

# Housing Supply Constraints Overview

## 21 Elements: San Mateo Countywide Housing Element Update Kit

### Overview Purpose

This *Housing Supply Constraints Overview* identifies the major topics that the California Department of Housing and Community Development (HCD) requires every jurisdiction to address in their housing elements, and describes what 21 Elements staff will provide to help meet this requirement. The following topics are required to be addressed:

- A. Land Use Controls;
- B. Fees and Exactions;
- C. Processing and Permit Procedures;
- D. Codes and Enforcement and On/Off-site Improvement Standards;
- E. Housing for Persons with Disabilities; and
- F. Non-Governmental Constraints.

To assist with the preparation of the constraints analysis, for each section this *Overview* describes

- Required Content for the section; and
- What material will be provided and what jurisdictions need to provide.

Following review and discussion of this *Overview*, 21 Elements staff will continue to collect and analyze data, write boilerplate text, and suggest standards and benchmarks for analysis. Reports will be released by topic (i.e. land use controls) as they are completed, with all material available by the end of November.

### A. Land Use Controls

The various restrictions, requirements and guidelines that jurisdictions use to control land uses in their community can constrain the potential housing supply in an area. This section must identify the standards and procedures each jurisdiction maintains, discuss what impact – if any – these standards have on the housing supply, and describe what efforts have been taken to eliminate identified constraints.

#### Required Content

##### *Standards and Processes*

The specific standards and process that the Land Use Controls section must address are:

- Zoning;
- Density;
- Parking requirements (including standards for enclosed or covered and guest spaces);
- Lot coverage;
- Height limits;
- Lot size requirements;
- Unit size requirements;
- Floor area ratios;
- Setbacks;

- Open space requirements; and
- Growth controls, including urban growth boundaries and moratoria or prohibitions against multifamily housing.

*Impact on Housing Supply and Affordability*

To comply with HCD requirements, this section must analyze impacts that a jurisdiction's land use controls have on the cost and supply of housing.

According to HCD, an adequate evaluation must also assess the cumulative impacts of standards, including whether such requirements impede the ability to achieve maximum allowable densities. For example, if a jurisdiction maintains height limits that are lower than the theoretical maximum height allowed by the zoning code, this would need to be identified as a constraint.

Additionally, any jurisdictions that employ form-based codes must describe how these standards are applied and what, if any, effect they have on the ability to produce housing in an area.

*Efforts to Remove Constraints*

This sub-section should discuss efforts taken by individual jurisdictions to remove the constraints that are caused by their land use controls. HCD is especially interested in efforts relating to the ability to produce single-room occupancy units, supportive housing, transitional housing, and emergency shelters.

**Material to Be Provided**

Based on the results of the Zoning/Land Use Control and Parking surveys, 21 Elements staff will write a summary of typical practices in the county. Working with stakeholders we will identify standards that do not ordinarily serve as constraints, as well as those that are more likely to be burdensome.

We will provide charts that summarize land use controls for each jurisdiction that completed the relevant surveys.

We will write boilerplate text for jurisdictions that feel their standards do not serve as constraints.

Each jurisdiction will need to decide if the boilerplate text applies locally, and if it does not they will need to write their own analysis. Additionally, each jurisdiction may want to provide a map or narrative that describes the size and extent of the zoning districts. They also may want to describe how overlay zones or other additive requirements affect development.

## **B. Fees and Exactions**

Fees and exactions that jurisdictions collect in association with development applications can constrain the potential housing supply in an area. This section must identify the standards and procedures for each jurisdiction, discuss what impact – if any – these standards have on the housing supply, and describe what efforts have been taken to eliminate identified constraints.

### **Required Content**

#### *Standards and Processes*

The specific standards and process that the Fees and Exactions section must address are:

- Permit processing and planning fees;
- Development fees for impacts;
- Other exactions, including in-lieu fees and land dedication requirements; and
- Information on how fees are collected, i.e. at the beginning of the approval process, at the time of building permit issuance, or deferred until the project receives certificate of occupancy.

#### *Impact on Housing Supply and Affordability*

To comply with HCD requirements, this section must analyze impacts that a jurisdiction's fees and exactions have on the cost, feasibility, and affordability of housing. This analysis should include an estimate of the average fees for typical multifamily and single-family developments.

#### *Efforts to Remove Constraints*

This sub-section should describe other sources of public finance used to balance development fees assessed for individual projects. It should also list the estimated total development fees imposed by individual jurisdictions described in the previous sub-section and discuss efforts to reduce these fees, especially relating to single-room occupancy units, supportive housing, transitional housing, and emergency shelters. Mechanisms to mitigate the costs of fees may include any fee waivers, fee deferrals, streamlined fee processing, and consolidated fee schedules.

### **Material to Be Provided**

21 Elements staff have already produced a report on average fees and exactions in San Mateo County. Project staff will use this material to write boilerplate text for housing elements.

21 Elements staff will provide tables for all jurisdictions that have completed the development fee survey and boilerplate for jurisdictions that feel their fees do not constitute a constraint. The final material will be presented in a table similar to the one below:

**Table 1 Fees and Exactions**

<b>Development Cost for a Typical Unit</b>	<b>Single-Family</b>	<b>Multifamily</b>
<i>Permitting and processing fees per unit</i>		
<i>Impact fees per unit</i>		
<i>Total estimated fees per unit</i>		
<i>Typical estimated cost of development per unit</i>		
<i>Estimated proportion of fee cost to overall development cost per unit</i>		

We will also include guidelines about the typical level at which fees start to act as constraints.

As per HCD guidelines, we will identify state and county resources that reduce the fees. Jurisdictions will be responsible for describing local funding mechanisms.

Jurisdictions will have to write a description of when in the development process they collect fees, and edit the boilerplate as they see fit.

### **C. Processing and Permit Procedures**

The procedures that jurisdictions use when processing development applications and issuing permits can constrain the potential housing supply in an area. This section must identify those procedures, estimate how long approval processes typically take, discuss what impact – if any – these procedures and times have on the housing supply, and describe what efforts have been taken to eliminate identified constraints.

#### **Required Content**

##### *Standards and Processes*

The specific standards and process that the Processing and Permit Procedures section must address are:

- Permit processing requirements;
- Types of permits required by housing type;
- Extent of discretionary review including required approval findings, procedures and processing time required by zoning district and housing type;
- Total permit and entitlement process for a typical single-family unit, subdivision, and multifamily project, including typical processes required for single-family and multifamily projects;
- Permit requirements and process for emergency shelters, transitional housing, supportive housing, single-room occupancy units, and farmworker housing; and
- Design review and PUD processes.

##### *Impact on Housing Supply and Affordability*

To comply with HCD requirements, this sub-section must describe and analyze all permits applicable to residential development, including conditional use permits and additional mechanisms that place conditions and performance standards on development (i.e. community plan implementation zones, hillside overlay zones, environmentally sensitive areas, etc.). For example, if the jurisdiction requires a conditional use permit for multifamily housing in a multifamily zone, the element should analyze this permit procedure as a constraint.

*Efforts to Remove Constraints*

This sub-section should describe any efforts to reduce processing time for permits, especially relating to single-room occupancy units, supportive housing, transitional housing, and emergency shelters.

**Material to Be Provided**

21 Elements staff will produce a report summarizing permit processing times and procedures for jurisdictions in the county, based on the results of the zoning/permitting survey. Information will be listed for single-family homes, second units, subdivisions, small multifamily developments and large multifamily developments. The report will identify typical processing times that do not generally constrain housing development.

We will provide sample tables and boilerplate text for jurisdictions that feel that their processing times do not constitute a constraint.

**D. Codes and Enforcement and On/Off-site Improvement Standards**

While building codes are important to protect health and safety, they may also constitute a constraint to new developments. In particular, local amendments to the Universal Building Code should be carefully analyzed.

**Required Content**

*Standards and Processes*

The specific standards and process that the Codes and Enforcement and On/Off-site Improvement Standards section must address are:

- Building code adoption and enforcement process;
- Identification of any local amendments to the UBC;
- How building code enforcement is carried out by the jurisdiction; and
- Compliance with Health and Safety Code 17980(b)(2).

*Impact on Housing Supply and Affordability*

To comply with HCD standards, this section must also describe and analyze the impact of on- and off-site improvement standards including street widths, curb, gutter, and sidewalk requirements, landscaping, circulation improvement requirements and any generally applicable level of service standards or mitigation thresholds. The analysis should help answer the following questions:

- Does the process offer predictability to developers?
- Do costs of improvements to establish infrastructure or support streets, sidewalks, water and sewer, drainage, curbs and gutters, street signs, park dedications, utility easements and landscaping exceed those necessary to achieve health and safety requirements?

*Efforts to Remove Constraints*

To demonstrate how local jurisdictions help minimize constraints on housing production and supply, this sub-section should describe any efforts to link code enforcement activities to housing rehabilitation programs in individual jurisdictions.

### **Material to Be Provided**

21 Elements staff will prepare narrative text that assumes that the State standards are followed, and that building codes are not a constraint. Local jurisdictions will need to analyze areas in which they diverge from the UBC. Additionally, 21 Elements staff will also provide boilerplate text for jurisdictions that participate in the Joint Venture Silicon Valley permit streamlining program.

### **E. Housing for Persons with Disabilities**

Since housing for persons with disabilities often requires special needs and approaches, HCD requires that special attention be given to identify any governmental constraints to its production and supply. The HOPE plan and the SB2 Policy Paper (<http://www.21elements.com/index.php/Download-document/167-SB2-Policy-Paper-Final-Draft.html>) will be used as source material.

#### **Required Content**

##### *Standards and Processes*

The specific standards and process that the Housing for Persons with Disabilities section must address are:

- Provision for group homes over six specifically for the disabled, other than those residential zones covered by State law;
- A broadened definition of family that 1) provides zoning code occupancy standards specific to unrelated adults and 2) complies with Fair Housing Law;
- Alternate residential parking requirements, including reduction, for persons with disabilities; and
- Reasonable Accommodation Procedures.

##### *Impact on Housing Supply and Affordability*

To comply with HCD standards, this sub-section must identify governmental constraints to the development, improvement and maintenance of housing for persons with disabilities. If there are siting or separation requirements for licensed residential care facilities that may increase the cost of land and/or housing, this must be identified as a constraint.

##### *Efforts to Remove Constraints*

This sub-section should describe local procedures for reasonable accommodations for persons with disabilities in zoning that:

- address the needs of persons with disabilities and the extent to which the local process for accommodation is different from that for other types of residential development;
- remove or mitigate identified constraints and address the housing needs of the disabled;
- ensure information is available on how to request a reasonable accommodation with respect to zoning, permit processing, or building laws; and
- assist in meeting identified needs. Contact local service providers of special needs groups to assist in the identification and analysis of constraints to the provision of housing for persons with disabilities, including lack of capacity and available resources and unmet needs.

### **Material to Be Provided**

21 Elements staff will prepare narrative text that assumes that the requirements of Fair Housing Laws are met and that jurisdictions use a broad enough definition of family to satisfy HCD. If local jurisdictions maintain standards that diverge from these assumptions, they will need to update this section as they prepare their individual housing elements.

### **F. Non-Governmental Constraints**

In addition to the five topics that fall under the government's control, there are a number of other non-governmental factors that influence the supply, availability and cost of housing. HCD requires. The key factors are:

- Land costs;
- Construction costs;
- Occupancy costs; and
- Community opposition.

### **Material to Be Provided**

#### *Land Costs*

In San Mateo County, as in many parts of the state, the cost of land can be a major factor in the cost and availability of housing. This sub-section will address:

- Average cost of land based on parcel-specific assessor's data;
- Ratio of land cost to construction cost;
- Cost of land's percentage of total project cost; and
- Cost of land's effect on affordable housing projects, both market rate and affordable.

#### *Construction Costs*

Construction costs are another factor that governments do not control but contributes to the overall cost of development and availability of housing. This sub-section will address:

- Overall construction costs – depending on data availability, will likely involve several case studies of typical construction projects rather than a comprehensive assessment of all projects;
- Ratio of construction cost to land cost;
- Construction cost's percentage of total project cost; and
- Construction cost's effect on affordable housing projects, both market rate and affordable.

### *Occupancy Costs*

Occupancy costs are another factor that governments do not control but that contributes to the overall cost of housing for residents. This sub-section will address:

- Overall occupancy costs – depending on data availability, will likely involve several case studies of typical construction projects rather than a comprehensive assessment of all projects;
- Breakdown of occupancy cost factors such as mortgage, utilities, insurance, etc.;
- Occupancy cost's percentage of total project cost; and
- Occupancy cost's effect on affordable housing projects, both market rate and affordable.
- Boilerplate text about the availability of financing.

### *Neighborhood Opposition*

In some cases, existing community members can apply pressure to slow or halt development of new housing in an area. 21 Elements staff will provide general text that describes this constraint and programs to address it.

### *Efforts to Remove Constraints*

Jurisdictions should describe any local efforts to overcome land prices, construction costs, community opposition, and lack of financing for buyers and sellers. Programs can include loans, grants, redevelopment agency projects, public-private partnerships, and other efforts that reduce the costs associated with developing housing in the area.



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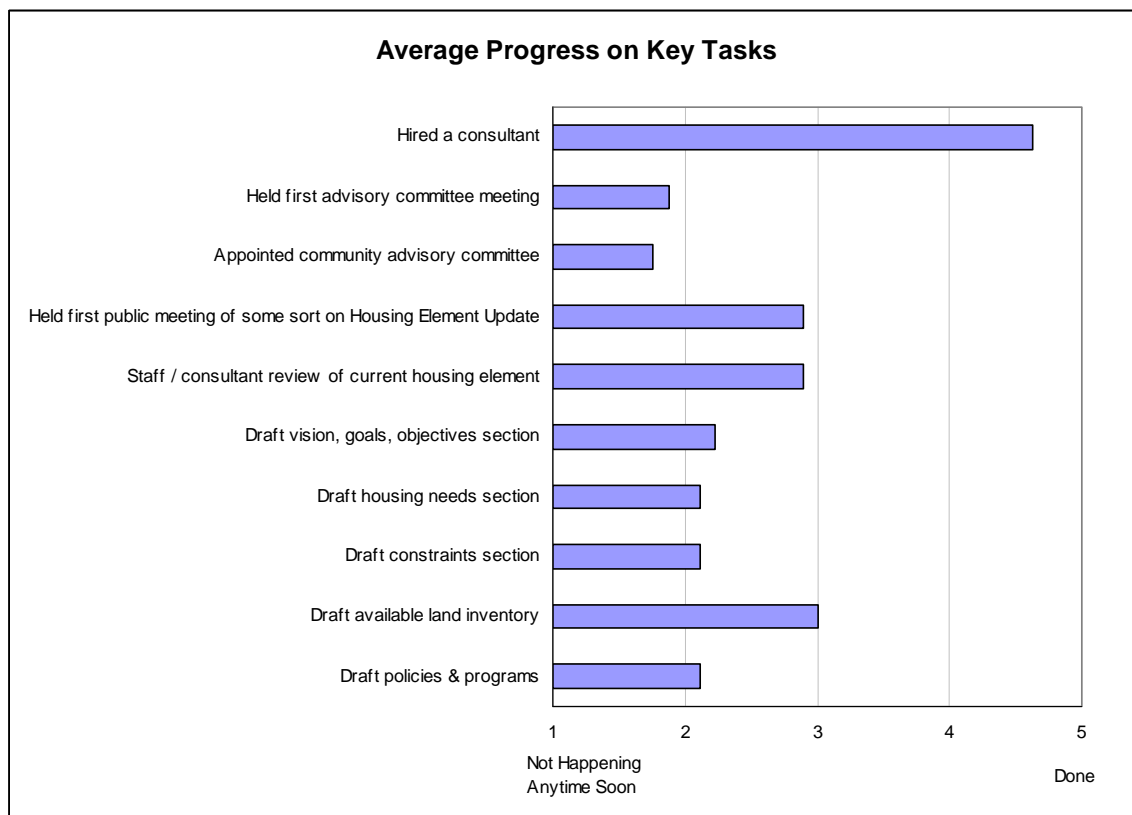
## KEY TASK STATUS UPDATE

### Internal Report Prepared October 14, 2008

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This document summarizes the results of the key task status update survey distributed at the TAC 4 meeting. See website for additional detail.

#### 1. Average Progress on Key Tasks



## 21 Elements Project Timeline (draft)

	October	November	December	January	Post-January
<b>Housing Needs</b>	Affordability Energy/ Conservation	Seniors Special Needs	At-Risk Units		Respond to Questions, Special Topics, Refinements
<b>Site Inventory</b>		Mixed Use, Non- vacant sites. Second Units			
<b>Constraints</b>	Fees and Exactions Land Use Controls Codes	Processing and Permits Disabilities, Non- Governmental	Final Packaging of Material		
<b>Programs and Policies</b>			Best Practices		
<b>Outreach</b>	Meeting Materials				
<b>Other</b>				CEQA, Legal Requirements, etc	