SCAG

HOUSING PLANNING

Guidebook

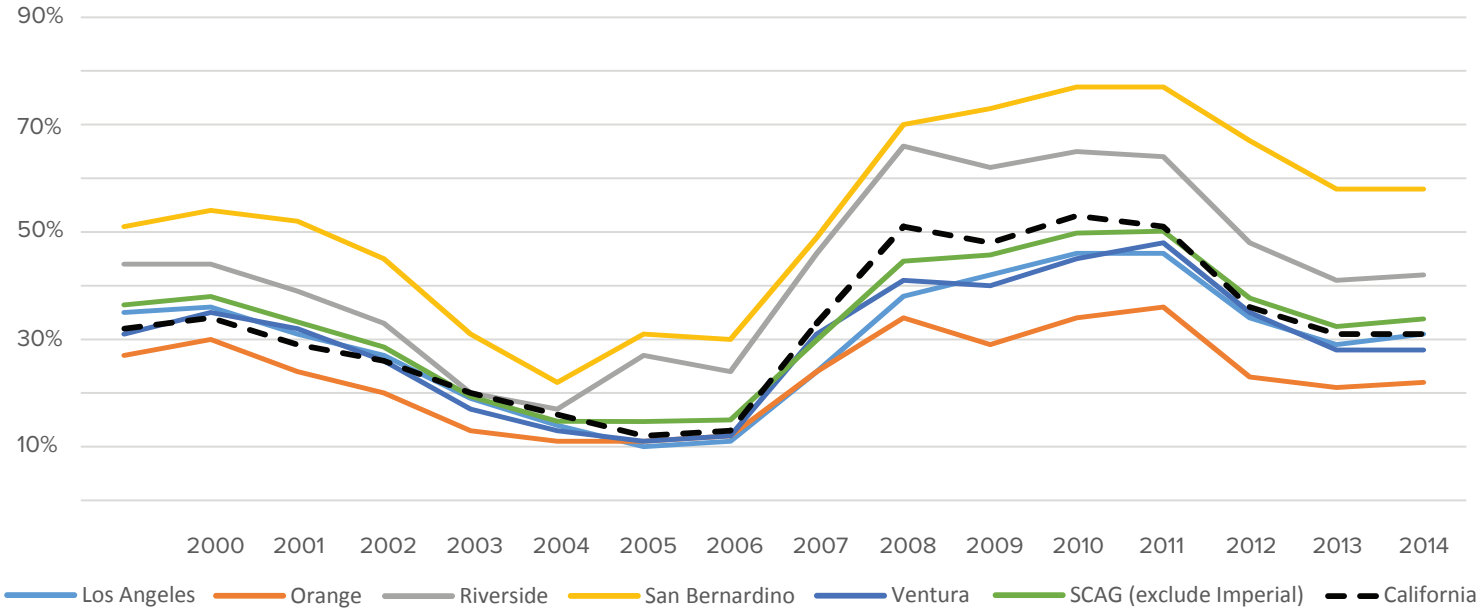
SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

SCAG HOUSING PLANNING GUIDEBOOK

The cost of housing in Southern California is among the highest in the nation. Across our region, home prices and rents continue to rise, and the region continues to experience a shortage of affordable housing. In the SCAG region, only 35 percent of all households can afford to purchase a median priced home in the region, while the Statewide average has a similar rate at 31 percent. While some areas of the SCAG region have higher affordability rates, such as 58 percent for San Bernardino County, areas such as Orange County and Ventura County have much lower affordability rates at 22 and 28 percent, respectively. Additionally, nearly 55 percent of renters and 45 percent of homeowners spend more than 30 percent of their income on rent or mortgage payments.

Housing Affordability in California and the SCAG Region by County

2000 - 2015



Source: California Association of Realtors (CAR)

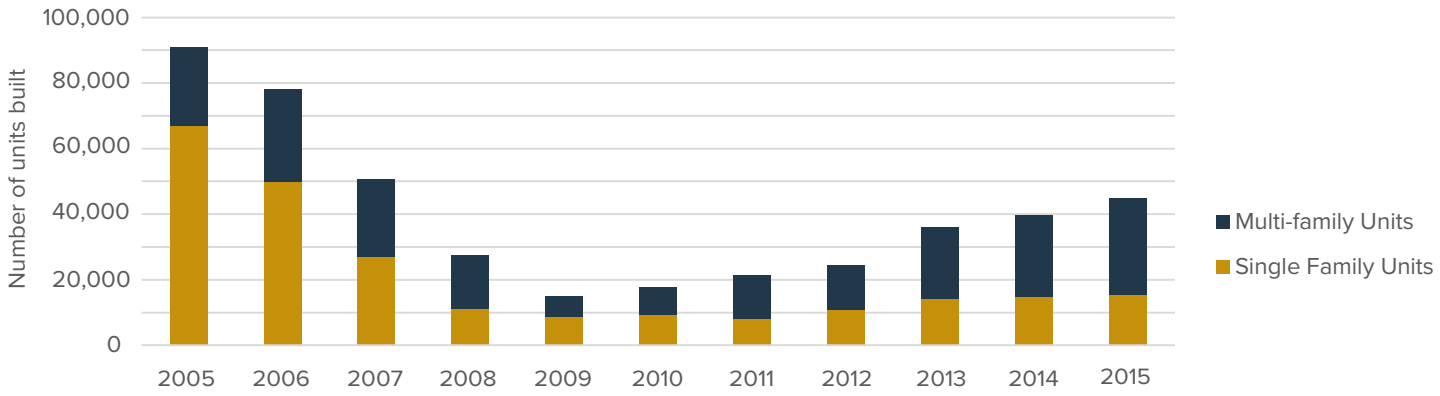
**Housing affordability is measured by the percentage of households that can afford to purchase a median priced home.*

SHORTFALL

The SCAG region is expected to have over 7.4 million households by the 2040, an increase of over 1.5 million households since 2012. Between 2013 and 2021, the SCAG region will need a total of over 400,000 new housing units to accommodate anticipated growth, of which 170,000 will need to be affordable for low income households.

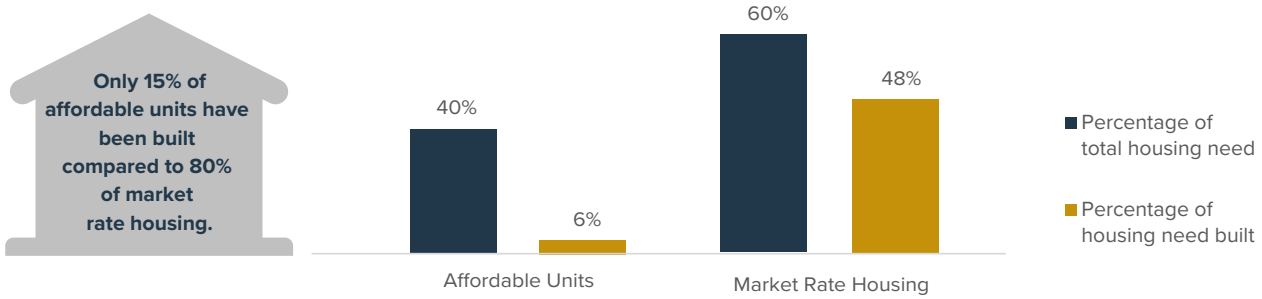
Since 2013 over 76,000 multi-family homes units, which are more suitable as affordable housing, were built. This represents almost 65 percent of all units built. This trend is significant in terms of increasing the supply of affordable housing, but there have been historical shortfalls in supply. For example, between 2005 and 2010, over 62 percent of housing built in the region was single family homes despite an ongoing demand for multi-family affordable homes. However since 2010 the split between the two types has been reversed.

Housing Building Activity in the SCAG Region
2000 - 2015



Source: Construction Industry Research Board

Affordable Housing Construction Gaps



Source: Evaluated with SCAG region 4th RHNA cycle with building permits and Low Income Housing Tax Credit data from the California Tax Credit Allocation Committee during the same period.

THE IMPORTANCE OF AFFORDABLE HOUSING

Planning for affordable housing is an integral part of a community's future. Affordable housing not only provides shelter for low income families, but they also can offer a vital role in the community itself. From an economic perspective, building affordable housing can create jobs and stimulate local economic development. The development of affordable housing can help attract both new employers and a skilled workforce since from an employer's perspective, a lack of affordable housing can put a local economy at a competitive disadvantage. Additionally, when costs such as housing and transportation are affordable, families have more disposable income to spend on local goods and services.

BARRIERS TO AFFORDABLE HOUSING

There are a variety of barriers to the development to affordable housing that can found on a local level and beyond.

HIGH LAND COSTS

Land costs vary across Southern California, but tend to be higher on a per-square-foot basis in urbanized areas due to higher demand. Increased zoning densities are usually offered in urbanized areas, meaning that more units can be developed but depending on the total cost of the project, the increased density may not be enough to offset the high cost of land to make the project feasible for the developer. In some areas, the preservation of open space lowers the amount of land available to develop and potentially raises costs. If not enough subsidies are available, the constructed units may not be affordable to lower income families.

LOCAL PARKING REQUIREMENTS

Many jurisdictions have minimum parking requirements that are based the number of bedrooms in a unit, regardless of the unit's proximity to transit. Parking needs may fluctuate particularly in areas that are pedestrian-friendly or have convenient transit options.

REGULATION

There are number of regulations regarding housing and land use that can add to the cost of affordable housing development. For example, the California Environmental Quality Act (CEQA) can add costs to the development process due to a possible environmental review and also carry risks of delay due to possible legal action.

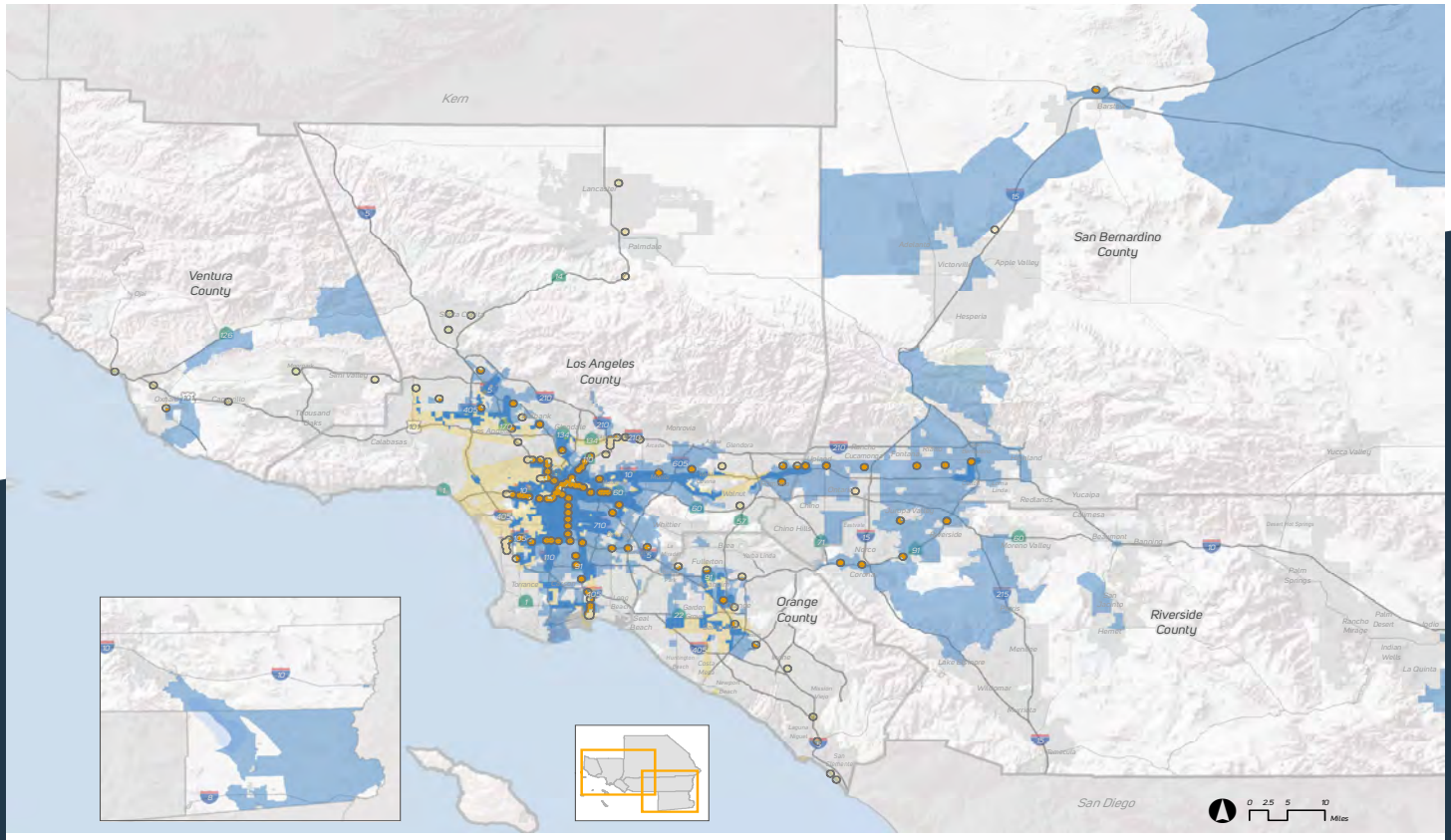
LACK OF FUNDING

The dissolution of redevelopment funding in 2012 removed a primary source of funding for jurisdictions to build affordable housing in their communities. The increase in costs for parcel acquisition and construction have left shortfalls for many projects and without a stable source of funding, many units are simply not constructed. Some available funding programs have strict requirements that not all jurisdictions or projects can attain.

LOCAL OPPOSITION

Some stakeholders do not want to have affordable housing in or near their communities. Much of this opposition can be based on misinformation and cause confusion and possibly fear among residents. Affordable housing can also mean higher density in certain areas and many residents do not want higher densities in their community. If enough stakeholders voice opposition to their local elected officials, the project might not receive its required approvals and cannot proceed.

MAP: High Quality Transit Areas and Disadvantaged Communities



Source: SCAG, 2015

GENTRIFICATION AND SOCIAL EQUITY

One of the goals of SCAG's RTP/SCS is to provide people throughout our region with access to high quality transit and ensure that they also have access to more affordable housing. As our region builds communities that are more compact and more transit- oriented, regional greenhouse gas emissions are anticipated to decline and residents from a variety of income levels will continue to make housing choices that allow them to use an increasing number of mobility options. The overall quality of life is expected to increase for many people. Transit investments and strategies will be most effective if coordinated with land use strategies, including transit-oriented development and providing affordable housing. However, people from low-income communities near new transit infrastructure may face risk of displacement. Generally, displacement refers to a situation in which gentrification places pressure (through eviction or because of market forces) on people from existing communities to relocate to more affordable places. Over 25 percent of the high-quality transit areas defined in the RTP/SCS are within SCAG's most disadvantaged communities. Because of the risk of displacement and loss of affordable housing, it is critical to consider social equity when considering strategies to develop affordable housing while planning long-term infrastructure and land use needs.

STRATEGIES AND OPPORTUNITIES

Toolbox

On a local level, there are a variety of tools available for jurisdictions to consider to increase the supply of affordable housing available. These tools are designed to reduce the cost of building affordable housing or establish a funding source for preserving or building affordable housing. While there is not a "one size fits all" approach, SCAG encourages jurisdictions to consider these strategies in order to address local housing affordability challenges.

ZONING-RELATED TOOLS

- Streamline the residential project permitting process
- Add inclusionary zoning to the housing ordinance
- Reduced fees or waivers for affordable housing development
- Density bonus ordinance
- Reduce parking requirements
- Increase density in transit-rich areas
- Adopt an affordable housing overlay zone
- Preservation of mobile homes
- Consider new building types and models, such as accessory dwelling units or small units

FUNDING STRATEGIES

- Establish a housing trust fund
- Establish a Community Revitalization and Investment Authority (per AB 2) or Enhanced Infrastructure Financing District (per SB 628)
- Link a housing program with other policies such as active transportation and public health
- Consider applying for State-level grants, such as the Affordable Housing Sustainable Communities (AHSC) program or Housing-related Parks grant

For additional tools, best practices, and detailed discussion, please visit: www.scag.ca.gov/housing

SCAG MEMBER SERVICES

SCAG can provide a number of services and provide resources and data to jurisdictions and stakeholders who are considering planning and building affordable housing in their communities. In addition to data on demographics, housing building activity, and home prices, SCAG can provide services such as mapping, GIS training, and local profiles. SCAG can also provide assistance for jurisdictions considering establishing Community Revitalization and Investment Authorities or Enhanced Infrastructure Financing Districts and are in need of specific maps and data to create them.

The full SCAG online demographic and socioeconomic data library can be found at:

http://gisdata.scag.ca.gov/Pages/SocioEconomicLibrary.aspx

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2736 2016.04.04