouses. The resulting development, Camellia Place, provides an opportunity for some of those employees to live near their jobs, reducing the environmental impact and other burdens created by commuters who travel to the Tri-Valley area every day for work.

Converting Industrial Sites to Homes

Many cities in the Bay Area have identified industrial lands as areas for infill housing. Economic forces and the shift toward more service-oriented jobs have reduced the need for industrial land in the region. Underutilized industrial areas are prime targets for residential uses because they tend to be low-density uses and in many communities are often near transit stations. Redeveloping industrial buildings into multi-family apartments can create new residential communities with minimal impact on older neighborhoods. As a result, many local governments have been converting these lands to housing to meet the existing demand.

The question of whether or not to redevelop vacant industrial lands depends on local needs and opportunities. Many cities want to preserve industrial areas as a way to promote economic development, including living-wage jobs and green, localized industries, and so maintain the existing industrial infrastructure in the region. However, cities can use policies such as raising allowable floor area ratios to better utilize industrial lands. This type of strategy enables jurisdictions to maintain land for industrial uses while opening up opportunities for housing development on excess sites.

When considering converting industrial lands, jurisdictions should also consider how residential and industrial uses may conflict and whether industrial areas proposed for housing can function as complete neighborhoods. It is important to plan for how residents will access necessary amenities and services, such as shopping, transit, schools, and parks. In addition, careful planning is needed to avoid potential conflicts between new residents and existing industrial operations. Possible negative impacts include exposure to noise pollution, harmful chemicals, or poor air quality—all of which can affect the health of residents. Residents' concerns about these issues can also make it difficult for the businesses to continue operations.

For those cities that want to convert underutilized industrial spaces into new housing, a checklist of these factors can be a useful tool for evaluating proposals to convert industrial to residential land. The City of

Santa Clara's *Industrial to Residential Conversion Planning Criteria Guidelines* evaluate proposed conversions for General Plan and zoning compatibility, residential suitability, environmental compatibility, service availability, and other criteria. A copy of the checklist is available at www.bayareavision.org/ta/localresources.html

Flexibility and Incentives Encourage Housing Choice

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

Many developers, both for-profit and nonprofit, cite the permitting and entitlement process as a barrier to increased housing production. They assert that the tangle of regulations they often encounter causes delay and uncertainty. In some cases, this situation is made worse by a lack of coordination between different regulatory agencies that must approve a project. For developers, a lengthy approval process translates into costs that will be passed on to consumers—homeowners and renters—which ultimately reduces housing affordability.

Oxford Plaza, Berkeley

In the City of Berkeley, construction is underway to transform a city-owned parking lot into a centerpiece mixed-use development. The development will consist of the David Brower Center, a major environmental center and space for cultural activities, a parking garage (to replace existing parking), and Oxford Plaza, a 96-unit affordable apartment building with ground-floor retail.

This project is notable for its contribution to sustainable and equitable development. The buildings will be an excellent example of infill on an underused site located near the Berkeley BART station in Downtown Berkeley. Parking standards are dramatically reduced for the residential portion of the project, and densities are appropriate to support the available transit. The units will be a mix of studios and one- to three-bedroom rental units that are affordable to a mix of incomes (from extremely low- to low-income). The residential building, Oxford Plaza, will also incorporate many green and sustainable elements into its design.

Due to the varied uses (residential, office, retail, and civic), this project required an extensive process that involved establishing a diverse project team and assembling a wide range of funding sources. It is being developed through a partnership between the non-profit Resources for Community Development and the David Brower Center, and the project will be jointly owned by those two organizations and the City of Berkeley. For the residential portion of the project, the City used $12 million in local funds, including $6.2 million in funds from the City's Housing Trust Fund Program, Redevelopment Agency, and HUD Section 108 loan funds. The total $12 million local investment was leveraged with approximately $70 million in other private and state funds to complete the rest of the project. The project process also consisted of a five-year community engagement process.

Villa Montanaro, Pleasant Hill

The Pleasant Hill BART station area was the location of one of the first transit villages to be planned in the region, as part of the Pleasant Hill BART Specific Plan in 1983. Villa Montanaro, the latest development in the area, increases housing choices by adding 163 rental units in a city that is mostly ownership units. It includes nine units affordable to very low-income households and three for moderate-income residents.

Villa Montanaro replaced an underutilized and deteriorated site that is 1/4 mile from the BART station and close to shops and services. The development has a density of 40 units per acre. Even though the building height of 50 feet exceeded the city's current limit of 35 feet, it was approved and supported by the community because of the project's strengths and location, as well as a recognition of the importance of expanding housing choices in Pleasant Hill.

Villa Montanaro won the 2007 ABAG Growing Smarter Together Award: On the Ground—Getting It Done.

Another factor often highlighted as contributing to escalating housing costs are the impact fees imposed by cities, counties, and special districts for new housing development. Since property tax revenues are limited, many communities use impact fees as a way to cover the costs of providing services to new residents. Impact fees, however, do not cover the continuing costs of these services. Although these fees are an important funding source that enables jurisdictions to provide needed services, they add to the costs of developing housing, which can act as a barrier to housing affordability.

There is a range of policy changes and incentives 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.

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 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.

Developing Infill and Homes Near Transit

Development in infill locations and in areas with access to public transit is a major component of the region's vision for growth. It is a key strategy for expanding housing and transportation choices. However, building homes in these areas involves a variety of challenges that do not usually arise when building on undeveloped land. Cities that want to promote infill development often encounter challenges related to attracting developers to infill sites, working with small parcels, applying appropriate transportation and parking standards, and responding to the needs and concerns of existing residents.

Targeting Development with Specific Plans

Building on infill parcels often involves a great deal of complexity, since the development must fit in with the streets and buildings that are already part of a neighborhood. In this situation, jurisdictions,

developers, and the community must work together to determine how best to integrate a new development into the existing fabric of the community.

Creating a specific plan, neighborhood plan, precise plan, or other detailed plan for a community 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. The process of developing a specific plan allows a local government to consider the best way to link new housing to existing transportation networks, community services, and retail locations.

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. In addition, since the design and aesthetics of a development are particularly important to existing residents, giving developers guidance about desired development types and design standards shows them how best to meet the needs and desires of the community. This kind of guidance can lead to faster and better results from the entitlement process—for both the developer and the community.

Redwood City recently adopted a Downtown Precise Plan that uses the strong regional demand for housing as an engine for local community revitalization.[24] Created with extensive community input, the Precise Plan articulates the city's collective vision in careful detail. The plan describes distinct zones, each with its own unique design guidelines. It directs new developments to maximize public benefits by treating the street as a public space. Permitted building heights of up to 12 stories are calculated to minimize the need for public subsidies. Clear, well-researched, and community-based development guidelines have attracted local and national developer interest and help to ensure that new construction fulfills the city's goals.

The City of Milpitas has also created a vision for their Midtown area in the Midtown Specific Plan. This plan takes advantage of rail stations (VTA and BART) in the area to increase housing choices and densities, and create a walkable district focused along Main Street. As part of the plan, Milpitas identified 252 acres of vacant land that can accommodate up to 4,900 housing units based on allowable densities. These new housing units will be interspersed with and linked by pedestrian and bike trails as outlined in the city's Streetscape and Trails Plans. The city is refining this vision by creating the Milpitas Transit Area Specific Plan, which focuses on a subset of the midtown area adjacent to BART and VTA stations.

San Mateo

Suisun City

Domicilio, Santa Clara

Greenridge, South San Francisco

Alma Apartments, Walnut Creek

Cochrane Village, Morgan Hill

Working with Small Parcels

A common refrain in Bay Area cities is that infill housing is impossible without land assembly. Underused parcels of land in urban areas are often small or oddly-shaped, particularly near transit stations crossed with rail lines and street alignments. Many real estate developers are interested in multi-acre properties, and need local government assistance to obtain neighboring parcels. In turn, cities look for financial assistance to purchase properties and tools such as eminent domain to negotiate with property owners in blighted areas. However, large parcels and parcel assembly are not always financially feasible, even with public assistance. The process of assembling parcels can sometimes take many years and, as a result, in some cases this strategy can slow down new infill development.

An alternative to land assembly may be to alter the development strategy to favor buildings on small parcels. On small parcels, developers can achieve high densities at a small scale, if allowed by local zoning codes. Physical and financial analyses show that projects can achieve densities ranging from 70 to 139 units an acre on parcels that are a fraction of an acre in size.[25] What makes this development feasible is allowing a mix of uses (retail adds to the profitability of a project), and reducing parking standards. Berkeley and Redwood City have achieved densities of 100 units per acre on parcels of less than one acre and in projects that are five stories or less.

Building on small lots may be more beneficial to a city than large-scale developments, especially when this strategy is coordinated through a detailed area plan that helps weave new projects into the existing community. Small projects can work within the confines of a city's existing street grid pattern and often result in diverse building types and aesthetically interesting streetscapes for people—making neighborhoods more walkable. In addition, a neighborhood where older buildings are preserved has a better opportunity to support both high- and low-rent businesses, allowing for a mix of chain and independent businesses that often makes a community unique. They also enhance, instead of alter, existing communities and are more likely to gain community support—especially if they also offer needed housing choices and services. Furthermore, developers of small parcels tend to be local entrepreneurs with knowledge of the community. These benefits have encouraged communities to work closely with developers to get projects built on small parcels.

Redefining Transportation Standards

In much of the region, automobiles are the primary mode of transportation, and land use and development patterns are arranged to meet the needs of drivers. In contrast, one of the primary benefits of infill locations is that they encourage alternative transportation options, such as walking, bicycling, and public transit use. Recent studies have shown that people who live within a half mile from transit

are twice as likely to walk and four times more likely to take transit for all trips.[26]

Unfortunately, housing production in infill locations is often hampered by the application of transportation standards that do not take into account these differences in travel patterns. When considering approval of a proposed development, planners must consider potential impacts on traffic in the area. City planners often use Institute of Transportation Engineers (ITE) standards, which are developed using data from suburban-style developments, to estimate the number of trips a project will generate and the impact it will have on traffic congestion and delay at nearby intersections (known as "Level of Service" or "LOS" standards).

Use of these conventional standards can result in an overstatement of potential auto trips and the resulting traffic congestion. Although new development may lead to an increase in local traffic, evidence indicates development in urban areas generates fewer auto trips than in suburban areas. In addition, meeting LOS standards poses a particular challenge for higher-density and infill projects, since they are generally located in dense areas that already have traffic congestion. For example, pedestrian-oriented downtowns are places where cars naturally move slowly and experience delays. Therefore, these areas often have poor or failing LOS grades.

Downtown River Apartments, Petaluma

The City of Petaluma in Sonoma County has emerged as a housing leader in the region, exceeding its RHNA allocations in all income categories. The Downtown River Apartments is an excellent example of how affordable housing can contribute to community revitalization while providing housing for working people and families.

This development consists of 81 income-restricted apartments with one-, two- and three-bedroom units. It is home to families paying no more than $1100 for a three bedroom apartment. The project has plentiful common space, both in an inner courtyard and a small park along the river. It is located directly across the river from the city's historic downtown, a walkable district with a variety of stores and services in the midst of a revitalization. It has contributed to this revitalization with new homes, stores, and public spaces where an underutilized lot used to be.

The city's partnerships with nonprofit partners are a key to the success of the city's housing program. The city works actively with nonprofits to leverage funds and to develop and manage properties. Eden Housing, Inc. used a variety of state and local funds to develop the Downtown River Apartments, and the nonprofit continues to manage the development. The city also partners with the Boys and Girls Club in this and all family-oriented affordable developments to provide after school activities.

The use of conventional standards to assess these developments can have significant implications for whether or not these projects are successful. The reported congestion often results in neighborhood resistance to a development. In response to community concerns about traffic, cities often plan and approve development at lower densities. In some cases, these required changes can keep the project from being financially feasible, which means the loss of an opportunity to add housing units to a community.

Although these standards are perceived to be objective, since they rely largely on data from auto-oriented sites, they overweight the

Virginia Grove, Novato

In the most expensive county in the Bay Area, a small suburban town has found an innovative way to provide affordable homeownership opportunities in an existing single-family neighborhood. Virginia Grove consists of eight single-family homes, four of which are deed-restricted for low-income families.

The development does not rely on public subsidies to make the homes affordable. Instead, the design focuses on smaller homes to maximize the efficient use of the land. With the use of a density bonus, Virginia Grove will replace a single-family home with eight homes, for an increase in residential density from 1.5 to 12 units per acre.

The development's design also ensures that it is sensitive to the existing surroundings. The project includes a number of environmentally-friendly features, including retention of native trees, vegetated swales, and passive solar heating and cooling. While Virginia Grove is a small project, it provides a reproducible model for providing affordable homes in an exclusively suburban area.

importance of automobiles at the expense of the needs of people—which runs counter to the goal of creating and enhancing vibrant, walkable neighborhoods and community centers. It is also important to note that these standards for measuring local traffic congestion do not take into account the added regional traffic burden created by pushing new housing to the edges of the region and into neighboring regions and forcing people to drive to reach job centers and other destinations in central areas.

Bay Area cities have found ways to navigate around these challenges. Cities can develop policies that accept lower LOS standards, explicitly allowing for some amount of traffic delay, as a way to add new construction without widening streets or harming a pedestrian-oriented downtown.

San Leandro has a lower LOS standard for its downtown area than for the rest of the city, which ensures that downtown will continue to be a pedestrian area. The City of San José has an "intersection protection policy" that designates certain intersections where no further increases in width or capacity are allowed. Design changes at these intersections to encourage walking, biking, and transit use reduce the need for new lanes and other improvements that expand automobile capacity. To encourage use of these alternative forms of transportation, LOS grades at these intersections can be poor or failing.

Rethinking Parking

In addition to measures of trip generation and traffic congestion, many cities and counties have parking requirements that are also based on suburban-style development. While this might be appropriate for single-family neighborhoods, the needs of people living in infill and transit-oriented developments are different. As noted above, people who live near transit are more likely to use it, reducing their dependence on automobiles. In addition, a study by MTC found that residents who live within a half-mile of transit stations own fewer cars than people who live further away. Nearly one third of households near transit do not own a car at all.[27] In infill locations, where the amount of land is limited and multi-level parking structures are necessary (and expensive), using conventional parking standards can be a significant impediment to housing development, especially affordable units.

As a result, many jurisdictions in the Bay Area have made changes to their parking standards to encourage a range of development choices, and to make housing more affordable. The City of San Francisco replaced minimum parking standards for its downtown with a maximum that allows no more than 0.75 spaces per unit.[28] The City of San José provides automatic parking reductions for low-income housing, senior housing, and housing near transit.[29] 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 complementary policy is to "unbundle" parking, which means that residents pay for parking separately. This allows people who do not want access to a parking space to pay less, making units more affordable.

In addition to reduced parking requirements, jurisdictions are also conducting studies to examine existing parking resources and find ways to manage them more effectively. Successful parking management strategies can reduce the need for additional spaces and, in some cases, can make surface parking lots unnecessary—opening up land for development. To manage parking, cities are using pricing to encourage individuals to drive less and to direct drivers to underused parking spaces. Another strategy is to allow developments that create demand for parking at different times, such as an office building and a movie theater, to share parking spaces. Shared parking lowers the amount of land devoted to parking, while still offering enough spaces to meet the needs of drivers.

In June 2007, MTC released a toolkit of regional best parking strategies, including pricing and shared spaces strategies. This report will be an excellent resource for local communities looking for alternative ways to manage parking.[30]

Overcoming Community Resistance

One of the primary barriers that developers and local governments face in producing housing—particularly in infill locations—is opposition from existing residents. Although community members may recognize the need for more housing, they may still oppose new developments because of anxiety about how a proposed development will affect their neighborhood. Residents often object to projects because of concerns that more housing, especially higher-density housing, will lead to increased traffic, displace existing residents, or change the character of the neighborhood. As a result of community resistance, proposals for new housing often must be reworked with lower densities or, in some cases, are denied entirely. In addition, many developers focus on creating housing in undeveloped areas to avoid the challenges of dealing with neighborhood opposition.

Many local governments have come to realize that the best way to reduce community resistance to new housing development is to give community members an active role in determining what kind of housing and amenities their community will have. Giving community members a real voice requires that local governments go beyond the minimum outreach requirements mandated by law to find ways to truly engage residents and others in the planning and decision-making processes.

When residents are engaged as partners and seen, and see themselves, as part of the solution then a collaborative relationship is possible. If, on the other hand, residents are viewed solely as customers then the... underlying dynamic can become adversarial and the opportunity for collaborative change missed.

—Strong Neighborhoods Initiative, City of San Jose

Murphy Ranch, Morgan Hill

Murphy Ranch is an affordable housing community in Morgan Hill that incorporates a variety of environmentally-friendly features. It was funded, in part, by the Santa Clara County Housing Trust Fund and consists of 100 units that are affordable to tenants who earn 22–60 percent of the Area Median Income (AMI). At 14 units per acre, it is more dense than most housing in the area, but the buildings were designed to fit in with the rural character of Morgan Hill.

Murphy Ranch is near downtown and within walking distance of a Caltrain station, a bus stop, and various stores and services. To encourage transit use, residents are given an Eco-Pass that provides unlimited free rides on the county's bus and light rail system.

The green building features of the project include use of recycled-content building materials and non-toxic finishes, energy-efficient appliances, water-conserving landscaping, and solar panels to meet the power needs of the community center.

One strategy for successful community engagement is for local governments to work with community members to establish a vision for the future. This can help to alleviate residents' concerns and help them see how new housing is part of a larger vision to enhance existing neighborhoods. The City of Hercules and the Town of Windsor have revitalized portions of their communities with new housing based upon plans that came out of visioning processes. Community members are now highly supportive of development projects that fit the concepts from the visioning process. New homebuyers have increased confidence that they will enjoy their community decades into the future.

Other innovative community engagement strategies include the City of Richmond's "plan van," which travels to schools and community events to gather input into the process for updating the City's General Plan. Richmond also established a Youth Visioning Program to engage students in the update. The City of Pittsburg has made use of local and regional community-based organizations to help spread information to local neighborhood and church groups about their Railroad Avenue eBART Specific Plan. As part of their Better Neighborhoods Program, the City of San Francisco includes "talk to the planner" walk-in sessions for community residents and business owners.

It is also important for local governments to include residents during the development process. By doing so, a jurisdiction can make sure development projects fit the shared vision for an area, and can get constructive community buy-in early on. Using community-based organizations, neighborhood organizations, and other grassroots institutions to distribute information to the community can be an excellent means of reaching many community members with relative ease. Cities can also attract more residents to meetings by making public meetings more accessible. This includes using less technical and procedural language, as well as providing translation, food, and childcare.

Some jurisdictions are trying to move beyond one-time, issue-based community engagement to build a base of citizens who share responsibility and decision-making processes with the local government. By doing so, local governments create a long-term strategy that directly involves citizens in shaping their communities. For example, Redwood City has focused on community building, where citizens share in the decision-making yet are in part responsible for the results of public efforts. Redwood City encourages active citizenry through a citizen's academy, speaker series, and town hall meetings that discuss community issues, including those related to planning and development.

Through the Strong Neighborhoods Initiative, the City of San Jose has realigned its approach to manage neighborhood services based upon a series of neighborhood plans. This initiative is a partnership between the City, the Redevelopment Agency, and the community to improve neighborhood conditions and livability while building strong, independent, and capable neighborhood organizations and leaders. Partners develop Neighborhood Improvement Plans, and prioritize "Top-Ten" Action Agendas. Comprehensive engagement strategies such as San José's ensure that changes to neighborhoods are long-term, popular, and sustainable. They build on community assets and strengths, and help community members understand policy decisions, resource limitations and trade-offs.

For more outstanding examples of community engagement, visit the FOCUS Best Practices Conference Series webpage. (www.bayareavision.org/outreach/sce.html)

Making Affordable Housing Happen

In the Bay Area, there is a continuing need for more homes that are affordable. During the 1999-2006 RHNA period, jurisdictions in the region issued permits for only 47 percent of their allocations for units affordable to very low-, low-, and moderate-income households. Local governments had the most success at creating units affordable to low-income households, issuing permits for 79 percent of the RHNA allocation. Making homes affordable for very low-income households is challenging because these units require larger subsidies, which are hard to obtain. Providing homes affordable to moderate-income households is equally difficult because there are few subsidies available for people in this income group.

There are a variety of strategies to increase housing choices for people at all incomes. These approaches focus on increasing the supply of homes people can afford and creating new sources of funding to devote to developing more affordable homes.

Inclusionary Housing

For many Bay Area communities, inclusionary housing—including a certain percentage of units that are affordable to lower-income households in market-rate developments—is a key policy driving creation of affordable housing. In 1970, Petaluma and Palo Alto were the first local jurisdictions in California to adopt inclusionary housing ordinances. Use of this strategy has expanded tremendously so that, by 2006, 65 of the region's 101 cities and 9 counties have inclusionary ordinances.[31]

The goal of inclusionary housing policies is to ensure the continued growth of the region makes room for people at all income levels, but specific policies and requirements vary by individual jurisdiction. Most communities encourage development of the affordable units on the same site as the market-rate homes; many also try to offer 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, such as allowing the developer to donate land or pay an "in-lieu" fee into a local fund dedicated to construction of affordable homes. The City of Santa Rosa has made use of in-lieu fees, in conjunction with other funds, to create a large amount of affordable housing in their city.

For these options to be effective, the local 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. 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.

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

My housing mantra is that to make affordable housing happen you need three things: political will, money, and sophisticated nonprofits. It will only work if all three of these things are present. In addition, you must keep things simple, flexible, and enforceable.

—Bonne Gaebler
Housing/CDBG Administrator
City of Petaluma

inclusionary units. However, these costs can be offset in a number of ways. For instance, developers can receive "density bonuses" as part of an inclusionary ordinance. This means more units can be included in a project, which reduces the per-unit cost and increases its overall value. In addition, cities can charge partial "in-lieu" fees, reducing costs for the developer yet allowing the city to receive money which it can then leverage and apply toward new housing.

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.[32]

Preservation of Existing Affordable Units

One of the major issues affecting the supply of homes that people can afford is the conversion of affordable units to market-rate units. The loss of affordable units not only displaces current tenants, but also represents a permanent loss of affordable housing choices in a community. Preserving and rehabilitating the existing affordable housing stock is, therefore, an integral part of a community's strategy for providing affordable housing choices.

The use of public subsidies is the primary method for producing homes that very low- and low-income households can afford. These subsidies come from a variety of federal, state, and local sources. In return for receiving public subsidies, owners of the properties developed agree to keep them affordable for a certain number of years. Many of these subsidy programs have been around for several decades and the rent restrictions on many older buildings are expiring. This allows the owner to convert affordable units

to market-rate units. Since it usually costs two to three times as much to replace an affordable apartment as it does to preserve it,[33] there is the potential that the units the community loses will not be replaced.

There is a variety of strategies that local governments can use to promote the preservation of units whose affordability restrictions are expiring. A key first step is to obtain information about units that are "at-risk," meaning that the restrictions will expire within five years. Local governments can contact the California Housing Partnership Corporation, which maintains information about at-risk projects, or the local U.S. Department of Housing and Urban Development (HUD) office, which requires that owners who wish to end affordability restrictions notify them in advance. Local governments can also register as *"Qualified Entities"* with HCD[34] to receive notices from all owners that intend to convert units. *Qualified Entities* are given the first opportunity to offer to buy a property in order to maintain its affordability.

Local governments can also take an active role in helping purchasers acquire properties to preserve rent restrictions. Some cities have a staff person who is dedicated to coordinating efforts related to preserving affordable units. This person can identify potential purchasers in advance, and then help match them to owners who wish to sell. Jurisdictions can also make local funds, such as federal grant money or housing trust fund dollars, available for purchasing units for preservation.

Cities and counties that take some of these steps can help ensure affordable housing choices are available in their community. These suggestions were adapted from information provided by the California Housing Partnership Corporation. For more information, visit their website at www.chpc.net.

Table 2. Bay Area Affordable Units At-Risk, 2006

County	At-Risk Units
Alameda	2,097
Contra Costa	373
Marin	12
Napa	0
San Francisco	1,143
San Mateo	355
Santa Clara	1,866
Solano	867
Sonoma	189
Regional Total	**6,902**

Source: California Housing Partnership Corporation. At Risk Data by County. *Available at: www.chpc.net/at-risk/index.php.*

Better Financing for Affordable Housing

One of the primary barriers to the production of more affordable housing is the lack of sufficient funding. 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 funding has not kept up with the need.

Most available 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 housing revenue bonds issued by state and local governmental agencies and joint powers authorities, such as the ABAG Housing Finance Authority. The LIHTC program, which is offered at the federal and state levels, allows investors to purchase

affordable housing credits that reduce their tax liability. In California, the program provides about $80 million in tax credits annually.[35] For 2007, the State tax-exempt housing revenue bond program will allocate up to $2.4 billion to housing projects and programs, including $1.7 billion for multi-family projects.[36] The bonds issued are purchased by the private sector and the repayment is not an obligation of the state or of the federal government.[37]

To complement ABAG's housing policy and planning efforts, the ABAG Finance Authority's housing finance program offers a practical tool for local governments dealing with the increasing shortage of affordable housing in their own jurisdictions. The program seeks to provide low-cost financing for smaller urban projects and an efficient, competitive lending vehicle for larger developments.

Providing conduit bond financing for the acquisition, construction, and rehabilitation of multi-family and senior housing, the program offers assistance in overcoming the many obstacles to completing projects that create more affordable housing options. The flexibility of working with the Authority and its low-cost structure allows borrowers efficient and economical access to the tax-exempt bond market. Through June 2007, the Authority has issued 74 multi-family housing bond issues, aggregating approximately $932 million for 74 different affordable housing projects—in all helping to preserve or construct in excess of 9,700 apartment units.

The State of California has also issued bonds to fund development of affordable housing. In 2002, voters passed Proposition 46, a $2.1 billion general obligation bond dedicated to affordable housing. 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.[38] Funds available from Proposition 46 will be spent by the end of 2007. Since then, voters passed Proposition 1C providing money to continue affordable housing development in California.

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.[39]

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 making the development of affordable housing more difficult.

The Lincoln Court Senior Apartments in Oakland demonstrates the complexity of financing affordable housing. The development consists of 82 housing units that are affordable to extremely low- and very low- income seniors, many with disabilities. These apartments replaced a blighted motel that was a notorious site of illegal activity. Lincoln Court is within walking distance of a variety of retail services and stores, and also provides easy access to public transit.

Complexities of Financing Affordable Housing

The Lincoln Court Senior Apartments in Oakland has 82 housing units affordable to extremely low- and very low-income seniors. The development required the following funding sources:

Construction Funds:	
ABAG Finance Authority Bonds	$ 9,500,000
US Bank Second Loan	2,675,000
City of Oakland Loan	3,500,000
Tax Credit Equity	646,000
Total	$16,321,000

Permanent Funds:	
ABAG Finance Authority Bonds	$ 978,200
City of Oakland Loan	3,500,000
Tax Credit Equity	6,460,040
HCD Multifamily Housing Program Loan	6,687,170
Deferred Developer Fee	1,132,980
Total	$18,758,390

Four different funding sources were used to finance construction of the development (see sidebar). These sources included $9.5 million in conduit bonds issued by the ABAG Finance Authority, a $2.675 million second loan from US Bank, a $3.5 million loan from the City of Oakland, and nearly $650,000 in tax credits.

These initial funds were used to finance construction, and additional sources available after construction allowed the developer to pay down some of the higher rate construction loans. These sources included approximately $5.8 million in additional tax credits, an approximately $6.7 million loan from the California Multifamily Housing Program (MHP), and just over $1.1 million in deferred developer fees.[40]

Local Funding for Affordable Homes

In addition to funds provided by the federal and state governments, 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 money for affordable housing. To fund its programs, a redevelopment agency can use tax increment financing, which is the increase in tax revenues that occurs as property values rise as a result of the agency's revitalization efforts. Currently, state law requires that redevelopment agencies use at least 20 percent of their revenues for affordable housing activities. Local jurisdictions can increase affordable housing funds by committing a larger proportion of these revenues for affordable housing. The City of San Francisco dedicates 50 percent of redevelopment revenues to affordable homes, while Oakland increased its level to 25 percent.

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 support affordable housing. These trust funds provide a steady source of funding and allow communities to focus spending on projects and programs that are high priorities locally. Eight Bay Area counties and thirty-seven cities now have housing trust funds.[41]

The Housing Trust of Santa Clara County has become a national model. While most housing trust funds 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

Rohnert Park

Emeryville

Marlin Cove, Santa Clara

2000 Post, San Francisco

City Center Plaza, Redwood City

Old Elm Village, Petaluma

North Park, San José

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.[42]

Similar to the Housing Trust of Santa Clara County, the Housing Endowment and Regional Trust (HEART) of San Mateo County also leverages public and private funds for affordable housing. As a private-public partnership, HEART works with both cities and businesses on solutions for workforce housing. Between 2003 and 2006, HEART contributed $4 million to help fund 398 affordable units, and has a $2.5 million revolving loan fund to develop new homes.[43]

Local governments can also partner with local nonprofits to obtain access to funding that cities cannot receive on their own. These funds may come from major financial institutions, which often make grants and loans to nonprofit housing developers to fulfill their obligation through the Community Reinvestment Act. Foundations also often only grant money to nonprofits. The City of Petaluma has partnered extensively with local non-profit developers, allowing them to both develop and manage most of their affordable and special needs projects.

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. Communities as diverse as Dublin, Oakland, Napa County, and Walnut Creek have adopted linkage fees as a way to promote development of homes people can afford.

Conclusion: Meeting the Housing Challenge

The need to expand the range of housing choices in the Bay Area is one of the most significant challenges that the region faces. Production of more homes is necessary to ensure that people at all income levels can find a home they can afford. As consideration is given to *how* to add more housing, it is also critical to think about *where* to add these new homes. As this report has shown, the pattern of growth has significant impacts on the region's housing affordability, roads and highways, natural assets, and overall quality of life. Thus, it is important that we add homes in the right places.

How the Bay Area grows and changes is not something that should be left to chance. The region has an opportunity to choose what we want our communities to be in the future. The methodology adopted for the pending RHNA cycle and, in particular, the FOCUS initiative are region-wide efforts to help us envision what the Bay Area might look like in the future. These efforts have provided a framework for a shift in growth toward compact development in existing communities near transit services. Encouraging this development pattern has the potential to provide more housing and transportation choices in the region.

A key to achieving this shift in development patterns is implementation by local governments. Success in this endeavor is possible and progress is being made. Jurisdictions are having success using a variety of strategies and innovative approaches to get housing built, particularly affordable housing. Those communities that are already working to expand housing and transportation choices are demonstrating what is possible. They are models for their regional neighbors.

In recognition of the key role that local governments play in advancing a more sustainable region, the regional agencies are working to direct available financial resources and incentives to those communities that are planning for more housing. The planning framework established by FOCUS will be supported by other planning activities, including the update of the Regional Transportation Plan and decisions about how incentives made available by the passage of state bonds will be spent. The convergence of these planning efforts shows the extent to which there is an emerging consensus about the future direction of the region.

However, the housing challenge can only be met by the cooperative efforts of government, the private sector, nonprofits, and the community at large. While recent efforts are encouraging, we will continue to need new funds for affordable housing and more opportunities to make housing part of our communities. A limited range of housing choices affects us all. It means businesses are less competitive and they have more difficulty attracting qualified employees. It means that local areas have more difficulty sustaining an attractive community and prosperous local economy. It means that most current residents or their families will face difficult choices as their households change. It is a big challenge. But by working together we can find ways to increase housing choices in the Bay Area and make the region's vision a reality.

Endnotes

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[18] For more details about these sections of the methodology, please see ABAG's website at www.abag.ca.gov/planning/housingneeds.

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[20] Adopted by ABAG's Executive Board, January 2007.

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Appendix A: Bay Area RHNA Performance, 1999 to 2006

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate			Above 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	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	Total Permits Issued
Alameda County													
Alameda[a]	443	300	68%	265	36	14%	611	120	20%	843	496	59%	952
Albany[a]	64	5	8%	33	10	30%	77	54	70%	103	91	88%	160
Berkeley[a]	354	239	68%	150	257	171%	310	94	30%	455	762	167%	1,352
Dublin[a]	796	263	33%	531	243	46%	1,441	378	26%	2,668	2,948	110%	3,832
Emeryville[a]	178	124	70%	95	63	66%	226	183	81%	278	1,452	522%	1,822
Fremont[a]	1,079	361	33%	636	142	22%	1,814	340	19%	3,179	2,128	67%	2,971
Hayward[a]	625	40	6%	344	17	5%	834	818	98%	1,032	1,727	167%	2,602
Livermore[a]	875	202	23%	482	259	54%	1,403	657	47%	2,347	2,628	112%	3,746
Newark[a]	205	0	0%	111	0	0%	347	0	0%	587	314	53%	314
Oakland[a]	2,238	610	27%	969	690	71%	1,959	155	8%	2,567	6,847	267%	8,302
Piedmont[a]	6	0	0%	4	0	0%	10	0	0%	29	9	31%	9
Pleasanton[a]	729	120	16%	455	410	90%	1,239	272	22%	2,636	1,589	60%	2,391
San Leandro[a]	195	108	55%	107	0	0%	251	161	64%	317	1,245	393%	1,514
Union City[a]	338	177	52%	189	55	29%	559	59	11%	865	1,561	180%	1,852
Unincorporated[a]	1,785	50	3%	767	253	33%	1,395	4	0%	1,363	1,571	115%	1,878
Total	**9,910**	**2,599**	**26%**	**5,138**	**2,435**	**47%**	**12,476**	**3,295**	**26%**	**19,269**	**25,368**	**132%**	**33,697**

[a] *Data was provided by local planning or housing staff.*

[b] *Data was estimated by ABAG staff. Total housing units based on data from the Construction Industry Research Board (CIRB). 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.*

[c] *Data for 1999-2005 was provided by local planning or housing staff. ABAG staff estimated data for 2006.*

[d] *Partial data provided by local planning or housing staff. Other data estimated by ABAG staff.*

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate			Above 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	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	Total Permits Issued
Contra Costa County													
Antioch[a]	921	435	47%	509	403	79%	1,156	1,923	166%	1,873	3,213	172%	5,974
Brentwood[a]	906	376	42%	476	238	50%	958	2,166	226%	1,733	7,687	444%	10,467
Clayton[a]	55	67	122%	33	17	52%	84	16	19%	274	119	43%	219
Concord[a]	453	171	38%	273	115	42%	606	76	13%	987	2,411	244%	2,773
Danville[c]	140	85	61%	88	56	64%	216	84	39%	666	496	74%	721
El Cerrito[a]	37	0	0%	23	5	22%	48	19	40%	77	210	273%	234
Hercules[a]	101	96	95%	62	68	110%	195	93	48%	434	1,818	419%	2,075
Lafayette[a]	30	15	50%	17	2	12%	42	0	0%	105	186	177%	203
Martinez[b]	248	0	0%	139	0	0%	341	0	0%	613	424	69%	424
Moraga[a]	32	21	66%	17	0	0%	45	0	0%	120	65	54%	86
Oakley[a]	209	168	80%	125	293	234%	321	51	16%	553	1,888	341%	2,400
Orinda[b]	31	0	0%	18	0	0%	43	0	0%	129	157	122%	157
Pinole[a]	48	34	71%	35	6	17%	74	80	108%	131	52	40%	172
Pittsburg[a]	534	247	46%	296	381	129%	696	800	115%	987	2,477	251%	3,905
Pleasant Hill[a]	129	95	74%	79	69	87%	175	226	129%	331	362	109%	752
Richmond[a]	471	200	42%	273	1,093	400%	625	131	21%	1,234	805	65%	2,229
San Pablo[a]	147	214	146%	69	70	101%	123	16	13%	155	366	236%	666
San Ramon[a]	599	157	26%	372	407	109%	984	1,143	116%	2,492	5,538	222%	7,245
Walnut Creek[a]	289	99	34%	195	80	41%	418	175	42%	751	1,123	150%	1,477
Unincorporated[a]	1,101	372	34%	642	177	28%	1,401	77	5%	2,292	5,151	225%	5,777
Total	**6,481**	**2852**	**44%**	**3,741**	**3,480**	**93%**	**8,551**	**7,076**	**83%**	**15,937**	**34,548**	**217%**	**47,956**

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate			Above 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	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	Total Permits Issued
Marin County													
Belvedere[a]	1	0	0%	1	0	0%	2	2	100%	6	7	117%	9
Corte Madera[a]	29	0	0%	17	0	0%	46	0	0%	87	99	114%	99
Fairfax[a]	12	0	0%	7	0	0%	19	0	0%	26	18	69%	18
Larkspur[a]	56	7	13%	29	6	21%	85	3	4%	133	37	28%	53
Mill Valley[a]	40	69	173%	21	28	133%	56	41	73%	108	32	30%	170
Novato[a]	476	297	62%	242	527	218%	734	496	68%	1,130	1,646	146%	2,966
Ross[b]	3	0	0%	2	0	0%	5	0	0%	11	22	200%	22
San Anselmo[b]	32	0	0%	13	0	0%	39	0	0%	65	70	108%	70
San Rafael[a]	445	25	6%	207	87	42%	562	388	69%	876	684	78%	1,184
Sausalito[a]	36	22	61%	17	0	0%	50	0	0%	104	51	49%	73
Tiburon[a]	26	4	15%	14	3	21%	32	0	0%	92	144	157%	151
Unincorporated[a]	85	104	122%	48	100	208%	96	110	115%	292	643	220%	957
Total	**1,241**	**528**	**43%**	**618**	**751**	**122%**	**1,726**	**1040**	**60%**	**2930**	**3453**	**118%**	**5,772**
Napa County													
American Canyon[a]	230	114	50%	181	60	33%	353	51	14%	559	2,110	377%	2,335
Calistoga[c]	44	3	7%	31	15	48%	41	0	0%	57	60	105%	78
Napa[a]	703	177	25%	500	351	70%	859	582	68%	1,307	1,287	98%	2,397
St. Helena[a]	31	10	32%	20	10	50%	36	22	61%	55	82	149%	124
Yountville[a]	21	0	0%	15	2	13%	20	19	95%	31	46	148%	67
Unincorporated[a]	405	30	7%	272	45	17%	466	63	14%	826	106	13%	244
Total	**1,434**	**334**	**23%**	**1,019**	**483**	**47%**	**1,775**	**737**	**42%**	**2,835**	**3,691**	**130%**	**5,245**

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate			Above 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	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	Total Permits Issued
San Francisco City & County													
San Francisco[a]	**5,244**	**4,203**	**80%**	**2,126**	**1,101**	**52%**	**5,639**	**661**	**12%**	**7,363**	**11,474**	**156%**	**17,439**
San Mateo County													
Atherton[a]	22	0	0%	10	0	0%	27	0	0%	107	5	5%	5
Belmont[a]	57	24	42%	30	20	67%	80	10	13%	150	287	191%	341
Brisbane[a]	107	7	7%	43	1	2%	112	7	6%	164	93	57%	108
Burlingame[a]	110	0	0%	56	0	0%	157	72	46%	242	32	13%	104
Colma[b]	17	0	0%	8	73	913%	21	0	0%	28	14	50%	87
Daly City[a]	282	11	4%	139	22	16%	392	0	0%	578	383	66%	416
East Palo Alto[c]	358	57	16%	148	155	105%	349	15	4%	427	492	115%	719
Foster City[a]	96	88	92%	53	0	0%	166	44	27%	375	401	107%	533
Half Moon Bay[b]	86	0	0%	42	106	252%	104	0	0%	226	250	111%	356
Hillsborough[c]	11	0	0%	5	15	300%	14	19	136%	54	109	202%	143
Menlo Park[b]	184	0	0%	90	0	0%	245	11	4%	463	204	44%	215
Millbrae[a]	67	0	0%	32	0	0%	90	0	0%	154	262	170%	262
Pacifica[a]	120	0	0%	60	10	17%	181	0	0%	305	169	55%	179
Portola Valley[a]	13	12	92%	5	3	60%	13	2	15%	51	44	86%	61
Redwood City[a]	534	36	7%	256	70	27%	660	18	3%	1,094	341	31%	465
San Bruno[a]	72	138	192%	39	187	479%	110	0	0%	157	542	345%	867
San Carlos[b]	65	0	0%	32	0	0%	89	1	1%	182	207	114%	208
San Mateo[a]	479	125	26%	239	85	36%	673	50	7%	1,046	1,511	144%	1,771
So. San Francisco[a]	277	121	44%	131	71	54%	360	104	29%	563	1,014	180%	1,310
Woodside[b]	5	0	0%	3	0	0%	8	0	0%	25	126	504%	126
Unincorporated[a]	252	31	12%	146	0	0%	454	0	0%	828	1,982	239%	2,013
Total	**3,214**	**650**	**20%**	**1,567**	**818**	**52%**	**4,305**	**353**	**8%**	**7,219**	**8,468**	**117%**	**10,289**

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate			Above 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	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	Total Permits Issued
Santa Clara County*													
Campbell[a]	165	23	14%	77	14	18%	214	98	46%	321	482	150%	617
Cupertino[a]	412	36	9%	198	12	6%	644	79	12%	1,466	1,212	83%	1,339
Gilroy[a]	906	189	21%	334	327	98%	1,030	425	41%	1,476	1,636	111%	2,577
Los Altos[a]	38	24	63%	20	16	80%	56	2	4%	147	705	480%	747
Los Altos Hills[a]	10	26	260%	5	6	120%	15	5	33%	53	195	368%	232
Los Gatos[a]	72	13	18%	35	73	209%	97	16	16%	198	505	255%	607
Milpitas[a]	698	524	75%	351	177	50%	1,146	464	40%	2,153	2,153	100%	3,318
Monte Sereno[a]	10	12	120%	5	7	140%	13	15	115%	48	59	123%	93
Morgan Hill[a]	455	258	57%	228	298	131%	615	313	51%	1,186	1,466	124%	2,335
Mountain View[a]	698	118	17%	331	5	2%	991	128	13%	1,403	1,233	88%	1,484
Palo Alto[a]	265	214	81%	116	130	112%	343	134	39%	673	1,955	290%	2,433
San Jose[a]	5,337	4,415	83%	2,364	3,886	164%	7,086	776	11%	11,327	18,184	161%	27,261
Santa Clara[a]	1,294	279	22%	590	479	81%	1,786	665	37%	2,669	3,340	125%	4,763
Saratoga[a]	75	60	80%	36	1	3%	108	108	100%	320	455	142%	624
Sunnyvale[a]	736	55	7%	361	57	16%	1,075	194	18%	1,664	1,861	112%	2,167
Unincorporated[a]	325	325	100%	158	158	100%	651	152	23%	312	786	252%	1,421
Total	**11,496**	**6,571**	**57%**	**5,209**	**5,646**	**108%**	**15,870**	**3,574**	**23%**	**25,416**	**36,227**	**143%**	**52,018**

* *Data was updated in August 2007, based on corrections to the permits issued by the City of Campbell.*

Bay Area Affordable Housing, 1999 to 2006

	Very Low			Low			Moderate			Above 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	RHNA Allocation	Permits Issued	Percent of Allocation Permitted	Total Permits Issued
Solano County*													
Benicia[d]	70	54	77%	49	128	261%	90	165	183%	204	385	189%	732
Dixon[c]	268	0	0%	237	0	0%	379	15	4%	580	1,002	173%	1,017
Fairfield[a]	761	57	7%	573	192	34%	972	631	65%	1,506	5,421	360%	6,301
Rio Vista[b]	357	12	3%	190	27	14%	342	0	0%	502	1,679	334%	1,718
Suisun City[a]	191	16	8%	123	64	52%	256	36	14%	434	890	205%	1,006
Vacaville[a]	860	87	10%	629	691	110%	1,172	1,463	125%	1,975	2,165	110%	4,406
Vallejo[d]	690	322	47%	474	231	49%	779	4	1%	1,299	2,408	185%	2,965
Unincorporated[a]	500	0	0%	363	71	20%	771	0	0%	1,085	356	33%	427
Total	**3,697**	**548**	**15%**	**2,638**	**1,404**	**53%**	**4,761**	**2,314**	**49%**	**7,585**	**14,306**	**189%**	**18,572**
Sonoma County													
Cloverdale[a]	95	104	109%	51	59	116%	128	138	108%	149	721	484%	1,022
Cotati[a]	113	74	65%	63	40	63%	166	59	36%	225	347	154%	520
Healdsburg[a]	112	76	68%	78	112	144%	171	31	18%	212	297	140%	516
Petaluma[a]	206	250	121%	124	201	162%	312	361	116%	502	944	188%	1,756
Rohnert Park[a]	401	293	73%	270	467	173%	597	546	91%	856	1,551	181%	2,857
Santa Rosa[a]	1,539	591	38%	970	1,338	138%	2,120	2154	102%	3,025	4,241	140%	8,324
Sebastopol[a]	58	0	0%	35	5	14%	75	28	37%	106	88	83%	121
Sonoma[a]	146	111	76%	90	68	76%	188	66	35%	260	587	226%	832
Windsor[a]	430	161	37%	232	171	74%	559	33	6%	850	1,516	178%	1,881
Unincorporated[a]	1,311	650	50%	1,116	339	30%	1,563	317	20%	2,809	1,836	65%	3,142
Total	**4,411**	**2,310**	**52%**	**3,029**	**2,800**	**92%**	**5,879**	**3,733**	**63%**	**8,994**	**12,128**	**135%**	**20,971**
Total Bay Area*	**47,128**	**20,595**	**44%**	**25,085**	**18,918**	**75%**	**60,982**	**22,783**	**37%**	**97,548**	**149,663**	**153%**	**211,959**

* *Data was updated in August 2007, based on corrections to the permits issued by the City of Campbell and the City of Vallejo.*

For more information
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