

PLANNING TO HOUSE CALIFORNIA

BEYOND 2020



PREPARED BY THE
CALIFORNIA PLANNING ROUNDTABLE
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www.cproundtable.org



The lack of housing availability and affordability has reached crisis proportions in California. The conditions we experience today have been building over the last several decades largely due to limited production, particularly in coastal and urbanized areas. **Housing is a basic human need.** All people living in our State should have access to affordable, secure, and decent housing in neighborhoods within reasonable commutes to their workplaces—commutes that minimize greenhouse gas emissions. Californians recognize that the housing crisis has created inequities that erode local economic conditions and the social fabric of our communities. Allowing for new housing of multiple types and scales that are supported by infrastructure capacity and community facilities—and can be constructed in environmentally sound locations with minimal delays—will provide the right conditions to begin producing housing for all Californians and will allow all California communities to thrive.

The California Planning Roundtable (CPR) has been exploring what strategies cities and counties throughout the State—from urban to rural, coastal to inland—can use to facilitate housing production responsive to each of their own unique physical and socioeconomic conditions. CPR, as an apolitical expert body of urban planning practitioners and researchers, represents a forum to provide ideas for addressing this most vexing issue. Over the past decade, CPR has been involved in several significant state-wide planning discussions on such topics as the myths and facts of affordable housing, infill development, and rethinking the General Plan. Today's issue is tomorrow's challenge. Looking forward, CPR offers the following seven principles to plan for and develop housing on a sustained basis beyond 2020:

1. Start with a Plan
2. Embrace and Zone for Housing in All Forms
3. Facilitate By-Right Housing
4. Adopt Objective Design Standards
5. Use the California Environmental Quality Act (CEQA) for Streamlining Housing Projects
6. Fund Infrastructure and Public Facilities that Create Community
7. Reform State Fiscal Incentives and Reward Outcomes

These principles are intended to enable communities to expedite housing project approvals designed to reflect the distinguishing character of the locations where they are proposed. These principles are not in response to specific proposed legislation, nor does CPR advocate for positions on proposed bills. **Indeed, jurisdictions could do all things presented in this paper now, under existing law.** CPR hopes this paper may inform those discussions.

1. Start with a Plan

Adopt neighborhood, area, or specific plans that will provide the opportunity for jurisdictions to consider the local context, receive public input, and allow more housing in areas where:

- Transit service or frequent bus service is, or will be, available within a distance easily accessible to residents
- Infrastructure is already available or planned, or a financing mechanism will be in place to fund new infrastructure to service the growth
- Surrounding uses—such as heavy industrial uses—do not pose health risks
- Previous conditions of racial and economic segregation and inequity, where they exist, will not be exacerbated
- Development can realistically be achieved in consideration of economic feasibility and physical conditions
- Historic and natural resources are respected
- Existing residents will not be displaced



State policies could direct local agencies to address these objectives in their plans by:

Basing the Form and Density on the Community Type.

Avoid the one-size-fits-all approach. Allow variation of development thresholds for density and scale to reflect differing physical and market contexts: suburban versus downtown/urban versus rural. Require objective design guidance for building form and site design that fit the context.

Requiring Inclusive Communities. Include provisions that require a diversity of integrated housing types and price ranges, including workforce, middle-income, lower-income, and special needs housing.

Allowing Creative Ways for Jurisdictions to Improve Public Services and Facilities. Enable and facilitate the formation of neighborhood public facility financing mechanisms and the use of other local and regional incentives as tools to fund additional infrastructure improvements, community facilities, public services, and other community benefits to service the new infill growth and address existing deficits.

Including Strong Anti-Displacement Regulations. Require that lower- and moderate-income housing units removed be replaced at a minimum one-to-one ratio by income category within the same neighborhood. Displacement plans should be prepared with relocation assistance and opportunities for displaced households to occupy new and rehabilitated housing units.

Promoting Sustainable and Equitable Development.

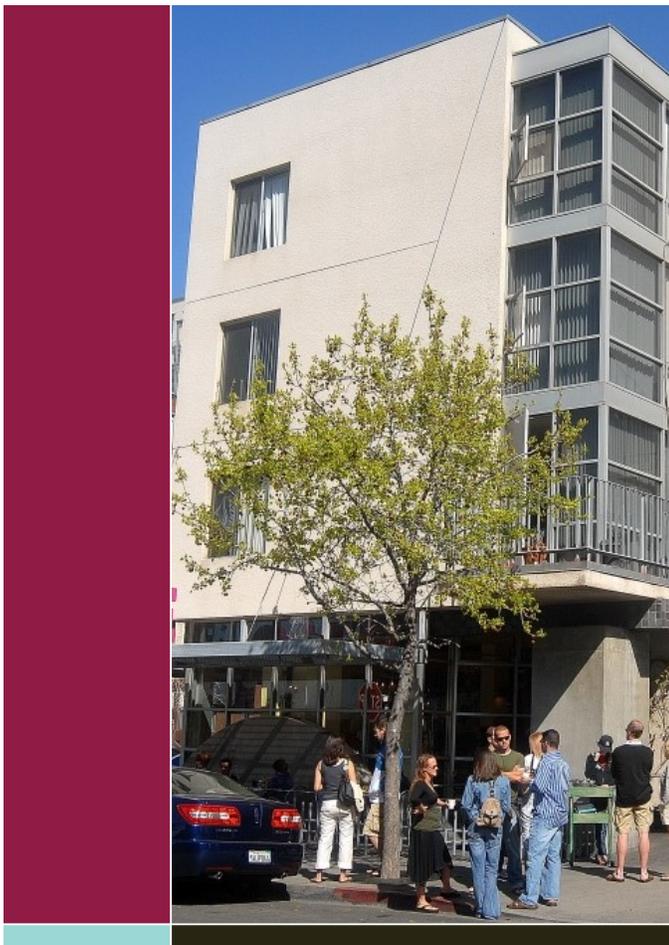
Require plans to incorporate strategies that embrace environmental, economic, and equitable sustainability. Housing should be constructed using the most feasible sustainable materials, with construction and site planning methods to include smart technologies so that new homes can be operated more cost effectively and at higher levels of environmental sustainability and resilience.

Reducing Barriers to Feasible Development. Reduce barriers that increase costs unnecessarily for development that complies with adopted plans, such as reducing parking ratio requirements to low minimums (letting the market determine how much parking is needed), streamlining CEQA clearance, applying objective design standards, and instituting ministerial zoning review and permitting, including administrative approval of bonus zoning. To avoid defaulting to common denominator standards, establish an alternative compliance process for creative design proposals to be considered.

If a local plan is not adopted in a timely way, State regulations could apply (similar to the legislative approach to accessory dwelling units).

2. Embrace and Zone for Housing in All Forms

In almost all California cities and counties, zoning codes distinguish between single-family housing and multi-family housing at different densities. Rather than focus on the type of a particular housing type, zoning regulations might be recrafted to describe physical (floor-area ratios) or residential (units per acre) minimum and maximum densities instead (using form-based or performance-oriented standards). Rather than have regulations apply to each individual building in an application or district, apply standards as an average, thereby allowing individual structures to vary so long as the overall metric parameter is maintained. Such an approach could allow for manufactured and/or modular homes, co-living, micro units, and high-density apartments and condominiums, as well as allowing middle density typologies such as triplexes, quadplexes, and townhomes.



In addition, jurisdictions might allow existing buildings to be used more creatively through adaptive re-use and reconfigurations to provide solutions to emergent local housing issues. As workplace environments and how people work evolve due to technology, surplus office buildings and commercial spaces can convert to mixed-use, live-work residential uses. New commercial buildings can be designed to accommodate this flexibility.

3. Facilitate By-Right Housing

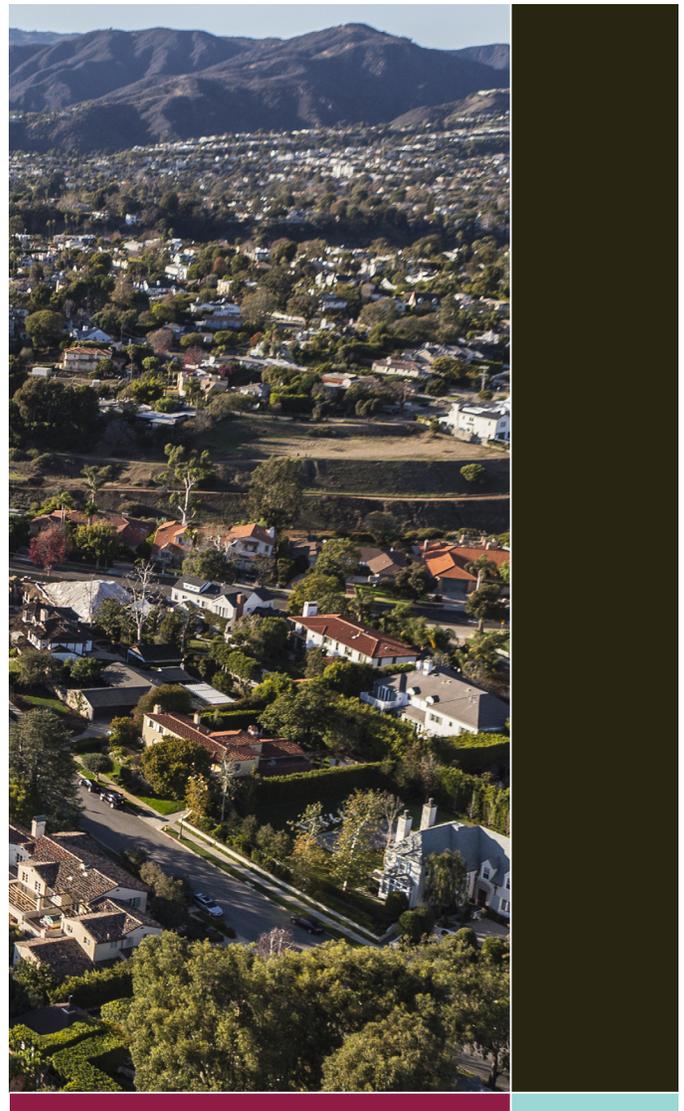
By-right zoning and efficient regulatory review processes streamline development entitlements for applications that comply with public policy, creating greater certainty for housing developers and the public, and reducing transaction costs. This reduces risk and the cost of capital for housing. The context, however, matters given California’s diverse urban, suburban, and rural communities. What works in one market may not work in another due to relative rents, home prices, infrastructure, access to transportation, parcel configurations, and land costs. A by-right approach developed with local participation through thoughtful planning creates value and can sustain public support. Cities and towns will be much more likely to accept by-right regulations to achieve statewide policy goals when given the opportunity to create and tailor them. If proscribed levels of density are required near transit without consideration of context, public support for both infill development and transit in their neighborhoods may diminish.

While the Housing Accountability Act, originally adopted in 1982 and strengthened by the Legislature in 2017, promotes, but does not require, by-right housing development, few jurisdictions have enacted local regulations that truly promote by-right housing approvals, although some have or are in the process of developing them under existing law. New state-wide laws under consideration may remove discretionary approval for projects served by transit; hopefully, such legislation will consider that context matters and include flexibility. Nonetheless, jurisdictions should proactively create tailored by-right regulations for housing of all types and shape local zoning laws that enable by-right approvals responsive to local conditions and in compliance with State policies. The process for adopting by-right regulations should engage the community early.

By-right housing approvals mean no discretionary review of

development applications that comply with adopted plans and zoning. Consequently, the public will not have the opportunity to comment on housing applications in their neighborhood. This shifts the opportunity for important public input from the project review stage to the plan preparation and zoning adoption stages that are the precursors for by-right processes—an important reason to “Start with a Plan.”

As part of the planning process for crafting by-right housing regulations, jurisdictions will need to undertake a thorough and thoughtful process to inform the community and solicit input about the locations in which housing should be located and what the regulations should contain. The outreach process needs to be broad in terms of methods and audiences, including people who would benefit from the new housing, as well as existing residents. Go to places where people already congregate for civic and community



events. Engage through the schools. Talk to local architects and developers. Employ all forms of social media. Speak to people in the languages with which they are most comfortable. Use images to illustrate what the by-right regulations will allow on different sites throughout the community at different scales. Focus on the attributes of vibrant neighborhoods designed well. Once the draft regulations for by-right approvals have been drafted, use the same methods to understand public reaction. This may be an iterative process to get by-right “right.”

4. Adopt Objective Design Standards

The Housing Accountability Act prohibits denial of certain multi-family and mixed-use developments if they comply with objective design standards. SB35 (enacted in 2017) generally requires that jurisdictions approve multi-unit residential development via a ministerial process—meaning by right—when an application is consistent with objective planning (i.e., zoning) and design review standards in effect at the time the development application is submitted. State law provides little guidance as to what “objective planning and design standards” means, although they must not be considered as “subjective” opinions of applicable decision-

makers. So, while jurisdictions are required to adopt objective design standards, they have latitude to define those standards beyond the typical setback, height, lot coverage, fencing, parking, and landscaping requirements in a zoning code. Additional standards that can commonly be addressed include design characteristics such as roof pitch, architectural treatments, shade impacts, privacy considerations, fenestration, treatment of structured parking, lighting, and design of private outdoor space.

The best first place to start in crafting appropriate design standards is design guidelines within a jurisdiction, if they exist. Many provisions in design guidelines can easily be translated to design standards, provided they are measurable or easily observable for implementation purposes. Because these standards will be applied for all residential projects, getting buy-in from the public and the design and development communities sustains support and effectiveness. Alternative compliance processes that allow consideration of unusual and creative designs, even if discretionary, are advised and can be applied under the law.

5. Use CEQA for Streamlining Housing Projects

The implementation of certain new housing policy and requirements in urban and urbanizing areas that are ministerial in nature are not subject to CEQA review. Some recent provisions of State legislation, such as SB 35, have specifically stated such. Projects proposed under that legislation are not just exempt from CEQA consideration, they simply are not subject to it. This practice should continue, and it can be adopted at the local agency level as well. In fact, the adoption of by-right zoning means that housing projects are ministerial in nature and not subject to CEQA review.

Several provisions of CEQA already provide the means to streamline housing approval processes. Exemptions exist today for small infill housing developments, affordable housing developments of 100 or fewer units, residential and mixed-use development projects consistent with an adopted specific plan, infill projects specifically addressed by a prior environmental impact report (EIR), and transit priority projects under specified conditions (sites smaller than eight acres, with fewer than 200 units, and at a density at least 20 units per acre). By using these exemptions, a jurisdiction can readily streamline the application review process and reduce risk, time, and cost.



6. Fund Infrastructure and Public Facilities that Create Community

Complete communities are more than just housing units. They are the parks and open spaces, schools, libraries, safe public spaces, well-designed streets, public landscaping, and amenities that create place and bring people together. Growth through infill development has the challenge of funding the incremental demand for these facilities by expanding or upgrading existing facilities. The backbone infrastructure of roads, transit, lighting, stormwater management, utilities, water and sewer, and energy may or may not have capacity or, in older communities, are stressed to function beyond their original useful life.

Impact fees, a common mechanism, are often high at the margin, exacerbating the housing affordability challenge, yet still do not raise sufficient revenue to fund necessary projects. Special taxes, such as Community Facilities Districts, while available for existing communities with a two-thirds vote, are used mostly for greenfield development and large landholdings because the provision that allows proportional vote by land ownership when the district includes fewer property owners is easier to adopt. Enhanced Infrastructure Financing Districts (EIFDs) have been slow to develop and gain support from the multiple taxing jurisdictions to make them worthwhile. They also carry an opportunity cost of revenue that would otherwise go towards operations, maintenance, and services. General Obligation Bonds that only require a simple majority of the voters within a jurisdiction are often considered too general to support for voters who want assurances as to how the funds will be used.

Jurisdictions need more funding tools to finance infrastructure and public facilities that support infill housing, including tools that can be more easily established at a sub-jurisdictional level by the voters who would directly benefit from the public investment. CPR sees this as an important next step for the State to address.

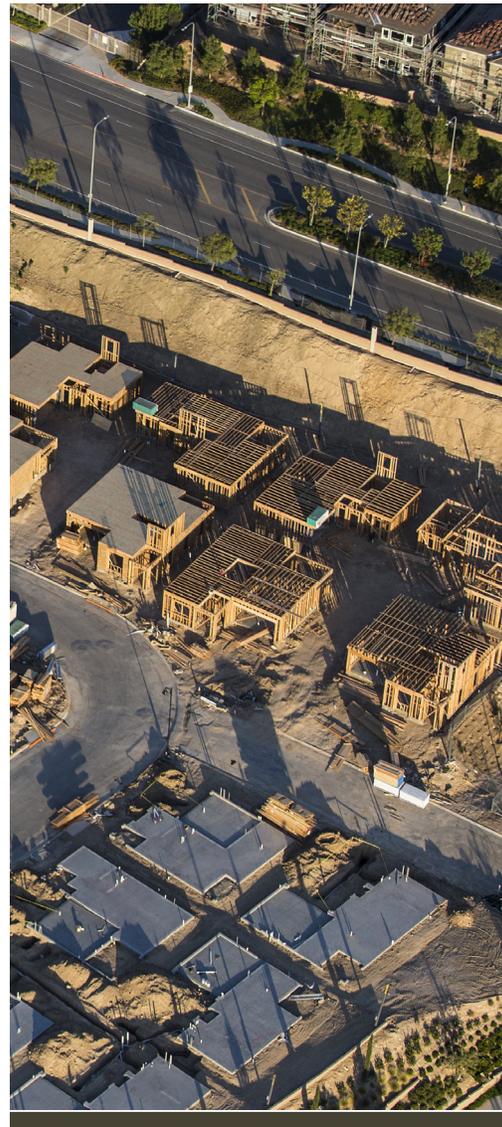
7. Reform State Fiscal Incentives and Reward Outcomes

Importantly, the process of zoning properties to accommodate housing is by itself insufficient to precipitate development of the number and diversity of units required to support California's population. Review of previous cycles of mandated Housing Elements conclusively finds that

collectively, we are successful in producing units for higher-income households, deficient for lower-income households, and increasingly deficient for moderate-income households. Rents for multi-family units on properties that have been up-zoned in recent years often are not affordable to many households.

As the overall market supply increases with new development, the existing housing stock should provide more affordable opportunities, but this has not been happening fast enough because the growth in supply has been inadequate and not near where demand is greatest—closer to jobs.

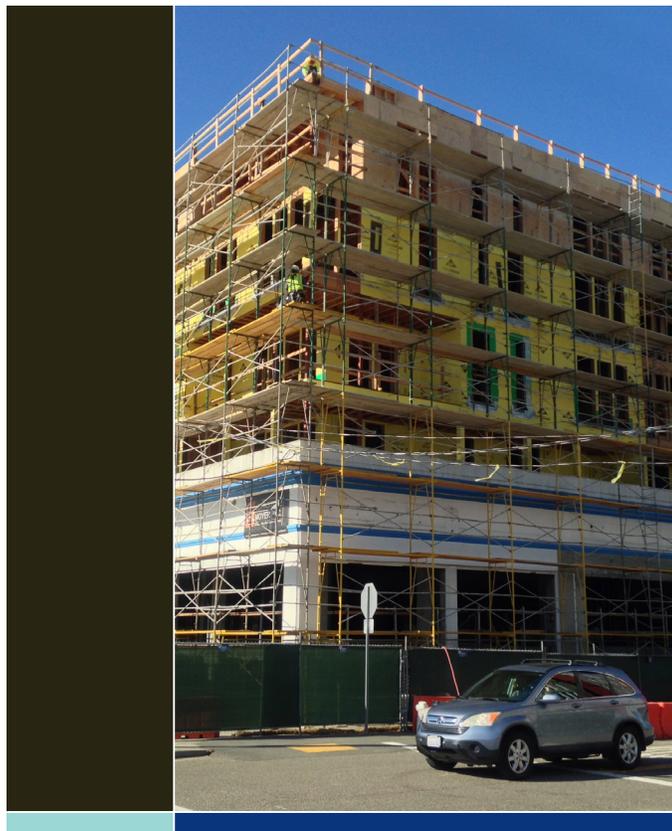
Many local jurisdictions that are job centers do not provide more housing supply capacity. They do not have a fiscal incentive to accommodate more households and



population. With more housing, they incur more public service costs. While with more commercial space, they gain property and sales tax revenue without the resident population to service. Some local jurisdictions, understandably, try to shift the responsibility to house their workers to other jurisdictions for fiscal reasons. From a statewide perspective, however, there is no net fiscal gain or benefit; the result is less housing.

Constitutionally, local governments are instruments of the State, subject to State planning laws as general law or charter cities. Starting with a package of housing bills in 2017, the State has passed several new laws focused on enabling housing production in many forms. Future State housing and planning efforts—whether policy, administrative, or legislative—should consider the following planning objectives related to housing that better tie housing capacity with jobs, calibrate impact fees with realistic standards, reduce fiscal disincentives for local governments to accommodate more housing, provide funding incentives, and reward compliance:

- **Tie housing capacity with employment/commercial development capacity and growth** by ensuring that housing targets and typologies in General Plan Housing



Elements are coordinated with probable income distribution associated with local economies and jobs in a community—and within a reasonable commute. Communities should not be able to reap the benefits of expanding local employment while exporting associated housing production to other jurisdictions.

- **Better calibrate impact mitigation fees to support households on realistic standards and spread the responsibilities and costs to include employment related development as well.** Impact mitigation and fees should be shared with employment growth that generates demand for housing, and not just housing production itself. Where fees are tied to housing production, they should be based on service and General Plan standards that are fiscally sustainable and only if an agency has demonstrated that those fees would not make housing projects near transit and job centers infeasible. The State should enable other sources of funding for infrastructure and public facilities that serve the broader community, not just impact fees on marginal growth.
- **Help jurisdictions pay for the services residents require and reduce the fiscal disincentive to housing** by adjusting State funding formulas to be based on population, such as distributing sales taxes from on-line sales by population or modifying point-of-sale formulas.
- **Provide a state-wide source of funds** sufficient to subsidize below-market rate housing in the State targeted to very low- and extremely low-income households that the market is challenged to deliver.
- **Create a state-wide source of funding for General Plan** maintenance to assist local jurisdictions to fund necessary plan development, amendments, and regulatory reforms to create by-right processes.
- **Award greater local planning discretion for jurisdictions that have a track record of producing housing** measured by their Regional Housing Needs Assessment (RHNA) attainment and that demonstrate sufficient progress in particular toward producing housing for lower-income households.
- **Provide funding and incentives** for acquiring and renovating existing building stock for deed-restricted affordable housing.



Formed in 1980, the **California Planning Roundtable (CPR)** is an organization of experienced planning professionals who are members of the American Planning Association (APA). CPR acts as a policy

research and development resource for the California planning profession to enhance the sustainability and livability of California's communities. CPR addresses emerging policy issues with solutions that can be widely applied in planning practice.

Vision

The California Planning Roundtable advances planning practice and influences policy through innovation and leadership to create healthy, prosperous, and equitable communities.

Mission

The California Planning Roundtable is a resource for policy exploration, innovation, and development for California planning to enhance the sustainability, equity, and livability of California communities. CPR focuses on emerging policy issues with cutting-edge solutions.

Projects and Programs

CPR regularly takes on projects and provides programs to assist in meeting the organization's vision and mission, with over 20 reports and annual workshops having been produced over the past two decades.

Recent program focus has been on leadership, providing feedback to California agencies on program guidelines, and convening panel discussions on challenges facing California planners. Examples include:

- **Implementation of State Housing Legislation:** Worked with staff of the California Department of Housing and

Community Development to ensure that State implementation guidelines for 2017 housing legislation would reflect important planning principles and realistic expectations.

- **Overcoming Obstacles to Infill Development:** Prepared a series of papers to educate and encourage local officials and planners to plan for infill housing development and financing tools in a post-redevelopment world.
- **Reinventing the General Plan:** Researched innovations for preparing general plans and making them more effective, identified emerging trends, and documented the results, providing insight to jurisdictions preparing plans and the California State Office of Planning Research as it updated the General Plan guidelines.
- **Planners4Health:** An initiative to foster collaboration and develop opportunities for planning professionals to play leading roles in the "healthy communities" movement.
- **Social Determinants of Health:** A paper prepared to increase dialogue and collaboration between planning and public health professionals during community planning processes.
- **Essential Professional Skills for Practicing Planners:** CPR conducts interactive leadership sessions and workshops at planning conferences to develop skills based on "lessons learned" from seasoned practitioners.

Membership

The California Planning Roundtable has 34 positions for permanent members, with 28 evenly divided between Northern and Southern California, and the public and private sectors. Four of the remaining positions are reserved for members from academic institutions, and two are for members from agencies of the state or federal governments. For a more information, please see www.cproundtable.org.

