

**San Joaquin Valley REAP Committee for Housing
 Meeting Agenda**

Friday, June 23, 2023

Time: 10:30 a.m.

The meeting will be held via video teleconference at the following locations:

Kern Council of Governments
 1401 19th Street, Suite 300
 Bakersfield, CA 93301

Fresno Council of Governments
 2035 Tulare St., Suite 201
 Fresno, CA 93721

Stanislaus Council of Governments
 1111 I St., Suite 308
 Modesto, CA 95354

Tulare County Association of Governments
 210 N. Church St., Suite B
 Visalia, CA 93291

Madera County Transportation Commission
 2001 Howard Rd., Suite 201
 Madera, CA 93637

San Joaquin Council of Governments
 555 E. Weber Ave., Suite 400
 Stockton, CA 95202

Kings County Association of Governments
 339 W. D St., Suite B
 Lemoore, CA 93245

Merced County Association of Governments
 369 W. 18th St.
 Merced, CA 95340

**Sheraton Fairplex Hotel and
 Conference Business Center**
 601 W McKinley Ave.
 Pomona, CA 91768

Members of the public may participate in-person at any of the above referenced locations or remotely via Zoom.

ZOOM CONFERENCE MEETING

Meeting ID: 880 6929 6368

Passcode: 327939

<https://us02web.zoom.us/j/88069296368?pwd=eWpDcERzMk5ZRGP4bkdGOGVoT0d2QT09>

Phone only: (669) 900-9128

Enclosure

A. CALL TO ORDER

Chair Yep

B. APPROVAL OF MINUTES

Chair Yep



February 24, 2023, regular meeting



C. DISCUSSION/ACTION ITEMS

- | | | |
|---|---|--|
| <p>1. REAP Program and Funding Update
<i>Update from the San Joaquin Valley program</i></p> | <p>Michael Sigala &
Robert Phipps</p> | <p><input checked="" type="checkbox"/></p> |
| <p>2. California Housing and Community Development
<i>Receive State of California update</i></p> | <p>Paul McDougall</p> | |
| <p>3. Inclusionary Housing Study
<i>Presentation of a REAP funded study of inclusionary housing policies, options, and recommendations for the San Joaquin Valley.</i></p> | <p>EPS</p> | <p><input checked="" type="checkbox"/></p> |
| <p>4. Impact of SGMA and Water Supply for Future Housing
<i>Presentation of a REAP funded study of water supply in the San Joaquin Valley versus the demand and requirements for future housing.</i></p> | <p>Rincon Consultants</p> | |

D. COMMITTEE MEMBER COMMENTS

E. PUBLIC COMMENT

This portion of the meeting is reserved for persons wishing to address the Committee on items within its jurisdiction but NOT on this agenda. Public Comment will be allowed during the Discussion/Action Items above.

Americans with Disabilities Act (ADA) Accommodations

The public meeting location and restrooms are ADA accessible. Representatives or individuals with disabilities should contact the SJV REAP Committee for Housing at 559.266.6222, at least 3 days in advance, to request auxiliary aids and/or translation services necessary to participate in the public meeting. *At this time, meetings are conducted via Zoom.*

San Joaquin Valley REAP Committee for Housing

Meeting Minutes

Friday, February 24, 2023

Time: 10:30 am

ZOOM Conference Call Meeting

Committee Members

MEMBER	TITLE	JURISDICTION	
Chair - Gary Yep	Mayor	City of Kerman	X
Vice Chair – Lloyd Pareira	Supervisor	Merced County	
Cathy Prout	Mayor	City of Shafter	X
Zack Scrivner	Supervisor	Kern County	
Bob Smith	Councilmember	City of Bakersfield	X
Doug Verboon	Supervisor	Kings County	X
Diane Sharp	Councilmember	City of Hanford	X
Alvaro Preciado	Mayor	City of Avenal	X
Steve Brandau	Supervisor	Fresno County	
(C. Montelongo for) Jerry Dyer	Mayor	City of Fresno	X
Santos Garcia	Mayor	City of Madera	
Robert Poythress	Supervisor	Madera County	
Diana Palmer	Councilmember	City of Chowchilla	
Matt Serratto	Mayor	City of Merced	X
April Hogue	Mayor	City of Dos Palos	X
Dan Wright	Councilmember	City of Stockton	
Robert Rickman	Supervisor	San Joaquin County	X
Gary Singh	Councilmember	City of Manteca	
Vito Chiesa	Supervisor	Stanislaus County	X
Bill O'Brien	Private Citizen	Large City Stanislaus County	
Anthony Canella	Private Citizen	Small City Stanislaus County	X
Eddie Valero	Supervisor	Tulare County	X
Frankie Alves	Mayor Pro Tem	City of Exeter	X
Martha Flores	Mayor	City of Porterville	X

Please see Appendix A for a list of other attendees



1. CALL TO ORDER AND INTRODUCTIONS

Chair Yep

SPECIAL MEETING AB 361 RESOLUTION. THERE WAS A SEPARATE SPECIAL MEETING BEFORE THE BEGINNING OF THIS MEETING TO APPROVE AN AB 361 RESOLUTION (#022423) FOR CONTINUING TO MEET VIA TELECONFERENCE FROM FEBRUARY 24, 2023, THROUGH MARCH 23, 2023.

First Motion: Martha Flores
Second Motion: Vito Chiesa
No Nays
Motion Carried

2. ELECTION OF CHAIR AND VICE CHAIR

Chair Yep

There was a motion to elect (re-elect) Gary Yep as Chair.

First Motion: Doug Verboon
Second Motion: Vito Chiesa
No Nays
Motion Carried

There was a motion to elect (re-elect) Lloyed Pareira as Vice Chair.

First Motion: Doug Verboon
Second Motion: Vito Chiesa
No Nays
Motion Carried

3. APPROVE JUNE 24, 2022, MEETING MINUTES

Chair Yep

First Motion: Martha Flores
Second Motion: Eddie Valero
No Nays
Motion Carried

4. DISCUSSION/ACTION ITEMS

A. REAP PROGRAM UPDATE

Michael Sigala

Michael Sigala provided an update of valleywide REAP activities. A slide deck presentation was shown and included: overview of funding, \$18.9 million, to the Valley; 24-member committee composition, a short discussion ensued regarding the City of Fresno's representation on the Committee; major work areas; valleywide activities – comprehensive housing report, housing element data sets, technical assistance, ADU program, housing laws guide, workshop series, GIS RHNA insights tool, AFFH TA, condominium construction analysis, inclusion housing analysis, and water supply/SGMA impacts to housing production.

B. REAP PROGRAM UPDATE

Robert Phipps

Robert Phipps provided an update and overview of funding received to date from the HCD. Mr. Phipps summarized the major allocations of funding to each COG, to jurisdictions and for valleywide activities. The first two rounds of funding totaled \$10.2 million. \$8.7 million in funding is still pending from HCD to the Valley. It is likely that only 50 percent of the remaining funding will be made available from HCD until future expenses and encumbrances can justify additional funding from HCD.

C. UPDATE FROM THE STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Sohab Mehmood

Sohab Mehmood, HCD, provided the update. Ms. Mehmood noted REAP 2.0 applications were due at the end of December 2022. All applications have completed initial threshold review and many applications are in the full review process at this time. She introduced Alex Goelzer as the head of the REAP 1.0 program.

5. COMMITTEE MEMBER COMMENTS

Bob Smith, Bakersfield Councilmember, noted that Brown Act laws will revert back to pre-pandemic. Hence, zoom meetings will require remote publicly accessible locations.

6. PUBLIC COMMENT

No comments were provided.

Meeting was adjourned at 11:17 am.

Appendix: A

Other Attendees:	
Individuals	Organization
Michael Sigala	Sigala Inc.
Robert Phipps	Fresno COG
Sohab Mehmood	CA Housing and Community Development
Alex Goelzer	CA Housing and Community Development
Becky Napier	Kern COG
Ben Kimball	Tulare County Association of Governments
Elisabeth Hahn	StanCOG
Emma Goldsmith	StanCOG
Kim Anderson	San Joaquin COG
Meg Prince	Fresno COG
Monica Streeter	StanCOG
Rosa De Leon Park	StanCOG
Randy Hatch	Hatch Planning Consultations
Scott Tyrell	County of San Joaquin
Terri King	KCAG
Will Tacket	City of Madera



Annual Report for 2022

I. Overall Context

The Local Government Planning Support Grants Program (AB 101) provided a total of \$18,975,323 in Regional Early Action Planning (REAP) grant funds to the eight San Joaquin Valley Regional Planning Agencies.

Pursuant to AB 101, to increase regional collaboration where no single MPO or entity exists, a 24-member San Joaquin Valley REAP Committee for Housing has been created to help guide the program's development. Fresno COG is the fiscal agent for the San Joaquin Valley REAP (SJV REAP) process. Sigala Inc. is assisting Fresno COG as program manager.

Major work areas for the SJV REAP process have been identified as:

- **Suballocations to MPOs and Jurisdictions**
 Providing resources to MPOs and jurisdictions to improve RHNA methodologies and planning and accelerate housing production in a way that aligns with state planning priorities, housing, transportation, equity, and climate goals. A total of \$14,500,323 is allocated to the MPOs for planning efforts and suballocations to jurisdictions.
- **Valleywide REAP Program**
 Activities on the regional, eight-county, level to further the objectives of the REAP program. This includes conducting a comprehensive housing report, regional planning and coordination, outreach, monthly webinars, technical assistance, program administration and other activities. A total of \$4,475,000 was allocated to the Valleywide REAP program.

SJV REAP has submitted an initial (25%) and second application to the State Housing and Community Development (HCD) Department and has received \$10.2 million to date. The final round funding application (\$8.7 million) has been submitted to HCD and has been approved for funding. **The total REAP funding allocations for the SJV are as follows:**

Fresno Council of Governments	\$ 3,297,398
Kern Council of Governments	\$ 2,974,769
Kings County Association of Governments	\$ 605,808
Madera County Transportation Commission	\$ 617,010
Merced County Association of Governments	\$ 1,008,343
San Joaquin Council of Governments	\$ 2,530,037
Stanislaus Council of Governments	\$ 1,853,156

Tulare County Association of Governments	\$ 1,613,803
Valleywide REAP Program	<u>\$ 4,475,000</u>
Total	\$ 18,975,323

The population pro-rata funding allocations shown above were agreed upon by the SJV REAP committee at their first meeting in January 2020. The Valleywide funding allocation was based on the additional funding identified in AB 101 for regional collaboration.

The funding allocations shown above recognize the unique needs and challenges at the regional and subregional level. It allows for region wide collaboration while providing MPOs with the autonomy to establish subregional REAP policies.

One challenge that continues to hamper jurisdictional work efforts is the lack of planning staff at some of the smaller rural jurisdictions. We are working at the MPO level to identify those deficiencies and are providing meaningful and relevant technical assistance for these communities.

Another challenge involved the formation of the working group, the San Joaquin Valley REAP Committee for Housing. The AB 101 statute required that the working group be created through the city selection committee process at each county. That was problematic at some counties whose city selection committee did not meet regularly and or it was difficult to get the working group appointments on the agenda.

A total of \$10.2 million in REAP funding has been received to date. \$1.5 million was spent in calendar year 2021. \$2.1 million was spent in calendar year 2022. And, \$8.8 million has been encumbered (MOU or contractually) for jurisdictional suballocations and multijurisdictional housing elements. Total expenditures and encumbrances to date total \$12.4 million.

San Joaquin Valley MPOs/COGs	Amount Allocated to Date	EXPENDITURES			Total Expenditures and Encumbrances to date
		2021 Project Management/ RHNA Planning	2022 Project Management/ RHNA Planning	Jurisdictional Suballocations/MJHE (encumbrances)	
Fresno Council of Governments	1,239,738	173,773	81,519	2,912,950	3,168,242
Kern Council of Governments	1,126,370	376,312	116,667	698,339	1,191,318
Kings County Association of Governments	293,949	19,772	50,609	311,858	382,239
Madera County Transportation Commission	297,886	24,085	73,915	242,709	340,709
Merced County Association of Governments	435,395	45,180	368,053	597,148	1,010,381
San Joaquin Council of Governments	970,097	149,710	318,440	1,547,733	2,015,883
Stanislaus Council of Governments	732,250	57,000	167,691	405,419	630,110
Tulare County Association of Governments	648,145	91,491	50,631	1,033,968	1,176,090
Valleywide REAP Program	4,475,000	523,716	868,677	1,075,635	2,468,028
TOTALS	10,218,831	1,461,039	2,096,202	8,825,759	12,383,000

II. Project Highlights, Accomplishments and Best Practices

For calendar year 2022, the following activities have been accomplished and or initiated on the *regional, or valleywide level*. Individual MPO activities and accomplishments are reviewed in the next section, Status of Activities.

Highlights and Accomplishments, Valleywide REAP Program

- ***SJV REAP Committee for Housing***. Two meetings were held in January and June of 2022 for the working group. Funding allocations and program updates were provided to the Committee at these meetings.
- Work concluded on the ***Comprehensive Housing Report for the San Joaquin Valley***. The report highlighted existing conditions, barriers to housing production, best practices, and policy recommendations to further enhance housing planning and production. The report has been posted to the SJV REAP webpage: <https://sjvcogs.org/sjv-housing-report/>
- ***Housing Element Data Sets*** were produced for all 70 jurisdictions for their respective housing needs analysis for the sixth cycle housing elements. The data sets have been posted to the SJV REAP webpage: <https://sjvcogs.org/sjv-housing-report/part-4-regional-data-sets/>
- A full ***technical assistance bench*** of seven consulting firms has been established and contracts retained for ongoing technical assistance, and specified TA for affirmatively furthering fair housing. An on-line portal for jurisdictional TA request is available on SJV REAP webpage: <https://sjvcogs.org/reap/reap-technical-assistance/>. To date, 13 jurisdictions have signed up for technical assistance.
- ***A Guide to Recent California Housing Laws and Policies Affecting Local Land-Use Planning*** was completed in July 2022. The comprehensive guide is posted to the SJV REAP webpage: https://sjvcogs.org/wp-content/uploads/2022/10/2022-10-14_SJV-Guide-Final_Updated.pdf
- ***Accessory Dwelling Unit Program for the San Joaquin Valley*** was completed in the fall of 2022. This effort includes the development of comprehensive ADU guide, sample ordinances, housing plans, and collateral materials that any jurisdiction in the San Joaquin Valley can use to implement ADU programs. The ADU program guide and resources are posted to the SJV REAP webpage: <https://sjvcogs.org/reap/adus/>
- A GIS based ***Housing Capacity and Scenario Development and RHNA Insights*** tool was completed in 2022. MPO training for jurisdictional use is occurring now. The tool is available on Urban Footprint.
- The ***SJV REAP Workshop Series*** was rolled out in September 2021. AICP CM credit is available for every REAP workshop. During 2022, the following workshops were presented with exceptional participation by valley jurisdictional staff:
 - January: *Compact and Mixed-Use Housing*
 - February: *New Housing Laws*
 - April: *Housing Elements 101*
 - May: *Site Identification Process for New Housing*

- June: *Affirmatively Furthering Fair Housing*
- July: *Annexations and Tax Sharing Agreements*
- October: *Implementing ADUs in the San Joaquin Valley*
- December: *California New Housing Laws*

Workshop recording and materials are posted on the SJV REAP webpage: <https://sjvcogs.org/reap/reap-workshops/>

- ***Outreach to local jurisdictions*** and other partners about REAP planning efforts occurs on a regular basis. Every other month an electronic newsletter is disseminated to thousands of stakeholders in the San Joaquin Valley including community development staff at every jurisdiction. Monthly emails to community development staff also occurs.
- ***The San Joaquin Valley REAP Technical Advisory Committee (TAC)*** has been established and is comprised of the MPO staff tasked with working on REAP. The TAC meets monthly and is responsible for collaboratively discussing REAP strategies and best practices among the MPOs.

Best Practices

- Conducting a Request for Qualifications (versus Request for Proposals) allowed for flexibility and efficiencies in contracting with consultants. This allowed us to establish a bench of shortlisted consultants, a bench that we could then issue scopes of work and request bids from as needed and as work efforts are identified. This saves time and resources in the public contracting process.
- Another best practice was the establishment of the San Joaquin Valley REAP Technical Advisory Committee (TAC). The TAC is comprised of staff from each SJV MPO and helps guide and advise the REAP process. This has allowed us to regionally reach consensus and move forward on technical or staff level decisions without having to seek approvals from the larger REAP Committee, which only meet twice a year.

III. Status of Activities

The following activities are being reported on the subregional (MPO) level for the end of calendar year 2022.

Fresno Council of Governments (Fresno COG)

General Description: Funding Policies and Guidelines were approved by the Fresno Council of Governments Policy Board in January 2021. Major activities for Fresno COG include suballocations for individual jurisdictional housing planning activities and an allocation towards the development of a multi-jurisdictional housing element (MJHE) update estimated at \$1.9 million. In 2022, approximately \$58,000 was expended for the MJHE. The Amount Expended figures below include encumbrances.

Suballocation Methodology: Fresno COG has opted for a competitive process to allocate REAP funding to its jurisdictions. At least 50 percent of the funds will be set aside for small cities to ensure equity among jurisdictions.

Activity Category	General Description	Amount Allocated to Date	Amount Expended*	Timing	Status	Regional Impact on Housing
Identification of Best Practices	Planning coordination and staffing at the MPO level.	\$255,292	\$255,292	September 3, 2020 - August 31, 2025	In progress	Unknown at this time
Suballocating Monies	Individual jurisdictional activities. Multijurisdictional Housing Element.	\$984,446	\$2,912,950	September 3, 2020 - August 31, 2025	In progress	Unknown at this time

Please see table on page 2 for a summary of allocations, expenditures, and encumbrances. *Amount Expended figures include encumbrances.

Kern Council of Governments (Kern COG)

General Description: Kern COG’s REAP funding and guidelines were approved by its Policy Board in April 2021. Kern COG utilized staffing and consulting for planning and coordination activities, while the majority of their funding was allocated to jurisdictions.

Suballocation Methodology: Kern COG will allocate REAP funding to its jurisdictions based on a per capita basis with a floor of \$10,000.

Activity Category	General Description	Amount Allocated	Amount Expended*	Timing	Status	Regional Impact on Housing
Identification of Best Practices	Planning coordination and staffing at the MPO level.	\$492,979	\$492,979	September 3, 2020 - August 31, 2025	In progress	Unknown at this time
Suballocating Monies	Jurisdictional suballocations.	\$633,391	\$698,339	September 3, 2020 - August 31, 2025	In progress	Unknown at this time

Please see table on page 2 for a summary of allocations, expenditures, and encumbrances. *Amount Expended figures include encumbrances.

Kings County Association of Governments

General Description: KCAG’s REAP Subcommittee approved its REAP funding policy in December 2021. KCAG utilized staffing and consulting for planning and coordination activities, while the majority of their funding was allocated to Kings County who is leading the Kings County Multi-Jurisdictional Housing Element process.

Suballocation Methodology: The KCAG member jurisdictions have agreed to direct the available REAP funds to the development of the Kings County Multi-Jurisdictional Housing Element Update.

Activity Category	General Description	Amount Allocated	Amount Expended*	Timing	Status	Regional Impact on Housing
Identification of Best Practices	Planning coordination and staffing at the MPO level.	\$70,381	\$70,381	September 3, 2020 - August 31, 2025	In progress	Unknown at this time
Suballocating Monies	Multijurisdictional housing element.	\$223,568	\$311,858	September 3, 2020 - August 31, 2025	In progress	Unknown at this time

Please see table on page 2 for a summary of allocations, expenditures, and encumbrances. *Amount Expended figures include encumbrances.

Madera County Transportation Commission (MCTC)

General Description: The MCTC Board of Directors adopted the Madera Region REAP Housing Program guidelines at their April 21, 2021, meeting. MCTC utilized staffing and consulting for planning and coordination activities, while the majority of their funding was allocated for AFFH technical assistance. Future REAP allocations are anticipated for direct jurisdictional allocations.

Suballocation Methodology: MCTC will suballocate, from the last installment of REAP funding, for eligible projects on a pro-rata basis to local agencies in the Madera Region, including the County of Madera, City of Madera, and the City of Chowchilla.

Activity Category	General Description	Amount Allocated	Amount Expended*	Timing	Status	Regional Impact on Housing
Identification of Best Practices	Planning coordination and staffing at the MPO level.	\$98,000	\$98,000	September 3, 2020 - August 31, 2025	In progress	Unknown at this time
Suballocating Monies	Pooled AFFH technical assistance.	\$199,886	\$242,709	September 3, 2020 - August 31, 2025	In progress	Unknown at this time

Please see table on page 2 for a summary of allocations, expenditures, and encumbrances. *Amount Expended figures include encumbrances.

Merced County Association of Governments (MCAG)

General Description: The MCAG Policy Board at their March 2021 meeting has adopted a policy for REAP funding. MCAG utilized staffing and consulting for planning and coordination activities, while the remaining funding was allocated for a multijurisdictional housing element.

Suballocation Methodology: The MCAG Governing Board, at the recommendation of the REAP Technical Work Group comprised of each of the 7 jurisdictions in Merced County, determined the REAP 1 funds identified for suballocations to jurisdictions would produce a greater benefit to all if utilized on shared needs. Therefore, the funds earmarked for suballocation have been pooled by the jurisdictions to be used for regional efforts (i.e., MJHE).

Activity Category	General Description	Amount Allocated	Amount Expended*	Timing	Status	Regional Impact on Housing
Identification of Best Practices	Planning coordination and staffing at the MPO level.	\$413,233	\$413,233	September 3, 2020 - August 31, 2025	In progress	Unknown at this time
Suballocating Monies	Multijurisdictional housing element.	\$22,162	\$597,148	September 3, 2020 - August 31, 2025	In progress	Unknown at this time

Please see table on page 2 for a summary of allocations, expenditures, and encumbrances. *Amount Expended figures include encumbrances.

San Joaquin Council of Governments (SJ COG)

General Description: SJ COG’s Policy Board approved its REAP funding policy in February 2021. SJ COG has prioritized its use of REAP funding for the following activities: 1) Development of a Regional Housing Trust Fund, 2) Streamlining the Development Process, 3) Planning and Coordination to Develop a Regional Project Pipeline, and 4) Supporting Local Jurisdictions Impacted by COVID-19. SJ COG utilized staffing and consulting for subregional project management, planning and coordination activities, while the majority of their funding was allocated jurisdictional allocations.

Suballocation Methodology: The adopted REAP program guidelines describe a process and methodology for local jurisdictions to receive their suballocations (by population share).

Activity Category	General Description	Amount Allocated	Amount Expended*	Timing	Status	Regional Impact on Housing
Identification of Best Practices	Project management, planning coordination and staffing at the MPO level.	\$468,150	\$468,150	September 3, 2020 - August 31, 2025	In progress	Unknown at this time
Suballocating Monies	Jurisdictional suballocations.	\$501,947	\$1,547,733	September 3, 2020 - August 31, 2025	In progress	Unknown at this time

Please see table on page 2 for a summary of allocations, expenditures, and encumbrances. *Amount Expended figures include encumbrances.

Stanislaus Council of Governments (StanCOG)

General Description: StanCOG’s Policy Board approved its REAP funding policy in March 2021. StanCOG utilized staffing and consulting for planning and coordination activities, while the remaining funding was allocated for a jurisdictional suballocations.

Suballocation Methodology: The REAP suballocation methodology for distributing the funds to StanCOG’s local jurisdictions was by share of the county’s population. An additional adjustment was made for the smallest jurisdictions for which a minimum funding floor of \$35,000 was established.

Activity Category	General Description	Amount Allocated	Amount Expended*	Timing	Status	Regional Impact on Housing
Identification of Best Practices	Project management, planning coordination and staffing at the MPO level.	\$224,691	\$224,691	September 3, 2020 - August 31, 2025	In progress	Unknown at this time
Suballocating Monies	Jurisdictional suballocations.	\$507,559	\$405,419	September 3, 2020 - August 31, 2025	In progress	Unknown at this time

Please see table on page 2 for a summary of allocations, expenditures, and encumbrances. *Amount Expended figures include encumbrances.

Tulare County Association of Governments (TCAG)

General Description: TCAG’s REAP funding and guidelines have been discussed by its Policy Board on numerous occasions with formal action to adopt in April 2021. TCAG utilized staffing and consulting for planning and coordination activities, while the remaining funding was allocated for a multijurisdictional housing element.

Suballocation Methodology: TCAG will administer suballocations by formula. Each of its member agencies will receive a base of \$100,000 with the remaining funds to be distributed proportionately based on population. Since this suballocation methodology was established in 2021, TCAG and its member agencies have instead opted for a multi-jurisdictional housing element utilizing all the aforementioned suballocations amounts previously earmarked for cities, with the exception of the City of Visalia and County of Tulare who are not participating in the multi-jurisdictional housing element.

Activity Category	General Description	Amount Allocated	Amount Expended*	Timing	Status	Regional Impact on Housing
Identification of Best Practices	Project management, planning coordination and staffing at the MPO level.	\$142,122	\$142,122	September 3, 2020 - August 31, 2025	In progress	Unknown at this time
Suballocating Monies	Multijurisdictional housing element.	\$506,559	\$1,033,968	September 3, 2020 - August 31, 2025	In progress	Unknown at this time

Please see table on page 2 for a summary of allocations, expenditures, and encumbrances. *Amount Expended figures include encumbrances.

Valleywide Planning Efforts

Activity Category: Identification of Best Practices (1), Education and Outreach (2), Technical Assistance (5), and Administration (6).

General Description: Regional coordination, technical assistance, and planning. Please see section entitled “Project Highlights, Accomplishments and Best Practices” for a detailed description of the Valleywide work efforts to date.

Suballocation Methodology: Valleywide Planning Efforts were allocated \$4,475,000 from the SJV REAP Committee for Housing. This was based on the AB 101 statute which designated funding for regional collaboration and planning.

Here are the major Valleywide funding activities:

- Comprehensive Housing Report
- Housing Element Data Sets
- Workshop Series
- Household Travel Survey
- Technical Assistance/Consultant Bench
- AFFH Deep Dive Technical Assistance
- Valleywide ADU Template Program
- SJV Planning Guide to New Housing Laws
- GIS (Urban Footprint) Housing Capacity Analysis for the SJV
- Condo Construction Policy Report
- Inclusionary Housing Options report for the SJV
- Water Capacity/SMGA Report on Housing Production
- SJV Annual Policy Conference
- Outreach/Marketing
- Project Management/Administration
- Additional work products

Amount Allocated: \$4,475,000 (from first and second REAP allotment)

Amount Expended: \$1,392,393 (program administration/consultants)

Encumbered: \$1,075,635

Total Expended and Encumbered to Date: \$2,468,028

Timing: September 3, 2020 - August 31, 2025

Status: In Progress

Regional Impact on Housing: Significant tools and resources for all 70 valley jurisdictions have been developed or are under development. While the exact quantitative results are not known, there has been considerable positive impacts to housing planning efforts across the region from the Valleywide REAP program.

Summary of Housing Production Indicators

The following is a summary housing production data for 2022 obtained from the HCD dashboard.

	Housing Production Indicator (2022)		
	Building Permits	Certificates of Occupancy	Completed Entitlements
Fresno Council of Governments	2,944	2,493	2,900
Kern Council of Governments	1,456	729	16
Kings County Association of Governments	107	290	100
Madera County Transportation Commission	651	162	0
Merced County Association of Governments	879	1,177	939
San Joaquin Council of Governments	2,190	1,485	1,509
Stanislaus Council of Governments	89	198	548
Tulare County Association of Governments	2,735	840	1,103
San Joaquin Valley Total	11,051	4,881	7,115

INCLUSIONARY HOUSING IN THE SAN JOAQUIN VALLEY

Executive Summary

Prepared for: The San Joaquin Valley REAP Program



STUDY OBJECTIVES

This study is intended to respond to the following key questions:

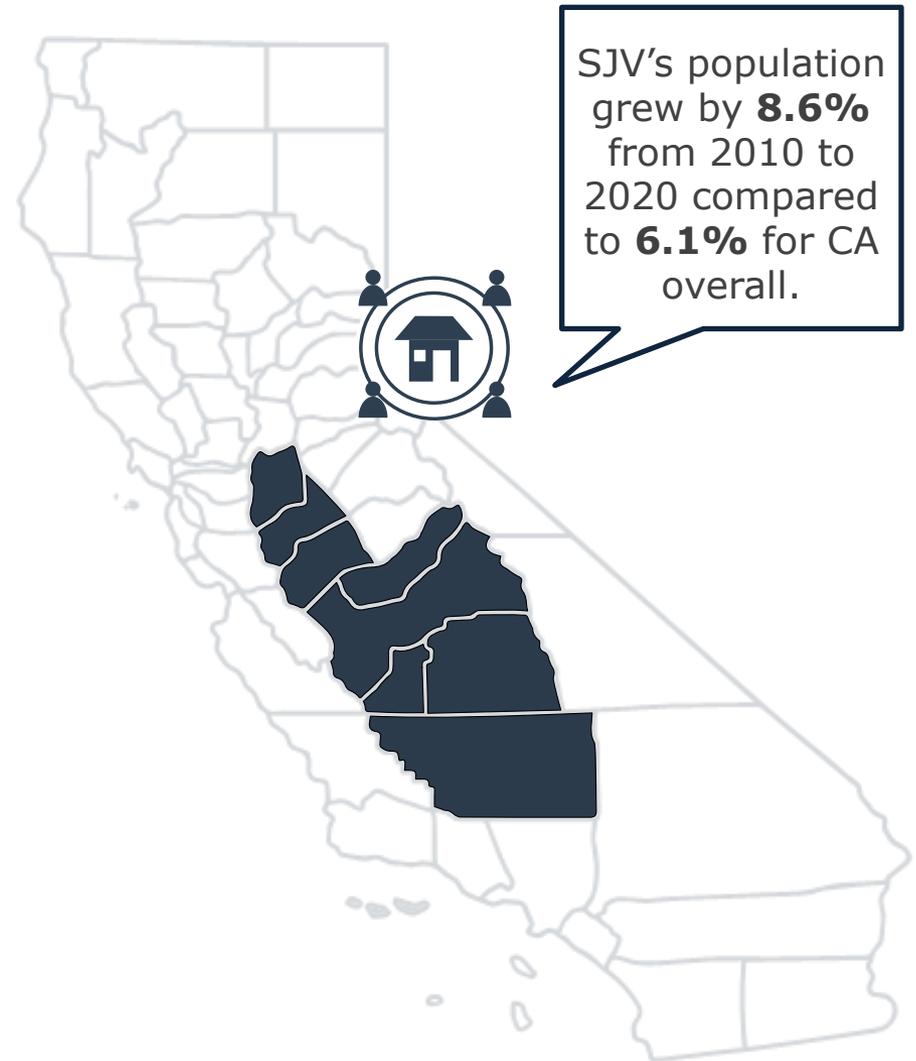
1. How do the real estate economics in the San Joaquin Valley support, or not support, inclusionary policies?
2. What are the production numbers, real estate economics, and fiscal impacts of Valley communities that have inclusionary policies?
3. What are the best types of inclusionary policies and alternatives that could “work” in the Valley?
4. Which jurisdictions can benefit most from inclusionary policies?

STUDY OBJECTIVES

5. What can the CA Dept. of Housing and Community Development (HCD) do to implement programs and assistance to further inclusionary zoning policy adoption? What can the Valley COGs do?
6. How do inclusionary housing policies align with California's climate change/carbon reduction goals, and what are the social equity impacts of inclusionary housing to disadvantaged communities?
7. How can inclusionary policies be implemented in a manner that addresses community concerns regarding affordable housing, builder concerns of cost, local political implications; and are inclusionary policies a good option overall?

VALLEY MARKET CONTEXT

- SJV is among the fastest-growing regions in CA.
- As in much of the state, the cost of living is rising.
- Over the next RHNA cycle, SJV Counties are expected to plan for 116,478 Very Low- and Low-Income units.
- **Inclusionary housing is one of many tools cities *may be able to use* to achieve lasting affordable housing.**



INCLUSIONARY HOUSING

Requires that new market-rate residential development projects include a certain percentage of housing units at rents or sale prices that are affordable to lower-income households

Pros

- Increases the city's supply and variety of deed-restricted affordable housing as market-rate development occurs
- Helps the city meet its Regional Housing Needs Allocation (RHNA)
- Works synergistically with the State Density Bonus Law
- Provides opportunities for more people to share in the benefits of economic inclusion, integration, and citywide economic growth as market-rate development occurs
- Helps the city achieve federally-mandated Fair Housing goals by addressing issues of segregation and concentrated poverty
- Allows lower-wage workforce to live in/near the communities in which they work, decreasing commute times and, thereby, reducing emissions

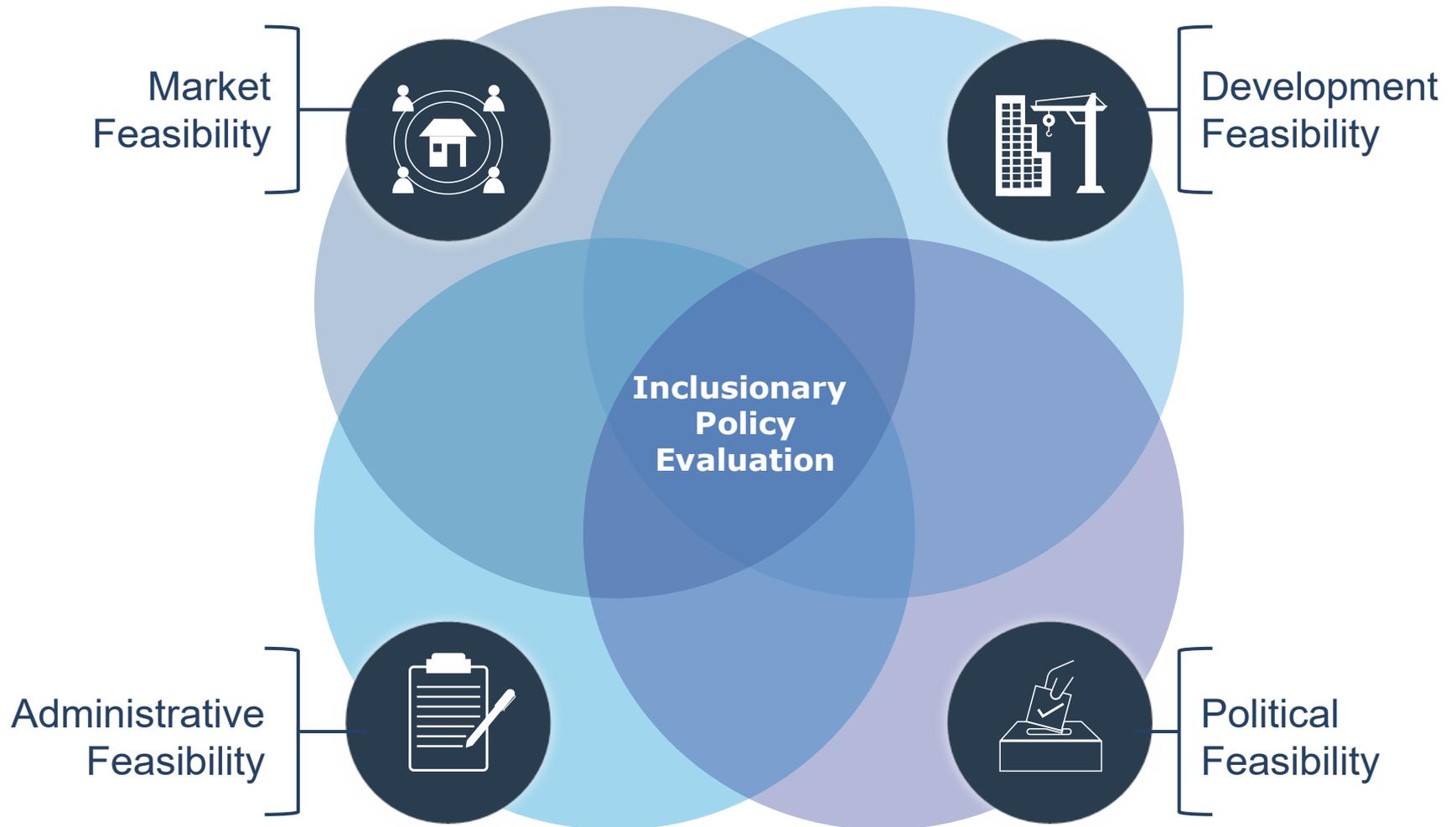
INCLUSIONARY HOUSING

Cons

- Adds to the cost of developing market-rate housing (or reduces revenue potential when units are built on-site)
- Inclusionary requirements and in-lieu fees need periodic updating to remain in economic “alignment”
- Requires staff resources to administer the program
- Deed restrictions can limit value appreciation for lower-income, ownership units, and moderate unit price restrictions are often released at first sale and no longer guarantee affordability

WHAT IS NEEDED FOR INCLUSIONARY TO WORK?

San Joaquin Valley



WHAT IS NEEDED FOR INCLUSIONARY TO WORK?

San Joaquin Valley

Market Feasibility

Affordable inclusionary units are only achieved if market-rate residential development is occurring. Evaluating the potential to introduce inclusionary programs in the Valley must consider local residential production and market activity indicators.



Development Feasibility



Inclusionary Policy Evaluation

Administrative Feasibility

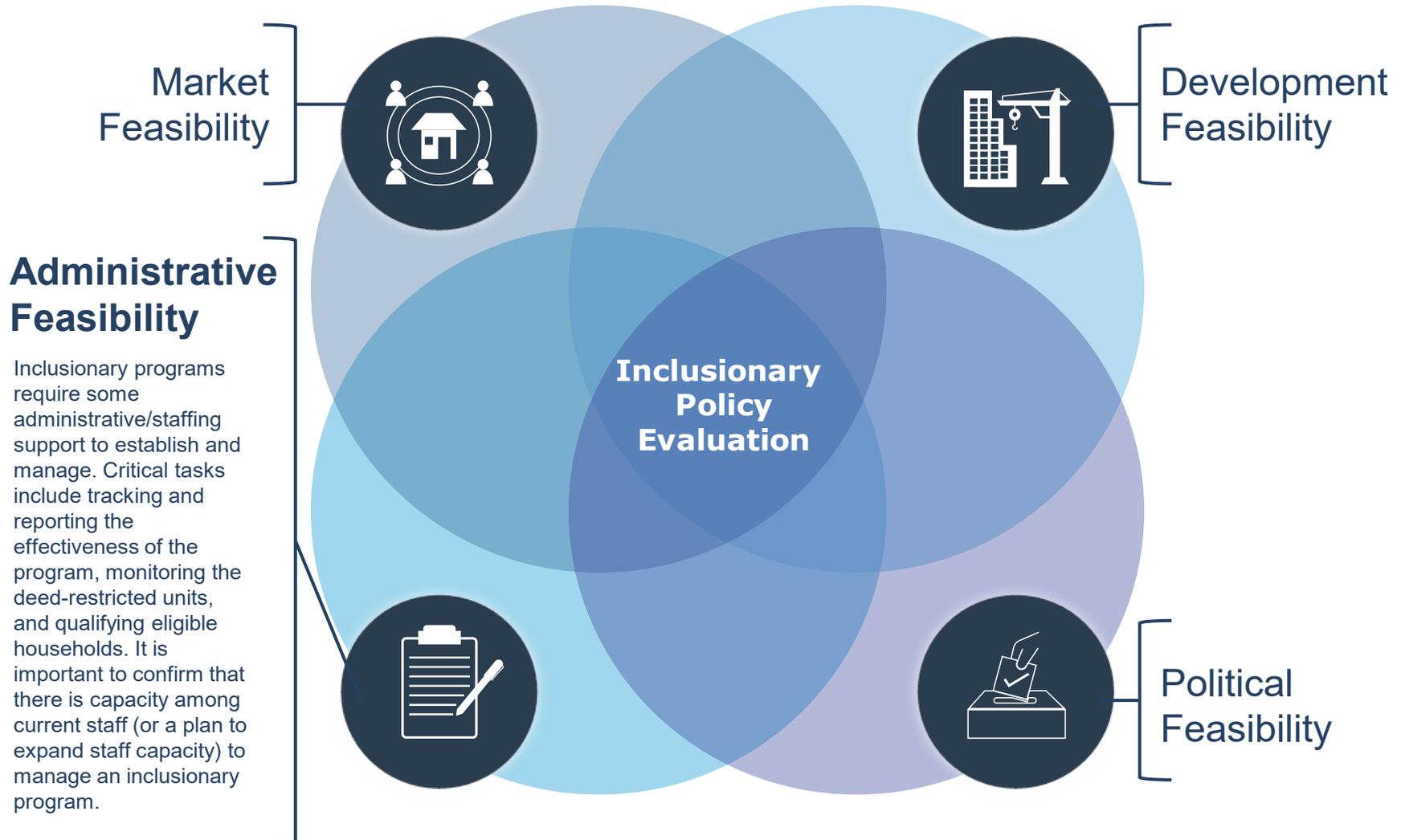


Political Feasibility



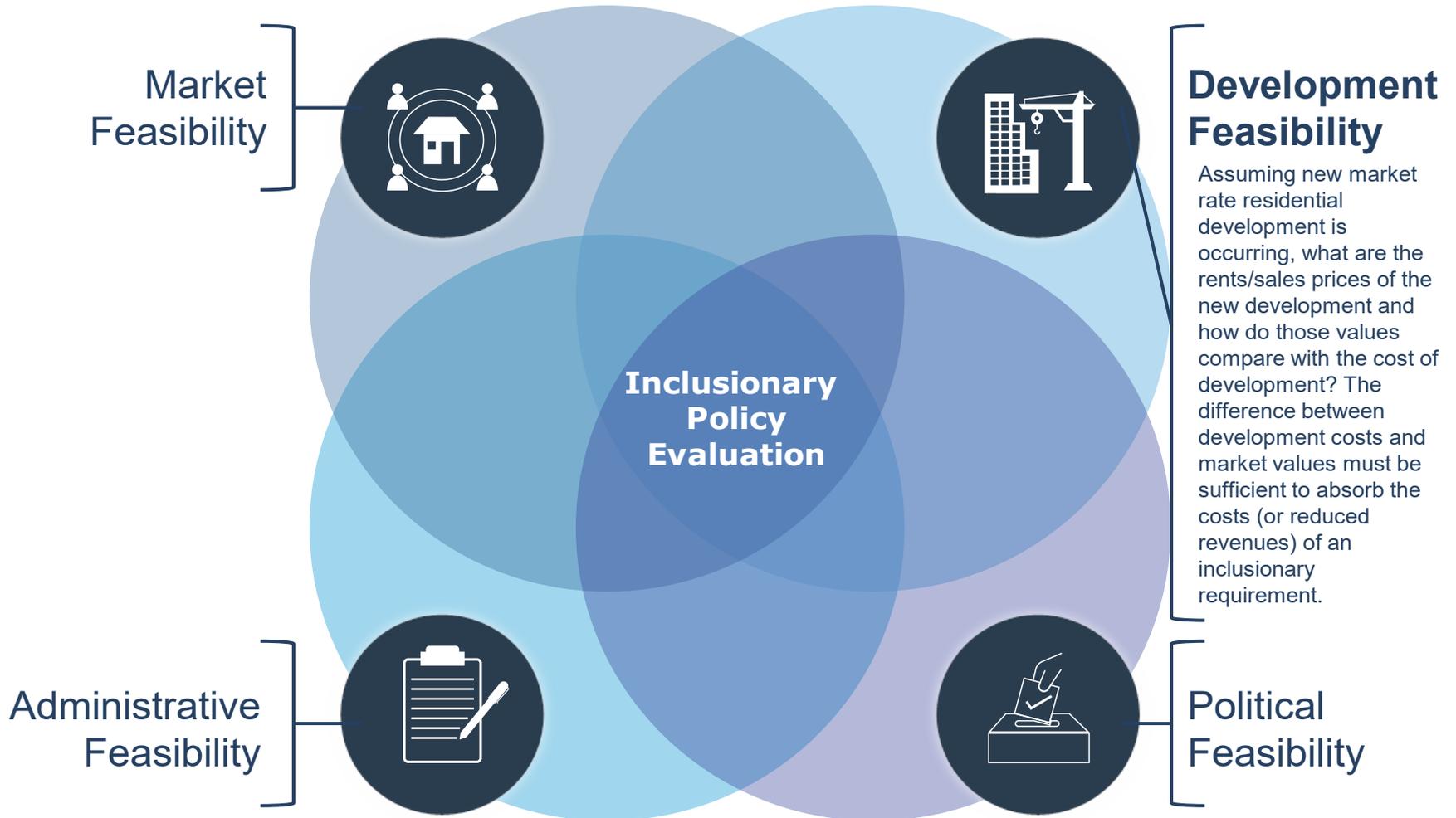
WHAT IS NEEDED FOR INCLUSIONARY TO WORK?

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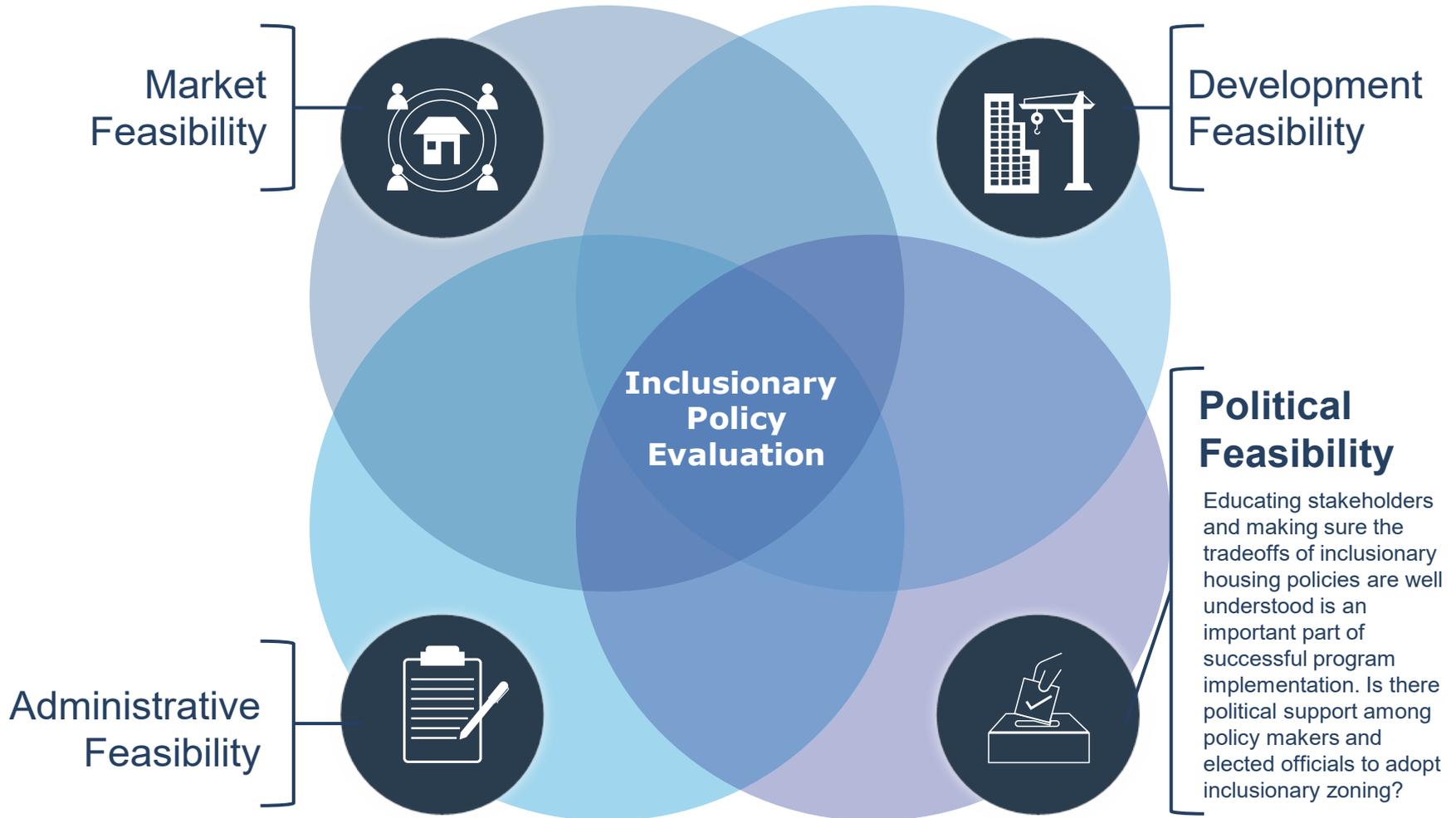
WHAT IS NEEDED FOR INCLUSIONARY TO WORK?

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WHAT IS NEEDED FOR INCLUSIONARY TO WORK?

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INCLUSIONARY PROGRAMS IN THE VALLEY

What are the impacts in Valley communities that have inclusionary policies?



- Four cities have active inclusionary housing ordinances: Ripon, McFarland, Patterson, and Escalon.
- Each of the four jurisdictions has a nuanced approach to its programs' key parameters.
- Programs are generating very few inclusionary units from market-rate development and not generating revenue from in-lieu fee programs.
- Slow pace of market-rate development is the biggest limiting factor.
- Some active inclusionary programs may be an artifact of a previous period of high market-rate activity (and lower development costs) and may not reflect current market conditions or a jurisdiction's current priorities.
- Periodically recalibrating an inclusionary program is critical to ensuring the program reflects current market and economic dynamics.

INCLUSIONARY PROGRAMS IN THE VALLEY

Escalon

- Ownership Requirement: 10-15% Very Low, Lower, and Moderate (to be constructed in equal numbers)
- Rental Requirement: 10-15% Very Low, Lower, and Moderate (to be constructed in equal numbers)
- Only 19 units were constructed between 2018 and 2021, all of which were market-rate. With a threshold size of five units or greater, it is possible that none of the market rate development was large enough to trigger the inclusionary requirement.

McFarland

- Ownership Requirement: At least 20% Very Low, Low, or Moderate
- Rental Requirement: At least 15% Very Low or Lower
- According to City Staff, all housing has been affordable before and after the implementation of its inclusionary program in 2005.

INCLUSIONARY PROGRAMS IN THE VALLEY

Patterson

- Ownership Requirement: At least 15% overall (9% Moderate and 6% Low)
- Rental Requirement: At least 15% overall (9% Low and 6% Very Low)
- Patterson's inclusionary housing program has not delivered any affordable units, as all housing built over the program's life was approved before its implementation.

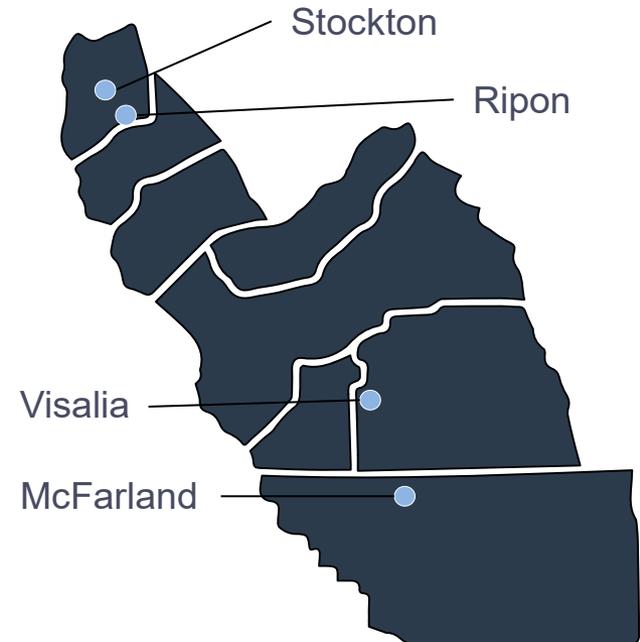
Ripon

- Ownership Requirement: 10% BMR Plus, or 3.75% Moderate and 1.25% Low
- Ripon's inclusionary program has produced 12 inclusionary units since 2018 under the BMR Plus development option which provides ownership opportunities for middle-income households.

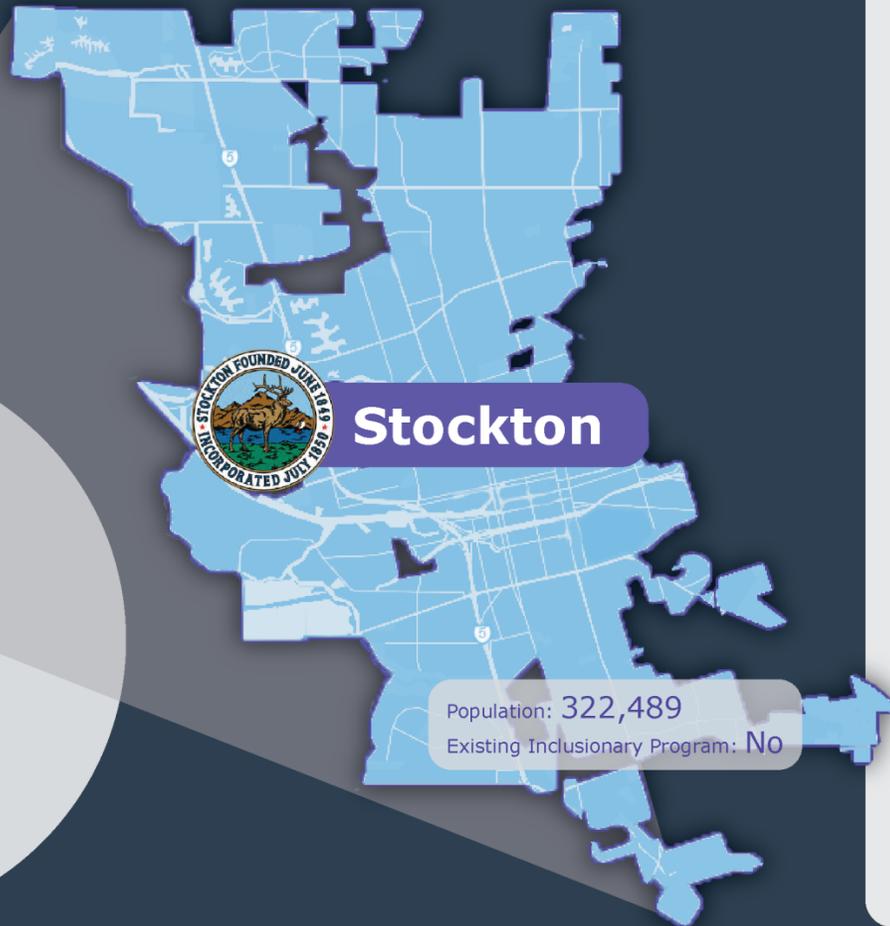
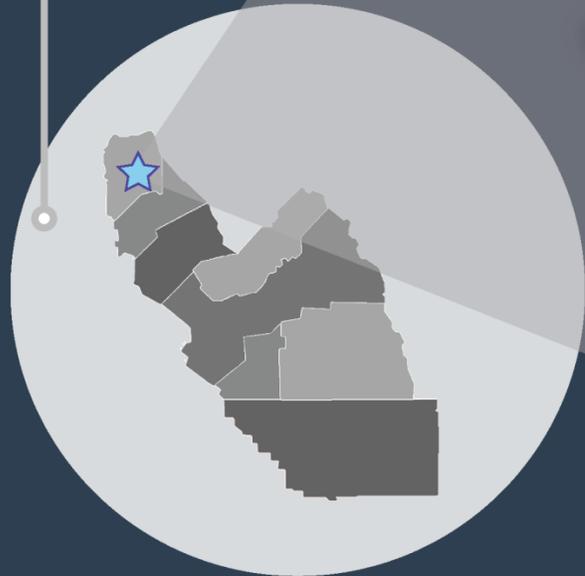
CASE STUDY ANALYSIS

What are the best types of inclusionary policies and alternatives that could “work” in the Valley?

- EPS studied four cities with the goal of capturing the diversity of the Valley: Ripon, McFarland, Stockton, and Visalia.
- Two of the four cities already have adopted inclusionary programs and three do not.
- Case study jurisdictions were selected to exhibit diverse outcomes and to underscore that inclusionary policies are not the right solution for every community.



San Joaquin Valley



Housing Production Trends

Market-Rate Development Trends

Market-rate development is occurring at a steady pace.

From 2018 through 2021:

- 960 single-family units were built.
- 264 multifamily units were built.
- 44% of total housing built was affordable to only Above Moderate-income households.

6th Cycle RHNA (2023-2031)

- Stockton must plan for a total of 12,673 units, including 6,088 market-rate units.

Proximity to the Bay Area drives demand and high price points for new market-rate development.

- The median sale price of a newly-constructed home in Stockton is \$550,000.*
- The average monthly rent for a newly-constructed apartment unit in Stockton is assumed to be \$2,024.**

Affordable Housing Trends

The City is having success achieving new affordable housing on a project-by-project basis.

- The affordable units produced in Stockton are largely built as 100% affordable, grant-funded projects, primarily with TCAC funding.
- Rather than adopt a comprehensive inclusionary program, Stockton's planning department negotiates inclusionary requirements on a project-by-project basis, reflected through development agreements.



Administrative Capacity

The City of Stockton, like many other agencies, is experiencing significant workload and staffing shortages. Given the administrative requirements needed to adopt and implement an inclusionary housing program, administrative capacity constraints would make it challenging to implement a program at this time.



Stakeholder Support and Political Will

Stockton prides itself on being an "open for business" city for developers, meaning there is a political reluctance to support programs that raise development costs. The BIA in particular maintains a strong presence in Stockton and has expressed concerns about increased development costs. That said, the City is committed to exploring a range of approaches and funding options to increase housing choice and affordability and will continue to explore these options as part of its Housing Element Update and new Housing Action Plan that are currently being developed.



Development Feasibility

Finding: Single-family ownership development in Stockton is occurring and at profit margins that suggest the potential to support an inclusionary program.

- Prototype: 8 units/acre, 2,000 sq.ft., 3-4 bedrooms
- Per unit development cost: \$420,285
- Per unit market value: \$550,000
- Profit metric: 31% profit margin (profit as a percentage of development-costs); threshold for feasibility is assumed to be 15%.

Finding: Multifamily rental development in Stockton is occurring and with a yield-on-cost that suggests the potential to support an inclusionary program.

- Prototype: 30 units/acre, 1,000 sq.ft., 2 bedrooms
- Per unit development cost: \$316,501
- Per unit net operating income: \$18,688
- Profit metric: 5.9% yield-on-cost (annual net operating income as a percentage of development costs); threshold for feasibility is assumed to be 5.5%.

Lessons Learned and Implications

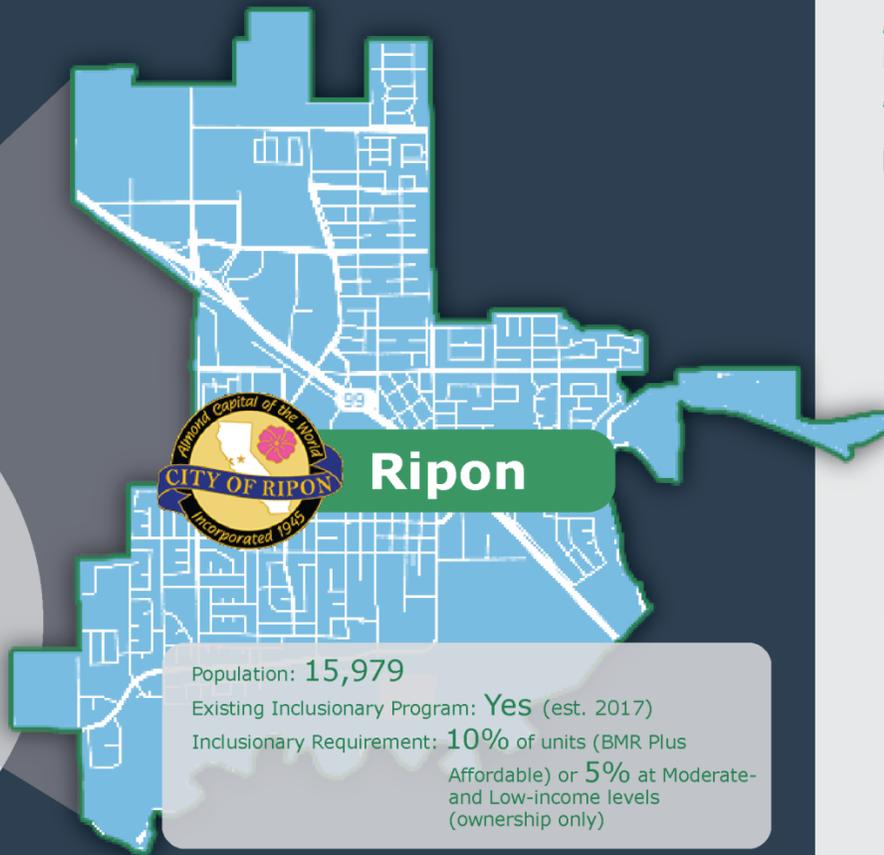
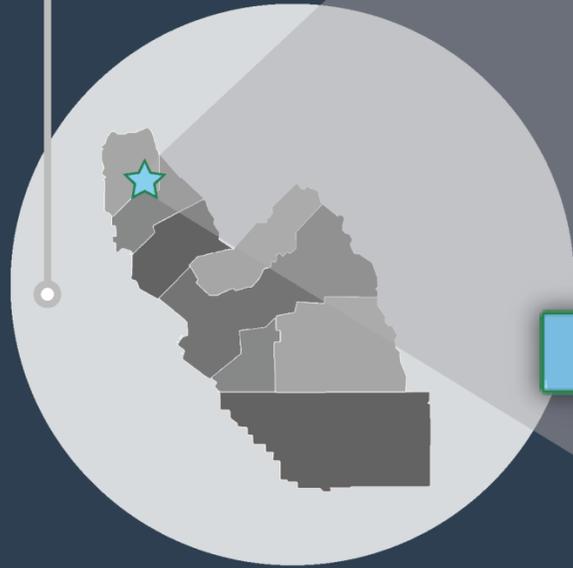
- Market-rate pricing (sales prices and rents) of newly-constructed product suggests that, on average, new multifamily development may support a modest inclusionary requirement while new single-family development can support a more robust requirement.
- The challenges in Stockton may be the lack of administrative capacity and a lack of political interest.
- Other large, urban Valley cities where population growth is driving market-rate development may be able to support an inclusionary program. Inclusionary housing programs can serve as a tool to mitigate potential displacement caused by incoming residents.

*Sales prices reflect an observed premium on new construction based on city-level data.

**Rents reflect an estimated premium on new construction in the region due to the lack of city-level data.

Sources: CA HCD; City of Stockton; CoreLogic Marshall & Swift; CoStar Group; Developer Interviews; LIHTC program applications; Redfin; Analysis by Economic & Planning Systems, Inc.

San Joaquin Valley



Housing Production Trends

Market-Rate Development Trends

Market-rate development is occurring at a modest pace and accounts for a majority of recent housing production.

From 2018 through 2021:

- 160 single-family units were built.
- 24 multifamily units were built.
- 98% of total housing built was affordable to only Above Moderate-income households.

6th Cycle RHNA (2023-2031)

- Ripon must plan for a total of 1,424 units, including 604 market-rate units.

New market-rate development is selling at high price points relative to the rest of the Valley.

- The median sale price of a newly-constructed home in Ripon is \$700,000.*
- The average monthly rent for a newly-constructed apartment unit in Ripon is \$2,067.**

Affordable Housing Trends

Ripon's inclusionary program, which only applies to new ownership housing, is producing mostly BMR Plus Affordable units, which are not recognized by HCD as deed-restricted units.

- The City's annual progress reports to HCD show that no affordable housing development has occurred in the city over the last few years.
- According to City staff, the program has produced 12 BMR Plus Affordable units since 2018.
- The City does not currently have revenue from in-lieu fees.

Administrative Capacity

City staff in Ripon indicated that the existing inclusionary program works well when new development occurs. However, Ripon is a small, slow growth community, so production is modest. Ripon staff is actively involved in creating affordable ownership opportunities where possible. For example, in addition to the City's inclusionary program, the City also buys homes and resells them at Moderate- or Low-income affordability levels. Staff indicated that the largest barrier to producing HCD-recognized affordable units is a lack of funding from the loss of local redevelopment agencies.



Stakeholder Support and Political Will

Despite the BIA's influence in the region, Ripon has an inclusionary program in place. The City supports inclusionary housing because it provides an opportunity to create mixed-income communities. The City has a strong preference for inclusionary development over fully affordable housing projects to promote income diversity.



Development Feasibility

Finding: Single-family ownership development in Ripon is occurring and at profit margins that suggest the potential to support a robust inclusionary program. The current program may need to be recalibrated to reflect current market dynamics.

- Prototype: 8 units/acre, 2,000 sq.ft., 3-4 bedrooms
- Per unit development cost: \$420,285
- Per unit market value: \$700,000
- Profit metric: 67% (profit as a percentage of development costs); threshold for feasibility is assumed to be 15%.

Finding: Multifamily rental development in Ripon is occurring and with a yield-on-cost that suggests the potential to support an inclusionary program. The current program does not apply to rental development.

- Prototype: 30 units/acre, 1,000 sq.ft., 2 bedrooms
- Per unit development cost: \$316,501
- Per unit net operating income: \$25,748
- Profit metric: 8.1% yield-on-cost (annual net operating income as a percentage of development costs); threshold for feasibility is assumed to be 5.5%.

Lessons Learned and Implications

- Market-rate development trends indicate that new residential development is feasible, with sufficient profit margins to absorb an inclusionary requirement. The current program only applies to developments of more than 10 units, but profit margins suggest that developers may be able to absorb the cost at a lower threshold.
- Other cities in the Valley, where market-rate values exceed the cost of new development by a sufficient margin, may also be able to support an inclusionary program.
- Recalibrating an inclusionary program periodically is critical to ensuring the program reflects current market and economic dynamics.

*Sales prices reflect an observed premium on new construction based on city-level data.

**Rents reflect an estimated premium on new construction in the region due to the lack of city-level data.

Sources: CA HCD; City of Ripon; CoreLogic Marshall & Swift; CoStar Group; Developer Interviews; LIHTC program applications; Redfin; Analysis by Economic & Planning Systems, Inc.

San Joaquin Valley



Housing Production Trends

Market-Rate Development Trends

Market-rate development is occurring at a steady pace.

From 2018 through 2021:

- 1,958 single-family units were built.
- 122 multifamily units were built.
- 23% of total housing built was affordable to only Above Moderate-income households.

6th Cycle RHNA (2023-2031)

- Visalia must plan for a total of 10,791 units, including 3,423 market-rate units.

New Market-Rate development is selling and renting at moderate price points.

- The median sale price of a newly-constructed home in Visalia is \$420,000.*
- The average monthly rent for a newly-constructed apartment unit in Visalia is assumed to be \$2,168.**

Affordable Housing Trends

The City is having some success achieving new affordable housing opportunities.

- The market has experienced increased demand for housing in mixed-use zones, particularly for deed-restricted affordable units.
- Visalia has an in-house financial specialist managing the City's CDBG and HOME fund programs.
- 800 affordable units were recently entitled and are expected to satisfy a portion of the City's 6th Cycle RHNA.

Administrative Capacity

The City's planning department is personnel-constrained. However, the department shares collaborative relationships with other City departments, demonstrating the potential to leverage assistance in developing and monitoring an inclusionary program. That said, given the limited potential to support an inclusionary program, an additional administrative burden may not be warranted at this time.



Stakeholder Support and Political Will

Visalia's current Housing Element does not mention an inclusionary program. However, during their most recent Housing Element update, a Technical Advisory Committee made up of affordable housing developers and members of the BIA recommended a program to study several potential affordable housing financing mechanisms, including an inclusionary ordinance. The program was abandoned, however, due to a lack of political support. Developers in Visalia have indicated a preference for efforts that reduce barriers to affordable housing production over the adoption of requirements, such as an inclusionary ordinance.



Development Feasibility

Finding: Single-family ownership development in Visalia faces feasibility challenges and is not likely to be able to support an inclusionary program at this time.

- Prototype: 8 units/acre, 2,000 sq.ft., 3-4 bedrooms
- Per unit development cost: \$395,285
- Per unit market value: \$420,000
- Profit metric: 6% profit margin (profit as a percentage of development costs); threshold for feasibility is assumed to be 15%.

Finding: Multifamilyrental development in Visalia is occurring and with a yield-on-cost that suggests the potential to support an inclusionary program.

- Prototype: 30 units/acre, 1,000 sq.ft., 2 bedrooms
- Per unit development cost: \$309,834
- Per unit net operating income: \$18,519
- Profit metric: 6% yield-on-cost (annual net operating income as a percentage of development costs); threshold for feasibility is assumed to be 5.5%.

Lessons Learned and Implications

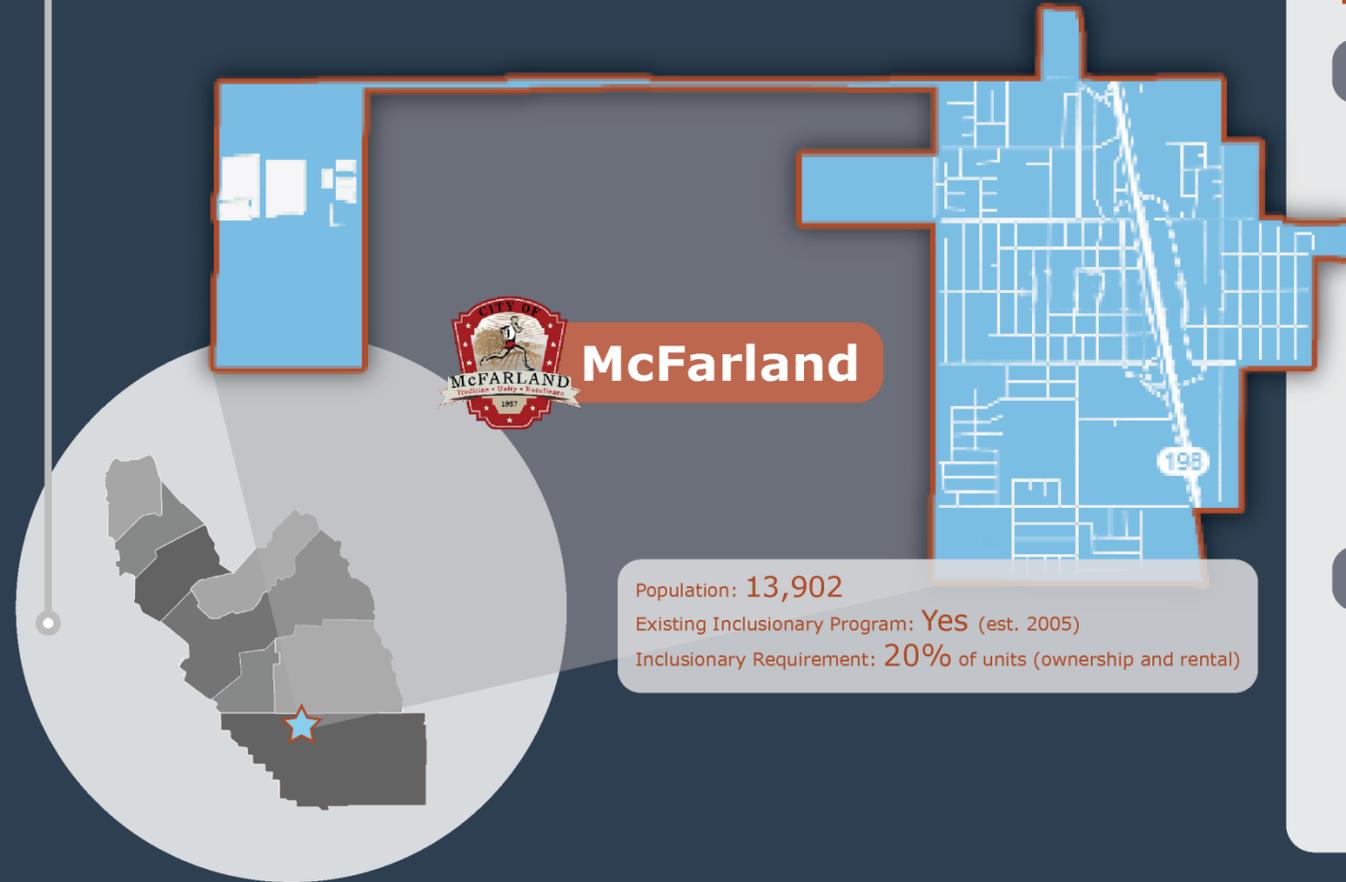
- Market-rate development trends indicate that new residential development is feasible, although development costs are squeezing profit associated with single-family residential development. Sales prices of newly-constructed single-family product relative to costs suggest that new single-family residential development cannot support an inclusionary requirement at this time. Sufficiently high rents, relative to development costs, suggest that the City can support a modest inclusionary requirement on multifamily housing.
- The challenge for Visalia may be a lack of political will and uncertainty around fragile market conditions.
- Other cities in the Valley, where margins of market-rate feasibility differ significantly by product type, may be able to support an inclusionary program under certain circumstances. Cities like this will need to monitor evolving market conditions to find the optimal criteria for an effective inclusionary housing program.

*Sales prices reflect an observed premium on new construction based on city-level data.

**Rents reflect an estimated premium on new construction in the region due to the lack of city-level data.

Sources: CA HCD; City of Visalia; CoreLogic Marshall & Swift; CoStar; Developer Interviews; LIHTC program applications; Redfin; Analysis by Economic & Planning Systems, Inc.

San Joaquin Valley



Housing Production Trends

Market-Rate Development Trends

Very little market-rate development is occurring in McFarland, and the City must plan for a significant amount of new development as part of its sixth-cycle Housing Element update process.

From 2018 through 2021:

- 76 single-family units were built.
- 0 multifamily units were built.
- 9% of total housing built was affordable to only Above Moderate-income households.

6th Cycle RHNA (2023 – 2031)

- McFarland must plan for a total of 244 units, including 117 market-rate units.

The sample size is small, but the data suggests that new development is selling and renting at relatively low price points.

- The median sale price of a newly-constructed home in McFarland is \$355,000.*
- The average monthly rent for a newly-constructed apartment unit in McFarland is assumed to be \$1,994.**

Affordable Housing Trends

The majority of new construction in the city is affordable but is occurring independent of the City's active inclusionary housing ordinance.

- About 90 percent of McFarland's housing development since 2018 has been affordable housing – both deed-restricted and "naturally affordable."
- New housing in the city typically falls under USDA rural designation, providing developers with access to Federal grants and loans.



Administrative Capacity

City staffing and resources are limited at this time, and there may not be capacity to properly implement the existing inclusionary program, much less recalibrate it to reflect current market conditions.



Stakeholder Support and Political Will

McFarland has an inclusionary program in place, suggesting that City decision makers, at one time, supported the use of inclusionary housing as a tool to achieve more affordable housing.



Development Feasibility

Finding: Single-family ownership development in McFarland is not occurring at a meaningful pace and new development appears economically challenged, suggesting that the City may want to consider reevaluating its current inclusionary program.

- Prototype: 8 units/acre, 2,000 sq.ft., 3-4 bedrooms
- Per unit development cost: \$392,160
- Per unit market value: \$355,000
- Profit metric: n/a; development costs exceed values.

Finding: Multifamily rental development in McFarland is challenging at this time, suggesting that the City may want to reevaluate its program.

- Prototype: 30 units/acre, 1,000 sq.ft., 2 bedrooms
- Per unit development cost: \$309,001
- Per unit net operating income: \$16,429
- Profit metric: 5.3% yield-on-cost (annual net operating income as a percentage of development costs); threshold for feasibility is assumed to be 5.5%.

Lessons Learned and Implications

- Development trends indicate that new residential development in McFarland is facing significant feasibility challenges.
- Some active inclusionary ordinances in California may be an artifact of a previous period of high market-rate activity and may not reflect current market conditions or a jurisdiction's current priorities.
- Cities in the Valley that are experiencing low levels of market-rate development or low market-rate pricing relative development costs may not be able to use an inclusionary program to their advantage.

*Sales prices reflect an estimated premium on new construction in the region due to the lack of city-level data.

**Rents reflect an estimated premium on new construction in Kern County due to the lack of city-level data.

Sources: CA HCD; City of McFarland; CoreLogic Marshall & Swift; CoStar Group; Developer Interviews; LIHTC program applications; Redfin; Analysis by Economic & Planning Systems, Inc.

WHERE AND HOW CAN INCLUSIONARY WORK?

Item	McFarland	Ripon	Stockton	Visalia
Prototype	<u>For-Sale, Detached Single Family</u>			
Per Unit Development Costs	\$392,160	\$420,285	\$420,285	\$395,285
Per Unit Market Value	\$355,000	\$700,000	\$550,000	\$420,000
Profit Metric	-9%	67%	31%	6%
Supports Inclusionary?	X	✓	✓	X
Prototype	<u>Multifamily, Rental Apartment</u>			
Per Unit Development Costs	\$309,001	\$316,501	\$316,501	\$309,834
Per Unit Net Operating Income	\$16,429	\$25,748	\$18,688	\$18,519
Profit Metric	5.3%	8.1%	5.9%	6.0%
Supports Inclusionary?	X	✓	✓	✓
Key	✓	Can Support an Inclusionary Program		
	X	Cannot Support an Inclusionary Program at this Time		

Analysis by Economic & Planning Systems, Inc.

LESSONS LEARNED

Which jurisdictions can benefit most from inclusionary policies?

- **Jurisdictions may be able to support an inclusionary program if:**
 - Market-rate development is occurring at a significant scale
 - Market-rate values exceed the cost of new development by a substantial margin
 - e.g., in locations experiencing high market demand and price pressures, such as San Joaquin County and Northeast Fresno/Clovis

- **Jurisdictions likely cannot support an inclusionary program if:**
 - Market-rate development is occurring at low levels
 - Market-rate pricing is low relative to development costs (or less than development costs)

ILLUSTRATIVE EXAMPLE: POTENTIAL IMPACT OF IMPLEMENTATION

EPS estimates between 439 and 3,950 affordable units could be created in the Valley through inclusionary programs **IF**

- 10-30% of the Valley’s Above Moderate RHNA is developed in jurisdictions that have or adopt new inclusionary programs
- 75% of those Above Moderate units are in projects subject to inclusionary requirements (above the project size threshold, often 5 or 10 units and higher)
- The applicable inclusionary requirement ranges between 5 to 15%

% of Units in Valley Jurisdictions with Inclusionary Programs	Above-Moderate Units Impacted	Units in Projects Meeting Threshold Size [1]	Potential Range of Inclusionary Requirements		
			5%	10%	15%
10%	11,705	8,779	439	878	1,317
20%	23,410	17,557	878	1,756	2,634
30%	35,114	26,336	1,317	2,634	3,950

Note: The Valleywide 6th Cycle RHNA is 280,517 units (117,048 Above Moderate-Income Units, 46,991 Moderate-Income Units, and 116,478 Lower-Income Units).

[1] Illustrative analysis assumes 25% of units developed in jurisdictions with inclusionary programs would not meet the size threshold, which typically applies to developments of more than 5 units.

Source: CA Dept. of Housing and Community Development; Analysis by Economic & Planning Systems, Inc.

BEST PRACTICES AND RECOMMENDATIONS

The following slides will answer three key questions:

1. How can inclusionary policies be implemented in a manner that addresses community concerns regarding affordable housing, builder concerns of cost, local political implications?
2. What can CA HCD and Valley COGs do to implement programs to further inclusionary zoning policy adoption?
3. Are inclusionary policies a good option overall?



RECOMMENDATIONS FOR JURISDICTIONS



Educate stakeholders and elected officials about the role inclusionary housing programs can play in achieving more affordable housing to establish political support



Consider adopting a program but phasing it in or adopting a program that is “triggered” once a certain number of market-rate units are developed



Consider an inclusionary program in a specific geographic area (e.g., specific plan areas, near transit, in Priority Development Areas) or for certain types of development that demonstrate feasibility



Consider adopting a program with an in-lieu fee that is lower than the equivalent of providing units on-site, as a means of generating revenue to support affordable housing production

RECOMMENDATIONS FOR COGS



Monitor residential production trends, development costs, and market prices/rents in member jurisdictions



Monitor the effectiveness of the inclusionary programs that are already in place in the member jurisdictions



Continue to promote the research and resources that are available and offer education/training to jurisdictions



Develop education/training available to member jurisdictions to reinforce that the State Density Bonus is an incentive-based tool

RECOMMENDATIONS FOR HCD



Prepare a Template for Economic Feasibility Studies.

Just as HCD will be preparing a template for impact fee nexus studies, a template for inclusionary housing economic feasibility studies would also be useful.



Recognize that households earning “Above Moderate” income at the County level may also need support.

Providing housing affordable to households earning between 120 percent up to the incomes required to rent or purchase market-rate housing would fill a need in many communities that would both benefit Californians and encourage jurisdictions to plan for appropriate housing.



Pool regional RHNA credits. Jurisdictions with inclusionary programs could give in-lieu fee revenue to the COGs so that there is a critical mass of funding available as opportunities to build housing arise.